

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate April 3, 2024

KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the fifty-fifth day of the One Hundred Eighth Legislature, First Session. Our chaplain today from Senator Clements' district is Pastor Gary Wissel, Crossroads Bible Church, Manley, Nebraska. Please rise.

PASTOR WISSEL: Would you please join me in prayer? Father God, we come before you at this moment in preparation for a busy week. Lord, our hearts and our minds are filled with all of the things that lay before us this week. But allow us, Father, this moment to take-- to pause and to reflect on you and your character, your righteousness, your glory, your grace and your mercy that you have poured out upon us. Father, we thank you for those things. Steady us, Father. Give us strength. And to the senators and all of those who are here today, Lord, I ask that you give the wisdom of Solomon as they debate these bills and they read them and they make decisions on what is best for the people of this state. I ask, Father, that you give them also the righteousness of Job. That they would see through your eyes as they look at this legislation. Father, grant them strength, strength not only of character, but also of body and of mind. So that in this time, Father, they would not only do that which is right for the people in your eyes, but they would remain healthy and stay strong so that as they go home from here to their families and to their friends in the evenings or on the weekends, Lord, that they would be able to go home with clear minds and enjoy their families and enjoy their friends and be refreshed to come back yet again to do your work here. We pray this, Father, in the name of your son, Jesus Christ. Amen.

KELLY: Senator Lowe, you're recognized for the Pledge of Allegiance.

LOWE: Please join with me in the Pledge of Allegiance. I pledge allegiance to the Flag of the United States of America and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

KELLY: Thank you. I call to order the fifty-fifth day of the One Hundred Eighth Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

KELLY: Thank you. Are there any corrections for the Journal?

CLERK: I have no corrections this morning.

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KELLY: Are there any messages, reports, or announcements?

CLERK: There are, Mr. President. Your Committee on Urban Affairs, chaired by Senator McKinney, reports LB342 to General File. That's all I have at this time, Mr. President.

KELLY: Thank you. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR71. Mr. Clerk for items.

CLERK: Mr. President, first item, LB243 introduced by Senator Briese. It's a bill for an act relating to the Property Tax Credit Act; amends Section 77-4212; changes the minimum amount of relief granted; and repeals the original section. The bill was read for the first time on January 10 of this year and referred to the Revenue Committee. That committee placed the bill on General File with committee amendments. Committee amendments are pending, Mr. President. An amendment to those committee amendments from Senator Erdman was adopted. There are other amendments to the committee amendments, Mr. President.

KELLY: Senator Briese, you're recognized for a two-minute refresh.

BRIESE: Thank you, Mr. President. Good morning, colleagues. AM977 to LB243 represents the property tax component of the overall comprehensive package of education funding reform, income tax reform, property tax reform, what we-- most of us refer to as the Governor's plan. AM977 contains an increase in the Property Tax Credit Fund, also puts an escalator on the Property Tax Credit Fund. It removes the 5 percent cap from the allowable growth rate of the LB1107 credit. It places a 3 percent cap on school district revenue growth with several exceptions. It eliminates the authority of community colleges, most of the taxing authority of community colleges, but replaces it with state revenue. It also contains an increase in the interest rate on property tax refunds. It also contains a change to the makeup of the TERC commission--

KELLY: One minute.

BRIESE: --and it is part of an overall package. Thank you, Mr. President, and thank you.

KELLY: Thank you, Senator Briese. Mr. Clerk for an amendment.

CLERK: Mr. President, Senator DeBoer would move to amend the committee amendments with AM1090.

KELLY: Senator DeBoer, you're recognized to open on your amendment.

DeBOER: Thank you, Mr. President. Good morning, colleagues. This amendment reflects the 5 percent stabilizer, which in the original negotiations on LB1107 was one of the pieces that I brought into that negotiation, along with several others. That was in 2020 a few years ago. And the idea is that the LB1107 fund increases and increases with the increase in total valuation costs or, sorry, increases across the state. And this says that up to 5 percent. If there is an additional increase above 5 percent, the idea is that while the Legislature could put more money into the LB1107 to reflect that additional increase, this stabilizer is to ensure that we do not have automatic increases in the LB1107 fund outside of 5 percent that the, the body just has to accept. So I think that in light of what's been happening with valuations, it is entirely possible we could revisit what that number is. Maybe that number is 7 percent that increases automatically and any additional valuation overall in the state increases could then be added by the body. So this is not saying we shouldn't add them. This is saying we shouldn't add them automatically without at least thinking about them, without at least having a discussion about that increase in excess of, I would say, 7 percent. Currently in statute, it is 5 percent. There was an attempt to remove the stabilizer last year as well or maybe it was the year before or maybe both. And those things were not removed at that time because there was an understanding that this is a way to help the body to have a more stable interaction with its revenue and to understand that above that percentage, we really need to have some buy-in, some discussion, some understanding of what's going to happen at that point. So my amendment returns it to 5 percent, which is what it has been since the initial LB1107 bill was passed in 2020. I am certainly open to a discussion that would say we need to do 6 percent or 7 percent for the automatic increase. Once again, that does not mean that we would not increase it beyond that amount should valuations be beyond that amount or even if they aren't. So if, if valuations increased by 3 percent, we could still increase the total amount in the LB1107 fund by 7, 10, whatever percent we wanted to as a body. This is just talking about whether or not we should let things go on autopilot in what I think is perhaps a destabilizing way to go up at an exponential, potentially even increase. So what I would like to do is return the stabilizer. I am certainly open to discussions about 6 or 7 percent so that the LB1107 fund increases at a more stable rate. There is no mechanism within the LB1107 fund to reduce it if overall valuations in the state would decrease. So there is certainly some discussion to be had here this morning about whether or not we want to have this stabilizer or not.

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But I think there's a reason that we've kept it the last several years because it's doing its job. It's saying we're going to stay stable. In fact, I don't know if we've hit it until last year. And Senator Briese will know this. Maybe it was last year was the first time we hit it. But of course, we can always add more in. We can always add more to the LB1107 fund. It's just a matter of not doing it automatically. So that's what this is. This is an amendment to try to return the stabilizer to the LB1107 fund. But again, I am happy to have a discussion about what that right number is. Thank you, Mr. President.

KELLY: Thank you, Senator DeBoer. Mr. Clerk for a priority motion.

CLERK: Mr. President, Senator Machaela Cavanaugh would move to bracket LB243 until June 1, 2023.

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

M. CAVANAUGH: Thank you, Mr. President. Good morning, colleagues. I hope you all had a lovely, albeit quick, two days off. It was a journey, at least in the Omaha area, as far as the weather went. Saturday was quite cold and then yesterday was gorgeous. So I had soccer games both days and got to experience the full range of, of April weather in Nebraska. So OK. So this morning I have a bracket motion and we have Senator DeBoer's AM1090. So one of the things that I'm concerned about with this bill and really all of the revenue bills that we are seeing so far this year is the fiscal note. So I'm looking at the fiscal note for LB243, and I'm actually not sure. So LB243 is a Christmas tree and it has numerous other bills within it. And I wonder actually, I wonder if Senator Briese would yield to a question.

KELLY: Senator Briese, will you yield to a question?

BRIESE: Yes.

M. CAVANAUGH: Thank you, Senator Briese. So the fiscal note is \$449 million. Is that just for LB243? Is that your understanding?

BRIESE: Yes. I believe the fiscal note you're looking at is simply for the original version of LB243, which I believe would have taken the Property Tax Credit Fund up to \$700 million. And I would certainly vote for a proposal like that. But we have pared that back substantially as we amended it and developed this package. So that fiscal note doesn't really count for much, I would say.

M. CAVANAUGH: OK. So it-- so when we amend the bill with the committee amendment, the fiscal note will change not just because of your

underlying bill but because of the attached bills as well. Do you have any anticipation as to what it might be?

BRIESE: Yes, that would be true. It would change. It's-- I would suggest it's fairly easy math. You know, going out several years, we're going to increase the Property Tax Credit Fund from \$313 to \$560 million. Taking the cap off the allowable growth rate of the LB1107 credit is worth probably 9 to 10 million per year. The elimination of the community college taxing authority, replacing that with state aid, I'd have to do some figuring on that. Perhaps Senator Murman would have those numbers, but we already have in place a mechanism to not take away the authority, but to reimburse taxpayers for a portion of that with the refundable income tax credit. The difference between that credit and the cost of taking away this authority three or four years down the road would probably be in the \$70 million area per year. So you could do the math on that and get a back-of-the-envelope number if you wanted.

M. CAVANAUGH: OK. Yeah. I just want to thank you for that. I wanted to make sure I was understanding correctly. So, so the fiscal note, the original fiscal note for LB243 will go down because you adjusted from \$700 million to \$560 million.

BRIESE: Yes, in the out years.

M. CAVANAUGH: OK. And then there might be other things in there based on the fiscal notes for the additional bills, which I can go ahead and look up their fiscal notes to get a better sense so.

BRIESE: Yes.

M. CAVANAUGH: OK. Thank you. I appreciate that. That's helpful. So my concern and actually it's-- for this particular bill, it's not a huge concern singularly. I appreciate putting more money into the property tax fund. I think if we're going to be putting money somewhere, that's one of the best ways to get money back to the taxpayers. My concern is around how much money we are taking off the floor before the budget comes to the floor and making sure that there is money for all of the functions of government that we need to enact. And so this is always a little bit of a dance. And I know that this particular package is going to account for a significant amount of the money that's available for the floor. But then there's also the tax package that we moved from General to Select last week. Similarly, a very large fiscal note. So I do think when we get to the budget debate, we're going to have a pretty intense conversation probably from everyone in this body

around what that looks like, because I'm sure there are lots of things that everybody is going to be jockeying for funds for. For me personally, I don't have any projects per se that I'd like to see funded so much as functions of government. And one of them is something that actually won't cost us any of General Funds because they would use TANF rainy day funds. We have \$130 million in TANF rainy day funds that have gone-- continue to go unutilized. And honestly, it's probably grown from \$130 million. It was \$130 million in October of 2022. And so I don't even know how much money is in there now. It continues to grow. And our State Auditor, Mike Foley, when he was State Auditor prior to being the Lieutenant Governor, he did an audit of the TANF and did an audit report about how these funds needed to be spent down. And back then I think it was somewhere around \$50 million. So now we're at \$130 million in this rainy day fund. And this is-- these are things that we could be giving direct cash assistance to families. Senator Danielle Conrad has a bill that increases the amount that we give. I have a bill that increases the eligibility for TANF. So TANF is Temporary Assistance for Needy Families, T-A-N-F, and one of the uses of it is direct cash assistance. But it is very prescriptive in who is eligible and very restrictive. And so-- and we haven't increased the eligibility amount for, I think, a couple of decades. So one thing we could be doing for direct economic assistance is looking at the TANF rainy day funds and how those can be utilized for direct cash assistance to the most absolutely most needy families in the state. These are individuals who are 50 percent of the federal poverty limit. So when we talk about SNAP or childcare subsidies, that's somewhere from 130 to 180 percent of the poverty level. This is 50 percent. So you have to make almost no money at all in order to qualify for TANF. And we could change the eligibility, increase it a little bit, get some more cash assistance into these families' hands, these much needed families' hands. Another option that we have for helping our most vulnerable needy populations are the universal school meals. And this is something that I probably will talk about more on the next bill on the agenda, LB583. I had a bill, LB99. It is a universal school meals. I introduced it previously and it went to the Education Committee and the Education Committee previously voted it out unanimous. We're seeing a move across the country for investing in universal school meals, which means that all meals that are taken at, at school are at no charge to the families. And that's what my bill sought to do. It previously had gotten out of the Education Committee unanimous, but this year the Chair of the Education Committee refused to Exec on it. It had an early hearing. At that hearing, I said that I wanted to prioritize it. And when I was told that it would not be Execed on, then I was like, OK, well, I

guess I'm not going to prioritize it if there's a refusal to Exec on it. I probably should have filed a pull motion. I've never filed a pull motion before. But, you know, I guess this is a year of firsts, so.

KELLY: One minute.

M. CAVANAUGH: So we've got a lot of opportunities. There's a wealth of opportunities and legislation that could help our most vulnerable populations and families. And I hope that this body will start to consider some of that legislation as we move forward. Because right now, we seem to be focusing primarily on the least vulnerable populations and economic assistance to the most, most wealthy populations in the state. And I find that to be extremely disappointing. And I think that the people of Nebraska are probably equally disappointed that we are not looking to take care of the most vulnerable first. So thank you. I'll yield the remainder of my time.

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

BRIESE: Thank you, Mr. President. I rise in opposition, of course, to the bracket motion, motion 166. And I also rise in opposition to AM1090. AM1090 seeks to keep the cap back in place on the allowable growth rate of the LB1107 refundable income tax credit. As you recall, in LB1107, and I think Senator DeBoer probably explained this fairly well, but in LB1107 we put in place in-- I guess it was 2020 we did LB1107-- put in place \$560 million in the fund for the refundable income tax credit of what we call the LB1107 credit. And that [INAUDIBLE] or that \$560 million is to increase at the allowable growth rate, which is defined as the amount by which real property, the total valuation of real property increases year over year. However, that amount as per the language of LB1107 is tax or, excuse me, is capped at 5 percent. What we're talking about here is the amended version of LB242 that we put into LB243. And LB242 in its amended version would remove that cap. And why do we want to remove that cap? To provide a little extra tax relief for everyday Nebraskans. It's really designed also to protect Nebraska taxpayers. On average, based on historical data, the removal of this cap might yield another \$9 to \$10 million per year into that fund, \$9 to \$10 million of additional property tax relief for everyday Nebraskans. And so why do we need to remove that? When we look-- so I look back at historical data the last ten years, last year in '22, the valuations increased at 5.56 percent. So the cap would have come into place. But the previous five years, the average was 2.6 percent. And so when

valuations were increasing 2.6 percent-- going forward, if valuations would increase at 2.6 percent and at the same time property taxes are likely going to increase at the historical average of 4.5 percent, school district property taxes, taxpayers are going to go backwards. And so again, let's look at overall the last ten years with the cap in place, the average increase in valuations with the cap in place would be 3.8 percent. Going back the last ten years, school district property taxes increased 4.5 percent. So if history is any indication of what is going to happen going forward, the 5 percent cap is going to force, is going to take taxpayers backwards. They're going to get 3.8 percent increase in their tax relief while their property, school district property taxes are going up 4.5 percent. That's unacceptable. And Senator DeBoer suggested, well, we need it in place because it's a stabilizer. Go back the last ten years and, you know, the highest amounts of increase were 8.47 percent, 11.83 percent, 10.43 percent. And admittedly, when we hit-- if and when we hit those higher percentages again, that's going to create a substantial little uptick in the amount of tax relief for Nebraskans. But is that a bad thing? Absolutely not. It's not a bad thing. It's a good thing. And does it impact our budget in a negative way, in a way that should concern us? No, I don't think so. Last ten years, if you have a base of \$560 million in that fund and the highest rate of increase, I believe, was in 2014, that would have kicked that \$560 million, up by \$38 million. That's something that we can stand at the state level in the name--

KELLY: One minute.

BRIESE: --of property tax relief in our efforts to keep Nebraska property taxpayers whole. And so I, I appreciate Senator DeBoer's interest in this, but I wholeheartedly oppose AM1090 for the reasons I gave. Thank you, Mr. President.

KELLY: Thank you, Senator Briese. Senator Linehan, you're recognized to speak.

LINEHAN: Good morning, Mr. President. Good morning, colleagues. So I rise in support of LB243 and the committee AM977. And I told Senator DeBoer I would say her AM1090 is legitimate amendment, but I am not supportive. And of course, I'm against motion 166. So if we don't-- the 5 percent, and we're headed this way this year, too, and I heard Senator Cavanaugh's concerns about the packages and everything that's going on, this is General File. So when we get past General File, there'll have to be on all of these bills, this one, the income tax bill, any other revenue bills, then we have the budget and we do the budget, when we get through all that, all these packages are going to

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have to work to fit into the dollars we have. So-- and we also don't get-- we don't have an idea of how much these packages cost until the Fiscal Office has a chance to review them after we go through General File. So I understand concerns about the cost of the packages, but that will all work itself out in the end. The idea here is we have a lot of very significant and good bills brought to the Revenue Committee this year and we're trying to get as much good as we can get done. We'll be meeting this morning again to try and put another package together. The reason to take this 5 percent lid off the bill, which is in the committee amendment, is because for this to work-- and I know there are a lot of people that don't think LB1107 is the right way to do it-- it, it is-- it ended up as a compromise. That's what we could get through the Legislature. This was a proper-- LB1107 was the incentive package, property taxes and the NExT project and that's what it become with \$560 million in property tax relief. And then there were adjustments made. But we can't-- we're not really providing property tax relief unless we let this amount of relief increase while valuation increases. Because what happened, the original first tier property tax relief, I think it was \$107 million maybe in the beginning, and it sat there for four or five years without increases. Well, it whittles away to nothing over time when you have valuations going up 10 or 15 percent. So it's important that we take that lid off so we're keeping up our promise to make sure we're actually providing some property tax relief for Nebraskans. So with that, I'll yield my time back to the Chair. Thank you.

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

ERDMAN: Good morning. Thank you, Mr. President. I appreciate the time this morning. So we've been talking about property tax relief for many, many years, probably since even before I was born, because in 1966, the voters voted to remove property tax as a form of revenue for the state. So I was wondering if Senator Briese would yield to a question.

KELLY: Senator Briese, will you yield to some questions?

BRIESE: Yes.

ERDMAN: Senator Briese, I believe last week in the discussion there was a question about what, in your opinion, property tax increases on an annual basis, a percentage or an amount. Do you remember that conversation?

BRIESE: Yes.

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ERDMAN: Can you-- can you tell us what, in your opinion, your opinion is, how much it increases dollarwise?

BRIESE: I think going forward, \$200 million a year would probably catch it. It could be up to 250, but 200 to 250, I would guess per year.

ERDMAN: So would it be fair to say that it has exceeded 200 for the last several years, at least since we've been here?

BRIESE: I would guess so, yes.

ERDMAN: OK. Thank you for that. I appreciate that. So what we've heard numerous times in the last eight years is that we have given \$1 billion in property tax relief. And that is a true statement. I'm not arguing with that number. But the point is, property tax went up more than \$2 billion-- than \$1 billion. It may have gone up as much as \$2 billion. And so we really haven't given property tax relief. We've decreased the increase. And so when we came to this Legislature, many of us campaigned on cutting red tape. We said government is too involved in our lives, and we need to cut red tape. And so we have been talking for three or four hours on this bill and eight hours on the income tax bill last week. And all of those involve red tape to get your refund or credit, all of them. Wouldn't it seem common sense or logical to have you just keep your money? Instead of you giving it to the state and then you yourself figuring out how to apply for a credit or a refund, wouldn't it make more sense just to allow you to keep your money and you spend it however you see fit to spend it? And then the state lives on the revenue generated by what you buy for your own personal use. That's exactly what the consumption tax model would do. And as I look around the room, there's probably two or three people listening. So I'm speaking to those people that are watching "As the Legislature Turns" today. You back home are watching this and you're wondering what in the world are they doing there? More convoluted government, more convoluted red tape to get some of your money back that we should have never taken from you. And so I'm sure Don Metz out there in Angora is watching this morning and Tina may be watching from her office and thousands of others. So I want to take this time to get some free airtime to talk about the real solution for your property tax issue and your income tax. There is no other. There is no other solution. Not one of these bills that we've discussed in the last week--

KELLY: One minute.

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ERDMAN: --want to move you-- did you say one minute, sir?

KELLY: Yes, sir.

ERDMAN: Thank you. None of these bills are going to move you to the front of the line or be competitive with our neighbors, not one. But we spend thousands of hours cumulatively talking about how to decrease the amount of increase. This is a Band-Aid on an amputation. I'm going to vote for LB243 because it's the only thing we have going until the consumption tax passes. But if you're watching today and you're interested in property tax relief, please go to epicoption.org. Thank you.

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

DUNGAN: Thank you, Mr. President. Thank you, colleagues. Good morning. Welcome back to the Legislature. I think Senator Erdman is correct in calling this "As the Legislature Turns." I certainly think there's quite a bit of drama we see on a regular basis so I appreciate that analogy. I rise today, pardon me, I suppose opposed to the bracket motion, but I do-- I do rise in support, I believe, of AM1090. I did get a chance to speak with Senator DeBoer about that amendment both at the end of last week as well as the beginning of this week. Just to briefly reiterate, I 100 percent agree with Senator Briese and a number of our other colleagues that we need some form of property tax relief and that we are, I think, working diligently as a Revenue Committee. I'm also on that committee and had a chance to hear a number of proposals and have been in a number of Exec Sessions. I do believe that all the members of that committee, as well as this body, are committed, excuse me, to property tax relief. And I had said last week that I generally am supportive of the overarching theory of, of a lot of this plan. I do have a little bit of heartburn. And just to reiterate what those two main issues I have are, one is the, the removal of the local control when it comes to the school tax asking authority. And the other, generally speaking, is the, the overarching cost and the long-term sustainability of our budget moving forward. I think there's just been a disagreement and there will continue to be a disagreement about some of those numbers until we get a little bit more of that forecasting done. But I just continue to have, pardon me, general concerns about the amount of money that between this package and the income and corporate tax reduction package we previously talked about, that we're just going to find ourselves in a situation where there is not ample funding for a lot of the other things that we're committing to this legislative session. That being said, I don't

necessarily have strong opposition to a lot of what's been put in this plan. But the AM1090 that is being proposed by Senator DeBoer I, I do think addresses some of those concerns. Part of the concern. I think, that we spoke about last week was the overall cost of two components of this plan, and that's the tax credit relief and the AM10-- I'm sorry, the, the incentive tax plan together, I believe would ultimately cost by the biennium of 2026 and 2027 about \$2.2 billion. And I think that that is a large sum of money, especially given the additional billions of dollars of tax relief that have been proposed this session. And I think being good stewards of our budget requires sometimes making sure that our reductions are done incrementally and with some caution being paid. And so I do think that the amendment is a good faith effort to try to cap some of that growth. Certainly, if we want to put more in than that 5 percent, my understanding is that we'd be able to. But it's that 5 percent that is an automatic growth, it wouldn't go beyond that. And so I think that's just going to place us in a position where we can maybe over time better assess where we are and ensure that this is not going to balloon or put us in a position where we're spending too much money. I think later today we're going to be having a discussion about school funding. And one of the things that I've been adamant about the entire time that I was running for office, as well as talking with my colleagues, is that I am in favor of state funding for our schools and increasing that state funding. I think Senator Raybould as long-- as well as a number of other folks last week pointed out that we're 49th or 48th, I believe, in state spending on schools. So I think there's a consensus that needs to increase and we're going to hear some ins and outs of that plan that we have later today. I'm looking forward to hearing a little bit more about that debate. I'm not on the Education Committee, so I want to hear more about that particular bill. But I am generally in favor of adding additional state funding for schools. And so in order to do that in a sustainable manner, I just want to ensure that our coffers are good moving forward. And to me--

KELLY: One minute.

DUNGAN: Thank you, Mr. President, --ensuring that our coffers are in a good position is not just making sure we have a savings account that is well funded. I was always taught that a savings account is essentially for large one-time purpose-- purchases or for emergency situations. And whenever I start relying on a savings account for don't worry, I'll be fine, some folks who care a lot about me tell me that's maybe not the best idea for my finances. And so my goal is to ensure that our General Fund continues to have the rep-- continues to have the revenue it needs in order to pay our schools, pay for other

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essential services. We want to make Nebraska a fantastic place to live in. And in order to do that, we have to make sure that we have the finances to provide the services that we've promised our citizens. So with that, I'm generally in support of AM1090, and I'm curious to hear the rest of the debate about LB243. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. And good morning, colleagues. I rise, well, I guess, unclear about my position on the bracket motion, but I'm guessing that's here for a procedural reason. We may not have to take a position on that, but I did want to lend my voice in support of Senator DeBoer's substantive underlying amendment, AM1090, and add a few additional thoughts in regards to the overall package that Senator Briese and the Revenue Committee have put forward under LB243 and the committee amendment, AM977. So I had a chance to weigh in just very briefly and generally as debate commenced on these items late last week and wanted to reiterate some of the broader global themes that I see with these measures, and then kind of dig into this-- the nuances and the specifics a little bit more. But overall, I think there's absolutely no doubt that citizens across the state in every one of our districts talk about year over year over year how property taxes are really crunching their family bottom line, and that we need to keep a focus on doing more to provide real relief and real solutions for families across the state. So I commend Senator Briese for continuing that conversation. But I do think that perhaps while we share the same policy goal, maybe we have different solutions in mind to address that. And those are legitimate good faith debates that we can and we should be having. I just wanted to also note kind of a general concern with the overall packages in terms of sustainability and the significant price tag, especially when coupled with the significant income and corporate tax package that the body has saw fit to advance and to talk a little bit more about how that piece and this piece working together, lack a certain equity for working families and low-income families and how we need to be thoughtful about ensuring balance in those policy proposals as well. I do like Senator DeBoer's amendment because I think it does show fidelity to how past bodies have approached this measure so that we can have more unifam-- uniform planning and forethought about the growth of these different programs. The other thing that I mentioned just very briefly last week that I am still in conversation with Senator Briese and others about, and I think that we might see some substantive amendments to further tease out these issues today on this measure. But I'm concerned that there's a lack of uniformity for how smaller and larger school districts are

allowed to grow and at different rates. And I'm also very concerned about how the soft cap not necessarily requiring a supermajority of the elected board to take up the issue if need be, but setting a very, I think, concerning precedent to require a vote of the people to be anything more than a simple majority. That just flies in the face of our democratic system. It is at odds and out of alignment with how we handle school bond issues and other ballot initiative and referenda or candidate and electoral elections at large. So that is a piece, and I understand why it is there. But from a philosophical perspective, I just think that is very misguided and we need to change that to a simple majority as with any decision by a vote of the people--

KELLY: One minute.

CONRAD: --in our current statutory framework. Thank you, Mr. President. I wanted to talk a little bit more, too, just about the history of the property tax credit program. I was a member in this body when that was first put forward and adopted. And of course, we've seen it grow over many years for a variety of different reasons. But I do think that it is important to kind of think through why we developed that program and assess where it is in terms of meeting the shared policy goals and to open up the idea that there is a significant amount of money there. And if that can be better directed to achieve property tax reform in different ways, those are conversations that we should be having. And I know Senator Wayne has brainstormed some very creative and bold ideas in regards to the utilization of those funds, which I'm intrigued by, and I hope that he might-- he might add some of those thoughts today. But I think that overall, those that covers--

KELLY: That's your time, Senator.

CONRAD: --the top lines of it. Thank you, Mr. President.

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

J. CAVANAUGH: Thank, thank you, Mr. President. I think I'm in opposition to the bracket motion. I know it's unusual, but I just kind of want to get to a vote on some of these things. But I'm in support of Senator DeBoer's amendment. And so now I've been here for three years, and I feel like this is the third attempt to raise the amount that's being automatically put into the property tax credit fund. I wasn't here when LB1107 passed, but my understanding is that, that putting that-- the stabilization limit in there-- cap was part-- a

necessary part of the compromise to make sure that we're not creating a runaway fund. And so a 5 percent cap annually, I think makes it so it's quantifiable so we can understand how much money we're obligating. And so I think that's a reasonable limitation on this. It doesn't prevent us from coming back year after year and increasing the amount that we put into the fund, which is what we've done since I've been here, which I think is a demonstration of our commitment to continuing to fund the Property Tax Credit Fund. So I'm in support of Senator DeBoer's AM1090. And as far as the rest of the bill goes, I think it makes it a lot easier to support AM977 with Senator DeBoer's amendment and support the underlying bill. But really one of my bigger issues with this bill is the same issue I had with a bill Senator Briese brought last year and conversation we've had about putting a cap on the amount that school districts can levy year over year. So this bill creates a 3 percent cap and requires either a supermajority of the board or a supermajority of the electorate to raise the levy and raise the task-- tax ask above that 3 percent. And one of the reasons I am opposed to this cap really is when you just go and you read through the very complicated formula that allows for a deviation from the 3 percent without the vote, and it has a lot of just percentages and I don't really need to go into it, but you can take a look. I think it's on page maybe 2 and 3 of AM977. But the very fact that we are trying to capture different scenarios under which schools might need more money because they're growing, because they have a lot of English learners, that's a reason why we don't want to create a one-size-fits-all approach from the state level. This top-down approach, is not the way to run the schools. And so we have school boards that are elected at the district level. In Omaha, we have a school board that's I don't know, I think it's nine members or something like that, elected from, you know, a district of about maybe 60,000 people and they run on the regular general election ballot in even-numbered years. I know Lincoln's having city elections right now that include their school board elections, but we have these boards that are elected that are responsive to the people directly that are responsible to manage these. I know a lot of people don't like what school boards have been doing. They don't trust them. But we do elect the school boards to make these decisions. And so we're trying to create a system that is contemplating other possible scenarios under which they might need more money, what we find is acceptable. And I think that's a problematic approach. But I'm not-- I have proposed two amendments not even seeking to resolve that issue, although--

KELLY: One minute.

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J. CAVANAUGH: Thank you, Mr. President. --that is a problem. That is a problem. Maybe we'll get to my amendments later on today. But I proposed an amendment that would allow for the, the ballot initiative election to take place using the similar language for regular ballot initiative under the state Constitution. Hopefully it's up on the system. You can take a look at it ahead of time. I also have one that exempts out larger school districts in the city of Omaha and Lincoln to address the concerns articulated by Senator Jacobson on Friday about why rural school districts maybe want to have a different threshold for an election. So I'll get up and talk about those again when I have a little bit more time. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Mr. Clerk for a message.

CLERK: Mr. President, the Revenue Committee will be holding an Executive Session at 10:00 under the south balcony; Revenue, Exec Session, 10:00 under the south balcony. That's all I have at this time, Mr. President.

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

M. CAVANAUGH: Oh, thank you. I didn't realize I was coming up that quick. I-- actually, would Senator DeBoer yield to a question?

KELLY: Senator DeBoer, will you yield to some questions?

DeBOER: I will.

M. CAVANAUGH: Thank you. I'm sorry I didn't give you a heads up, but I just realized that I was-- as I put my laptop here, I was looking at your amendment even though we're on my bracket motion. But I may as well do some business at the same time. So your amendment is on page 28, reinstate the stricken matter in lines 1 through 3, right? That's--

DeBOER: Yeah. What it does is it reinstates the already existing under current law 5 percent stabilizer which is on the LB1107 funds increases.

M. CAVANAUGH: OK. So it's keeping that portion the same.

DeBOER: No. Yes. Yes.

M. CAVANAUGH: It's putting it back to what it currently is.

DeBOER: It's putting it back to what current law is.

M. CAVANAUGH: And the amendment as written takes away that piece.

DeBOER: That's correct.

M. CAVANAUGH: OK. Thank you. I thought that's what I understood when you opened on your amendment. Sometimes it helps to have that reinforced clarification so I appreciate it. Do you have an anticipation as, as to what that would mean fiscally on the, like, the fiscal note of this? Does it change anything from that side?

DeBOER: So as-- so long as the valuation changes year to year are 5 percent or less, there would be no change. But if the val-- the total state valuation changes were to exceed 5 percent, then what it would do is say that there is not an automatic increase in excess of 5 percent that would have to go to us to have the discussion about whether or not to increase the LB1107 fund in excess of 5 percent.

M. CAVANAUGH: OK. This is totally unfair to ask you this question because I didn't give you a heads up and I just thought of it right now. But has this happened yet since we enacted LB1107?

DeBOER: So my understanding is and I just gave back the paper to Senator Briese, which I shouldn't have done, was that this would be the first year in which this, this stabilizer would actually be implicated since we passed the bill in 2020.

M. CAVANAUGH: Our current year right now would be the first time.

DeBOER: Yes. I think that's what it said. I'm remembering a piece of paper that I have handed away. So that's not great. But yes, this would be the first year. And all that would say is that we then have to come together as a body and talk about, OK-- and now I have it. Thank you, Senator Briese. Yeah, that-- so in 2020, the increase was 2.929 percent, 3.87 the next year, and then in 2022, 5.56 percent, which would be then that .56 percent would be something we would have to discuss on the floor.

M. CAVANAUGH: And as far as you're aware, do we have any legislation-- it's assuming that this didn't pass, do we have any legislation that would discuss that?

DeBOER: Assuming what didn't pass?

M. CAVANAUGH: This bill that strikes.

DeBOER: The whole bill.

M. CAVANAUGH: If we-- if we didn't pass the part that strikes the 5 percent or we put your 5 percent, we reinstate the language, do we do anything with this increase?

DeBOER: So--

M. CAVANAUGH: Does that make any sense?

DeBOER: --I think I understand your question to be, if we pass the bill with my amendment--

M. CAVANAUGH: Yes.

DeBOER: --then we will have that 5 percent cap in there. So then we would have to discuss either in the, the budget, so in the appropriations process or through I'm sure there's another bill to raise the LB1107 amount by a specific dollar amount somewhere in this Legislature.

M. CAVANAUGH: I think the last tax package.

DeBOER: I don't think that the last one had the LB1107.

KELLY: One minute.

DeBOER: This one might have an additional increase--

M. CAVANAUGH: OK.

DeBOER: --to the LB1107 outside of the stabilizer.

M. CAVANAUGH: There's been so much in all of these.

DeBOER: Yes.

M. CAVANAUGH: It's hard to keep track. OK. So when we reinstate this language that you are seeking to reinstate, we have avenues available to us as a body to address the over 5 percent growth.

DeBOER: That's correct.

M. CAVANAUGH: That's fantastic. Thank you. This has been very helpful. I appreciate it. Sorry for putting you on the spot.

DeBOER: No problem.

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M. CAVANAUGH: You didn't seem like you were on the spot, but I didn't give you a heads up, so I apologize for that. OK. Well, I think I'm about out of time, so I'll yield the remainder of my time to the Chair. Thank you.

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

HALLORAN: Thank you, Mr. President. Good morning, colleagues. I stand in support of LB243, not enthusiastically, but because it's the only tax-related bill that we have the opportunity to be brought to the floor to discuss. I stand in support with Senator Erdman on the proposal to implement a revenue-neutral exchange of tax code to a consumption tax. And the reason is, there are several reasons, but one is very simple. There are several principles in taxes. One is, is that whatever you tax, you get less of. And whatever you subsidize, you get more of. So let's look at the taxes that we have, the tax code that we have now. What do we tax? We tax productivity. Income tax. Personal income tax. Income tax is a reflection of income is a reflection of your productivity so we tax that. Corporate tax. Corporate tax is a tax on the productivity of companies large and small. And it's a tax on what? Productivity. The more you tax something, the less you get of it. Inheritance tax. Inheritance tax is a reflection of a tax on something that because we were productive, save money, invest in money and have something to give to our heirs and that productivity is taxed so we get less of it. And whatever you subsidize, you get more of. So what do we subsidize? Large part of what we subsidize, an example at least, is we subsidize people not working. Remember what you subsidize, you get more of. So we subsidize people not working. And what do we have? We have fewer people working. It's not that we don't have enough warm bodies to work. We have alternatives to working and that is the subsidies that we provide to people for not working. Since 1965, when we-- the Legislature at that time and the Governor implemented sales and income tax, again, taxes on productivity. We had at the same time property taxes that were funding the state as well as local units of government. So the Legislature implemented sales and income tax to help fund the state. And the, the second house, the voters, the second house, which we speak of highly here but show little respect from time to time, the second house stood up and said, no, we're not going to allow the state to be funded by property taxes. They did an initiative petition, and that initiative petition took away the state's ability to be funded by property taxes, only income and sales tax. And for the last 50 years, every person that's run for the Legislature has put on their palm card and all their-- all their materials, their campaign materials, they

said, we're going to have property tax relief. Well, we haven't got it. To Senator Erdman's comments earlier, we've gotten a reduction in the increase. But really the, the words property tax relief were the wrong words. We should have had property tax reform or generally speaking, tax reform. We never had that. We keep-- we keep debating the same, same, same tax code, which does what? It taxes productivity. Consumption tax, on the other hand, leaves the money in your hands and we're going to let the voters vote on this. We are in the midst of a very well organized campaign--

KELLY: One minute.

HALLORAN: --for a petition. Thank you, Mr. President, for a petition drive to put it on the ballot so that the voters can speak. They are tired. They are weary of us talking and talking and not accomplishing of what we promised and that's relief. So with a consumption tax revenue neutral replaces personal income tax, corporate tax, property tax, sales tax as we know it, and inheritance tax. It gets rid of all those taxes on productivity. The net result will be that we'll have more money saved, more money to invest, more money to grow the state and employ more people, and we will have a broader base for taxing. Thank you, Mr. President.

KELLY: Thank you, Senator. Senator Machaela Cavanaugh, you're recognized to speak. This is your third opportunity. Then you'll have your close.

M. CAVANAUGH: Thank you, Mr. President. I always love when I find myself nodding in agreement with Senator Halloran. It does feel like we've been having this conversation for such a long time. And I agree. I feel like we haven't been having necessarily the right conversation. Tax reform. We have been talking about tax cuts, which are so important. But tax reform is how we're going to really change the landscape here. And I don't agree with everything that Senator Halloran said, but I'll focus on the pieces that I do agree with, the tax reform piece. I previously said last week, talking to Senator Erdman about the consumption tax, that I find it to be a really fascinating idea. I haven't had a chance to look at his bill in depth, mostly because I was intimidated by the 26-page fiscal note, which was very impressive. But I am fascinated by any ideas that are seeking creative solutions to our tax problem. And I think that delving into this idea of creativity is a great direction for us as a body to move into, that we can have some substantive debate around what tax reform could look like in Nebraska. We don't levy property taxes at the state level. It's a local tax, but we do fund education, and a big piece of

property tax goes to funding education. And one thing that I believe we as a state could do to alleviate property taxes is to fund education fully at the state level. This is a conversation that I've been having probably mostly with myself, but I've been having on the mike for-- this is my fifth year talking about it, reforming property taxes through funding essential functions of government at the state level. It doesn't have to be just education. In I think maybe it was 2008 when we had a budget crisis and we had to make a lot of cuts from the state budget because our budget must be balanced, some of the things that we cut from the state budget were then pushed down to the local level, and the only avenue the local level has to fund those things is through property taxes. So that's one of the moments in time where we started to see an increase in property taxes. And this brings me to one of my broader, more global concerns about this session and how we are approaching the influx of money that we have. I'm concerned that we are so excited over the enormous amount of cash receipts that we are receiving at the state level that we are going to spend in a deficit this year. We should still be having a balanced budget, cash in, cash out. We shouldn't be spending down our rainy day fund. We shouldn't be starting new long-term programs that are going to be greater than the sum of our anticipated revenue just because we have revenue now. We are intentionally cutting taxes, which will cut revenue. Yes, ideally our revenue base will grow, but we are not doing things right now that address growing the base. We are just cutting the taxes.

KELLY: One minute.

M. CAVANAUGH: And we are not looking at policies that will grow the base, meaning people. We need more people here to grow the base. We need businesses to move here and people to move here to work for those businesses to grow the base. So we've got a lot of different pieces happening all at once, and it doesn't feel like we are focusing in on a more comprehensive conversation. It feels like we are very narrowly looking at just tax cuts. And tax cuts are important, but we have to be strategic and thoughtful about how we approach them. So I hope that we continue to have this conversation. It doesn't seem to be a widely engaged-on conversation this morning, but I appreciate that there are some that are interested in talking about tax policy this morning. I think it's exciting that this is the conversation we're having because I feel like many of us have been waiting to talk about this all session. That's what we're here for.

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you.

KELLY: Thank you, Senator Cavanaugh. Senator Brandt, you are recognized to speak.

BRANDT: Thank you, Mr. Lieutenant Governor. Thank you to Senator Briese and the Revenue Committee that is hard at work underneath the balcony right now in Exec Session for bringing this bill. Property taxes in Nebraska will grow about \$1 billion every six years. This is a very good package for Nebraska. It will not eliminate the growth, but it will dramatically slow the growth. When we get our tax statements for any property taxpayers in the state, I think everybody pretty much gets a December statement from their county treasurer. On that statement, you will see all the lines of the things that your property tax pays. It would be for the school system that that property is located in, any bonds on that school system, the town, village or county that that property is located in, NRDs, community colleges, fire departments, fair boards, several other things depending on where you're located at. Part of this bill would increase the Property Tax Credit Relief Fund, what we call Tier one, that's what's on that statement, by 76 percent. Up to year 2029, it will go from the current, I believe, 318 or 15 million dollars to \$560 million. And that would be an automatic calculation on your tax statement. Another part of this bill addresses TERC. The other day we passed an amendment for Senator Erdman to give us a fourth commissioner. Like he stated the other day, TERC is a very necessary function out there. It helps our court system by keeping these tax cases out of court, and it adds a fourth commissioner to speed things up there. This is needed and TERC will work better with this change. Included in this bill, we will remove the cap on allowable growth rate on Tier two. Tier two are the refundable state income tax credits that you apply for when you do your state income tax, and quite often our accountants do this. By taking the cap off and using the AGI, this will increase us about 9 to \$10 million a year. Today, this is \$560 million. And this is the program started by LB1107. Senator Bostar has a small component in here. In our counties, we have forced tax sales. Individuals and companies can come in and buy these tax certificates and they get a 14 percent rate of return. What this part of the bill does is if the county owes a refund on property taxes, they have to pay 14 percent. I think that's a very good move to make them equal. Today, I believe they pay 9 percent. The cap bill is included in here. This is a very loose cap. This is probably the best cap bill I've seen in the five years that I'm here. This caps school districts at 3 percent, but it's not a hard 3 percent. So if you have a school district with a school board out there that says, hey, we only need 2

percent, they can do 2 percent and save that 1 percent back and bank that. So maybe two years down the road, they need 4 percent, they can bring that back. And I think that's a very responsible way to do this so every school board doesn't automatically increase 3 percent because they're scared they're going to lose that percentage.

KELLY: One minute.

BRANDT: Thank you. Let's see what else we got here. It also allows a supermajority of that school board or that district to increase the cap. And that's a great thing anytime the people on the school board speak. And then finally, we have the changes to the community colleges. And basically, the state will pick up most of the cost on the community colleges, and we'll get those off our tax statements. And that will be calculated the same as the LB1107 money is in Tier two. So instead of just the K-12 against that property, it will also be the community colleges. In addition to that, when gambling is fully functioning in the state, you'll see another 1 or 2 percent off of your property taxes. In total, this is a very good bill and I would encourage you to vote for LB243 and the underlying amendment, AM977. Thank you.

KELLY: Thank you, Senator Brandt. Senator Machaela Cavanaugh, you're recognized to close on the bracket motion.

M. CAVANAUGH: Thank you, Mr. President, colleagues. So-- oh, oops. OK. So one of the things, this is a bill, and I should apologize to Senator Briese. He did actually last week pass out a breakdown of, of the amendment, the property tax package, the fiscal notes. It was in my stack of many, many papers, and I did find it. So it says: incorporates an amendment to Senator Briese's LB243 to increase the statutory minimum in the Property Tax Credit Fund, which currently is funded at \$313 million per year and put in place a gross percentage equal to the year-over-year increase in real property valuation in the state. So 2024 would be \$388 million; 2025, \$428 million; 2026, \$468 million; by 2029, \$560 million. And then after 2030 and beyond, growth escalator. So I apologize that I did not initially see that. I appreciate Senator Brandt's explanation a little bit on the, the levy cap. That was helpful. So thank you for that, Senator Brandt. I still have concerns, just broadly, when we put a cap on the ability for the voters to vote to increase their own taxes. I think that that's something we should not take lightly. It's taking away the people's-- a power over their own purse strings. But I do appreciate the opportunity to bank that percentage for future use so that they can do projects as they need. So when this bill moves from General to Select,

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we're eventually going to get the budget and there's going to be basically a budget statement that has all of the bills that have fiscal notes, and it's going to have the stages of debate. So everything that's on Select File is going to have this assumption, if these statements go as the previous ones have gone in previous years, an assumption that the fiscal note for the bills sitting on Select are going to move forward. And so that's going to tell us how much money we have left for anything that's on the floor for debate. So I do find it concerning that we have these massive revenue projects that we're moving from General to Select without really having a broader picture of what we're going to have available to us on the floor. I'm hearing a lot of rumors about what's going to come out of Appropriations, and it sounds like it's going to be very bloated government, which I find very concerning. So I imagine that that conversation is going to be pretty robust since many of you, in addition to talking a lot about tax cuts, talk about bloated government. And I hope that we aren't purposely using the taxpayer dollars to fund new projects that aren't essential functions of government, but that would mean--

KELLY: One minute.

M. CAVANAUGH: --we're actually doing economic development and serving the people of the state to the best of our ability. After this motion, we will be back on Senator DeBoer's amendment, which reinstates the language that was negotiated during the LB1107 conversation. So I think I'll just leave it there for now, because I have more to say in support of Senator DeBoer's amendment when we get back to that. So with that, I would ask for a call of the house and a roll call vote. Thank you, Mr. President.

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

CLERK: 20 ayes, 2 nays to place the house under call.

KELLY: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Fredrickson has some guests in the north balcony, members of OutNebraska across Nebraska. Please stand and be recognized by your Nebraska Legislature. Senator Brandt has guests in the north balcony, students from Prairie Hill Learning Center in Roca, Nebraska. Please stand and be recognized by

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your Nebraska Legislature. All unexcused members are present. The question is the adoption of M0166, the bracket motion. All those in-- a roll call vote requested. Mr. Clerk.

CLERK: Senator Aguilar. Senator Albrecht voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Blood voting no. Senator Bostar voting no. Senator Bostelman voting no, Senator Brandt voting no. Senator Brewer voting no. Senator Briese voting no. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting no. Senator Conrad voting no. Senator Day. Senator DeBoer voting no. Senator DeKay voting no. Senator Dorn voting no. Senator Dover voting no. Senator Dungan voting no. Senator, Senator Erdman voting no. Senator Fredrickson voting no. Senator Geist voting no. Senator Halloran voting no. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt not voting. Senator Ibach voting no. Senator Jacobson voting no. Senator Kauth voting no. Senator Linehan voting no. Senator Lippincott voting no. Senator Lowe voting no. Senator McDonnell voting no. Senator McKinney voting no. Senator Moser voting no. Senator Murman voting no. Senator Raybould voting no. Senator Riepe voting no. Senator Sanders voting no. Senator Slama voting no. Senator Vargas. Senator von Gillern voting no. Senator Walz voting no. Senator Wayne voting no. Senator Wishart voting no. The vote is 0 ayes, 45 nays on the motion to bracket.

KELLY: The bracket motion fails. Mr. Clerk, next item. The call is raised. Returning to debate on AM1090, Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. Colleagues, look how unified we were. First vote of the day. It was unanimous. That's always nice to see. So I wanted to talk about Senator DeBoer's AM1090. It seeks to reinstate language that is stricken from statute. There's a couple of reasons why I support this amendment. First of all, I think it's good governance. Secondly, this was part of LB1107. And colleagues, you're going to hear LB1107a lot. I feel bad for whoever's bill number is LB1107 after 2020, because LB1107 is always going to be the Imagine Act tax incentive package for most of us. So in 2020, LB1107, the Imagine Act tax incentive package, had a lot of negotiations in order to get this massive tax package done, which included the creation of the Property Tax Income Tax Credit Fund. And in those negotiations was the 5 percent. So here's the thing that just kind of is really sticking with me. And it's not just this bill. We're seeing this in a lot of bills that we negotiated something and it's not the people that weren't here that were part of the negotiations, it's the people that

were here that were part of the negotiations who keep coming back and trying to undo what was negotiated. Colleagues, why would I agree to anything with you at all if you are clearly going to just come back the next year, no matter how much you publicly promise and insist that you won't, you have. It's becoming a very bad pattern of behavior where you are disingenuous in your negotiations to get exactly what you want and you come back the next year and you cajole this body into believing that that was never the intention. We could play the clip back over and over again using your exact words, and it doesn't matter. You keep coming back for more. Why are you doing this? Why do you continually negotiate in bad faith? If you know you're just going to come back for more the next year, then be honest about it. People wonder why there's a level of distrust. It's these types of actions that create a level of distrust. I inherently distrust you because you have done distrustful things, because you have made promises and immediately turned around and broken those promises. Senator DeBoer is giving this body the opportunity to honor its word. Senator DeBoer's amendment is giving this body the opportunity to say we are not going to negotiate in bad faith. We will reinstate that language. We will honor the agreement and we will move forward from there. This is an excellent amendment. This is an amendment that builds back trust. And I know, we all know you've got the votes.

KELLY: One minute.

M. CAVANAUGH: You can do whatever you want all of the time because you've got the votes. But you also can be good policymakers, good colleagues, good stewards of the taxpayer dollars, and you can do a good faith effort by supporting AM1090 to reinstate the language that is stricken in AM977. This was a negotiated deal. And colleagues, many, most of you were here when that was negotiated. And I believe that if you want to have good faith negotiations in this body that you--

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

M. CAVANAUGH: Thank you, Mr. President. Do I have one more time after this?

KELLY: Yes, you do.

M. CAVANAUGH: Good faith negotiations. Let's start negotiating in good faith. Let's honor our word from the past. Let's stick with what we've said we would do. Show the people of Nebraska, show the members of this body that you are trustworthy and that you are people of your

word. When you voted for LB1107, you voted for this. We are continuing to put more and more money into that tax fund. And actually, doing this amendment doesn't stop us from putting more than the 5 percent into the tax fund, as Senator DeBoer and I discussed not that long ago on the last motion, that the body still can take advantage of that growth and put it towards the tax fund. It's just not automatic. It's a safety valve. It holds us accountable. It's not us giving away our authority to previous legislators. When there's more than 5 percent growth, we can still do it. But we have to do it collectively. We have to make the choice to do it. We can still do it this year for the over 5 percent growth that we are experiencing this year. Senator DeBoer's amendment doesn't stop that from happening. This amendment reinstates some of the integrity and collegiality of this body. It's good intentions. It's good faith negotiations. It's good public policy. Colleagues, this is a big undertaking. This is a lot of money. All of this, this whole package is a lot of money. I'm very-- I don't know what the right word is-- I guess confused. I'm confused because people have been railing against me talking so much. And you know I'm going to talk. You know I'm going to take this till 3:45 or whatever time this goes through. You know that. But this is the meat and potatoes of why you are here. I don't understand why you aren't talking. This is your actual job. Tax policy is your essential function beyond the budget. Why is nobody interested in having that conversation? Why are you all sitting silently in your corners? This is your moment to stand up and talk about what you like or don't like, how you believe in this, how this functions practically, to explain to the people at home in your districts. This is the time where you're supposed to be debating the policy. Instead, you're just giving me a platform to talk for several hours. And frankly, if you're going to give me a platform to talk about whatever, I'm going to change what I'm talking about. If you all don't want to engage in talking about this tax package, then I'll just go back to talking about whatever is on my mind. I can go back to talking about my--

KELLY: One minute.

M. CAVANAUGH: --kids' soccer this, this weekend; had some great soccer games. We had one on Saturday for my middle kid, second grader. It was at a St. Ann-- St. Elizabeth Ann Seton. I'd never been there before. I don't think I've ever even been to that church before. I actually had this conversation with my mom as to whether or not because my parents came to the soccer game, if I had been to that church before and I don't think I've even been to a funeral or a wedding there. That's usually how I know, like, oh, I went to so-and-so's wedding or I went to so-and-so's funeral. St. James the school that, the partner parish.

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So St. James and Elizabeth Ann Seton are two parishes that have merged together that have one grade school. I've been to St. James Church for both a wedding and a funeral. I've been to the annual fundraiser for St. James/Elizabeth Ann Seton, which is a madrigal that's put on in the Sokol Auditorium.

KELLY: That's your time, Senator. You're next in the queue and that's your third opportunity on this amendment.

M. CAVANAUGH: Thank you. The Sokol Auditorium, it goes by a different name now, but that's how everybody in Omaha knows it. So the Sokol Auditorium is where St. James/Elizabeth Ann have their annual fundraiser, which is a madrigal and you can't get tickets. You cannot get tickets because you buy your tickets for the next year at the madrigal and it sells out at the madrigal. So you have to have tickets or be gifted tickets, grandfathered tickets in order to get tickets. So one year, one of my best friends who went to St. James, her parents invited my husband and I to go and it was fantastic. It was so bizarre. It is a written play by members of the parishes together. It is goofy satire. And they-- much like the fish fries, they-- there's pitchers of beer flowing, free-flowing pitchers of beer. I think people, like, order and bring in their own pizza and then they sell popcorn and pitchers of beer at the actual event. And as the evening goes on and the beer is flowing kind of freely and the place starts to get kind of, like, punchy, silly. People in the audience start throwing popcorn at the performers. It is one of the most campy, silly, awesome things I've ever done in my life. I enjoyed it so much and what like a fun community thing to do. So, so yeah, so my daughter's soccer game was at that field, St. Elizabeth Ann Seton. And, and then on Sunday we had micro soccer. My husband is a coach of the micro soccer team and he had the micro team that's under five, he had them doing warm-ups. And it was awesome to watch these little kids doing warm-ups like he had them trying to touch their toe, like kick their feet up and touch their toes. And it was just-- it was really something. They weren't-- they weren't buying into the conditioning, I think, the way he would have liked. But he's going to make some real great soccer stars out of those three-year-olds yet. I'm pretty sure. Nobody laid down on the field and cried this time. It has happened in the past. Everyone, well, I think we maybe had some goals in the opposite-- in our own nets a few times, but we don't keep score. One of the little kids, it's all the field. There's like eight teams playing. One of the kids on a different field on a different team said that they had won and everybody was like, well, you don't keep score. He's like, we won. All right. Not going to argue with you. You won for sure. Maybe the other team was really bad. I don't know. So we went

from on Saturday, like, wrapped in blankets, stocking caps, freezing and then yesterday I think I got a little, like, sunburn, windburn sitting out at St. Pius for the micro soccer and saw former state Senator Tyson Larson. His kid was actually-- our kids were playing each other on Sunday. I always see him at micro soccer, obviously, because his son also plays micro soccer. But this was the first game of the season, so it was the first time to get to see him. That's always nice. But yeah, it's a nice little community and it was a nice way to spend a day away from here, get some outside time and have a nice time and see some friends from Pius and I actually--

KELLY: One minute.

M. CAVANAUGH: --saw Senator John Cavanaugh's sister- and brother-in-law. They also play micro soccer, so it was lovely. So that was my Saturday and Sunday. I'll think of something else to talk about my next time that I talk. I think this is my last time on the mike on AM1090, so I'm sure I can come up with some other wonderful tale to retell you all instead of talking about taxes. Thank you, Mr. President.

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

CONRAD: Mr. President, and good morning, colleagues. I didn't have an opportunity to connect the dots on something that I think is really fortuitous in terms of scheduling for our agenda today. But I do think it is perhaps a lucky happenstance that we see this property tax or that we see this property tax package put up at the same day as we see a significant bill on our agenda that Senator Sanders is bringing forward on behalf of the Governor to address key aspects of school funding, because, of course these issues are inextricably inter-- interwoven. And it has been a longstanding part of our state's discussion when it comes to how we fund our schools, how we ensure resources for core functions of government, and how we can provide property tax relief for our citizenry to talk about how those issues are interconnected and how they influence each other. So I haven't had a chance to dig in for all of the districts across the state, but I did have a chance to see some analysis and commentary from OpenSky late last week that, you know, raised how the combination of these two measures, the education plan, including the Future Fund and the property tax plan, may end up being a wash for some districts in terms of the additional resources or revenues that, that they may be able to receive from the state. So I think it's really important as these measures continue to move through the process that we think about

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what, of course, that impact might have for school districts in our district. But-- and then to also take to heart our obligation to be state senators and try and figure out what the best approach for the whole school is or for the whole state is there. But I do worry a little bit about how these measures together may impact some schools' ability to meet the needs of their community. We'll have a chance to get much deeper into Senator Sanders' measure, which I think does on the whole provide some very promising attributes increasing per pupil funding to address a longstanding issue in our state, providing more resources and reimbursement for special education funding, which has been, I think, a consensus issue that many districts and many senators have focused on over the years and providing some stabilization funds for potential economic downturns to draw upon. All of those, I think on the whole, can find a lot of consensus and have a lot of merit. But I do want us to think very carefully about how those measures interface with this property tax package to figure out whether or not this tax package may undercut some of the policy goals of providing additional resources and investments to schools that we'll hear about later this afternoon on Senator Sanders' bill and in other areas of the Governor's overall education funding, funding package. So just wanted to connect the dots there and, and I'm definitely curious to learn more about how that impacts our school district in Lincoln, which is one of the largest and fastest growing districts in the state, and to make sure that we have the, the resources we need to meet our unique local considerations. Thank you, Mr. President.

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

MOSER: Thank you, Mr. President. Good morning, colleagues, and good morning, Nebraska. I support LB243, Senator Briese's bill to address property taxes and among other things. So if you're at home watching what's going on here, some senators are trying to drag this out until we reach the point of cloture, which by my math is going to happen sometime this afternoon between 3:30 and 4:00, depending on when the actual button got pushed on the stopwatch, up on the-- up on the desk where everything is controlled. So if you really want to know what's going to happen, you can come back about 3:30. It's kind of like watching a soap opera for weeks and weeks and weeks and then all of a sudden something happens; 3:30 this afternoon, that's when something's going to happen. The mention of a deal on LB1107 being binding on us years later is, I think, incorrect. Things have changed since we passed LB1107. Revenues are up very substantially. Valuations are up even more. And so even though we have levy lids on all the taxing authorities, when the valuation goes up, that gives them more money to

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spend and the valuations have gone up faster than inflation has. So that gives them room in their budget. So that's why Senator Briese's bringing this bill, it's not going to reduce taxes, it's just going to reduce the increase in taxes. If I go back to my district and said, oh, we have a deal from two years or three years ago on LB1107 and you should be happy paying the taxes you're paying, that would start an uproar. People in my district are vastly disappointed that the state is collecting so much money and not giving some of it back to them. Thank you.

KELLY: Thank you, Senator Moser. Senator Blood, you're recognized to speak.

BLOOD: Thank you, Mr. President. I stand in support of Senator DeBoer's amendment and actually in support of the Revenue amendment and eventually maybe the underlying bill. I can tell you, Senator Briese, I spent the weekend rereading through everything, and I sincerely believe that you guys have made a very strong effort to do better this time. And I just want to put that on record. But you'll notice I put up an amendment. And the reason I put up an amendment is because I really feel that we can do even better when it comes to making sure that the relief goes to the people who need it the most. But since it is not up on the board, I'm not going to pontificate about circuit breakers yet again, but I will should we be lucky enough to get to it. But I do want to say something that I want people to think about, especially those that aren't participating in debate, those who just always vote along party lines without really any discussion with people who bring bills forward, who suggest changes. You know, I get asked a lot, like, why do so many people on the floor of the Legislature wear black? Why do they wear dark clothes? And I always make the joke that it's because they're grieving the slow death of democracy. And with all due respect, yeah, I do it as a joke. But I actually believe that because I never thought that I would see what I've seen, especially this year on the floor of the Legislature. So how do we kill democracy? Well, we're killing it with the extreme polarization that we've seen. And you see that when there's big money, certain wealthy families in Nebraska making sure that people get into office, dark money, special interest money, you see that. That's how people are getting in now. You put your head down, you let us do all the dirty work and we're going to get you into office. Economic inequality. You hear Senator McKinney and Senator Wayne talk about that all the time, but I don't see that reflected in the policy that we bring forward. Social tensions, personalist politics. You know, we're individuals mostly thanks to social media, as the foundations subvert the constitutional checks and balances between the executive

and the legislative branches. Much like what happened with the first round of the, the bill in reference to broadband, a bill that was brought forward that really didn't have to even be a bill. But we wanted to make sure that we codified that it went to the executive branch, which is puzzling that we wasted so much time on something that didn't have to be put into legislation. It didn't put any extra guardrails in. It really didn't do anything but make sure that people knew that we were creating this new broadband office, even though one already exists and we're moving it under the executive branch. It could have been done without legislation. So sometimes I feel like the priorities that we're pushing forward aren't about better government, but about certain causes or certain culture war issues as we know from the very first bill, one of the very first bills we debated. And so I just ask, especially Senator Briese, you know, not-- and Senator Moser, especially. Senator Moser, we're not all trying to just slow it down. Some of us want to see sincere change in these bills, but everybody's got their heels dug in and nobody wants to have these conversations. I was just told outside that if you want to bring a bill forward, that the Speaker wants to make us prove that we have 40 votes in order to get it on the agenda. What's that about? Why do we pick priority bills when we can't get it on the agenda?

KELLY: One minute.

BLOOD: Things are not normal in the body. We can change what's going on in the body. People have to start having conversations. People have to start taking what's said on this mike seriously. And let's have these conversations. Let's not just jump on to jump at each other, but to try and make legislation that comes through better. I [INAUDIBLE]. I strongly believe that Senator Briese and others that are involved in this bill did their very best this year, and I was really impressed with what I read. But I still think we can do better and we need to have these conversations. Thank you, Mr. President.

KELLY: Thank you, Senator Blood. Mr. Clerk for a priority motion.

CLERK: Mr. President, Senator Briese would move to recommit LB243 to committee.

KELLY: Senator Briese, you're recognized.

BRIESE: Mr. President, I will withdraw that motion.

KELLY: The motion is withdrawn. Returning to debate on AM1090. Senator Erdman, you are recognized to speak.

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ERDMAN: Thank you, Mr. President. Let me start with this. The Bible says don't grow weary in doing good. So that's my motto. And Senator Blood was exactly right when you stated we can do better than this. How appropriate to lead into my comments about fixing this broken tax system. So those of you who are listening back home, you may not have turned in-- tuned in on Friday of last week. I mentioned the three things that may be a reason why the consumption tax has not moved from committee or moved from the floor of this Legislature to you voting on it. We've never done that was one of the reasons. Another one is people have never taken the time to really study what it does. And the third one that I mentioned was it's perhaps because of the person who introduced it. So today we're going to talk about some of the reasons why property tax relief or elimination hasn't happened. What we hear almost always is it takes away local control. Never is it stated in the proposal to limit a school by allowing-- by not-- by telling them who they should hire as a superintendent, when they should be open, or what they should teach. Any county in the state to do certain things, they still have control over their budget. And so I am very much in support of local control. In fact, I may have an idea about the most opportunistic local control there is. You see, I have this money clip with money in it, holding it in my hand now, and I'm going to place that in my pocket. That's called local control. That's my definition of local control. My money, I decide how much I'm going to spend on something I consume. Therefore, the state takes that revenue and they use the revenue that I can afford to pay when I want to pay it. That's local control. What their definition of local control is, is I can't continue to raise your property tax whenever I want without your permission, and they surely don't send you a three by five note card or any kind of information in the mail asking, can you pay more? They just send you the notice. So last week you had to pay your property tax in the big three counties. All the other 90 counties are May 1. They tell you how much to pay, what day to pay them. And if you don't, they charge you 14 percent interest. And then there's another date come up, April, April 15. You send in whatever income tax they have devised you or advised on your income to pay. So tell me how that's local control. What happens here in Nebraska is someone else is in control of your money. Government goes shopping. They buy whatever they think they need. Then they send you the bill. And people say, well, what happens when we have a downturn in the economy? Then where does government get their funds? Well, let me ask you a question about that. Let's say we have a downturn in the economy or we have a thing like COVID comes and someone loses their job--

KELLY: One minute.

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ERDMAN: --and they can't afford to pay their property tax. Then what? Don't worry, don't worry. On the first Monday in March, every county in the state, their treasurer sells the certificates that weren't paid. So every dollar is always collected because that person gets 14 percent interest for paying your taxes. I had a call from a senator in Wyoming on Sunday talking about wanting to do consumption tax in Wyoming, and their property tax is four-tenths of a percent and they don't have any of those other taxes we're trying to eliminate. And when I asked the question, why would you do that? And they said, because we never own our property. We always have to continue to rent from the county. So even in states that are way ahead of us in property tax are thinking about eliminating their property tax as well. Thank you.

KELLY: Thank you, Senator Erdman. Senator DeBoer-- Senator Briese, you're recognized to speak.

BRIESE: Thank you, Mr. President. Good morning, again, colleagues. I just wanted to reiterate that I do oppose AM1090. This removal of the cap really represents tax relief for everyday Nebraskans, it's essentially a measure to protect the taxpayers from falling further behind. And again, just wanted to reiterate that I do oppose AM1090. Thank you, Mr. President.

KELLY: Thank you, Senator Briese. Senator DeBoer, you're recognized to close on AM1090.

DeBOER: Thank you, Mr. President. I want to be very clear, colleagues, that the reinstatement of the stabilizer, this 5 percent, does not mean that we do not give the same amount of tax relief to every person in this state as we would absent AM1090. What it says is that at some point we have a conversation on this floor. And part of that is to say, can the state afford it? But part of it also is to say, let's trigger a conversation that says if there is this rapid increase in property tax valuations, maybe we ought to have a conversation about it on the floor. So if we're going up over 5 percent, we ought to have a conversation. We ought to have a conversation about what are the causes? What's going on? We ought to take a closer look at it. So I've heard a lot today about a deal and things have changed since the deal. The deal wasn't we don't give property tax relief beyond 5 percent. The deal was that there is a percentage of growth above which we come back here and we have a conversation. I've even suggested if things have changed, maybe we change the percentage. This one keeps the 5 percent. Perhaps on Select File, we can talk about a different number. But when we're building this fund, the question is, when we're

building this fund, if there is a percentage above which we say, hum, we ought to take a pause, not that we won't do it, but we ought to take a pause and look at this and have this conversation. It ought not be automatic at some point. Maybe it won't even change the amount. Probably it won't change the amount that we put in the LB1107 fund. But it will allow us as a body to say, we ought to talk about this. Maybe it's 7 percent. Maybe it's even 10 percent. But there probably is a number about which we say we've got to have a conversation if things are going up faster than that. We ought to be able to talk about it on the floor. We ought to be able to balance things on the floor and say, hum, maybe that means less income tax relief that year because we're going to have to put the money into the LB1107 fund in order to do property tax increases. It just says we have to have a conversation above a certain amount. And Senator Cavanaugh was making the point that when we go in and we negotiate these deals and then if on the next year, which is the case with this particular piece, the last couple of years, they've also tried to take this stabilizer off, although it wouldn't have affected the amount of tax relief. But we, we said no as a body. Senator Stinner said no because we need to have these kinds of safeguards in place so that we have conversations when we get into these percentages that are greater than 5 percent. When we have those kinds of deals in place, when we make those kinds of negotiations, when we think about them as the spirit, maybe not the same exact thing, but the spirit of the negotiation, which is to have a process-- have a process after which we have a conversation, putting that process in place and saying above this percentage increase, we're going to have a conversation and then attempting the next--

KELLY: One minute.

DeBOER: --year and the next year to immediately remove it, it does, I think, affect the ability for people to make negotiations in this body. Because, people, we're, we're dealing with an absolute low amount of trust. And to some extent, I see why folks are reluctant to make agreements and make negotiations if they just feel like they're not going to stick the very next year. So with that, I would ask all of you for your support on AM1090. I really do think we ought to have an amount after which we have a conversation. This is a process issue. It's about a conversation. Thank you, Mr. President.

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

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CLERK: 16 ayes, 4 nays, Mr. President, to place the house under call.

KELLY: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senators Raybould, Armendariz, Lippincott, Dover, Bostar, McDonnell, Brewer, and Wayne, please return to the Chamber. The house is under call. Senators Armendariz, Lippincott, Dover, and Wayne, please return to the Chamber and record your presence. The house is under call. All unexcused senators are now present. The question-- the question is the adoption of AM1090. Roll call vote requested. Mr. Clerk.

CLERK: Senator Wishart voting yes. Senator Wayne voting yes. Senator Walz voting yes. Senator von Gillern voting no. Senator Vargas. Senator Slama voting no. Senator Sanders voting no. Senator Riepe voting no. Senator Raybould voting yes. Senator Murman voting no. Senator Moser voting no. Senator McKinney voting yes. Senator McDonnell voting yes. Senator Lowe voting no. Senator Lippincott voting no. Senator Linehan voting no. Senator Kauth voting no. Senator Jacobson voting no. Senator Ibach voting no. Senator Hunt voting yes. Senator Hughes voting no. Senator Holdcroft voting no. Senator Hardin voting no. Senator Hansen voting no. Senator Halloran voting no. Senator Geist voting no. Senator Fredrickson voting yes. Senator Erdman voting no. Senator Dungan voting yes. Senator Dover voting no. Senator Dorn voting no. Senator DeKay voting no. Senator DeBoer voting yes. Senator Day. Senator Conrad voting yes. Senator Clements voting no. Senator Machaela Cavanaugh not voting. Senator John Cavanaugh voting yes. Senator Briese voting no. Senator Brewer voting no. Senator Brandt voting no. Senator Bostelman voting no. Senator Bostar not voting. Senator Blood voting yes. Senator Ballard voting no. Senator Armendariz voting no. Senator Arch voting no. Senator Albrecht voting no. Senator Aguilar. The vote is 13 ayes, 31 nays, Mr. President, on adoption of the amendment.

KELLY: AM1090 is not adopted. Raise the call. And, Mr. Clerk, for a motion.

CLERK: Mr. President, Senator Machaela Cavanaugh would move to reconsider the vote on AM1090.

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

M. CAVANAUGH: Thank you, Mr. President, colleagues. So this is a motion to reconsider the vote that we just took. I am nothing if not

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an advocate for exercises in futility so we could potentially reconsider our vote on AM1090. The funny thing about this is that I would be interested to know what everyone thought they were voting on. Did you just vote against the amendment on the board because others voted against it? Or did you vote against it because you actually knew what it did and you opposed it? Now a few of you, Senator Moser, I know he voted against it because he opposed it. He stood up and he shared that and I listened to him. But most of you are not actively engaged in the conversation that's happening here. And I don't mean to say that so people at home, everyone is working here, like, all of the time, whether you see people in their seats or not. There's meetings happening under the-- on the sides under the balconies or offsite in other rooms. That's not to say that people aren't doing work. But sometimes I question if people are paying attention. I know that there have been several procedural votes that have happened this year where individuals have just voted with what the majority was doing without consideration and then later said, I didn't know what I was doing. And that's been said enough times now that I genuinely don't know if people know what they're doing when they're voting. Are you thinking about your votes or are you voting the way that others are voting just because it's easier than thinking about it? It's a genuine question for the body. When nobody engages in the debate of something so substantive, hundreds of millions of dollars substantive and then just votes against things on the board, not present, not voting mind you, no, voting no. See, sometimes people will be historically present, not voting if they're unsure about what's going on, if they are unsure about where they stand on something. This body collectively has a lot of conviction that I've never seen before. Very few people, if any, are unsure. It is either clearly yes or clearly no, which is a fascinating shift. Generally speaking, it's only that clear with that large of a group if nobody is really thinking about it, if they're just following somebody else's lead. It always takes a little bit of time for incoming senators to get in their own groove and realize that you are an independent agent, but you are independent agents and every vote that you take is a reflection on you. Even if you are voting as a bloc, it's still a reflection on you as an individual. So I support AM1090. But to be perfectly honest, it's not hugely consequential. Because even if we passed AM1090, we still-- 99 percent certain-- would take that additional revenue increase over the 5 percent. But as Senator DeBoer pointed out, this is about we agreed that growth over 5 percent warranted a conversation as to whether or not it was appropriate for that growth to go towards property tax relief or if it should be used for some other purpose. In taking that language out, we are saying we don't want to be thoughtful. We don't want to have

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conversations. We don't want to have public debate around the best utilization of taxpayer revenue. It was agreed upon. And it is, to Senator Moser's point, it is not binding. It was not a binding agreement. Nothing can be a binding agreement in this place, but it was an agreement. And everyone who was here when that agreement was made, with the exception of myself, Senator Hunt and Senator DeBoer and Senator Wayne and Senator McDonnell and Senator Walz and Senator Wishart and Senator Blood, everyone else voted to undo that agreement that was here when that agreement was made. So that tells me, that tells me that agreements with you aren't worth anything. And that's fine. But don't come negotiating with me and expect me to think that you're negotiating in good faith. Sorry if I forgot any senators that-- I don't think I did-- that were here when we made that agreement. So again, we're going to take the time regardless. So you may as well jump in the conversation or I can go back to talking about madrigals. Or I can talk about the Appropriations Committee preliminary report-- thank you to my staff for bringing that down here-- and the executive budget biennium. Ooh. Now we got some hours of things to dig in on. OK, so this is the preliminary report from February 2023. It's on this lovely pink salmon colored paper, black font, a serif font, and a sans serif font. Ooh, we're mixing our fonts here. OK. General Fund status is on page 3. The lighting in here is I don't know how many decades old, but it is challenging. OK, so page 3, we have the beginning balance current year '22-23 \$2,494,107,852. We got it down to the-- to the dollar here. And then Cash Reserve transfer automatic \$1,287,998,905.

KELLY: One minute.

M. CAVANAUGH: Thank you. Carryover obligations from FY '21, \$550,340,572. So unobligated beginning balance is \$655,768,285. And then we'll go on to the upcoming biennium and estimated for the following biennium. I won't have time to get through that now. But on page 4, there's going to be the Cash Reserve Fund cash flow. And then so the, the page 3 is kind of what we will-- it'll look familiar when we get the, the budget worksheet starts getting attached to our daily--

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you.

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

CONRAD: Thank you, Mr. President. And again, good morning, colleagues. I just double-checked to see some of the other substantive amendments that were filed on this measure and definitely look forward to hearing more from Senator Blood and Senator John Cavanaugh, who have been working on some, I think, alternative substantive solutions to address our shared goal of providing property tax relief to Nebraskans, but also addressing some of the, I think, nuance or perhaps areas of concern that could benefit from additional compromise, consensus, and deliberation. So whether or not Senator Cavanaugh decides to take this motion to reconsider to a vote later today, I definitely wanted to flag those amendments, those substantive amendments that were filed so that people could start to dig into those and think about those later. One thing that I wanted to generally lift up in terms of where we are from a financial perspective and how that will impact this measure and the school measure that is on our agenda later today and, of course, our budget deliberations, which are going to be forthcoming this session and just wanted to make sure to take a moment to provide a little clarity and understanding about how Nebraska has exactly arrived at our present financial position. And I would absolutely encourage all members to look at the analysis, whether it's from the Forecasting Board's work when they meet periodically that details kind of how we got to where we are today in terms of our overall financial picture, whether that is some of the commentary and analysis that's provided with the budgetary materials, or just opening up a conversation with the Legislative Fiscal Office, which is always a fantastic source of credible nonpartisan information about our state finances. And I think one thing that just has to be crystal clear is that a big driver in why we are where we are today with unprecedented revenues available is the infusion of federal funds. From a structural perspective, we haven't seen major changes in terms of where our local revenue streams are and how that impacts our overall, overall budgetary picture. No doubt Nebraska has weathered the economic uncertainty of COVID and coming out of COVID in a much stronger position than many of our sister states. And we continue to see in the monthly reports over the last year or so that many of our projections are-- many of our actual revenues are beating the previous projection. So those are important things to take into account. But we cannot divorce the huge influx of federal funds, which for the most part are one-time, not ongoing from this fiscal picture. And when it comes to writing the check, ensuring that everything works out for the income tax package, the property tax package, the school funding package, and a host of other major initiatives with significant price tags, we have to be able to have clarity on what is-- what are existing state revenues and what are bolstered by those extraordinary-- in that

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extraordinary infusion of federal funds, which has really changed the overall bottom line. And we cannot and should not--

KELLY: One minute.

CONRAD: Thank you, Mr. President. --move away from sound budgeting principles. We should not commit ongoing decision making that has significant financial impacts when they're bolstered or premised upon one-time funds. So we have to have clarity about how we got to where we are and how we address that moving forward. I also think it kind of goes to make that very point when we were talking earlier about some of the tax packages, about how there is, in fact, perhaps a structural deficit in the underlying fiscal analysis and assumptions. And it also kind of proves the point when the Governor has put forward a Future Fund for education, which I think is thoughtful and important, that recognizes future economic uncertainty. So we have to take that into account and be consistent when we're talking about the budget and major, major items like this tax package that commit us to a course--

KELLY: That's your time, Senator.

CONRAD: --of ongoing reduction in revenue. Thank you, Mr. President.

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

CLERK: Mr. President, the Appropriations Committee will have an Executive Session at 11:30 in Room 1307; Appropriations Exec Session 11:30 in 1307. That's all I have at this time.

KELLY: Thank you, Mr. Clerk. Machaela-- Senator Machaela Cavanaugh, you are recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. Well, thank goodness I'm taking so much time so all these committees can get their committee work done. OK, so I was reading the General Fund financial status from the Appropriations Committee Preliminary Report from February that everyone should have received a copy of. So that was on page 3. The General Fund revenues on page 6. Oh, we're going to jump to page 11, General Fund Appropriations, the Summary Committee Preliminary Budget, page 11. OK. So, so one thing about-- one thing about these reports, the budget reports, is it's a combination. So it kind of is great for if you're a different type of learner. So there is a narrative and there's also charts and like budget ledger-type charts. So if you don't-- if you're not great at reading those, there's always a narrative. I personally like both. So I-- when I did my master's in public administration at the University of Nebraska, one of the things

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we learned about was how to read budget sheets. And it was one of the most useful classes I've taken in all of my class coursework over the decades. So just a shout-out to the public administration program at UNO. OK. General Fund Appropriations Table 7 shows a summary of the current FY '23 General Fund appropriation, excluding deficits and the committee preliminary budget proposal for FY '24 and '25. In addition to the amounts listed below, as included in the preliminary budget, the General Fund financial status also includes, in line 21a an allocation for pending agency items and bills in the Appropriations Committee. This allocation is \$170.7 million in '23-24 and \$194.8 million in '24-25. OK. So in line 21a, there's allocation for pending agency items. The allocation is 170 and 194. OK. So we're looking at this without deficits, committee preliminary. Here are the categories at the top. We've got without deficits FY 22-23, committee preliminary '23-24, '24-25. That's the biennium. Changes versus prior '23-24 so that has a dollar amount change and then percent change; and changes versus prior '24-25. So again, dollar amount and percentage. So one interesting thing is you could just go straight to the changes versus prior to see what we're increasing in budget and from where we are currently to the preliminary budget for this next fiscal biennium. So increase for universities and state colleges is 1.56 percent, less than 2 percent. That is not very much of an increase. HHS is a 12 percent increase. Correctional Services is a 9 percent; courts, 3.49 percent; State Patrol, 9.48 percent; Retirement Board, 5.44 percent; Revenue, 4.41 percent; other 39 agencies--

KELLY: One minute.

M. CAVANAUGH: --4.99 percent. I don't know how I'd feel if I was what those other 39 agencies you don't get named, just HHS and Corrections and the courts. OK. State aid to individuals/others. Oh, great. First one, Medicaid, -1.24 percent; child welfare, 1.65 percent; developmental disabilities, less than 1 percent, .75 percent; public assistance, -3.52 percent. Children's Health Insurance, -2.75 percent. Nebraska Career Scholarships increased 21.76 percent. Aid to the arts, -100 percent. LIHEAP, -100 percent.

KELLY: That's your time, Senator. Senator Walz, you're recognized to speak.

WALZ: Thank you. Thank you, Mr. President. Good morning, colleagues. OK, so I understand that I have been here, this is my seventh year and still not quite understanding this whole package of tax cuts, property tax cuts yet. So it's finally starting to click a little bit. But I

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wanted to ask Senator Briese if he would yield to some questions for me.

KELLY: Senator Briese, would you yield to some questions?

BRIESE: Yes.

WALZ: Thank you, Senator Briese. And I know I just talked with you and said I apologize. You've probably said this over and over and over again or answered this question. But like I said, it's finally starting to click a little bit after seven years. So I wanted to concentrate on the committee statement. Do you have that for LB243?

BRIESE: I don't have it in front of me, but we can try it without.

WALZ: OK. I can read. I'll just read this to you and then I have a couple of questions. It says: LB243 amends the property tax credit to increase, beginning in 2024, the maximum relief granted under the Act from \$275 million to 700-- to \$700 million, with an allowable increase every year after 2024 equal-- this is the part that I'm having a hard time understanding-- equal to the percentage increase in the total assessed value of all real property in the state over the past year. Can you just explain to me how, how that process works, that last-- that last sentence?

BRIESE: Yes. That, that language mirrors the language of LB1107 that we put in there in 2020. That is the allowable grow-- what we call the allowable growth rate under the language of LB1107. And so with that allowable growth rate, the LB1107 fund, and then this fund as well, with the-- once we pass this, would increase by that same percentage. And again, that, that is the percentage growth in value of all real property in the state from year to year. And I believe the Department of Revenue would calculate that number for us. Historically, that number has averaged-- in the last ten years it's averaged, I believe it was about 5.3 percent. And that was a discussion on the mike with Senator DeBoer earlier, the impact of the cap and the impact that taking the cap off would have for everyday taxpayers.

WALZ: So it averages five-- oh, go ahead, Senator Briese.

BRIESE: I was just going to add, I think Senator Cavanaugh asked earlier, what's that do? What's, what's the impact of that? And on average, based on historical data from the last ten years, dealing with a \$560.7 million or \$567 million fund, removal of that cap from LB1107 would equal about 9 to \$10 million a year. And so presumably it

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would have the same impact on this Property Tax Credit Fund, but only once we get to year, I believe it's year six or seven out there.

WALZ: OK. You got ahead of me a little bit. So the average total assessed value of real property in the state is an average of 5.5 percent. Is that what you're saying?

BRIESE: Yes. The total-- the average change in the total assessed value of all real property in the state is 5.3 or something like that.

WALZ: The average change or the average?

BRIESE: Yes, the, the average change over the previous ten years. I can find it here somewhere.

WALZ: OK. And so what happens and I know we haven't really seen this--

KELLY: One minute.

WALZ: --but what happens if the total assessed value of all real property, what happens to this part of the bill if it decreases?

BRIESE: It, it would increase the amount of tax relief for everyday Nebraskans. Relative to the Property Tax Credit Fund, that wouldn't take effect until, I believe, 2030. This amendment ramps up the Property Tax Credit Fund as per the language of the bill, beginning, I think, in 2030 or 2029, this escalator would take over.

WALZ: OK. I'm going to stop. I'll probably ask Senator Briese some questions off the mike. Thank you.

KELLY: Thank you, Senators Briese and Walz. Senator Machaela Cavanaugh, you're recognized for your third opportunity on this amend-- motion.

M. CAVANAUGH: Thank you, Mr. President. OK. So, colleagues, I was on page 11 of the preliminary-- the Appropriations Committee's Preliminary Budget Report, and I was just going through the percent change versus the prior year. I had left-- stopped at the state aid to individuals, and I said, LIHEAP was the last thing I said. So LIHEAP is, is the energy assistance program and it goes to -100 percent as does aid to the arts. And state aid to local governments goes to -2.41 percent-- to schools, sorry, state aid to schools, TEEOSA, -2.41 percent. Property tax credit transfer, it says N/A; special education, 0 percent; aid to community colleges, 1.94 percent; homestead exemption, 5.52 percent; aid to counties programs, -100 percent; aid

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to-- all other aid to local government, 0 percent change. So going back up to the state aid to individuals, Medicaid is going-- is going -1.24 percent; public assistance is going -3.52 percent; and CHIP is going -2.75 percent. So just, you know, keep that in mind when you're cutting taxes for the highest income earners and we're also cutting funding to the lowest income earners. OK. Page 12, Table 8, the numbers above that. It says the numbers in the committee preliminary budget are the net result of hundreds of individual issues which reflect both increases to and reductions from the current year appropriation. Significant changes, both increases and decreases, in state aid programs and agency operations are listed on Table 8. Table 8 is significant increases and reductions, so Biennium Budget 2023 Session Change over Period of Biennium Basis. So it's got the change '23-24, '24-25 and then the two-year total. TEEOSA aid to schools is a -\$25,039,842 this year and -\$150,058,483 next year for a two-year total of a -\$140,098,325. Then aid to local governments, Medicaid with expansion -\$12 million this year, \$12,339,918; next year, -\$8,066,811 for a two-year total of \$20,406,728; public assistance, -\$3,137,551 this year; -\$3,137,551 next year for a total of -\$6,275,102. And I'm curious about why there is that change in public assistance. I'm wondering if it is reflective of--

KELLY: One minute.

M. CAVANAUGH: --the sunsets that we have in place on some of our public assistance programs like SNAP and childcare subsidy eligibility. So maybe those will change if we change those eligibility requirements. So other aid, let's see here. Those-- I kind of covered those on the other page. OK. Agency operations, this area accounts for the cost of actually operating state agencies, including costs such as employee salaries and benefits, data processing, utilities, vehicle and equipment purchases, fuel and oil, etcetera, although there are 47 state agencies that receive General Fund appropriations, higher education, the University of Nebraska and state colleges and 6--

KELLY: That's your time, Senator, and you are recognized to close on the motion to reconsider.

M. CAVANAUGH: Thank you, Mr. President. Last week when I was sharing the broadband strategic plan from the Department of Transportation, I was reading it while also double proofing it. So I was reading all of the commas, dashes, parentheses, and I've now, like, had to stop myself several times from doing that today. I think it would be almost impossible to follow a conversation about reading the budget if I read every parentheses and comma as it relates to the budget. So I'm not

going to do that today. So General Funds for agency operations shows a net \$102.4 million increase, 5.5 percent in FY '23-24 and \$154.4 million increase, 2.6 percent in FY '24-25. The most significant increase in operations are salary and health insurance increases for state employees. Salary increases for state employees account for \$45.9 million in '23-24 and \$75.4 million in '24-25 while health insurance cost increases, it is estimated at 4 percent per year amounts to \$4.5 million in '23-24 and \$9 million in '24-25. Significant increases are seen in Health and Human Services, DHHS; Correctional Services, DCS; and the State Patrol, all of which had increases in '23-24 of more than 9 percent. This could be attributed to higher negotiated salaries for certain classifications of employees in those agencies and additional budget items, including inmate per diem cost in DCS, technology costs in DHHS and others. A full listing of approved items is included later in this report. So an interesting thing about salaries, especially when it comes to Corrections, is that we've put a lot of money into employment, employee bonuses and incentives in Corrections without increasing the actual salary. And part of that is because if we increase the salary of a certain classification of employees within Corrections, that classification is carried over in, in other parts of the state, state agencies. And so we'd been increasing salaries of other state employees. I don't agree with doing that. I think that we should be increasing the salaries of state employees because they are definitely underpaid, and that is reflected of our inability to fill a significant number of positions in our state agencies, including Corrections. But that has been a way to get around increasing employ-- state employee pay while also trying to attempt to pay correctional workers more money through incentives and bonuses because that is allowable. We could increase their pay, which increases their 401k matches, and they still have to pay taxes on the bonuses and incentives that they are given, but that doesn't go towards their pay scale. So if-- also if you are-- your raises are based on your pay scale, if we're not increasing their pay scale, then they're never-- it's just-- it's a very circular game that we are playing with state employees when we should just be increasing wages. So that's my pitch there for increasing state employee wages and also legislative state employee wages, just going to put that in the record. We should definitely be increasing those. OK. So on page 13, how much time do I have?

KELLY: One minute.

M. CAVANAUGH: Thank you. OK. State aid to individuals and others, I'm going to skip to page 14, TEEOSA, state aid to schools, TEEOSA. The following table reflects the estimate for TEEOSA state aid under

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current law. Following that is a transition from current law, which then equals the committee Preliminary Budget. The committee preliminary budget includes a reduction in, in, in TEEOSA. Sorry, I am just going to edit this while I'm at it. There's a duplicative word and we are capitalizing preliminary budget in some places, but not in others. So there we go. It includes a reduction in TEEOSA aid in '23-24 of \$25 million and from the '22-23 base appropriation. The General Fund amount required for TEEOSA for the certified '22-23 aid amount is--

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you. Call of the house and roll call vote.

KELLY: There's been a request for a call of the house and a roll call vote. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Mr. Clerk.

CLERK: 10 ayes, 2 nays to place the house under call.

KELLY: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senators Dorn, Wishart, Fredrickson, Armendariz, Lippincott, Dover, Holdcroft, Hughes, McDonnell, Clements, please return to the Chamber and record your presence. The house is under call. All unexcused senators are present. There's been a request for a roll call vote. The question is the motion to reconsider. Mr. Clerk.

CLERK: Senator Aguilar. Senator Albrecht voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Blood voting no. Senator Bostar voting no. Senator Bostelman voting no. Senator Brandt voting no. Senator Brewer voting no. Senator Briese voting no. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Conrad voting no. Senator Day. Senator DeBoer voting yes. Senator DeKay voting no. Senator Dorn voting no. Senator Dover voting no. Senator Dungan voting no. Senator Erdman. Senator Fredrickson voting no. Senator Geist voting no. Senator Halloran voting no. Senator Hansen voting no. Senator Hardin. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt voting no. Senator Ibach voting no. Senator Jacobson voting no. Senator Kauth voting no. Senator Linehan voting no. Senator Lippincott voting no. Senator Lowe voting no. Senator McDonnell voting yes. Senator McKinney voting no. Senator Moser voting

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no. Senator Murman voting no. Senator Raybould voting yes. Senator Riepe voting no. Senator Sanders voting no. Senator Slama. Senator Vargas. Senator von Gillern voting no. Senator Walz voting yes. Senator Wayne voting yes. Senator Wishart voting yes. The vote is 7 ayes, 36 nays, Mr. President, on the motion to reconsider.

KELLY: The motion to reconsider fails. Mr. Clerk. Raise the call.

CLERK: Mr. President, first conflict of interest statement filed from Senator Kauth pursuant to Rule 1, Section 19. That will be on file in the Clerk's Office. Additionally, a motion to recess from Senator Ben Hansen would move to recess the body until 1:00 p.m.

KELLY: The motion is to recess. All those in favor vote aye. Excuse me. Excuse me.

CLERK: Mr. President, quickly, notification: The Revenue Committee will meet in Executive Session at noon in Room 1524. That's all I have.

KELLY: As to the motion to recess, all those in favor vote aye. All those opposed nay. We are recessed.

[RECESS]

ARCH: Mr. Clerk, please record.

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

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

ASSISTANT CLERK: Not at this time.

ARCH: Thank you. We will proceed to the first item on this afternoon's agenda. Mr. Clerk.

ASSISTANT CLERK: Mr. President, continuing on with LB243. The next amendment to the committee amendments offered by Senator Blood, AM1117.

ARCH: Senator Blood, you are recognized to open on your amendment.

BLOOD: Thank you, Mr. President. As promised last week, I am again suggesting that we consider incorporating a circuit breaker into Senator Briese and the Revenue Committee's bill. LB211, now AM1117, creates a new mechanism for delivering tax credits to individuals whose property taxes are too high in relation to their annual income.

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As I said, this concept is called a circuit breaker because the income tax credits are triggered once property taxes reach a certain percentage of a person's income, similar to how electoral circuit breakers are triggered when electricity surges. It properly addresses the tension between rising property taxes and stagnating incomes. This bill creates a residential refundable income tax credit and a separate ag refundable income tax credit. The overall amount for the residential circuit breaker would be capped at \$126 million and the ag circuit breaker would be capped at \$74 million. The bill's residential relief would go to taxpayers with adjusted income, gross income of less than \$100,000 for married couples filing jointly or \$50,000 for any other taxpayer who rents or owns their primary residence in Nebraska. For homeowners, the credit calculation is based on the property taxes paid on the value of their home. For renters, 20 percent of their rent paid for the taxable year would be eligible for a credit. As income increases, the circuit breaker credit calculation assumes that taxpayers can afford to spend more of their income on property taxes. Qualified taxpayers would receive refundable income tax credits equal to the amount of their property taxes that exceed the set percent of income up to the maximum amount of the credit. Last year on the floor, we discussed the ability for Nebraskans to automatically receive their tax breaks, and the statement was made that Nebraskans are smart enough to fill out their paperwork and ask for their money. And I've never really thought that Nebraskans weren't smart enough to do this, but I've always felt that Nebraskans really should not have to come to us constantly with their hands out asking for money, which is kind of how I feel how we do property tax relief. And I don't want to make them jump through additional hoops when they're trying to claim these funds. And I'm certainly not criticizing this bill or criticizing what's been done in the past, but what I am trying to do right now start a discussion. Is there something that we can do to make sure that those who are most in need get the property tax that they deserve? And although I have zero hope that this is going to go anywhere, you can't blame a girl for trying. So with that, Mr. President, I would yield any time I have left.

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

M. CAVANAUGH: Thank you, Mr. President. I wonder if Senator Blood would yield to some questions?

ARCH: Senator Blood, will you yield?

BLOOD: Yes, I'm happy to yield.

M. CAVANAUGH: Thank you. Thank you, Senator Blood. I just wanted-- you were introducing your amendment and I just wanted to have a conversation with you about it. If you wouldn't mind walking us through it again, because I think sometimes it's easy, especially when we get back from lunch to miss some important things.

BLOOD: Sure, and everybody sleepy because they have full bellies. I get it. So we talked a lot-- actually, I talked with the other Cavanaugh last year. You may remember it. I like circuit breaker bills because circuit breaker bills, something sets it off to give you that tax relief as opposed to us-- in Nebraska we always do tiers, right? But tiers doesn't really respond to how much income you're making. It's more about a bracket then, oh, I need relief and I need it now. And so that's why I like circuit breakers is that we have the ability to give it to people when they're in need at the most urgent time. And I do believe that everybody-- I believe that everybody deserves property tax relief but I also believe that we need to look at people's incomes and when they are, are most in need because if we help them then they have the ability to pay their other bills. They have the ability to maybe buy Bobby some braces or, you know, buy Molly some shoes. We're really helping people and making a difference in their lives where not so much when somebody is making, you know, \$250,000 a year. And, again, don't fault people for having money but we always talk about giving money back and we know that the vast majority of people that pay the, like, the brunt of taxes in Nebraska are the average working Joe, right?

M. CAVANAUGH: Yes, I think that's what we found with our tax realignment--

BLOOD: Yes.

M. CAVANAUGH: --that it's too expensive to lower income taxes for the lower tax brackets because they pay the majority of the taxes.

BLOOD: Yeah, and, you know, and I always think it's kind of like why every time we create policy we say we're trying to lift people up but we do the opposite. And that's why I keep pushing for circuit breakers, you know, and that's why I push for the unfunded mandates, too.

M. CAVANAUGH: So how does this circuit breaker work?

BLOOD: So the way that this works is there's several different types, there's the residential circuit breaker, and the overall amount for

the residential circuit breaker would be capped \$126 million, and the ag circuit breaker would be capped at \$74 million. And, again, I'm open to changing this because I'm trying to start a conversation. And then residential relief would go to taxpayers with adjusted gross income of less than \$100,000 for married couples and \$50,000 for any other taxpayer who either rents or owns their own primary residence in Nebraska. So it'd be, like, 20 percent of the rent paid for the taxable year that would be eligible for a credit for people that are renting. Now, again, too, I'm-- although, I'd like to give relief to the renters. I know that that's in this body probably never going to happen but we're just trying to start a conversation on ways that we could actually do it. We can set part of this bill up as a circuit breaker. We can make it so those that are most in need get property tax relief. But will we? And to be really honest, how some of the people on the floor look at property tax relief and how I look at it are very different. I look at it in very simplistic terms. I don't think it should be complicated for people to figure out whether they're getting a tax break or not so I simplify it and I don't deny that. But we know that it's done throughout the United States. We know that it's done, I think, in--

ARCH: One minute.

BLOOD: --at least 11 other states. I can't remember but it's somewhere in that area. It's been very successful, but mostly it's been successful for those most in need.

M. CAVANAUGH: Well, thank you. Thank you for taking the time to explain it a little bit further. Continuing the conversation around not just tax cuts but tax reform, I think it's a really helpful conversation for us to be having. So I'm going to have to quickly pull up Senator Blood's amendment so that I can take a look at it. But the concept of adding a circuit breaker to get some tax relief to those most in need is certainly appealing to me, so I appreciate Senator Blood for bringing that. I think I'm about out of time. How much time do I have, Mr. President?

ARCH: Five seconds.

M. CAVANAUGH: OK, I'll just go to my next time then.

ARCH: Senator Cavanaugh, you're recognized, you're next in the queue.

M. CAVANAUGH: Thank you, Mr. President. When we got back from lunch, I did submit an amendment. It's a white copy amendment to LB243. And I

apologize, I didn't get a chance to discuss this with Senator Erdman before I dropped it. But, Senator Erdman, the white copy amendment that I dropped is a version of your priority bill. So if we get to that this afternoon we can have a conversation about the consumption tax as an amendment, which I think we probably will get to it because we've got just over two hours left of debate on LB243 and I'm the only one talking. So I guess if I stop talking or if I'm the only one talking, either way, we should get to the amendment without much of a problem. So I have Senator Blood's amendment up here and hers does not strike anything, it just inserts the circuit breaker for the purpose of the Property Tax Circuit Breaker Act is to provide tax relief through a refundable income tax credit for taxpayers with limited income available to pay property taxes. What a great concept when we're talking about property tax relief. And I've heard a lot of my colleagues talk about people having to sell their homes, move their homes-- out of their homes, lose their homes because they can't afford the property taxes. It seems like this amendment would directly address that issue by giving an income tax credit so that they could afford their property taxes. This is taking a different, a bite out of a different side of the same apple. This apple has little nibbles coming out of it all over the place and this is just another opportunity to address this ongoing issue of the burden of property taxes for everyday Nebraskans. Before we broke for lunch, I had started looking at the Appropriations Committee's preliminary report, and I was on page 15. So the aid to individuals was part of this report that I was concerned about and I know we'll have further opportunity to discuss this when we get to the budget. But this is really, really important and it's going to impact the lives of, of some of our more vulnerable Nebraskans. We are beginning the state of emergency Medicaid unwind. So we did not require the renewal of eligibility on the same schedule as prior to the start of the pandemic over the last couple of years. We are now starting to require that renewal of eligibility and, as such, there is an anticipation that a lot of people are going to get kicked off of some of these programs. And specifically when you look at the budget, CHIP, the children's healthcare program. We've had some pieces of legislation come to the Health and Human Services Committee this year that would have addressed some of these concerns about families, specifically children losing access to these services, DHHS has not been supportive of--

ARCH: One minute.

M. CAVANAUGH: --those pieces of legislation. So we're coming up to this unwind and we are going to start reviewing the eligibility for individuals on a, a more regular basis. There is going to be a federal

move to make it a 12-month renewal instead of a 6-month renewal which should yield a significant amount of administrative savings not having to do a renewal twice a year but only once a year. So that's one of the areas of concern that I have with the upcoming budget and the budget cuts. Medicaid for the-- this is on page 15, for the upcoming biennium, the projected General Fund budget is based on--

ARCH: Time, Senator. Senator Machaela Cavanaugh, you're recognized to speak and this is your last opportunity.

M. CAVANAUGH: Thank you. The projected General Fund budget is based on the agency request, Part D, clawback premium increase, FMAP change, medical assistance, mobile crisis intervention, and personal assistance rates rebase. At the present time, the proposed budget does not include any increase in provider rates which were not included in the agency request or the Governor's recommendation. This will be considered after the hearing along with other major issues. So this preliminary budget specifically does not include provider rate increases. This is where we're going to hear that the sky is falling from people outside the Chamber, from people inside the Chamber. And, frankly, the sky probably will be falling if we don't do something about provider rates. We already struggle to maintain our service providers. They-- this is not a profitable business. And when we don't pay them the costs it costs of covering the costs, then why would they continue to do this work? Part of the reason that we have providers is that it is too much for our government to provide all of the services and so we have to contract out services. So if we continue to not increase provider rates, eventually the provider community is going to go away and the only way services will be provided is if our state agencies grow and provide them. So we can take away that sort of nimble part of government and government services by "deprivatizing" everything that we do, which I guess is an option available to us, or we can reimburse appropriately for the services that are being provided. Now if we bring things back in-house, we're still going to have to pay for things. It's not saving us any money and, honestly, if we're, if we're really cutting corners on how much we're paying in provider rates we probably are saving money in the current model that we would not save if we had to do it ourselves because we would not be statutorily allowed to do that and this is sort of a sneaky way for us to do that, so. On page 16, the developmental disabilities age, the agency request includes several items for additional funding, including funding for new graduates transitioning and its \$1.1 million FY '24, \$2.2 FY '25. Reduce the waiting list-- I'm going to, going to pause here and just on behalf of the Department of Health and Human Services, they do not want us calling it the waiting list, it is the

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registry. So I'm just going to make that note on page 16 that the waiting list is not the terminology that the department is using, using. Registry. Want to be consistent so we know what we all are talking about when we're talking about it. So reduce the registry \$6.9 million FY '24, \$13.8 million FY '25, and Priority 1 offered cases-- I'm not familiar with what that means-- \$2.1 million FY '24, \$4.3 million in FY '25. Committee preliminary budget includes funding for new graduates and the Priority 1 offered cases. The committee also includes a base adjustment in FY '25 of--

ARCH: One minute.

M. CAVANAUGH: --thank you-- \$19.5 million to account for the use of carryover funds for the provider rate increases authorized by LB1011 in 2022. The request and projected budget is also include, also include a reduction in General Funds due to the higher FMAP accounting to \$2.8 million in FY '24 and \$3.4 million in FY '25. FMAP is the federal match. And at the start of the pandemic the FMAP, which is the federal match to the state, increased, and we've been seeing that increase over the last several years. And that has actually been of a huge benefit to our state budget and something that we need to take into consideration as to what we are doing with those savings with the increased FMAP and are we investing them appropriately? So--

ARCH: Time, Senator.

M. CAVANAUGH: --thank you.

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

BLOOD: Thank you, Mr. Speaker. Fellow senators, friends all, I shortened my original introduction because it was just too noisy on the floor at the time so I'm going to build on what I said earlier. The ag land circuit breaker part of the bill would be available to individuals who own ag land or horticultural land that is part of a farming operation, has a federal AGI of less than \$350,000 the most recent taxable year. Adjusted gross income is defined as gross income minus adjustments to income for those of you who don't know what AGI is. Gross income includes your wages, dividends, capital gains, business income, retirement distributions, as well as other income. The tax credit would be calculated based upon the amount by which the ag property taxes paid exceeds 7 percent of farm income. And as Senator Cavanaugh and I were on the mike earlier, it is actually 18 U.S. states and territories that are currently utilizing the system to address tax grievances. I'm going to keep saying this, in Nebraska

low-income taxpayers often pay the largest percent-- larger percentage of their incomes in taxes than high-income taxpayers do. When it comes to property taxes, what you pay is not based on your ability to pay but on the value of your property. These types of taxes are really disconnected from an owner's ability to pay. One type of targeted tax break for this problem that people are starting to find out about and you see more and more states addressing this is through the circuit breaker programs. I don't understand why we look for the most complicated ways to provide property tax relief. But I also know that I'm fighting a lost battle here. But it isn't because I haven't preached this many, many, many, many times before. And I don't understand the pushback on these types of bills, this type of amendment, because it's to the benefit of all. So, again, I'm, I'm not going to drag this out for a long time. I have no hope that the body will even look at UniNet to see what the amendment says based on what I'm seeing on the floor. Everybody is just going to vote no, and it is what it is. And that's really unfortunate for those that are struggling in Nebraska to give the fairest type of tax relief that we can generate here in the state. With that, I do want to address something also that Senator Cavanaugh just said on the mike. I want to add that 54 percent of our, our medical facilities, our hospitals are operating in the red. And by not increasing the provider rates, we're going to lose more facilities. And there's not a candidate in here that didn't hear about this when they were campaigning. And the fact that we're oblivious to that and that we're OK with that in the budget as is, is not acceptable because we only gave them a measly 2 percent increase during the pandemic as if that was going to be helpful and, you know, doors still closed. So I saw a lot of campaign promises made that are now not being honored. And that's unfortunate because the people that are going to suffer the most are the people in our smaller communities, in our rural communities, in our black and brown communities. But, you know, as long as our budget balances, I guess there's nowhere else we could, like, maybe make cuts or maybe find some money. You know, it would almost be like, gosh, maybe we have some surplus money, some funds that we could do something with this year and actually help things like our hospitals. I don't know. Is that the year for this? Hmm. So I do, I do hope as we start going towards the budget and, and talking about it, you guys remember what Senator Cavanaugh said on the mike today and that you really look at the Appropriations report and because I'm guessing Nebraska Hospital Association now the report is out is probably somewhere in the Rotunda willing to talk to you about it. Former State Senator Jeremy Nordquist is probably out there, go give him a--

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ARCH: One minute.

BLOOD: --tap on the shoulder and ask him what's up? But with that, at the very least, folks, go to UniNet, look at this amendment, come and ask me what it does instead of having tea time off under the balconies, I'd be really appreciative. Thank you, Mr. President.

ARCH: Senator Erdman would like to recognize four students and Valerie Bell, the sponsor, from Hemingford High School FCCLA. They are seated under the south balcony. Please rise and be welcomed by your Nebraska Legislature. Senator Hunt, you are recognized to speak.

HUNT: Thank you, Mr. President. Good afternoon, colleagues, and good afternoon, Nebraskans. In the course of my time in the Legislature, which is going to, you know, probably be remembered by me and my loved ones who are close to me as a really weird quirk and blip in the course of my life, in the timeline of one woman's life, what I've learned here is that the system isn't broken. I used to think, you know, I want to get more involved in government. I want to be civically engaged. I want to run for office and try to make a difference, to try and fix a broken system. And what I've learned being in here, working with people in the Rotunda, working with you fellow colleagues, is the system isn't really broken it's-- and many people have said this, I didn't invent this idea, but it's working exactly as it's supposed to. So I don't, I feel like I can't describe things I don't like as a failure of leadership or a broken system because it's working for somebody, whether we're talking about gun violence or the immigration crisis or property taxes or LGBTQ discrimination or abortion bans, these things are working as they are because it's how we want them to be. It's how most people in power want it to be. So, you know, I guess I can't sit here self-satisfied like I've done something because what we're doing isn't working so we have to do something different. You know, it's, it's not that it's not working because it's certainly working for somebody. When people like Senator Brandt vote for a ban on transgender healthcare, he did it because it's obviously working for him. When freshmen like Senator Ibach and Senator Hughes and Senator Lippincott, Senator Holdcroft, they come in here and vote on bans on healthcare, it's working for them, isn't it? So my intention and what I feel like we have to do is just make it stop working for them. And that's what my aim is with the amount of time that I'm able to take on these bills. Several people asked me, several people specifically, so some reporters have asked me, a couple pages asked me, many constituents asked me, lots of comments on social media, on Instagram and Facebook and things, asked me why I didn't join Senator Machaela Cavanaugh sooner? And what you

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don't see behind the scenes, I guess, is that it's not that I'm unsupportive or anything like that, it's that when Senator Machaela Cavanaugh made the decision to start filibustering every bill, when she stood on her mike and she said that thing that went very viral on lots of news stations, she said I will burn this session to the ground and everybody reported on that, I wasn't with her at that point because I still had hope for negotiation. I still had hope at that point for traditional paths forward. Many of us were still meeting with the Speaker pretty regularly at that point. We were back channeling solutions through some old-timers in the body, some people on both sides, registered Republicans and Democrats who can reach leadership and whip some votes and try to get some people to change.

ARCH: One minute.

HUNT: Thank you, Mr. President. And we have to have, we have a lot of tools in the toolbox and we have a lot of players on the field. And I think it's important in a strategy, in a political strategy that you make sure every person on your team is playing to their strength. And Senator Machaela Cavanaugh filibustering every bill, clearly a huge strength of hers. And I've watched her evolve and change over the last five years in this body and she is a talented, talented person, politician, speaker, strategist, all of it. And as annoyed as you may be by her tactics and strategy, it's working. Just as this system is working to oppress the people you want to keep down, the way we're changing the system in here is actually working to frustrate you. And to me, that's a victory.

ARCH: Time, Senator.

HUNT: Thank you, Mr. President.

ARCH: You are next in the queue.

HUNT: Thank you.

ARCH: You may proceed.

HUNT: Thank you. So while Senator Cavanaugh was using that strategy to try to increase pressure and increase the temperature on, you know, self-professed moderate, moderates in the body who do not like the ban on trans healthcare, who do not like the abortion ban, who have said to me and to others and in some cases to the press openly that they don't like these bills and don't support them. And someone always says name them, name who doesn't support it. I'm going to let you figure that out. It's very discoverable. It's, you know, do a little

Googling, do ten minutes of research on your own and you'll figure it out. I don't need to call these people out. And you know I would, it's not that I don't want to, it's that I don't need to. It can go without saying because this is completely knowable information who literally doesn't like these bills and is voting for them anyway because who can say, we can speculate. Maybe it's because it's working for them. You know, the, the mindful, you know, deliberate discrimination is working for them, somehow they're getting something they want by supporting these bills. Maybe they're too shy. Maybe they did all this work and raised all this money and knocked all these doors and sent out all these mailers and bit their nails and prayed and hoped on election night that they would end up here to be too scared and shy to do anything. I've seen it before, maybe that's what's going on. Maybe they look back at a long life and career of public service and service to community and business ownership and raising wonderful children and being a wonderful father, because they're all men, and they look back and say, yeah, I think that I will just go into the Legislature and this will be my little cherry on top of a life well lived. I went to church at the right times. I got my kids confirmed. No, no babies out of wedlock. Pretty much nailed it as a parent. So you think you come in here and, and this is just kind of the denouement. But if you were to do that, you're really missing an opportunity. And you're really missing what the dignity, you know, just the, the dignity and the gravity and the weight of this position. Why be shy? Why do all that work to get in here and end up here and then say I don't know. I'm scared. I don't know. They might see me as an extremist. I've heard people say that. Conservative Republicans who want to look moderate, don't worry about that. No one thinks you're an extremist. But what I would ask Nebraskans, what I would ask lobbyists, and what I would ask staff is how come the people who want to preserve healthcare rights for women, preserve healthcare rights for kids, trust Nebraskans to make the best decisions for their families, why are they the extremists? Actually, Senator Kauth is an extremist. Actually, what's extremist is introducing a bill in the Legislature out of nowhere, apropos of nothing. You know, bringing up an extremely controversial topic that she knows will personally hurt people who she works with and then everyone else getting on board and saying, seems like a good bill, seems like something worthy of discussion. No. And we got here when you cracked and packed the committees on day one, you on complete party lines, looking all up and down the vote board, elected committee chairs who were unexperienced, who don't even have staff some of them. They didn't hire staff in time, who are putting out committee statements that are like one-sentence summaries of a bill, bill memos that aren't worth the paper they're printed on.

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ARCH: One minute.

HUNT: Thank you, Mr. President. And these are just other ways that you guys give up your power to your masters, to other branches of government, to your donors, instead of respecting the office that you've been gifted and treating it with the weight and respect that it deserves. We've all been giggling about how Briese keeps-- Senator Briese keeps saying respect the package. Do you guys remember when he was talking and he said respect the package like 12 times and then respect the package, respect the package keeps going through my head. Respect your job. Respect the place where you get to come and work every day. I would like us to stop thinking four years in advance or eight years in advance just because that's the time that we're here that we get to get blamed for anything or just having these short-term--

ARCH: Time, Senator.

HUNT: --solutions. Thank you, Mr. President.

ARCH: Senator Hunt, you are next in the queue and this is your last opportunity.

HUNT: Thank you. I would like us to stop thinking just in terms of short-term solutions and stop thinking about tax relief as something that we can accomplish with one bill or one Christmas tree, one package that we respect deeply. Over the past decade, Nebraska has seen a net loss of nearly 20,000 Nebraskans, 20,000 graduates age 25 and up. We have almost two jobs open for every worker in Nebraska right now. Nebraska ranks 39th among the states in growth for people age 25 to 29 and we have a workforce deficit of over 25,000 people per year. What does that tell you folks? People don't want to live here. And a big reason for that is our discriminatory-- discriminatory state policies. We have a subminimum wage of \$2.13 an hour. Senator Ibach was shocked in Business and Labor Committee to learn that there are people in Nebraska who earn \$2.13 an hour. And what we know from testimony on my bill to raise the subminimum wage is that some of them don't even make that because they end up owing more in taxes than they earn. We still haven't codified LGBTQ workplace protections which the Nebraska Chamber and Omaha Chamber and Lincoln Chamber have identified as a priority. How come you guys listen to them on property tax relief and workforce retention and attraction but you don't listen to them on that? Because you hate gay people. Oh, but I know a gay person. OK, go tell them you didn't vote for the bill then. Be accountable. We still have the death penalty in Nebraska. A recent medical cannabis

initiative was blocked. And I always joke that legalizing medical cannabis in Nebraska will finally bring us into 1996 because it's, it's really the bare minimum that we ought to be doing. And some of our colleagues today and yesterday, wouldn't be yesterday, what, I guess Friday, have talked here about how reducing property taxes is going to be the key to reducing brain drain. But colleagues, most of my millennial and Gen Z peers don't own any property. I don't own any property, not because I don't want to, not for lack of trying. My rent per month is more than a mortgage would be, but I can't afford a down payment, so I'm just renting forever and there are so many people in that same situation. And that doesn't mean I'm unsympathetic to the people who do and the costs of that but for many Nebraskans the dream of homeownership is not even fathomable. It's not even within reach because they can't get ahead and we don't pass policies in the state that say that we value them. We would have an easier time building revenue, we would have an easier time solving these tax relief problems that we have if we just had more people in this state who are excited about living here. But every time you cut taxes for the people who are still here in Nebraska, and that number is shrinking rapidly, then you turn around the next day and block policies that are going to bring new people into the state. Thank you, Mr. President.

ARCH: Senator Blood, you are recognized to speak. This is your last opportunity before your close.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, nobody came up and asked me about this amendment so I just want to say that I put it out there. Senator Fredrickson, you, you came and asked me before I challenged everybody to come and talk to me. So I just, I really want you to hear these words. I know how you're going to vote, but I just want you to have this in your head. Circuit breaker bills are less expensive than across-the-board property tax breaks. And we already do it, by the way, homestead exemptions are, are circuit breaker bills. And what I like about it is that they only go to the taxpayers for whom the property taxes represent a disproportionate amount of income. They help the people most in need. But they help offset the unfairness and regressive property taxes by identifying the individual taxpayers for whom property taxes are most burdensome and reduces their tax to a manageable level so they don't have to lose their homes, so they don't have to lose their farm. Low- and moderate-income taxpayers who typically benefit from circuit breakers rarely itemize their federal income taxes. So this form of reducing property taxes is not offset by increases in federal income taxes. And guess what that means for the wealthy, friends, for the wealthy that you want to get this big property tax relief to? Property tax cuts for

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the wealthier Nebraskans can result in a federal income tax hike since these cuts reduce the amount of state taxes that the wealthy can write off on federal tax forms. Right? Again, we think we're helping a certain tier but what we're doing is we're making it harder on them when it comes to their federal taxes because people, people that live lower income aren't itemizing their federal taxes but wealthy people are. And, again, it results in a federal income tax hike since these cuts reduce the amount of state taxes that the wealthy can write off on federal tax returns. So who are we really helping here? I don't know how clearer I can put it. Not that anybody's clearly listening. Not that anybody's read the amendment. Senator Hansen waved his hands that he was listening. All right, Senator Hansen, I can respect that. But sincerely, it's not fun to stand up and offer an amendment to a really big bill like this when you're, all you're really trying to do is make it better. I'm not trying to tear it apart. I'm not saying it's wrong. I'm saying it could be better. And I'm saying there's room for negotiation, but nobody's come and spoken to me about it. And Senator Briese can say that I didn't talk to him about it, and he would be right by the way, but I did say that I was going to do this last week on the mike for those that were actually listening. My concern is that by doing it through the tier system, it is unfair and we think we're helping those that are wealthier in Nebraska but we're actually making it harder if they itemize on their federal tax returns, which is something we never brought up in the hearing because I tried to keep it very simple. Because I know that when you're in Revenue they have a bazillion numbers they have to remember and a bazillion bills they have to, to, to know and I wanted to make mine an easy one to understand. But I also know that when we're able to do something like this, we're able to be more fair to Nebraskans. We're able to give relief to those who need it most. And if we're worried about our upper-income people that we think are leaving because of the taxes, we're creating a secondary issue for them and still making it hard on them. So not to mention--

ARCH: One minute.

BLOOD: --ag, we know that ag based, especially in our environment, can change in the blink of an eye on whether you're up when you're down another year and this would address this. With that, I would be happy to yield any time that I have left to Senator McCav-- McCavanaugh-- Senator Cavanaugh. I think just, like, 30 seconds.

ARCH: Senator Cavanaugh, 35 seconds.

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M. CAVANAUGH: Oh, well, thank you, Senator Blood. Thanks for bringing this amendment. I think it's a great idea and opportunity to give our lower-income property owners a chance to stay in their homes and meet their financial responsibilities of those taxes. It's something we've heard a lot about. So I very much appreciate you bringing this circuit breaker amendment and I'll yield the remainder of my time to the Chair.

ARCH: Seeing no one left in the queue, Senator Blood, you're welcome to close on AM1117.

BLOOD: I could drag this out for my closing and I'm actually not going to, out of respect to my peers, who a lot of them did not give me the respect to even listen to what my amendment does. But God bless you all, friends. With that, I would ask for a call of the house and, yeah, I'm just going to do call of the house. We'll just make it really easy on everybody.

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

ASSISTANT CLERK: 12 ayes, 1 nay to go under call, Mr. President.

ARCH: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators DeKay, Armendariz, Bostar, McDonnell, Murman, Riepe, and Dungan please return to the Chamber. The house is under call. Senator Riepe, please return to the Chamber. The house is under call. All members are now present. A roll call vote in reverse order has been requested. Mr. Clerk.

ASSISTANT CLERK: Senator Wishart, not voting. Senator Wayne. Senator Walz voting yes. Senator von Gillern voting no. Senator Vargas not voting. Senator Slama voting no. Senator Sanders voting no. Senator Riepe voting no. Senator Raybould voting yes. Senator Murman voting no. Senator Moser voting no. Senator McKinney. Senator McDonnell voting yes. Senator Lowe. Senator Lippincott voting no. Senator Linehan voting no. Senator Kauth voting no. Senator Jacobson voting no. Senator Ibach voting no. Senator Hunt voting yes. Senator Hughes voting no. Senator Holdcroft voting no. Senator Hardin voting no. Senator Hansen voting no. Senator Halloran voting no. Senator Geist voting no. Senator Fredrickson voting yes. Senator Erdman voting no. Senator Dungan voting yes. Senator Dover voting no. Senator Dorn

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voting no. Senator DeKay voting no. Senator DeBoer voting yes. Senator Day voting yes. Senator Conrad voting yes. Senator Clements voting no. Senator Machaela Cavanaugh voting yes. Senator John Cavanaugh voting yes. Senator Briese voting no. Senator Brewer voting no. Senator Brandt voting no. Senator Bostelman voting no. Senator Bostar voting no. Senator Blood voting yes. Senator Ballard voting no. Senator Armendariz voting no. Senator Arch voting no. Senator Albrecht voting no. Senator Aguilar voting no. Senator Vargas voting yes. Vote is 13 ayes, 32 nays, Mr. President, on the adoption of the amendment.

ARCH: AM1117 is not adopted. Mr. Clerk, next item. I raise the call.

ASSISTANT CLERK: Mr. President, Senator John Cavanaugh would move to amend with AM1118.

ARCH: Senator John Cavanaugh, you're welcome to open on AM1118.

J. CAVANAUGH: Thank you, Mr. President. So I'm going to preface this by saying this is a serious amendment, which I know we apparently have to preface every introduction of an amendment with. So what AM1118 does is it's an attempt to address the concern that's been articulated by myself and I know Senator Conrad and maybe a few others in discussion about this bill. So one of the things that LB243 does is sets a levy lid for school districts and that they're allowed to go above that levy lid with a supermajority vote of the school district board or a vote of the, the population of the district. And the, that vote threshold is set at 60 percent of the votes cast in that ballot initiative or that, that override election. So it's bad policy to set a higher threshold for elections. But and so I have a second amendment that's after this one, but I think this one's probably the better conversation to have and so I asked that this one be set first. In the Constitution, we have a ballot, ballot initiative is reserved for the citizens of the state of Nebraska and it can't be infringed by the Legislature. And there's been a number of Supreme Court cases interpreting that to say that the Legislature basically can't create too restrictive a structure to infringe on that right that's reserved for the citizens. And so in that language, it sets out and says that any ballot initiative shall become law if 50 percent of, of the ballots cast in that election are in favor and if 35 percent of the votes that were cast in the overall election were cast in that make up that 50 percent. So basically, it sets out a standard by which it still has to be 50 percent of the ballots cast in that election but it does say that you have to have a certain amount of voter turnout. So that's, my second amendment addresses that construction. But I bring that up as a demonstration that the Constitution of Nebraska

contemplates this idea that we should continue to constrain elections to a simple majority. So but what my amendment does, I came up with this after hearing Senator Jacobson talk about one of the reasons he supports this bill last week when we began debate on it. And he said there's a concern, particularly in rural school districts, that there's a lot of folks who are paying the taxes and the, the ag land is paying a disproportionate share of the taxes and has a lesser voice in that conversation. And that's one of the reasons that Senator Briese has proposed something similar to this in the past and that's one of the reasons Senator Jacobson supports this. So I took him at his word that that was, that was the nature of the concern and so I fashioned this amendment to exclude from that 60 percent threshold for the ballot initiative school districts that are in cities of the primary class and cities of the metropolitan class. So what that means is there will still be a supermajority of the, the school board vote to override the, the levy cap. And there will still be a 60 percent majority vote of the population in the alternative in every school district in the state except for those in Omaha and Lincoln. So it sets out the districts and says all of the schools that have this kind of particular configuration that Senator Jacobson articulated are still going to have to have that supermajority vote of the, of the people. But the school districts that don't have a lot of ag land like OPS, LPS, Millard Public Schools, Elkhorn, District 66, those school districts would still have the supermajority vote of the board but the vote when it goes to the people would be a simple majority of that vote. And that's pretty much all it does. It just solves this problem, addresses it, narrowly tailors the bill to, to affect the school districts that I, I am told are the ones were, were aimed at. It still keeps the cap in place for the school districts, all districts across the state, which I'm not too happy about, but nonetheless, I'm not trying to address that here. But it just makes it a little bit more narrowly tailored to address the issue that this bill is intended to address. So I'd be happy to take any questions but that pretty much explains it. So I'd encourage your green vote on AM1118 and thank you, Mr. President.

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

CONRAD: Thank you, Mr. President, and good afternoon, colleagues. I rise in support of AM1118 brought forward by my friend Senator John Cavanaugh and I really appreciate his leadership and work on this critical issue. This is a smaller but, I think, very important part of the overall property tax package that Senator Briese and the Revenue Committee have put forward for our consideration today. I think Senator Cavanaugh did a great job of laying out some of his thinking

behind putting forward this serious, substantive amendment that, I think, would go a long way to improving the bill and allaying potential concerns. Which I know Senator Briese has already been working very, very hard to accommodate as many collaborative ideas as possible throughout this process and, and just wanted to reaffirm our appreciation to him for his leadership as well. But what I like about Senator Cavanaugh's proposal is that it has a stronger fidelity to the principles of democracy and, in particular, direct democracy. Nebraska, of course, is one of roughly two dozen states or so that-- maybe a little bit less than that-- that have traditionally enjoyed a robust set of tools for direct democracy: initiative, referendum, recall. And those powers, those populist reforms are so important and so sacred within our state constitution that those powers are reserved for the people against infringement by the Legislature and have very specific safeguards in place to ensure that the people's voice carries the day on matters that are put to a vote for-- that are put to a popular vote. So in that tradition and as part of that broader framework, I understand that Senator Briese has developed the, quote unquote, soft cap to have a higher than a simple majority vote by the elected representatives on the school board. That's akin to a model that we have in place that we recognized in relation to increasing a local sales tax, for example. But I, I, I think that the part that goes out to a vote of the people potentially as part of that negotiated, quote unquote, soft cap needs to respect the principles of direct democracy. And a simple majority should carry the day instead of a higher threshold or a supermajority. It also not only would align with our overall approach to tools of direct democracy as envisioned in our state constitution and available on the local level through various formats but it would also provide better alignment as to our approach with school bond issues, for example, where a simple majority would carry the day in regards to whether or not we raise revenues for facilities. So if we already commit to that approach when it comes to bond issues for facilities, we should align our thinking in regards to how we raise revenues and resources for General Funds that contribute to staff, materials, and other things that fill those very facilities. So I really appreciate what Senator John Cavanaugh has done in this regard to be responsive to the concerns from our colleagues in rural areas and Greater Nebraska about how the existing law may cause potential disparities but this recognizes a nuance or perhaps an exemption or a carve out to the differences in terms of how we're structured in our urban centers in Lincoln and Omaha, for example--

ARCH: One minute.

CONRAD: --so-- thank you, Mr. President-- I think it is a very good faith solution to an important part of this debate that we have identified. And I really want to thank Senator John Cavanaugh for bringing it forward and encourage people to listen very carefully with an open heart and an open mind because I do think it's important that we not set a poor precedent when it comes to what we require for a vote of the people when questions are put to them for, for their decision-making. Thank you, Mr. President.

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

DUNGAN: Thank you, Mr. President. Colleagues, I rise in support of AM1118. I feel like it always bears repeating, as Senator Cavanaugh did, that this, I believe, is meant to be a serious amendment that is, I think, attempting to address some of the issues that were raised by myself yesterday or, I guess, the last time we had this debate and this morning. And I think Senator Conrad and Senator Cavanaugh did a good job of sort of prefacing or getting into the details of why this is important. I just want to add my voice of support. I had spoken with Senator Briese and a number of members of the Revenue Committee about these concerns. I actually appreciated Senator Jacobson, I think, clarifying why perhaps that 60 percent made sense in some of the more rural areas. I think we may ultimately disagree about that because I think I share some of the concerns about setting a precedent that anything more than a 50 percent plus one vote should be necessary in a public election. I, I, I fear the, the path that that will sort of take us down. But I do at least understand the perspective that perhaps a, a more rural school district where the vast majority of the people who are paying those taxes come from rural areas may have a different kind of interest in the outcome of a 60 percent election to raise that tax-asking authority versus a more urban district. And so that's part of why I appreciate Senator John Cavanaugh's amendment here. I think it's a creative solution that sort of addresses the underlying problems as were outlined by some of us with the idea of the 60 percent. But it also speaks towards the difference between the areas. So I would urge my colleagues to consider AM1118. I don't believe that we should be in the business of increasing the threshold for these elections, generally speaking. The 70 percent of the school board, I think I understand a little bit more and I think that Senator Briese had already lowered that number as part of a compromise and part of an attempt to reach some common ground, which I appreciated. As I've stated multiple times, Senator Briese, I think, has worked very hard on this bill to reach a ground that we can all agree. That being said, I do just think that when we're talking about 60 percent vote of the public it puts us in a precarious situation. So overall, I

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just want to voice my support of AM1118 as it pertains to the underlying amendment to LB243. I think, again, there's a lot of really positive things contained in LB243 and I've appreciated the conversations we've had. My concerns just remain long-term sustainability but I think that we're all working hard to reach consensus on these issues. So with that, I would yield the remainder of my time. Thank you, Mr. President.

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

JACOBSON: Thank you, Mr. President. I'll be very brief. I, I did have conversations with Senator Cavanaugh and I am a man of my word and as I told him before this was my concern. I think if you look across rural Nebraska, I think it's important to understand that when you're in a rural school district the bulk of that property tax base is in the hands of farmers and ranchers. And the smaller the communities you get to the larger percentage that tax base is in the hands of fewer and fewer people for the acres that it takes to be able to be a successful farmer and rancher today. And so, consequently, when you look at levy overrides it's a lot easier to be done by people who are paying less of the property taxes and harder for those people who are paying the bulk of the property taxes to stop those bond issues from moving forward. So in my-- in a perfect world, Senator Cavanaugh, you would have moved it to 65 percent to just give me a little sweetener on it but I'm going to tell you that as I promised you I would vote for the amendment. I don't know that it's going to carry the day, but I'm going to tell you I will vote for it because it's the kind of thing that I look for. And I think we need to remind people that, you know, I live in Lincoln County and I live in North Platte so I get to vote and for the school district, North Platte Public Schools. But if you own land, which I have some farm ground in Clay County, and it's in two different school districts, I can't vote for any bond issue in those school districts even though I pay property taxes there. That's also fundamentally wrong but, nonetheless, I, I get taxation without representation. So the system isn't totally fair but I do think we need to raise that threshold to some extent. And so, as I told Senator Cavanaugh, he brought me into this and I will vote for the amendment and everyone else can do what they choose to do but that's why I'll be supporting it. Thank you.

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

BRIESE: Thank you, Mr. President. Good afternoon, colleagues. And I won't vote for the amendment, AM1118, I do oppose that. But I certainly appreciate Senator John Cavanaugh bringing that and

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articulating very well why he believes it's a reasonable place to land on it. But, you know, we're going to talk about a bill here shortly, Senator Sanders' bill is going to propose sending \$305 million per year in public education in Nebraska. Well, I'm not going to send those kind of dollars without some safeguards in place to try to ensure that those dollars yield property tax relief. And I would anticipate that if a situation arises that a school district needs to access additional dollars, the board is going to take care of it. They're going to recognize when they have an issue. I, I think it would be a very, very rare circumstance when this would ever have to go to a public vote. School boards know what they need to do, if they need to access additional dollars, I believe they'll do it. And the supermajorities that we have in here relative to the board vote and to the public election, they are simply an effort to raise the bar a little bit to try to put in an additional safeguard to help protect everyday Nebraskans, everyday taxpayers, and so I will oppose AM1118. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. Thank you to Senator Jacobson for his comments and Senator Briese, of course. Always appreciate his comments. And I just want to be clear, I'm not attempting to address the board supermajority part, I, you know, but I've kind of had my disagreements with Senator Briese on this issue for a while back and forth but I-- that one I don't have a problem with, I think if you're going to have a cap and you have the board supermajority I think that's a fair mechanism by which to do it. My issue is just specifically to the other avenue which is the override vote of the people and so and I really do appreciate Senator Jacobson standing up and speaking in support and I really-- this is a, a very small change to this overall bill, it would affect something like six school districts, maybe it's just five, four in the city of Omaha and one in the city of Lincoln that would have a regular majority vote of the people. They'd still have to get the 5 percent petition if they want to go that way or it would have to be recommended to be put on the ballot by the school district and then it would have to go for that election, special election, with the majority vote. So if you're in any of the other hundreds of school districts in the state you'd still have to have the supermajority of the board or the 5 percent petition or you'd still have to have the 60 percent vote. And to Senator Jacobson's point about raising the threshold, if we left the, the city school districts at 50 percent, I mean, you know, I think you've got a lot of room to, to-- wiggle room to change the other ones but I'm not proposing that at this point in time. So that's-- it really is just

intended to affect those school districts that don't have a large amount of ag land in their district and if the issue here is about the disproportionate burden that a levy override has on ag land this is the solution because these districts do not have that disproportionate burden and you still get to have that extra layer of protection that Senator Briese is talking about with the 60 percent vote. So it doesn't change, I don't think it's going to change any of the costs through this bill, it's not going to change how this is going to play out in the majority of the districts in the state, the legislative districts or school districts, it's just going to be-- affect how those in the, the two biggest cities are able to do one of the two mechanisms by which they can override. I think it really is important that unless we have an extremely good reason to divert from the standard of one person, one vote and a majority vote wins an election that we should stick with that. And since the conditions are not present here in those urban school districts to justify the need for that particular type of override then I think it is important that we make the standard remain the same for those. And so that's why I'm asking for your green vote on the AM1118 and it looks like there are some other folks in the queue so I'd be happy to take any questions if anybody has any. Thank you.

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

SLAMA: Thank you, Mr. President, and good afternoon, colleagues. I'll be brief. I'm wholeheartedly opposed as respectfully as I can be to-- I, I know Senator Cavanaugh, to AM1118 because it makes it easier for OPS and LPS to raise property taxes on homeowners. And for me, I see that as a disservice to those property taxpayers and I also see it as opening a door for our rural education lobbying interest to come here next year or a year or so down the road and say, well, OPS and LPS, who already receive a majority of the state's funding through TEEOSA, have an easier threshold to raise property taxes on top of that so why, why is it 60 percent for us? And I just see a real disparity there that really continues to widen the gap between how our state is funding rural schools versus urban so I am as opposed as a person can be to this amendment and I'd encourage everybody to vote no on it. Thank you.

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

RAYBOULD: Thank you, Mr. President. I stand in support of the amendment introduced by Senator John Cavanaugh, it is certainly very impactful for the cities of Lincoln and Omaha. And I mentioned before it's a trust issue, you know, we want to move forward with this very

transformative property tax education funding bill. We know that that is really going to make a difference in our state. But I want to tell you that when it comes to Lincoln Public Schools, it's something that the city of Lincoln is so extraordinarily proud of. And I know every community around our state of Nebraska is so very proud of the public schools in, in their district, in their community. But I have to tell you that this would be a measure that would probably, hardly ever used but it is that safety net that we would have an opportunity to use should some of the revenues anticipated not exceed the expenditures to make sure we maintain that high-quality public education. And I'll, I'll give you two examples. One example is special education. You know, we know the, the state of Nebraska has made a tremendous commitment to special education and it offered to pay it to X percentage of the approval but, you know, they have never met that obligation. And so in the budget before us, there is an 80 percent guarantee of funding special education to jump it and bump it up to 100 percent. Well, forgive me if I have a little bit of skepticism, but I am concerned and I want to make sure that we have the tools and it's just for Omaha and Lincoln to be able to implement something like this. And there is a high bar, high threshold for this to go through in the sense that the school board, the majority of the school board has to approve it and/or a petition drive. And I can tell you that every single school bond issue since I've been back in Lincoln the last 21-plus years have been approved by the voters of the city of Lincoln. Why? Because we care so much about our public education. And just an aside, I said I had another point to make. We've been doing stormwater bond issues for probably 40 years and, you know, there has not been one storm bond issue. Not a very sexy topic, nobody really cares about stormwater bond issues. But the fundamental thing is it's helped keep our city safe and keeping flooding under control. So they're not really jazzy issues, but people in Lincoln care about that. They want to make sure new districts are safe from flooding. They want to make sure the old districts, the heart of the city, the center of the established city, is taken care of. So when it comes to issues like education and infrastructure, Lincolnites step up big time to support these bond issues, any increase that we need to do that we need to make to make sure that our public schools stay at the high quality they are. Thank you, Mr. President.

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

CONRAD: Thank you, Mr. President. And again, good afternoon, colleagues. Just wanted to reaffirm my support for this good faith compromise effort that Senator John Cavanaugh has put forward, listening very carefully to the unique considerations from our

colleagues in Greater Nebraska and in rural Nebraska and listening carefully to our concerns about how this impacts our communities which is a little bit different. And I just wanted to point out as kind of a counterpoint to my friend Senator Slama's comments on, on this particular amendment that we already recognize when it comes to school funding that one size does not fit all and we value different types of property differently for different reasons because of those unique local considerations. So what I think this does is not only align with how we approach bond issues but also recognizes those inherent differences in terms of how we value things for purposes of school funding. And I think that's good because while we have a shared goal to ensure a high-quality public education and to ensure tax relief we have developed over time and with compromise and consensus different tools to address that and we recognize one size does not fit all. And that's inherent not only in evaluations for purposes of school funding but also in terms of the school aid formula itself. And so I think this is yet perhaps the most recent iteration in recognizing that we can have shared overall policy goals but have a different nuanced approach that recognizes the different needs in different demographics of districts like Senator John Cavanaugh's or my own in an urban center or Senator Mike Jacobson's or Senator Tom Brandt's or Senator Julie Slama's in a different demographic. The last piece that I would just want to correct the record on in regards to, to that perspective, which I really appreciate Senator Slama sharing, is just that it wouldn't make anything easier, quote unquote, easier for OPS or LPS to raise property taxes. Because remember, again, friends, this portion of the, quote unquote, soft cap would be subject to a will of the people. So OPS and LPS would not be able to impose anything on the citizenry but rather it would respect the right of the people to decide whether or not to increase resources for school funding purposes. So just wanted to, to pushback and add that helpful counterpoint in regards to Senator Slama's comments. Thank you so much, Mr. President.

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

DUNGAN: Thank you, Mr. President. I wanted to add one point that I think I forgot to mention earlier and it's kind of a response to what Senator Slama brought up. And I appreciate the comments and I understand some of the, the grief that people have with this, but in, in the bill-- and this is going back to, I think, explaining how the bill actually works to understand why this amendment makes sense-- in the bill, as it's currently written, the smallest school districts can-- sorry, let me back up, actually. So we have a 70 percent vote of a school board that can go above your tax-asking authority and then we

have a 60 percent vote of the people. Those are actually different amounts that you can increase it by. So under the language of AM977, a 70 percent of the school board can increase the tax-asking authority beyond the base growth rate to a certain set percentage that is based on the size of the school district. And one of the things that I brought up previously is that for some reason the smallest school districts have the largest amount that that increase can go by a vote of the school board. So if you are a school district, let's say, of under 400 and I think it's 71 students, if 70 percent of your school board votes for this then you can have your base growth plus an additional 7 percent. That's then tiered down based on size of school district. And so the largest school districts, one with 10,000 students or more, actually can only increase their base or their tax-asking authority 4 percent beyond the base growth rate. And so that's one of the issues that I brought up yesterday that seemed like a problem because these school districts that have 10,000 students or more are hypothetically the ones that are going to need to increase their asking authority by the largest amount in the event that a school has to be built or there's some other unforeseen issue or the valuation of land jumps in such a way that they have to make up for that. And so the 60 percent vote of the people, on the other hand, allows you to increase your tax-asking authority to whatever they voted on. And so by specifically making it a little bit easier for these votes to happen in, for example, these larger school districts, I think that makes sense because the school districts are the ones that have the least amount of growth they're actually allowed to obtain. And so not only does this seek to achieve a more democratic outcome in those school districts, but I think it also specifically addresses the concerns that I and others had had regarding the larger school districts being limited in growth in a way that the smaller school districts are not. So yet again, I think differentiating these Omaha, Lincoln, metropolitan class, primary class school districts puts us in a position where we're not just trying to make it a little bit fairer in those more urban areas but we're actually specifically addressing some of this issue that a number of folks have had with this tiered growth rate when the school board is voting. So I just want to point that out, I know it's kind of in the weeds, it's kind of technical. I'm happy to talk more about that with anybody if they want to talk off the mike about that but I really do think that the school districts of 10,000 or more that are limited to 4 percent additional tax-asking authority beyond the base growth are the ones who are going to need that growth the most. So this vote by 50 percent or more of the people would address that problem. So I just wanted to clarify that, that's an additional reason that this would exist for those

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larger school districts and I would appreciate your support for AM1118. Thank you, Mr. President.

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

SLAMA: Thank you, Mr. President. This will be my last time on the amendment. I, I think we're not too far away here, it's getting hung up like Senator Dungan mentioned on a very technical point. I think this is a technical amendment and it really gets us into a sphere of policymaking that I think is interesting. So AM1118 says that we are going to treat the school districts in a city of a primary class or a metro class, so Omaha and Lincoln, differently from the rest of the state. Now that's under the thinking that other school districts have a disproportionate amount of ag land on their tax rolls and, as such, there should be a higher threshold to prevent a disproportionate impact on ag land. So where I disagree and where I fall off the wagon on the why of this is we shouldn't be treating property taxpayers and voters differently just because they live in Omaha or they live in Lincoln and I think it's a very subjective cut off to say, well, it's the Omaha and Lincoln schools that have this disproportionate amount of personal property that's non-ag so we're going to change the thresholds. So for me it's not even necessarily about the numbers it's just the point of we're saying that Omaha and Lincoln are special and they get a lower threshold to raise property taxes, whereas the rest of the state has a higher threshold that they have to follow. And I haven't seen any listings that say that Omaha and Lincoln have a disproportionately high amount of personal property non-ag compared to, like, Sarpy County or Grand Island. So for me, I just don't see a compelling reason to treat taxpayers of one part of the state differently than the others so I'd encourage a red vote on AM1118. Thank you, Mr. President.

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

FREDRICKSON: Thank you, Mr. President. I rise today in support of AM1118. Actually, I've really appreciated this conversation, I think Senator Slama was making some really intriguing arguments on the mike here. And I think, in general, the back and forth about this amendment has given me some excitement about this discussion which is, which is good. So I, you know, I've been-- in my research over the weekend on LB243 I was reaching out to some folks in my district and I spoke with the school districts that I represent and the one thing that I was hearing from them overall, you know, the concerns that I was hearing was really specifically related to the, the potential cap on the property taxes as, as like the one area that they had had some concern

over. I believe that AM1118 addresses that concern. I think it's fair to say that if there's a 50 plus 1 percent, and in other words a simple majority of the voters that that is up to the-- that the local school districts and the voters should have a say in that. I think the 60 percent threshold is a, a, a bit aggressive. I think, you know, I think just a simple majority would be more representative of the actual needs of the folks in the districts especially in larger school districts like we see in Omaha. The state does have diverse needs so, again, I appreciate what Senator Slama was saying on the mike. I think it is difficult to, you know, this is one of the complexities I spoke about this with LB77 as well. You know, we, we do have different needs in different areas and different parts of the state and that's our, I think, biggest challenge as statewide lawmakers is we have to consider all of those needs and what, what sort of best makes the argument for statewide policy. And I think that this amendment, in particular, says it does allow for the larger school districts to sort of charter what is most appropriate for them. That is the reason why I will be supporting this. So I'll continue to listen to debate and consider, consider all these with the underlying bill, LB243, but for now I will be supporting AM1118. Thank you, Mr. President.

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

DeBOER: Thank you, Mr. President. My conclusion is going to be exactly the opposite, I am going to not support this amendment. And the reason is, is that I think it should be that we treat every school district the same across the state. I do think the number should be 50 percent, but I think it should be the same across the state. And so I kind of think this amendment is sort of like a story that I tell a lot that says that my, my best friend and I were roommates when I was in law school and she was of the opinion that the kitchen trash belonged in the kitchen proper and I was of the opinion that it belonged under the kitchen sink. But the dumbest thing we could have done is put it halfway under the sink and halfway out of the sink. So I think that's kind of what we have here, where we have a compromise that actually makes it worse, not better so I'm not going to support it. Sorry, Senator John Cavanaugh, I think that it should be 50 percent across the board and not halfway for some folks and not for others. Thank you, Mr. President.

ARCH: Seeing no one left in the queue, Senator John Cavanaugh, you're welcome to close on AM1118.

J. CAVANAUGH: Thank you, Mr. President. Is it ten minutes close? Thank you. It's been so long. Five minutes? Five minutes. See, it's been so

long. OK, so I'll be as brief as I can. So here's where we're at, so the-- and I actually have another amendment, we'll cover this some more probably. But the Constitution of the state of Nebraska basically grants to the citizens the right to referendum and to have-- make changes based off of a vote of the people and that the Legislature can't unduly put burdens upon that. And the court has ruled on that in a number of ways about how petitions are circulated and collected and things along those lines. We haven't, to my knowledge, increased a threshold on a vote. The constitution does set that threshold at 50 percent for referendums. This is akin to that. So just because it's a ballot initiative done at a local level doesn't mean that it is-- shouldn't be held to the same standards that the constitution holds the statewide-- a statewide referendum. So when we take an action to a specific end there has to be, one, a compelling governmental interest for why we're doing it. And Senator Jacobson articulated and Senator Briese has articulated in the past, one of the compelling reasons is just to raise the threshold to make it harder for a vote to override the, the levy to put a little insurance in there for the folks who are disproportionately burdened by this. And so this is a narrow tailoring of that because the way that the bill is currently written is too expansive. It catches up school districts that are not implicated by the attempt that this bill is making to fix. So what that means is we are, we are going, we're drafting a bill and our argument is there's a lot of ag land that gets overtaxed by school district ballot initiatives and so we're putting a higher threshold so the individuals who live in that rural area get a little bit more of a say in that vote. And so if that is the argument, the point is these urban school districts don't have that same issue and so they are being covered unnecessarily. And I'm proposing to you a way in which to more narrowly tailor your approach so that it only achieves the objective you stated it should, it, it is meant to achieve. And so if we do something and we have an option to do it in a more tailored way, we should do that. Now Senator Slama made a very good point, I don't know if this should also apply to Bellevue Public Schools and some of the other schools in Sarpy County. I'm willing to entertain a way, figure out a way to do that. This was the quickest and cleanest way I could think of to actually narrowly tailor this amendment to only serve the purpose that is stated by the advocates for this bill. But, again, it does not change that threshold for the school district or the school board to raise the, the tax asking. It doesn't change it for the rural schools, it only changes it for about six schools that are in the city of Omaha and the city of Lincoln. So this is an opportunity to do what we're saying we're intending to do. I would point out that Senator Dungan also pointed out how this bill does already treat bigger school

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districts and smaller districts differently in terms of what their specific tax-asking lid override authority is. So we've already looked at them and said we're treating them differently for the specific override tax asking. So this is just one other way to make the actual nature of this bill the way it's going to be-- go into effect to be tailored to the specific differences of those school districts. The reason that a smaller district has a higher percentage override and a bigger district has a smaller percentage override is, is because a smaller district has a smaller dollar amount so 7 percent, you know, \$100,000 is a much larger percentage of their override. But if school-- if OPS overrode their asking by \$100,000, it would be much smaller then.

ARCH: One minute.

J. CAVANAUGH: Thank you, Mr. President. So there is a reason for that, it contemplates the difference in size of those school districts and how a, a percentage is going to affect them. So we treat them differently because they are different. So I've suggested a proposal here in AM1118 that will allow us to look at these school districts as they are different and treat them as such for purposes of just the ballot initiative override vote. So I'd ask for your green vote on AM1118. And I'm closing, is that right, Mr. President, [INAUDIBLE]. I'd ask for a call of the house and a roll call vote in reverse order.

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

ASSISTANT CLERK: 23 ayes, 3 nays, Mr. President, to go under call.

ARCH: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call.

KELLY: Senators Day, Armendariz, Dover, McDonnell, please return to the Chamber and record your presence. The house is under call. Senator Day, please return to the Chamber and record your presence. The house is under call. All unexcused senators are present. The question is the adoption of AM1118. There's been a request for a roll call, reverse order vote. Mr. Clerk.

ASSISTANT CLERK: Senator Wishart voting no. Senator Wayne not voting. Senator Walz voting no. Senator von Gillern voting no. Senator Vargas

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voting no. Senator Slama voting no. Senator Sanders voting no. Senator Riepe voting no. Senator Raybould voting yes. Senator Murman voting no. Senator Moser voting no. Senator McKinney not voting. Senator McDonnell voting no. Senator Lowe voting no. Senator Lippincott voting no. Senator Linehan voting no. Senator Kauth voting no. Senator Jacobson voting yes. Senator Ibach voting no. Senator Hunt voting yes. Senator Hughes voting yes. Senator Holdcroft voting no. Senator Hardin voting no. Senator Hansen voting no. Senator Halloran voting no. Senator Geist. Senator Fredrickson voting yes. Senator Erdman voting yes. Senator Dungan voting yes. Senator Dover voting no. Senator Dorn voting no. Senator DeKay voting no. Senator DeBoer voting no. Senator Day voting yes. Senator Conrad voting yes. Senator Clements. Senator Machaela Cavanaugh voting yes. Senator John Cavanaugh voting yes. Senator Briese voting no. Senator Brewer voting no. Senator Brandt voting yes. Senator Bostelman voting no. Senator Bostar voting no. Senator Blood voting yes. Senator Ballard voting no. Senator Armendariz voting no. Senator Arch voting no. Senator Albrecht voting no. Senator Aguilar voting no. Vote is 13 ayes, 32 nays, Mr. President.

KELLY: AM1118--

ASSISTANT CLERK: Excuse me, 13 ayes, 32 nays, Mr. President.

KELLY: Thank you, Mr. Clerk. The amendment is not adopted. Mr. Clerk, for items. The call is-- excuse me, the call is lifted.

ASSISTANT CLERK: Mr. President, a series of items: new resolution LR81 offered by Senator Bostelman and others, that will be laid over. Committee on Health and Human Services reports LB358 and LB595 to, to General File, as well as LB570 to General File with amendments attached. In addition to that, the Health and Human Services reports on confirmation of a number of gubernatorial appointments. That's all I-- I have one other item, the Revenue Committee will meet at 3:00 p.m. under the south balcony.

KELLY: Next item, Mr. Clerk.

ASSISTANT CLERK: Mr. President, the next amendment to committee amendments offered by Senator John Cavanaugh, AM1115.

KELLY: Senator John Cavanaugh, you're recognized to open on your amendment.

J. CAVANAUGH: Thank you, Mr. President, and thanks to everybody who voted for that one. It was nice to see a different configuration of

votes than we've seen all year. So that's, I think, a good start. We can start, you know, moving around, you know, not always voting the same so I appreciate that. So those of you who maybe weren't here and didn't know what you were voting on, that was an amendment that would have allowed the city-- school districts in the city of Omaha and the city of Lincoln to have a 50 percent threshold for a levy tax-asking increase and would have remained the same 60 percent threshold for rural school districts. And so the reason I proposed that originally was I had this amendment drafted and I was going to drop it, but then on Friday I heard Senator Jacobson articulate why, why folks wanted the 60 percent asking and so I drafted a more narrowly tailored amendment which was the last one we just voted on that would have just set out the urban districts. And I did that because the statement from Senator Jacobson was that there's a lot of ag land out in the state that gets taxed because they're part of a school district that increases their levies. And the owners of that land only get the one vote like everyone and they get disproportionately affected by an increase in levies but they don't have as much of a say in the vote. So that's the reason, argument for the higher threshold to increase the levies. So the cities of Omaha and Lincoln don't have any ag land in the city so thought the school districts could have a lesser standard since they don't meet that requirement, so to narrowly tailor a solution. But the reason that I have been opposed to this higher threshold for tax-asking votes is because the Constitution of the state of Nebraska, Article III, Section 4: Initiative or referendum; signatures required; veto; election returns; constitutional amendments; nonpartisan ballot. So everybody has a constitution at their desk, this would be on page 9 and it basically says-- sets out in this section, rights reserved to the citizens of the state in Nebraska. And one of them is the referendum process. And it says: The whole number of votes cast for Governor at the general election next preceding the filing of initiative or a referendum petition shall be the basis on which the number of signatures to such petition shall be computed. So it's basically saying the last gubernatorial election that's where you get the number. The-- let's see: The veto power of the Governor shall not extend to measures initiated by a referendum of the people. Governor can't veto a referendum. A measure initiated shall become a law or part of the constitution, as the case may be, when a majority of the votes cast thereon, and not less than 35 percent of the total votes cast at the election at which the same was submitted, are cast in favor thereof, and shall take effect upon proclamation of the Governor within ten days. So what that is saying is when you have a ballot initiative that gets on the ballot by the, the proper mechanism, that is a simple majority vote. However, that

simple majority must still be 35 percent of all ballots cast in that election. So you can't have a referendum that has a, a, that has a majority of the votes cast in the particular referendum, but is still a way undervote of that election. So the constitution lays out a standard by which we have a 50 percent plus one majority for an election. So I don't think that we should diverge from that process, the reason it's in the constitution is to make sure that we preserve majority rule in these elections but it does set out that other standard. So-- and I talked to Senator Briese about this before I proposed it and he doesn't even need to get on the mike I can tell you, unless he wants to, but he's opposed to this. But so my amendment, AM1115, sets out and says-- it makes basically two changes, it says that when a school district or a referendum by the citizens collect 5 percent want to put a increase in tax asking to the voters it goes on the next general election or statewide primary ballot. So it has to be existing election ballot and that the, the result to go into effect would be 50 percent or the majority of the votes cast and those votes have to be at least 35 percent of the ballots cast in that election. So it uses the same standard in the constitution for the referendum process. So this is an attempt to be faithful to the constitution. This is consistent across all districts, which is one of the complaints I heard from several people who didn't vote for the last amendment. So this addresses that concern. It keeps the ballot initiative process at 50 percent for every school district. But it does have that additional threshold that you can't have a very low turnout election wherein you get 50 percent of the vote but it's still a very small number of people voting. So it may even make it harder in some instances for a ballot initiative to pass then the 60 percent threshold. I don't know that for certain, but that's-- I could speculate on that. But that's not my point, the point is not to make it harder or easier. My point is to make it faithful to our, our intent and to the interests of fair elections in the state of Nebraska and the, the principle of one person, one vote and majority rule. So that's my proposition on this amendment. It's your second attempt to make some kind of small change to just the ballot initiative process. So, again, this one doesn't address, doesn't change the board override. So right now under this bill, you have a levy cap with some adjustments for some calculations in there and the board can override that with a 70 percent majority of the board. So in OPS that's seven of our nine OPS members and so they can raise it, I think I heard Senator Dungan say a school district the size of OPS could go up to 4 more percent so up to 7 percent increase in tax asking. So what this would do is allow that board, the OPS Board, to, to, to increase by an extra 4 percent through a seven-person vote or for a majority of that

board to put it on the ballot at the next election and then have an override of even more than that and it would have to be 50 percent plus one of at least 35 percent of the votes cast in that general or primary election. So it just changes that part. It leaves in the 70 percent for the board override. It leaves in all of the other thresholds. All it does is change the mechanism by which we're-- how we calculate the winner of that election and keeps it at the 50 percent plus one, which is the standard in the constitution, but it does require that that election actually have a turnout and have not a massive undervote from the other election. So I'd ask for your green vote on AM1115. With that, Mr. President, I yield the remainder of my time. Thank you.

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

M. CAVANAUGH: Thank you, Mr. President. Colleagues, I want to take a moment to address a housekeeping issue. On that last vote that we just had we had a call of the house and then we had a roll call vote. And I'm sure it is not the intention of this body, but when there is conversation happening on the floor during a roll call vote it is extremely disrespectful to the Clerk and the staff. Colleagues, it is extremely disrespectful to the Clerk and the staff for floor conversation to be taking place during a roll call vote. And I understand when we're sitting here during a call of the house and waiting for our colleagues to arrive that we might start having some side conversations and it's easy to get pulled into that but it is extremely important to remember the professionals that are sitting at the front of this room that are doing the day-to-day work of this body and that we need to respect that work. And I have seen this happening more and more consistently during our roll call votes and so I wanted to just acknowledge that for everyone because I don't think anyone here intends to be disrespectful to the staff. But it is happening and it is happening repeatedly. And I know that we all want to honor the work that those that are in this building are doing for us, especially since we are doing all of these late nights, and this is going to be exhausting work. So I think it's just important to acknowledge that when we are doing a roll call vote we should be polite and courteous and allow the process to happen without additional noise and side conversation. So I just wanted to put that out there for everyone. Hopefully, people were listening but there we are. Senator John Cavanaugh, would you yield to a question?

KELLY: Senator John Cavanaugh, will you yield?

J. CAVANAUGH: Yes.

M. CAVANAUGH: Thank you. I was trying to follow along to your explanation of this. So it's similar to the last amendment?

J. CAVANAUGH: In the sense that it addresses the same issue, but it doesn't approach it in the same way.

M. CAVANAUGH: OK. That, that's what I was trying to figure out because it-- what way does it approach it?

J. CAVANAUGH: So the last one just lowered the threshold to 50 percent for school districts in Omaha and Lincoln, basically. This one lowers the threshold to 50 percent for everyone--

M. CAVANAUGH: Oh.

J. CAVANAUGH: --but it requires that that election be held not as a stand-alone election. So it requires it be held with a general election or a primary election, statewide primary. And then it requires that when that-- the ballot initiative for the override gets voted on, that that 50 percent has to equal at least 35 percent of the ballots cast in that election. So--

M. CAVANAUGH: Thirty-five percent, the 50 percent must be 30-- so we can't have falloff?

J. CAVANAUGH: Right. So when you have a, say, a primary vote for Governor and say a million people vote statewide, when they get down to the ballot initiatives, maybe only 500,000 people will vote.

M. CAVANAUGH: Right.

J. CAVANAUGH: So for this to-- in that instance, if you have a million statewide ballots and only 500,000 are cast on the ballot initiative, you'd need at least 350,000 of them for the ballot initiative to pass.

M. CAVANAUGH: This is a very serious question. Did you work with your mom on all of this math because this seems like some real--

KELLY: One minute.

M. CAVANAUGH: --Kate Cavanaugh-level math?

J. CAVANAUGH: No, I got it from the Nebraska State Constitution.

M. CAVANAUGH: OK.

J. CAVANAUGH: This is the language in the constitution for how we calculate the winner of a ballot initiative.

M. CAVANAUGH: OK. So it's reflective of ballot initiative math?

J. CAVANAUGH: Yes, it is, it's how the Constitution of Nebraska says that you can win a ballot initiative and I thought if--

M. CAVANAUGH: It just happens to be something that Kate Cavanaugh would enjoy doing that level of math.

J. CAVANAUGH: She might, you can ask her.

M. CAVANAUGH: She probably would. I will ask her. All right, well, thank you, Senator Cavanaugh. I think I'm about out of time and I just got back in the queue. But I actually might get out of the queue because I have the next amendment that I really want to get to because it's a white copy amendment to this bill. And it is a, the amended version of LB79 which is Senator Erdman's priority bill, the consumption tax, because I am just a sucker for an interesting conversation. So I actually think I will get out of the queue. Thank you.

KELLY: Thank you, Senator. Senator John Cavanaugh, you're recognized to close on AM1115.

J. CAVANAUGH: Thank you, Mr. President. Well, I appreciate the interest from Senator Machaela Cavanaugh and I do, I, I think, you know, people kind of used their interest on this particular subject matter on the last one and I really did enjoy the engagement from everybody on that last part. But I do think-- the reason I brought this amendment and it's part of, it's an important conversation to have. And part of it is when we are passing laws that affect the rights of the citizens of the state of Nebraska, we do need to be cognizant of how those laws and our attempts to constrain the rights interplay with the constitution. And the constitution clearly states how initiative processes should work, and the courts have clearly spoken that we shall not infringe upon them in any undue way. And so this is my concern about the way this bill is currently drafted, is that it is an undue burden on the rights of the citizens to engage in the initiative process. And so the constitution sets out a, a metric under which initiative votes shall be counted and cast and that's the language, exact language that I mirror in this amendment. So this is the language that the Constitution of the state of Nebraska sets out for how to determine a winner or what is a, a, a prevailing issue on a

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ballot initiative. So just to go back to the example that Senator Machaela Cavanaugh presented, the difference is under this, under LB243 as drafted, you could have a ballot initiative, say, in a school district where 1,000 people vote and 600 of them would be required to override the levy. So that, that's the vote right there. OK? So if you adopt AM1115 and you have a ballot initiative that is on a regular primary or a general election ballot and you have higher voter turnout because it's not a special election and you have 2,000 people vote, you would be required to get at least 700 votes in that election. So the threshold is actually, in terms of actual number of voters, is really going to be higher under AM1115 under most scenarios because they will not be stand-alone special elections, they will be on the general election ballot. But it would still be faithful to the one person, one vote because it would have to be the majority of the votes cast in that election. So you can't have a drop-off, so even if you got 600 votes on the general election ballot, that may be more than 50 percent of the votes cast in that general election ballot initiative portion but it would still be less than the number required to override, to get to that 35 percent. So this is not a-- you know, I think a lot of people look at these things [INAUDIBLE] proposed amendments saying, oh, this is just going to be easier to get this adopted. The whole intention is to cut in ran-- around this process that Senator Briese has created. That's not the case at all here. This is an attempt to be faithful to the constitution, to make sure that when we do have these votes, that, that it is-- it fits within the confines of how elections have always been run in this state and that we're not creating a new system. So my intention is not to make it easier, it's just to be more faithful to that system. I-- actually, I do think in some instances, it'll be harder to pass these ballot overrides. It's going to be harder in all instances. It's just going to be a different mechanism by which we do that. So I'd ask for your green vote on AM1115. And I guess we're getting to a vote. I'll do a call of the house and I will do a roll call vote in regular order.

KELLY: Thank you, Senator Cavanaugh. There's been a request for a call of the house. The question is, shall the house go under call. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 13 ayes, 5 nays, to go under call, Mr. President.

KELLY: The house is under call. All senators, please return to your desk and record your presence. All those unauthorized individuals on the floor, please leave the floor. The house is under call. Senators Fredrickson, Armendariz, Vargas, DeBoer, Dover, Bostar and Dungan,

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please return to the Chamber. The house is under call. All unexcused senators are now present. The question is the adoption of AM1115. There's been a request for a roll call vote, regular order. Mr. Clerk.

ASSISTANT CLERK: Senator Aguilar voting no. Senator Albrecht voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Blood voting yes. Senator Bostar voting no. Senator Bostelman voting no. Senator Brandt voting no. Senator Brewer voting no. Senator Briese voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements. Senator Conrad voting yes. Senator Day voting yes. Senator DeBoer voting yes. Senator DeKay voting no. Senator Dorn voting no. Senator Dover voting no. Senator Dungan voting yes. Senator Erdman voting no. Senator Fredrickson voting yes. Senator Geist. Senator Halloran voting no. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes, voting no. Senator Hunt voting yes. Senator Ibach voting no. Senator Jacobson voting no. Senator Kauth voting no. Senator Linehan voting no. Senator Lippincott voting no. Senator Lowe voting no. Senator McDonnell voting yes. Senator McKinney voting yes. Senator Moser voting no. Senator Murman voting no. Senator Raybould voting yes. Senator Riepe voting no. Senator Sanders voting no. Senator Slama voting no. Senator Vargas voting yes. Senator von Gillern voting no. Senator Walz voting yes. Senator Wayne voting yes. Senator Wishart. Vote is 15 ayes, 31 nays, Mr. President.

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

ASSISTANT CLERK: Mr. President, I have no items at this time. Next amendment, we are, we are back to the adoption of the committee amendments, Mr. President.

KELLY: Re-- returning to debate on the-- debate on AM977. Senator Machaela Cavanaugh, you are recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. Colleagues, we are getting close to the end of debate on this bill. So since we are voting on the underlying amendment, I thought it worth revisiting the underlying amendment. So on Friday-- lose track of the days. On Friday, the introducer, Senator Briese, handed out this PowerPoint slide. It's the orange PowerPoint with white font and then the next slides are white with black font. It says Revenue Committee, LB243, AM977. It was distributed on Friday, so hopefully you still have it hanging around your desk. But it goes through and tells you what all the different bills are and there's quite a few in here. There's one, two, three,

four, five, six, seven, eight, eight-- am I counting that correctly? No. No. Sorry. One of those is continued. One, two, three, four, five, six. OK. It's six bills. Two of the slides were just LB589 continued. And that is the Adopt the School District Property Tax Limitation Act. So again, one of my main concerns in this package that we discussed earlier this morning, with Senator DeBoer's amendment, is the agreement that we had when we passed LB1107, that if there is a growth over 5 percent, that it's not automatic and that the Legislature would take it upon itself to discuss and decide if we wanted to take that growth over 5 percent and put it towards the Property Tax Credit Fund. That was the agreement. This is-- year is the first year we are going to have growth over that 5 percent. And this language in this amendment strikes that from statute, so now we won't have-- we're taking away our own say, I guess, is what we're doing. We're saying that it doesn't matter what the growth is, no matter what, it's going here. So I think that's unfortunate because that was a really big part of the conversation around LB1107. For the record, I did not vote for LB1107. So I guess you're not breaking a deal with me, because I opposed the entire package, back in 2020. So that's one of the concerns. The other concern is just the massive tax cuts that we're seeing here-- or not tax cuts, I guess, shifting of, of the revenue. And without the budget coming out, it's hard to in, in good conscience, for me, it's hard for me to vote for these types of bills, bills and these types of packages. Because it really is dependent on what the budget is, what's in the budget, what are we funding and what are we leaving off the table when that budget comes to the floor? So these are sort of my top line concerns with LB243 and its amendment, AM977. I also think that this is a pretty large package and there hasn't been a great deal of engagement around it. I mean, besides Senator Briese, the senators who have bills within this package, we've heard very little from. I don't think Senator Murman or Senator Bostar have even spoken today, in the almost 5 hours of debate that we've had. So it's disappointing that those that even have bills within this package would not participate in the conversation about this package.

KELLY: One minute.

M. CAVANAUGH: But I guess that's where we are at. So I will yield the remainder of my time, because I have an amendment after this. Thank you.

KELLY: Thank you, Senator Cavanaugh. Senator Hunt, you are recognized to speak. Senator Cavanaugh, you are recog-- Senator Linehan to close on AM977. Senator waives closing. The question is the adoption of AM977. All those in favor vote aye; all those-- request for a call of

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

ASSISTANT CLERK: 25 ayes, 4 nays, Mr. President.

KELLY: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators Dover, Holdcroft, Bostelman, Ibach and Ballard, please return to the Chamber and record your presence. The house is under call. All unexcused senators are present. The question is the adoption of AM977. There's been a request for a roll call vote, regular order. Mr. Clerk.

ASSISTANT CLERK: Senator Aguilar voting yes. Senator Albrecht voting yes. Senator Arch voting yes. Senator Armendariz voting yes. Senator Ballard voting yes. Senator Blood voting yes. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator Briese voting yes. Senator John Cavanaugh not voting. Senator Machaela Cavanaugh not voting. Senator Clements. Senator Conrad voting yes. Senator Day voting yes. Senator DeBoer not voting. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting yes. Senator Erdman voting yes. Senator Fredrickson voting yes. Senator Geist voting yes. Senator Halloran voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt not voting. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe voting yes. Senator McDonnell voting yes. Senator McKinney not voting. Senator Moser voting yes. Senator Murman voting yes. Senator Raybould voting yes. Senator Riepe voting yes. Senator Sanders voting yes. Senator Slama voting yes. Senator Vargas voting yes. Senator von Gillern voting yes. Senator Walz not voting. Senator Wayne not voting. Senator Wishart voting yes. Vote is 41 ayes, 0 nays, Mr. President.

KELLY: AM977 is adopted. I raise the call. Mr. Clerk, for items.

ASSISTANT CLERK: Mr. President, one item. Your Committee on Education reports LB516 to General File with committee amendments attached. Next item, as it relates to LB243, Senator Briese would move to indefinitely postpone the bill.

KELLY: Senator Briese, you're recognized to open on your motion.

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BRIESE: Thank, thank you, Mr. President. And good afternoon, again, colleagues. Thank, thank you, everyone, for your vote on the committee amendment. That's a good place to be supporting the taxpayers of Nebraska. And before we get to a cloture vote on this, let's just remember what we're doing here. The amended version of LB243 is going to increase the statutory minimum in the Property Tax Credit Fund, put in an escalator and that's going to be direct property tax relief to everyday Nebraskans. It removes a 5 percent cap on the allowable growth rate of the LB1107 credit. And that, too, is going to be tax relief for Nebraska and it's going to help keep our property taxpayers whole. It also puts in place a revenue cap on schools to protect our taxpayers, with several exceptions. And those exceptions ensure that our public schools can still do their job. They can still educate our kids. They can still do the outstanding job that they've been known to do in the past. And-- but at the same time, we're going to protect our taxpayers with those cap-- with that cap. The bill also removes the taxing authority of the community colleges, but it will replace those dollars with state dollars. That, too, is going to benefit everyday Nebraska taxpayers. Going to increase the interest rate on property tax refunds. We're also going to put in place needed change to the TERC commission. The entire package that we're talking about here or this component of the big package, which is in LB243, is going to provide substantial property tax relief for everyday Nebraskans. But it's still going to protect the ability of our K-12 schools and our community colleges to do their jobs. And we come to a cloture vote on this, I think you want to be on the right side of this, in my opinion. And the right side of this is on behalf or voting with the taxpayers. So I would certainly encourage your green vote when we get there. And with that, I will withdraw my IPP motion. Thank you, Mr. President.

KELLY: Thank you, Senator. Motion 174 is withdrawn. Senator Briese waives. Mr. Clerk, for a motion.

ASSISTANT CLERK: Mr. President, Senator Machaela Cavanaugh would offer AM1134 to LB243.

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

M. CAVANAUGH: Thank you, Mr. President. So AM1134 is a white copy amendment to LB243. It is actually the amendment to LB79. And I wonder if Senator Erdman wants to speak on this bill. I could yield him time. Yes. I would yield my time to Senator Erdman, so that he can explain this bill.

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KELLY: Senator Erdman, you have 9:34.

ERDMAN: Thank you, Mr. President. And thank you, Senator Machaela Cavanaugh. I appreciate the opportunity to speak about this. What I did, before Senator Cavanaugh introduced this, I handed out to her an index. And that index relates to the amendment, AM314. And so every item that's included in the consumption tax nuts and bolts bill is indexed so you, you can find it easily. But let me just hit some of the highlights. So we've been talking about property tax relief here for about three or four days. We've been talking about income tax relief, as well. So when we were discussing how this was going to work and the formula that's going to be used. And soon, we're going to be talking about the, the TEEOSA formula, which only-- I don't know, I don't know who I would say understands that. But anyway, what we're going to do-- the nuts and bolts of the consumption tax proposal replaces TEEOSA with a commonsense formula that anybody can understand. And it gives us an opportunity to fund the public schools according to the constitution, that said-- excuse me-- it's the state's obligation to provide free instruction in the common schools, K-12. And so what we will do under the consumption tax proposal, as far as funding schools, every school has to have a classroom and a teacher, and there'll be a basic foundation aid for that purpose. And then we will have-- we will score each school according to their specific needs, such as English learners, special ed, distance travelled that the, that the school district has to travel to have school and any other consideration that needs to be taken into concern-- into, into effect, about how we fund them. Our goal is to make sure that every school gets the funding necessary to accomplish what they have currently been accomplishing, in a different way that's objective instead of subjective. And so when we do that, we will set up also, we're going to set up three separate funds for each school to draw from. And those funds will be for growth-- student growth in your, in your population growth. There'll be a fund for prepare-- for repairing and maintenance of facilities and there will also be a fund set up for if you have an emergency. So we'll have three or-- three funds set up that they can draw from those so they don't have to be concerned about losing the revenue. And when it comes to the counties and cities and all other units of government, we will do a very similar thing. We will set up funds for those, as well. And so, our intention is when it's first introduced, the first year, that we will ask the schools to submit their budget, plus a 2 percent increase in their last five-year annual budget. And the purpose for the 2 percent was to make up for inflation. And so as we move forward and we decide how we're going to do the distribution, I think it's important that we

have these things in place, so that when we pass this in '24, when the voters vote on this and it passes, in '25, we just come in and implement the nuts and bolts bill for the consumption tax distribution. And so, as we talked about this over the last year and a half or so, we've had a committee. That committee has been made up of several individuals, including county board members, school board members, principal-- superintendents of schools. We've had people from the Revenue Committee meet with us. We've met several times. There's about 22 people on this committee. We've tried to come up with what we think is the answer to the distribution. And it gives us an opportunity to have a thorough discussion about what the distribution would look like. That has been one of the things that has always plagued us when trying to explain what the consumption tax is going to do, is we didn't have a distribution model. We now have that and I have the index so that you don't have to read through the whole bill to find certain things that you're looking for. So that is a-- an overview, Senator Machaela Cavanaugh. That's an overview of what the nuts, nuts and bolts bill is to trying to accomplish. It would be very similar to a trigger bill, that once this went into place, this would come into, into effect. And so, we, we intend to put this on the ballot in '24. We are now currently doing a petition drive. And we have found that the general public is very receptive, very receptive of the petition drive. And the petition drive, what it will do, it'll place this on the ballot in '24, for your consideration, to eliminate inheritance tax, personal and corporate income tax, real property tax and also, property tax on your equipment. So we will do that. We also have a second petition and that is to eliminate food from being included in the consumption tax. And as I've said earlier on the mike, we thought it would be very, very beneficial to exempt food, so that low-income people will have an opportunity to save money and be in a better position than they currently are, in our current system. So that's an overview of what the nuts and, nuts and bolts bill will do. And, and I do appreciate having the opportunity this afternoon to talk about that. Thank you.

KELLY: Senator Machaela Cavanaugh, you have 3:45.

M. CAVANAUGH: Thank you, Senator Erdman. I appreciate you walking us through this. It is a very complicated proposal and I appreciate you've put a lot of effort into this. I think we both realize that it's probably not going to get attached today. But I thought, we're having this conversation and if I'm taking time, we may as well take time on something a little bit interesting, right? So that's kind of how we got to where we are today. Senator Erdman did send me this index for-- it's AM314 to LB79, which is the underlying bill. And as

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I've said previously, there's some things about the EPIC tax, consumption tax that I-- I am very intrigued by the concept of it. And I also like that Senator Erdman has worked on this for several years and we've had some really interesting and fun conversations about it over the years. I have to be honest, I am still trying to figure out what all this particular one does, but now that I have the reading material, I'm definitely going to take the time to learn more about it. I did notice if, well, maybe-- I'm probably going to be out of too much time. But I am, Senator Erdman, on my next time on the mike, if you don't mind, ask you some questions about some of the items on here, because it is very detailed and I am curious about how we got to that level of detail. So that's something I might ask you on my next time on the mike. So this is a bill that, again, Senator Erdman talked about it, that, that eliminates a lot of the tax loopholes and it's a consumption tax. It's based on consumption. He has made an exception for food, which is one-- always been one of my big opposition points is taxing of food. Because food is not a choice. It is not-- it's not something that you decide to spend money on or not spend money on. I mean, some people do because they have to, because they have to, because they have to ration their funds. But it's an essential need, so it's not really a consumable good in the way that other things are. And so I appreciate taking that into consideration, the basic needs of, of society, which is-- food is definitely high on there. I do wonder-- how much time do I have?

KELLY: 1:20.

M. CAVANAUGH: OK. One question I'm going to ask on my next round is about medicine, if this taxes medicine. I do notice that it is a 7 percent tax. And I was reading page 7, line 3 of the amendment is the 7.5 percent rate. And it very--

KELLY: One minute.

M. CAVANAUGH: --thank you. And it very clearly states that the, the rate of the consumption tax shall be 7.5 percent until changed by the Legislature. So that is something that also piqued my interest, because there's a question about is this tax rate high enough. And there's not-- this is very clearly stating that there's not some sort of mechanism, automatic mechanism to raise taxes. We would have to, as the Legislature, adjust it from that 7.5 percent, to ensure that we were covering our costs. In a lot of ways I like that, because it creates some accountability to the Legislature. But also, we're going to have to be really good stewards of the taxpayer dollars with these

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cash receipts, because it is really hard to raise taxes. We love to cut taxes. We do not like to raise taxes. So--

KELLY: That's your time, Senator.

M. CAVANAUGH: Thank you.

KELLY: And you are next in the queue.

M. CAVANAUGH: Thank you. I will take this time and ask if Senator Erdman would yield to a question.

KELLY: Senator Erdman, will you yield to a question?

ERDMAN: Yes, I would.

M. CAVANAUGH: Thank you so much, Senator Erdman. Was I correct, you exempt food from taxing in this?

ERDMAN: Correct.

M. CAVANAUGH: OK. What about medications?

ERDMAN: Medications, any out-of-pocket costs, Senator, you would have a consumption tax on those.

M. CAVANAUGH: Out of pocket. So if I-- you get a prescription, you'd still-- you'd pay consumption tax on a prescription?

ERDMAN: If you had a-- if you had an insurance company paying for the prescription, there would be no consumption tax between the insurance company and the pharmacy.

M. CAVANAUGH: OK.

ERDMAN: If you had an out-of-pocket cost, there'd be consumption tax on that portion.

M. CAVANAUGH: So if you had a co-pay.

ERDMAN: Co-pay.

M. CAVANAUGH: OK. Thank you. That's helpful.

ERDMAN: Yep.

M. CAVANAUGH: OK. My next question is in looking over the index here, it is very detailed and like, one of the items are compensation for alternative region board member is \$10K. So that specifically wasn't a question, but more you have several items like that outlined. Did you have to go through everything that we fund in the budget?

ERDMAN: No. What that is, Senator Cavanaugh, what that is, we've, we've broken the state down into five regions.

M. CAVANAUGH: OK.

ERDMAN: And each region will have one representative for the counties and the cities and the schools and one-- excuse me, counties and cities, NRDs and those things and one for the schools. So there would be two representatives. Their job is only to collect the budgets from 18 or 19 counties in that region, make a culmination of all those budgets and send those to the state for, for distribution of the funds.

M. CAVANAUGH: OK.

ERDMAN: So their job is just to put those together. Their job will be to analyze, to see if the schools met their statutory requirements of 2.5 percent or a major vote of the, major vote of the board, 3 percent or 3.5. Whatever the statute requirements are now, that's what will be required then and it's their job just to see if they meet those requirements.

M. CAVANAUGH: OK. So these, these region members, is this a new thing, then that's part of your legislation or is this an existing thing that I'm just not familiar with?

ERDMAN: They will be included in the nuts and bolts or distribution model that we're going to put in place.

M. CAVANAUGH: OK.

ERDMAN: The, the constitutional amendment is a single subject--

M. CAVANAUGH: Right.

ERDMAN: --and so, that's why none of this is included in the constitutional amendment. This will come later. It'll be very similar, Senator Cavanaugh, when-- in 1967, the voters removed property tax for the state. And when the body arrived in January of '67, they had no form of revenue. And so what they had to decide, decide and set up is

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the Department of Revenue to collect income tax and also, the same provision so they could collect sales tax. So what my goal is, is to have this in place, have a discussion on the floor how we're going to implement this and make the distribution, so that when this goes into effect in '26, we've already made that decision in '25, and this is the base model that we work from to get to that.

M. CAVANAUGH: OK. That-- I think I'm understanding. OK. So the single subject, because when you were talking, talking about this in the ballot and all of that, how do you do something this big and this comprehensive in the single subject? How's that going to work?

ERDMAN: Well, how it's set, what the, what the wording is, there should be no tax collected, except the consumption tax and an excise tax. And so, the taxes that are going to be eliminated, as I mentioned earlier, are the income tax, the sales tax, the property tax, as well as inheritance tax. Those are all going to go away. And that's what the single subject rule is. We're dealing with elimination of those taxes. The second ballot language says, exempt food from consumption tax. That's a single subject.

M. CAVANAUGH: So will you have to two--

ERDMAN: Two ballots. Yeah.

M. CAVANAUGH: --two initiatives?

ERDMAN: Yeah. There'll be two votes.

M. CAVANAUGH: OK. Well, I appreciate that, because you know how much the, the food exemption is important to me so.

ERDMAN: That's our goal. We didn't want to try to do them both together because we didn't want to run into the end--

KELLY: One minute.

ERDMAN: --end of time and wind up having a double subject and lose it-- lose the whole thing.

M. CAVANAUGH: Right, right. Well, thank you. I appreciate that.

ERDMAN: Yeah. Thank you.

M. CAVANAUGH: I think I'm slowly starting to understand this very complicated bill.

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ERDMAN: Yeah. It, it is complicated. I appreciate the questions. Thank you.

M. CAVANAUGH: Thank you. OK. Well, I, I probably could ask Senator Erdman questions for hours, but I know we, we don't have that kind of time. So I'm sure when we get to his actual bill, we will have that discussion at that time. So I will yield the remainder of my time. Thank you.

KELLY: Thank you. Senator Erdman and Senator Machaela Cavanaugh. Senator Briese, you're recognized to speak.

BRIESE: Thank you again, Mr. President. Just want to stand up and reiterate what I had mentioned earlier about the importance of this bill, this amendment to-- the amended version of LB243, the importance of this to everyday Nebraska taxpayers. And again, we also have to remember that this is part of a package. This is part of an overall comprehensive package that's going to provide income tax relief to everyday Nebraskans. It's going to provide income tax relief to our seniors. It's going to put a substantial amount of money into our school systems. It's going to increase special ed funding in Nebraska. It's going to put dollars into the Property Tax Credit Fund. It's going to cap school revenue growth. Senator Bostar's component of LB754, is going to help young couples pay for childcare costs. It's going to encourage investment in childcare. And so, there really is a whole lot riding on this overall package. And I would strongly encourage everyone to get behind the package, support the package. A green vote on LB243, a green vote on other components of the package is going to be very much appreciated by your constituents. We need to get behind this and the package needs to stay together. We have to respect the package for the reasons I just mentioned. Those, those components-- those individual components are too valuable to too many Nebraskans to jeopardize this. And so, as I said earlier, you, you want to be on the right side of this thing, in my opinion, I hate to say-- I hate to talk about the right and the wrong side of anything, because that's always in the eye of the beholder, as a matter of perspective. But I think here, you need to recognize the perspective of everyday Nebraskans and in this particular circumstance, everyday Nebraska property taxpayers. They will supp-- they will really appreciate your support of LB243, and at the end of the day, of the entire package. And I do look forward to the discussion on Senator Sanders' bill coming up, when we talk about putting additional dollars into public schools in Nebraska. It's about time we did that. And we're going to ensure that those dollars yield property tax relief. And that's one of the important-- that's the importance of this cap

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that we have in this particular bill. But with that said, I would, again, I would encourage your strong support and your green vote of LB243. Thank you, Mr. President.

KELLY: Thank you, Senator Briese. Mr. Clerk, for a, for a motion.

ASSISTANT CLERK: Mr. President, Senator Briese would move to invoke cloture pursuant to Rule 7, Section 10.

KELLY: Senator Briese, for what purpose do you rise?

BRIESE: I would request a call of the house. And then I would like a roll call vote in regular order, please. Thank you.

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

ASSISTANT CLERK: 30 ayes, 1 nay, to go under call, Mr. President.

KELLY: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. All unexcused members are present. The first vote is the motion to invoke cloture. There's been a request for a roll call vote, regular order. Mr. Clerk.

ASSISTANT CLERK: Senator Aguilar voting yes. Senator Albrecht voting yes. Senator Arch voting yes. Senator Armendariz voting yes. Senator Ballard voting yes. Senator Blood not voting. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator Briese voting yes. Senator John Cavanaugh not voting. Senator Machaela Cavanaugh not voting. Senator Clements voting yes. Senator Conrad voting yes. Senator Day voting yes. Senator DeBoer not voting. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting yes. Senator Erdman voting yes. Senator Frederickson voting yes. Senator Geist voting yes. Senator Halloran voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt not voting. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe voting yes. Senator McDowell voting yes. Senator McKinney voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Raybould voting yes. Senator Riepe voting yes. Senator Sanders voting yes. Senator Slama voting yes. Senator Vargas voting yes. Senator von Gillern voting yes.

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Senator Walz voting yes. Senator Wayne not voting. Senator Wishart voting yes. Vote is 43 ayes, 0 nays, to invoke cloture, Mr. President.

KELLY: The motion for cloture is adopted. The next vote is on the adoption of AM1134. Mr. Clerk. OK. All those in favor vote aye; all those, all those opposed vote nay. There's a request for a roll call vote on the adoption of AM1134, reverse order. Mr. Clerk.

ASSISTANT CLERK: Senator Aguilar voting no. Senator Albrecht voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Blood voting no. Senator Bostar voting no. Senator Bostelman voting yes. Senator Brandt voting no. Senator Brewer voting no. Senator Briese voting no. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh not voting. Senator Clements voting yes. Senator Conrad voting no. Senator Day voting no. Senator DeBoer voting no. Senator DeKay voting no. Senator Dorn voting no. Senator Dover voting no. Senator Dungan voting no. Senator Erdman voting yes. Senator Fredrickson voting no. Senator Geist voting no. Senator Halloran voting yes. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt voting no. Senator Ibach voting no. Senator Jacobson voting no. Senator Kauth voting no. Senator Linehan voting no. Senator Lippincott voting no. Senator Lowe voting no. Senator McDonnell voting yes. Senator McKinney voting no. Senator Moser voting no. Senator Murman voting yes. Senator Raybould voting no. Senator Riepe voting no. Senator Sanders voting no. Senator Slama voting no. Senator Vargas voting no. Senator von Gillern voting no. Senator Walz voting no. Senator Wayne voting yes. Senator Wishart voting no. Vote is 7 ayes, 41 nays, Mr. President, on the adoption of the amendment.

KELLY: The amendment is not adopted. The question is the advancement of LB243 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 41 ayes, 1 nay, on the advancement of the bill, Mr. President.

KELLY: LB243 advances to E&R Initial. The-- raise the call. Next item, Mr. Clerk.

ASSISTANT CLERK: Mr. President, next bill, LB583. The first item for consideration is a motion from Senator Hunt pursuant to Rule 6, Section 3, to indefinitely postpone the bill.

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KELLY: Pursuant to the rule, Senator Sanders you're recognized first, to open on the bill.

SANDERS: Thank you and good afternoon, good afternoon, Mr. President and colleagues. Today, on behalf of Governor Pillen, I am introducing LB583, as amended by AM970. LB583 is the operational part of Governor Pillen's historic investment in kindergarten through 12th grade public education in the state of Nebraska. LB583 will increase funding for all 244 school districts across the state. This body has spent countless hours looking at multiple, multiple ways of increasing funding to Nebraska public schools. The education community has come to us, year after year, concerned that Nebraska ranks 49th in the country-- in the country, in state funding for public schools. LB583 will change that. This bill would be the largest increase of state aid for public education in Nebraska history when passed by the Legislature. LB583 has four pieces to it. The first is special education funding. Under this bill, the state will ensure that schools are provided 80 percent of their special education funding needs when combined with federal funding. This is something that school districts have been left behind on for years. For far too long, special education needs have not been met. This new money will flow through the TEEOSA formula, which is the Tax, Equity and Education Opportunities Support Act. This funding will be paid for completely by new Education Future Fund, that will be created with LB681. The second piece is called foundation aid. Under this proposal, school districts will receive \$1,500 for each formula student. The state of Nebraska will provide a guaranteed amount of aid for each student in this state. Each and every student will be invested in by the state. This is another large heap forward for Nebraska's public education. Twenty-three percent of this aid will be paid for by the Education Future Fund. In year three, only 60 percent of foundation aid will be counted as a resource when determining equalization aid. This helps to equalize school districts because without this change, equalized schools would see their new funding offset by a decrease in equalization aid in year three. This approach helps provide state aid to equalized school at-- schools at comparable levels, as in years one and two. This means \$600 per student per school will not be counted as a resource beginning in year three. The third piece of this legislation implements a reporting requirement by the school districts. This allows the Legislature to analyze whether schools are providing taxpayers property tax relief with the new state aid. Schools will submit a report that includes the amount of additional aid received and the amount by which property tax are reduced. This report will be submitted to the Governor, the Education Committee

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Chairman-- Chairperson, and the Clerk of the Legislature. The final piece of this bill will make sure that foundation aid does not follow a net option student. Currently, when a student op-- when a student options into a new district, about \$11,000 follows that student from the state. This ensures that school districts do not receive duplicate funding by receiving both foundational aid and net option aid. Colleagues, my office has provided resources at your desk to aid you in understanding the TEEOSA formula and how LB583 would be implemented. You can find breakdowns of the 2023 and the 2024 state aid calculations in the packet labeled A1, in the top right hand corner. In the packet labeled A2, you will find a summary of the calculated needs for each school district force-- for those same years. There is a graphic that summarizes the formula along with the list of mill levies for each school district. Finally, and most importantly, there is a sheet providing a district by district breakdown. If you have any questions as you look through your materials or you wish to understand more about how this bill would impact your district, myself and my staff will be located under the south balcony and we would be happy to assist you. LB583 passed the Education Committee with support from across the political spectrum. The bill was also supported by a vast array of organizations, including but not limited to the Nebraska Cattlemen, the Nebraska Association of School Boards, ARC of Nebraska, the Nebraska Council of School Administrators, Americans for Prosperity, Nebraska Rural Community School Association, and many more. I would like to thank Governor Pillen for asking me to bring this bill on his behalf and I also want to thank his staff for their support. It is time that Nebraska gets behind funding our public schools and while doing so, provide true property tax relief to Nebraskans. I ask you to support LB583 and the committee amendment, AM970. Thank you, colleagues. And thank you, Mr. President.

KELLY: Thank you, Senator. As the Clerk indicated, there's a motion to indefinitely postpone. Senator Hunt, you're recognized to open on the motion.

HUNT: Thank you, Mr. President. Good afternoon, colleagues. This motion to indefinitely postpone LB583, pursuant to Rule 6, Section 3, is a motion reflecting my opposition, which I came by honestly, when we passed the rule change to allow us to only file three motions per bill. And Senators Machaela Cavanaugh and Danielle Conrad and I then promptly filed all 742 motions that would have been possible. This is one that I will keep up there, because I do have honest opposition to this bill. I'm told that this bill taken on its own is going to be a good thing with additional funding for all schools. But when

considered in combination with the proposed revenue cap that we just advanced in LB243, schools wouldn't be able to use all of those funds, because the majority of the increased aid will have been used to reduce property taxes. So the increased aid wouldn't be new dollars for schools, but rather replacement dollars for what they're losing in the property tax levying authority under two-- LB243, that I think this body is going to be likely to pass. I want to talk a little bit about my opposition to this bill, and this is opposition that comes from my public school district and also from teachers and parents in my district who have been following the Legislature's efforts to equalize school funding and make sure that we bring Nebraska up from the very bottom of the rankings in school funding in our country, but who think that LB583 is not the right way to do it. To summarize some of the points that were made in the Nebraska Examiner recently, Governor Jim Pillen's plan to further restrict spending by local school boards is not going to be the right solution to the problem of school funding. It says, officials pointed out that school districts already deal with two caps that limit levy-- tax levy increases and budget increases. They questioned how a new cap would interact with those. Cheryl Logan, the superintendent of Omaha Public Schools, said LB589 would-- and LB583, would make it harder for schools to do the job they were elected to do. How are we supposed to attract new teachers when our resources are being choked off, asked Dave Welsch, the president of the Milford School Board. So one of my problems is that schools may receive additional funds, but they would not then be able to spend them because then those funds would have to be used to reduce property taxes. The special education and foundation aid provisions of AM970 send additional resources to schools. However, the majority of the increased aid must be used to reduce property taxes, because of the property tax revenue caps in LB243, as amended by AM977. I filed several, several amendments on this bill that address problems with special education funding, that remove the foundation aid portions of the bill that Omaha Public Schools opposes and that include some provisions for nondiscrimination for schools that benefit from this aid. But I also want to talk about the greater problem that we're facing in this body. And I'm happy to take every opportunity possible, between now and the end of the session or until we reach a resolution on this problem, to talk about it. By advancing an anti-trans healthcare bill, a bill that takes away essential medical care for some of the most vulnerable people in our state, this body has made its priorities clear that they care more about hate and discrimination than they do about progress, than they do about workforce development, than they do about moving this session forward. And we do not have any serious people at the table willing to find a

resolution to this problem. So what's the outcome right now? There's people in the lobby. There's people in this body, who are saying that the people holding up the session are extremists and that they're bringing an extremist ideology to this Legislature. But I wonder why people like Senator Kauth aren't called extremists. Why aren't all of, all of-- those of you who supported that bill called extremists? You're the ones who, even though you admit you don't like the bill and you don't support the bill, refuse to come off of it. It passed by one vote, one of you, let alone maybe a block of like eight of you, couldn't hang together to prevent LB574 from advancing. You only have yourselves to blame for that. I think that it's a shame how we've seen, in recent years, that it's become so much more increasingly common for politicians to focus on culture war issues to gain political support. Whether that's the kind of culture war-light stuff that we've typically dealt with in the past, that I would categorize as opposition to LGBTQ workplace discrimination or restrictions on abortion care-- not a ban, but just the chipping away that we've had over the last 40 years in this Legislature, to promoting discriminatory policies against certain groups of people. And unfortunately, this approach has become so normalized that many politicians who hold these discriminatory views, who introduced the bill that-- the bills that promote these discriminatory views, they're not seen as extremist. They're not seen as the radicals that they are, as the people stoking these fires and promoting this division that they are. And this is a dangerous trend that has to be stopped. I'm standing on the side of people who say enough is enough with the division. Enough is enough with the discrimination and hatred. Enough is enough with the stoking of fear and anger that's led to violence-- direct violence against the trans community in Nebraska and around the country. I'm standing on the side of people that is standing against the forces that have caused three hospitals in Idaho to stop offering OB-GYN care at all. Hospitals in Idaho, who are saying because of abortion restrictions, we're not even going to do OB-GYN gynecological care. We're not going to deliver babies anymore at all. Very pro-life of you. That's the side that you stand on. The problem with the normalization of extremist views is that it allows these views to spread and become normal and become typical. And then, when somebody finally stands up and puts a stake down in the ground and says, it's not going farther than this, then that person looks extreme. But I maintain me and my, my, you know, comrades in this, my friends, my people who are behind me, we're the normal ones. Trust me. We're reflecting what most Nebraskans think, what most Republicans think, for that matter. And we're reflecting the values that will move this body forward, that will move this legislative session forward, so that

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we can talk about other issues. When politicians promote discriminatory policies, they are legitimizing discrimination. They're legitimizing discriminatory views. By Senator Kathleen Kauth introducing a bill that bans essential healthcare for kids, she's saying discrimination is normal and good and I support it and it should be normal for us to do. And this leads to a ripple effect, across politics, across political bodies, across cities, across the entire country, with more and more people adopting these extremist beliefs without examining them and without examining the effects of those beliefs.

KELLY: One minute.

HUNT: Thank you, Mr. President. And colleagues, that has serious consequences. It has serious consequences for your legislative session and your bills, but it especially has serious consequences when those beliefs are used to justify discrimination and violence. Another problem with the normalization of these extremist views is that they've led to lack of progress on other important issues. When you are all focused on culture wars, focused on critical race theory and trans whatever, and the type of thing that makes people call my office and send me emails calling me a groomer and a pedophile, when you're all focused on making those the focus of this Legislature, you're not focused on the real problems facing your communities. Instead of working on policies that will help create jobs or help lower taxes or help tax equalization and help funding for schools, you're wasting your time promoting hate and discrimination.

KELLY: That's your time, Senator.

HUNT: Thank you, Mr. President.

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

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I stand opposed to Senator Hunt's motion. And I have lots of questions for Senator Sanders and would ask if she would answer some questions on the underlying bill.

KELLY: Senator Sanders, will you yield to some questions?

SANDERS: Yes, I would.

BLOOD: Senator Sanders, I-- I'm looking forward to AM1124 because I think it's going to solve some of the problems that I have questions

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about. So hopefully, Senator Brandt will be coming up on the mike soon. So I'm looking at the Pillen plan and I noticed that it lowers the levy-- levies across the board, but low-levy districts get as much as high-levy districts. Can you explain to me how that's equitable? Am I missing something on that?

SANDERS: Let me get that information for you. And are you talking a certain school district particularly or overall?

BLOOD: It's on multiple school districts.

SANDERS: OK.

BLOOD: So.

SANDERS: Let me get that information for you.

BLOOD: It's on your chart.

SANDERS: OK.

BLOOD: So I note that-- I'm just going to try and kind of do this so you have time to get all the answers. So it draws from foundational aid, if I read this correctly. And so, \$1,500 per student sounds really great. But what about in more rural areas? If a school is just say like, I don't know, eight students, ten students? Isn't that like a huge funding jump? Because we are losing rural students, because we're losing rural families at a very high rate. Is there anything that fixes that?

SANDERS: That's certainly something we can look at, but \$1,500 was a number for each student, no matter rural, city, urban.

BLOOD: But not if they lose those students.

SANDERS: Correct.

BLOOD: So they lose that funding. So how many schools, again, will be losing equalization funding?

SANDERS: Two hundred forty-four school districts.

BLOOD: And then, I got to ask, is the special, is the special ed funding increase to 80 percent, is that to bribe, like, our bigger schools for support in year 3, because it kind of looks like that.

SANDERS: I'm sorry. I can't hear you.

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BLOOD: Is the special ed funding that's increased to 80 percent, is that like meant to, kind of, bribe our bigger schools, in year 3?

SANDERS: I, I, I don't see it as bribe other schools, I see it that we finally can get to at least 80 percent, that-- which approximately 40 percent has been the max of reimbursement for special education.

BLOOD: That's fair. And I'm sorry to put it in such a blunt way, but I thought it'd be easier than beating around the bush. So, so here's one of the concerns I have when I read this bill, Senator. Is like, our Governor has stated multiple times in forums that I've heard, that local control is the reason for excessive general fund levies for our schools. And that to me, I think there's like a little bit of a misunderstanding, when you look at the diversity of our different schools, when it comes to the resources and needs for those particular schools. So say schools that have like \$500K in valuation per students, isn't it going to be hard for them to generate the funds that they need for the resources that they might need for their students, with this bill?

SANDERS: I think it should help them.

BLOOD: In what way?

SANDERS: This, the intent is to help every school and to find out, you know, the TEEOSA formula is what are their resource, what do they need and fill that gap. And this is a great start. I mean, that is the intent of the Governor is to fill that gap.

BLOOD: And, and, and I do understand what the intent is. And I'm not sure we're meeting the intent. So I do look forward to Senator Brandt's amendment, because I feel that by combining those two, all the concerns that I have about L-- your bill, LB583-- I can't see the board. I want to say LB583. I feel like that's going to fill in the gaps, so I'll look forward to the answer for the first question and I do appreciate your time.

KELLY: One minute.

BLOOD: So with that, I would say I definitely have concerns about the underlying bill, not its intent, but I think there's some unanswered questions. I'm hoping we actually do have debate on this bill and we can hear some of the answers on the mike, so they're on record. And I do look forward to, to hearing more about the bill. Thank you, Mr. President.

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KELLY: Thank you, Senator Blood. Senator Briese, you're recognized to speak.

BRIESE: Thank you, Mr. President. Good afternoon, colleagues. I rise in support of LB583 and against motion 680. And I thank Senator Sanders for bringing this. Really appreciate her work on this. And this bill represents-- truly represents a step in the right direction. I think Senator Raybould hit on this last week when she talked about the lack of school funding coming from the state level in Nebraska, suggesting we're 49th in the country in the percentage of K-12 education derived from the state. I don't know if that 49th number is completely accurate anymore, but it's somewhere right in that area, 45th-49th. And that's especially true, this disparity, this discrepancy in funding is especially true in rural Nebraska, where often, less than 10 percent of a school's budget is derived from the state. My home district derives about 6.5 percent of its overall budget from state aid. And I can go the other direction, down the road, six miles from my house. And there's a district that gets, if my numbers are right, eight-tenths of 1 percent of its budget from state aid. And somebody earlier talked about equity and what's equitable. And I'll tell you one thing, getting eight-tenths of your funding-- eight-tenths of 1 percent from your funding from the state, when some urban schools get 50-60 percent, that's not equitable. In fact, that's unconscionable. You know, we talk all the time about reducing property taxes and some insist the way to reduce our overreliance on property taxes is to increase state aid to education. Well, folks, here's our chance to do it. It's time to step up and inject some fairness into how we fund public schools in Nebraska. Nebraskans deserve this bill. Thank you, Mr. President.

KELLY: Thank you, Senator Briese. Senator Linehan, you're recognized to speak.

LINEHAN: Thank you, Mr. President. I rise in support of Senator Sanders' LB583, and against the motion to indefinitely postpone. So I have worked on this since I've been here, school funding. And we always run into this: is it fair? On the 80 percent, we have worked-- Senator Wishart and others have worked on trying to get every child in Nebraska 80 percent of their special ed funding since we've been here. Now, Senator Blood said something about a bribe. It's not a bribe. The reality is, currently under the system, your special ed needs go into the formula. And many of the bigger, more equalized school districts were already at almost 80 percent of special ed needs being paid for by the state. Then you go to the other end of the spectrum to an unequalized, small NRCSA school or STANCE school. They were getting 40

percent of their special ed needs. So I think what we need to do is remember here, we're talking about the students in each school. Is it fair that a student in one school district, that's highly equalized, would get 80 percent of their special ed cost covered and a student in another district will get 40 percent? And the only difference between the needs would be which school district they are in. I don't think that's fair. I have not thought it was fair since I got here. Now, there's been a lot of like, winks and nods about how special ed really works. But when the Governor spent a lot of time with a lot of different school districts and a lot of school board members, they came up with an answer to how to make sure the big schools, the GNSA schools, were treated fairly. And that is why we're going to, in the third year, take-- I don't remember if it was 40 percent or 60 percent of the foundation funding, won't be included in the formula. I'm not thrilled with that. But this package was built so it could get enough votes to pass. There's no way to move us from 49th in the country in state funding, whether it's 47 or 48, whatever it is, up, unless we put more state funding in schools. And just to clarify, because this gets very confusing, ever since I've been here, too many people have liked to use that 48, 47, 49 number as somehow we're not funding our schools. Where we are, per student spending, is 22nd in the country out of 51, because that includes D.C. So we spend-- I just pulled this up off the Department of Ed's website, if I can find it. It's over \$14,000-- it's \$14,123 per student, last school year. Again, let me say it. \$14,123 per student is what we spent. So that puts us at 22nd in the nation, 22nd after New York, they spend more. It also costs a lot more to live there. D.C., they spend more. Again, it costs a lot more to live there. Connecticut spends more, costs a lot more. Most of the states that are above us are in the northeast and then, California. We are not a laggard when it comes to spending in education. So that 49 num-- as Senator Briese said, the only way to move us up that 49 percent is to put more state funding in school. And this isn't just a little dribble. This is over \$300 million--

KELLY: One minute.

LINEHAN: --a year. So three years, that's \$1 billion. And I-- the schools have been in the room since last summer, coming to an agreement. And my understanding-- and I didn't agree to all the agreements. I didn't. But I will support this if it goes with the package. This has to be part of the package and if we tinker with it, the whole house falls apart. Thank you very much, Mr. President.

KELLY: Thank you, Senator. Senator Wayne, you are recognized to speak.

WAYNE: Thank you, Mr. President. Then I guess the whole package might have to fall today. If Nebraska leaders were truly committed to funding education and being equitable and fair, then we have to make sure this bill actually reflects that. See, whether it's our budget or whether it's a money bill, that I call a bill that has a significant A note, that budget or that bill reflects our values. Words on a piece of paper without funding behind them are just that: words. The money we put behind it actually shows us what we're really trying to do and the valuation or the values we have for this state. I know this isn't easy. And Senator Briese and I have had this conversation for seven years now. But at the end of the day, the formula isn't working. At the end of the day, we are picking winners and losers instead of just funding kids. Inequitable school funding is one of the first systematic barriers that young people of color and low-income face in this state. And this bill does nothing to address that. In fact, if you are a majority minority district or you are of high-poverty district, you only get special education funding, especially if you're a equalized school district. So what we're saying is maybe those schools only have special education kids. Some of us have looked at this in depth. And the more I keep looking at it, the more I keep saying-- this is that quiet racism we do, in a body, where we tweak formulas, we tweak situations, but we make sure communities that I represent and others in this community are left behind. OPS educates around 17 percent of the children in Nebraska. They will get 10 percent of funding through this, but that 10 percent is categorized to special education funding, which is a selected few of students. It's not going to every student. What's fair about that? What's equitable about that? We can't have a conversation-- I guess we will have a conversation today, about school funding through the lens of the impoverished communities and the communities that were left behind. We will have a conversation today about how this bill is increasing the systematic racism that exists in our school funding. Study after study, data point after data point shows that the zip code you are born in and the income levels of your parents is one of the number one or number one and two factors to the educational opportunities you have. And there's not somebody in this body that is going to deny that conversation or that data point. Yet, this does nothing to address poverty. Nothing. You looked at the handout that we have and you see 15, 16 different boxes on a pretty piece of paper.

KELLY: One minute.

WAYNE: That tells you how complicated and messed up this formula is. I understand TEEOSA. We're not solving the problem. And to say that this bill has property tax implications is flat out wrong. That's why it's

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a package. But is this bill going to be about funding education or property tax relief? And if you want to call it both, then call it both. But the renters in my district aren't getting property tax relief and they're not getting funded, through this bill, for education. That's a fact. Is that fair? Is that equitable? Some might call it unconscionable. Thank you, Mr. President.

KELLY: Thank you, Senator Wayne. Senator Jacobson, you are recognized to speak.

JACOBSON: Thank you, Mr. President. I do rise in opposition to the motion to indefinitely postpone, in support of LB583. I continue to look across rural Nebraska and really echo the comments of my fellow rural senators, who recognize that, for years, farmers and ranchers predominantly have paid an undue-- due portion of the taxes. And they've also our schools, for them, predominantly, have been grossly underfunded by the state and relied almost entirely by property tax revenues. This is the first step to finally try to rectify that. As you look across rural Nebraska and look in District 42, I believe North Platte Public is the only school in the five counties that is equalized. Every other school is not equalized and consequently, this foundation aid will make a difference. I want to speak particularly about one school district, McPherson County School District, in McPherson County. I want to take you, again give you a little picture of what it's like in McPherson County. Mc-- Tryon, Nebraska, is the county seat in McPherson County. It's a-- it's the county seat because it's the only village in the entire county. The population of, of Tryon is about 92 people. Yes, they do have a school there. And some say, well, why do they need a school there? Well, it's because they have-- I think, the last census they had 52 students, K-12. But yet, you had students traveling 35 miles to get to school and the next closest school was another 35 miles away. Now, let me tell you a little bit about the school building. I've been in it. I invite you to go take a look. Old, old facility, probably built in the thirties. They still use it. They take care of things. They don't have a school lunch program. Fortunately, there's a restaurant across the street, so the kids go over there for lunch, so there's no hot lunch program. But yet, they're proud of their school. They want to be part of their school. And guess what they've been getting in funding-- TEEOSA funding? Last year, their TEEOSA funding was \$6,567. Not per student. No, that's total. That's the total amount of funding they got from the state. Is that equitable? Does that make sense? Run the math on the \$1,500. It's a material change. It's not the \$14,000 that it costs to educate kids. But-- and, and my guess is it could be higher there, certainly. But we've not been equitably treating schools-- rural

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school districts the way they should. This is a great bill. This bill is finally starting to rectify some of those issues. I thank Senator Briese for-- Senator Sanders, for bringing it on behalf of the Governor and for everyone who supported it. I strongly support LB583. Thank you, Mr. President.

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

BRIESE: Thank you. Thank you, Mr. President. Senator Wayne brings up some-- really, some very weighty matters and I do look forward to hearing from him on more of this. But the question becomes, really, has overall funding of public education in Nebraska been adequate? And I would maintain that's been more than adequate. And I, I guess maybe at some point here I'd like to hear from Senator Wayne. I don't understand that, that they actually have a shortfall there, with OPS or anyone else in that area, relative to school funding. Are more dollars needed? Is the T-- is the poverty factor in the TEEOSA formula not taking care of that-- not sufficiently addressing that? So I would like to hear from-- some additional comments from him here, at some point. But I did sit-- I think Senator Sanders and myself sat in a working group late last year, December, probably into January of this year-- a working group dealing with property taxes and education and education funding in Nebraska. And there were many educational interests represented there. And as I recall, there just wasn't much discussion or concern expressed about the overall adequacy of K-12 education in Nebraska. And I was a little bit surprised by that. But, but I think I know why. Somewhere in this pile here, I have a copy of the executive summary of a 2021 study by Rutgers University, titled, The Adequacy and Fairness of State School Finance Systems. In the report, an Institute, Institute within the Graduate School of Education at Rutgers, evaluated the K-12 school finance system of all 50 states. And they-- in that study, they focused on three measures: progressivity, fiscal effort and adequacy. Progressive-- progressivity focuses on whether high-poverty districts receive more. Fiscal effort assesses how much of a state's capacity goes to K-12 education. And adequacy addresses whether a state spends enough to meet its outcome goals. Nebraska school systems were evaluated on these metrics for the '18-19 school year. And on a weighted average of all three of these metrics, Nebraska ranks sixth out of 48 states. On the issue of progressivity, which, again, is how we-- well we target high-poverty districts, we ranked fifth in the country. On the issue of adequacy, which is the extent to which the overall amount of funding is sufficient for students to reach certain-- to reach a certain level of educational outcome, we rank fourth in the country. These numbers

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strongly suggest that overall funding of education in Nebraska is more than adequate. And this-- and the cap we talked about, that someone referred to earlier, still allows funding to maintain at its current levels. It does not impede our ability to educate our kids. And, and this study, I think, calls into question any concerns expressed about how well we finance poverty districts. And again, I'd, I'd like to hear from Senator Wayne on some additional thoughts on that and tell me why and how we-- they are getting shorted there. Because, again, we go back and look at-- I think, I think, according to the numbers, OPS gets 65 percent of its budget paid for by state aid. You know, compare that to my eight-tenths of a percent down the road from my house, in one of the districts or the district that Senator Jacobson was referring to. So folks out in my country think that we are being treated very unfairly when it comes to education funding in Nebraska. Thank you, Mr. President.

KELLY: Thank you, Senator Briese. Senator Raybould, you are recognized to speak.

RAYBOULD: Thank you, Mr. President. You know, as we approach something of this transformative nature, I think it's, it's normal, it's healthy to raise concerns, particularly when it comes to funding high-quality education in each of the communities that we represent. And I apologize to my colleagues if I bring this up again, but I feel like I have a tremendous amount of baggage, have--having served as the Lancaster County Commissioner and certainly, on the Lincoln City Council. I remember the days when the state was committed to providing state aid to cities and counties. I remember the days when the state had to-- committed to fully funding us for all the jail holds we, we had, when we had to retain an inmate, even though he was sentenced to go to the penitentiary. But those days were abruptly gone. You know, they, they said, no, I'm sorry, we can no longer pay the state aid to cities and counties. I'm sorry. We cannot fund you any amount for the jail reimbursements that we owe you, of like, \$5.8 million. But also, when it comes to special education, you know, they committed to funding it, if, if I have the percentage correct, at 40 percent. They never achieved that amount of funding. So I, I look at this bill. I recognize it's transformative. We've heard from so many folks out there that our property taxes-- 62.1 percent of the property taxes in Lancaster County go towards funding our public education, that we're fiercely proud of and the high-quality education. And then, I, I have concerns when I hear Senator Wayne mention that. You know, Omaha is a critical component of our workforce in our state. We all recognize that we need an educated workforce. So I do have concerns about that. And I'm hoping, Senator Briese, will you yield to a question, please?

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

BRIESE: Yes.

RAYBOULD: So, Senator Briese, you heard my anxiety about this bill. Can you tell us a little bit about the safeguards on funding, so that other Legislatures will not tamper with this and will adhere to the, the funding in exchange for a reduction in property taxes, as part of this whole package?

BRIESE: Sure. No, that's a great question. And I'd preface my answer with first saying there's no guarantees in life.

RAYBOULD: OK.

BRIESE: But with that said, I think this is very sustainable and we're going to have a mechanism in place to fairly much ensure that these dollars will be there going forward. I believe it's Senator Clements' bill, in Appropriations. I'm not sure how that is set up necessarily, but we're intending to put \$1 billion into the, into the Education Future Fund. Now, from that Education Future Fund, we're going to be drawing that down to put out-- to make these payments or to invest these dollars, I should say, into public education in Nebraska. While we're doing that, we also have targeted putting in \$250 million per year into that Education Future Fund. So bottom line is we should have \$250 (million) a year going into the fund. And then, the fund will draw interest income, investment income. And the projections are for about \$305 million a year coming out. So you go down six, seven years down the road, go out to 2030, that fund should still have \$500-600 million in it. And so that is how we will essentially guarantee that those dollars should be there long-term.

RAYBOULD: Thank you, Senator. I don't know if I have time to ask you one more question, but is there language in the bill and I apologize. I haven't dug as deep into it as I should. Is there language in the bill that has--

KELLY: One minute.

RAYBOULD: --thank you, Mr. President. Is there language in the bill that has a, a kicker clause, something to the effect that-- Senator Cavanaugh had introduced a couple of amendments that I supported, that would have given that school district, if they have the majority of the school board in support of that or if they're got a petition gatherer-- signature going and that if the majority of the people in that school district voted to go for an increase?

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BRIESE: I'm not sure I understand your question, but I think, I think the answer to your question is, if these dollars would dry up, they'd be-- school districts should be able to access additional dollars through their property tax levy, as per the cap. The cap allows for them to access additional dollars, if these dollars come-- if the state aid dollars come up short.

RAYBOULD: OK. Thank you very much, Senator Briese. Thank you, Mr. President.

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

LINEHAN: Thank you, Mr. President. So I'm going to try and clarify and I might be wrong. I think out of the \$300 million-- \$305-\$307 million of the new funding that this represents for public schools, \$155 million of it goes to the GNSA schools, which would include Lincoln, Omaha, Hastings, all your big, I think, 17 or 18 of them, the big schools. And they will say and they have said since I've been here, they educate 70 percent of the kids. So basically, it kind of goes like this. We educate 70 percent of the kids, so we should get all the money. That's what I've heard for six years. When the school I grew up-- and I'm going to go back to Omaha. I think, in the last few years, they've built two brand new high schools, with swimming pools and all the gadgets. Lincoln, I don't know if they have swimming pools in their new high schools, but they have swimming pools in their high schools. They got two brand new high schools. Bennington's about to build a brand new one. These, these buildings and they should be, it's for children, for students-- though, I will tell you that there's never been a study done that says that the building you go to school in is the most important thing. It needs to be safe. It needs to follow all the codes. But there's no study that says shiny, new, nice buildings improve your scores, improve the education of a child. Where I went to school, Lewiston, Nebraska, they get, they get some option funding. I understand that. Because kids opt in there from Beatrice, but that's-- they get nothing else. They're, they're in a school that replaced the school that burnt down in the 60s, when I was a student there, that was built to be a temporary building. So it is now going to be 70 years old and it's a temporary building. They don't have any swimming pools. They don't have a track. I think maybe they did raise enough money, they might get a track. They play football on dirt. We're talking about schools who have brand new buildings, have swimming pools, have turf football fields, have all the things that make life nice, versus the little schools that are trying to survive. They don't have turf, don't have a practice field, don't have golf,

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don't have tennis, don't have shooting. They have football, basketball, volleyball. I don't even know if-- how many of them have baseball or softball teams anymore. The truth of the matter, is for the last-- I don't know, since I've been here or before I got here, we have been giving almost nothing to the small, rural schools. And they have poor children. You pull up, go to the Nebraska Department of Ed, pull up any school in rural Nebraska and see what the poverty rate is there. They're not getting extra money for poverty kids, because they're not equalized. And finally, before I run out of time here, the larger schools are not going to have to count \$600 of the \$1,500 foundation aid in the formula. That's \$600 for every child in their school, over and above their needs. That's the bargain. GNSA is getting treated very well in this bill. They always get treated very well, because they have the votes on this floor to do it. Thank you, Mr. President.

KELLY: Thank you, Senator Linehan. Senator McKinney, you are recognized to speak.

McKINNEY: Thank you. Mr. President, I rise-- actually, I support the motion to postpone this, because I think this is a great conversation. And I don't support the bill, mainly because I think we have to have an honest conversation about what it is like to live in poverty and going to-- go to a school that is, that is in a historically impoverished community and what that takes. All those kids aren't special ed kids and they don't just need money for special ed. When you have a district that is heavily impoverished, you deal with situations where the classes have 25-plus students or more and sometimes 30-plus. Those are issues that need to be addressed by this state. We have to find a way to provide some funding to decrease our class sizes. This doesn't do that. It doesn't provide the opportunity. And the reason for decreasing our class sizes is because our kids aren't learning like they should. We have too many kids in classes. If one or two act out, that's just the whole school day. It's over. It's not going to work. And then, that's how you get bills about restraining kids and all these other type of things. And we talk about the school to prison pipeline. This is all intersected in this, because we're not providing funding adequately. And yes, I do wish those schools in western Nebraska got more funding so they could provide, you know, more opportunities for those, for those students, because I think it's fair. But I also think it's fair to highlight that the school district that I represent doesn't just have kids and-- kids that need more funding for special ed. We need more funding because our classes are over-- are over capacity in a lot of schools, which means our teachers are overworked, the staff are overworked and

the students aren't learning like they should. So when you get those standard-- standardized test results back every year and you see how the proficiency levels are low and some schools are not performing highly, that is a reflection because the state isn't investing in our schools like they should. And maybe it's on the district, as well, to kind of modernize and kind of make some adjustments, as well. But I think, as a whole, when we think about education, we're stuck in the 1980s, we're stuck in the 60s. The kids are bored, literally. Go to a school. They're bored, because you stick them in a class with this-- all those students. The teachers can't really teach like they need to. And, and I don't even blame the teachers for the problems in our schools, I blame the districts and I blame the state. Because we have to find a way to fund our schools in a way that our students can learn, can learn. And we're not doing that. And just saying we're going to give you \$30 million for special ed students isn't going to do it for me either, because not every kid in my district is in special ed. Our kids like to learn math, English, foreign languages and those type of things, but it's hard to do that when you stick them in classes with 40 kids. I was in classes with that many kids before when I was in high school. You, you there, the teacher is teaching, but the teacher's not really teaching because you might have one or two students who may be-- not paying attention that day. When you grow up in poverty, you don't pay attention a lot, because the outside forces in your community affect the way you learn.

KELLY: One minute.

McKINNEY: So when you talk about poverty, let's dig deep into that. It-- and it's not just about giving money for kids in special ed. We have to give money to districts, so we could-- one of the biggest things I believe that needs to happen is a decrease in our class sizes and finding a way to do it. Thank you.

KELLY: Thank you, Senator McKinney. Senator Wayne, you are recognized to speak.

WAYNE: Thank you, Mr. President. So, Senator Briese, let's talk about funding. Actually, it was Omaha Public Schools, they had to sue the state, in 2-- roughly, around 2002-- it might have been like, '94. I'll get the correct date, actual, of the lawsuit, where the state decided it wasn't going to fund-- adequately fund Omaha Public Schools. Out of that came a settlement. The settlement was tweaks in TEEOSA. So I want you to think about the tweaks we're putting now into TEEOSA, in my opinion, undos the settlement with the state and OP-- Omaha Public Schools. Now, out of TEEOSA, it's always been tweaked.

But I want you to keep that in mind, that there was actually a lawsuit, as an attorney, Senator Briese, and out of that was a settlement to tweak TEEOSA. And the second part of that settlement was the learning community, of which this body dismantled. Dismantled, because outside of Omaha, they didn't want to share, essentially, some tax revenue with students of poverty. The one thing I agree with Senator Linehan on, is there are some schools that have some really nice facilities. Man, let me tell you. My daughter played at a Gretna school. That, that middle school is a campus. A college campus. I will say, Millard does a great job of running all three varsity football and soccer teams through one-- well, their football team, through one facility, one stadium. OPS has some school districts that-- or schools that still share sports, as far as football. That's a local decision. I'm necessarily not saying I'm for it or against it. I did go out and help do a bond to build two new high schools. And they have nice facilities, not as nice as Gretna, but nice facilities. But the one thing I will agree with Senator Linehan on, is if this bill dealt with poverty and special education, I'm for it. I'd probably co-sponsor it. That's not what it does. It throws money at western Nebraska to make us feel good. We're not actually funding kids. We're not actually lowering property taxes. We just want to feel good. I've sat down here for seven years and I've said we should fund every student across the state. I think we should do it a little differently. I think if a school has a 50 percent poverty rate, the dynamics of that school culture changes. That's not Senator Wayne saying that, that is every professional in the, in the institution saying, there is a difference in high-poverty schools which require more resources. This bill doesn't do that. So maybe we don't like the term implicit racism. Maybe we'll call it implicit classism, because it's both. Because we're not helping students of poverty who are our great-- who have the greatest need and this bill, by and large doesn't help students of color. And people say, well, why am I picking this fight? Well, for the last two days, I was running around, as Judiciary Chair, trying to put together packages, since we don't have a lot of time on the floor. But the bigger concern is the overall concern of this entire package and the entire budget. The entire package, all three bills and the entire budget is sending new spend of about \$2.3 billion to western Nebraska. If I get the actual number, it's probably about \$2.7. \$569 million-- actually, it's over 600, if you combine last year, for a canal. I'll support it. But we ask for an investment in east Omaha--

KELLY: One minute.

WAYNE: --of new spend. It's crickets. So, at least, I figured where we could have some common ground is on education. Because no matter where

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that kid lives, I think we want to provide resources. I'm not going to fight about the east Omaha versus the canal. I don't think I'm going to win. But where I think we can have a common ground conversation is funding education for kids, because there are school districts in rural Nebraska that have high poverty. And we should fund them adequately, just like we should fund school districts in east Omaha adequately, adequately, just like we should fund South Sioux City adequately. That's all I'm saying. I'm open to a conversation, but I can't look at all three packages that are sending money out west to rural Nebraska and leaving my community behind, like it's been doing for the last 30 years.

KELLY: That's your time, Senator. Senator Jacobson, you're recognized to speak.

JACOBSON: Thank you, Mr. President. I appreciate Senator Wayne raising the concerns about western Nebraska, because let me tell you how we can fix that problem. I'll tell you how we can fix the problem with having to build more schools and school overcrowding in Omaha. The way you fix it is you start investing in rural Nebraska. And so instead of having all the people looking for quality jobs moving from the western part of the state to the eastern part of the state, they stay in the western part of the state, where we have school capacity. North Platte Public has excess facilities, excess facilities. We've closed schools. We've sold a couple of schools. A couple of Class 1s were sold, aren't even being used for schools. Why? Because we don't need the space. So where are the kids going? Well, I'll take a guess. They're going to Lincoln and Omaha. And then, what are you doing? Building Taj Mahal new schools. That's where your people are going. People talk about we're, we're going to go build a sewer for Sarpy County. That's great. That's great. You got all this big job growth. My question is, where the-- who's going to, who's going to fill those jobs? Where are they going to come from? Senator Walz had a map that she brought to one of the committees I serve on. And she had the map and it showed a great story or at least some truth. It showed all of the counties in Nebraska that had population loss in the last 10 years. And it showed the counties that had population growth. You have to start at Kearney, narrowly go down the interstate to Grand Island and then that fans out as you get to eastern Nebraska. The western two-thirds of the state continues to shrink. Why does it shrink? We've got the Interstate 80, running down through the middle of the state. It shrinks because we don't have the high-quality jobs, we don't have the high-quality benefits. And, and you know what? When you, when you create jobs with good benefits and good salaries, you attract people. When you [INAUDIBLE] more population, guess what? You get more retail, you get

better, better infrastructure and it continues to feed on itself. Look what's happened with Grand Island. OK. Grand Island used to not be an, an M-- an MSA. They are today. Part of it was when they got the state fairgrounds moved there. As we saw more things coming to Grand Island, guess what? They grew. Look at Kearney. Look at the growth in Kearney. Slowly, we're seeing some of this happen. And I-- and I'll tell you what, I'm absolutely committed, we're going to see the same thing in North Platte and ultimately, needs to do the same thing in Scottsbluff and Gering. We need to not forget that we've got regional trade centers across this state. And if we properly put infrastructure there and if we create good jobs and don't just think beyond Lincoln and Omaha and think beyond that, guess what? There will be more kids there, as well. And they won't be moving to the eastern part of the state. Their parents won't be moving there, taking the kids with them and you got to build new schools there. That's a big part of the problem. And I can tell you, you're going to hear about that all the time I'm here in the Legislature, about things we need to do to make the right investments in the right places, so that we stop some of this overpopulation in the schools and in the cities themselves and we better disperse the population throughout the state. Wyoming kind of has it down. When you look at Wyoming, the state of Wyoming, you look at where their state capital is, in Cheyenne. Where's their state university? It's in Laramie. When you look at where are their state offices, they're in Casper. They don't have everything concentrated in Cheyenne. They scatter it throughout the state. That's a pretty good model that we should look at, here in Nebraska, as well. So that would also solve some of the problems that are out there and some of you should think about when you start thinking about making investments in infrastructure. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. President. Colleagues, I wonder if Senator Sanders would yield to a question. I'll telepath it while I'm waiting. I was going to ask if you would explain how the amend-- what is different from the amendment from the underlying bill?

KELLY: Senator Sanders, will you yield a question?

SANDERS: Yes. If-- I don't have my notes for that in front of me, but I believe it is the report mechanism, which is annually they need to report on how the money was spent, how much they received [INAUDIBLE].

M. CAVANAUGH: This is the school districts or whose--

SANDERS: Yes.

M. CAVANAUGH: --OK.

SANDERS: Yes.

M. CAVANAUGH: An ann-- so an annual report from the school districts on--

SANDERS: To the Legislature, to the committee of-- the Chairman of Education and to the Governor.

M. CAVANAUGH: --OK. That's the main difference between the committee amendment and the underlying bill?

SANDERS: And I believe the 80 percent special education is in that, as well.

M. CAVANAUGH: OK. So the 80 percent special education is what's part of the committee amendment and the special education-- so are you adding special education to the TEEOSA formula?

SANDERS: Special education has always been part of that, but the reimbursement has only been as high as 40 percent, so we're saying now, 80 percent. And we'll be sure to make that whole, through either federal and state funding.

M. CAVANAUGH: So-- and is this-- the way that the amendment is written, is that per-- is that a permanent change to TEEOSA?

SANDERS: Yes.

M. CAVANAUGH: It's not just for the next biennium.

SANDERS: Correct. It changes how it's calculated in the third year, for the reimbursement portion, but it is 80 percent.

M. CAVANAUGH: OK. So right now, special ed is reimbursed at 40 percent through TEEOSA?

SANDERS: No, that's through the federal government. And then, we make up the difference.

M. CAVANAUGH: We make up the 60 percent.

SANDERS: The schools have to make up that difference.

M. CAVANAUGH: And they get that funding outside of TEEOSA?

SANDERS: From their, from their general fund.

M. CAVANAUGH: OK. So this-- is the schools use their, their 60 percent funding, matching the federal 40 percent, from their general funds. So now, this is putting 80 percent funding--

SANDERS: In the formula-- inside the formula.

M. CAVANAUGH: --inside the formula. And is part of that federal matching?

SANDERS: I think it changes every year, of what the federal reimburses. But the schools have had to use their general fund to make up that difference, because they still need to see those kids, whether they get 40 percent reimbursement or 20 percent.

M. CAVANAUGH: So this assumes-- this change assumes that the federal government will be matching 20 percent as opposed to the current 40 percent?

SANDERS: We hope to get more from the federal government. It's not written in stone, but if the federal government gives us X, we make sure it's whole at, at 80 percent. TEEOSA or this formula will pay 100 percent of the 80 percent.

M. CAVANAUGH: OK.

SANDERS: So whoever-- whatever is coming from the federal, we make up that difference.

M. CAVANAUGH: So how much state aid currently goes to special ed reimbursement?

SANDERS: I don't have that number with me, but I'll, I'll get that for you.

M. CAVANAUGH: OK. But there is state aid that goes to special ed reimbursement.

SANDERS: Right.

M. CAVANAUGH: So there's already a state aid-- we've got the 40 percent federal and then there's the remaining 60 percent. Of that 60 percent, part of that is state aid.

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KELLY: One minute.

M. CAVANAUGH: Correct? And is that state aid for special education in the current TEEOSA formula or is that state aid for special education outside of TEEOSA?

SANDERS: Depends on the school, but outside.

M. CAVANAUGH: So this--

SANDERS: There are some schools that are inside the formula, but I'll-- let me look at that--

M. CAVANAUGH: OK.

SANDERS: --Senator Cavanaugh, and make sure I have those numbers accurately.

M. CAVANAUGH: OK. Thank you. I appreciate that. And I think we're about out of time, so I'll yield the remainder of my time. Thank you.

KELLY: Thank you, Senators Sanders and Cavanaugh. Senator Wayne, you're recognized to speak and this is your third opportunity.

WAYNE: Thank you. I miss talking on this mike. Thank you, Mr. President. So, Senator Jacobson, I agree with you. We don't invest in rural Nebraska. In fact, I would arguably say on individual bills, not overall property tax and income tax, I've probably done more for western Nebraska than most western Nebraska senators, because investment take-- costs money. And most people in rural Nebraska don't want to invest money. For example, inland ports and rail spurs were two bills that I worked heavily on. And I'll never forget, Senator Moser stood up and said-- I asked a question on the mike, and he asked me, why are you doing this for everywhere else but Omaha? And I was like, why not? I think we need to have it. But the reality is, I know I can't pass anything for east Omaha unless it first passes in rural Nebraska. Because it's easier for me to say, hey, it works out there in rural, it might work in my community, too. If you're at LB445, inland ports, we're trying to put money into that fund. Because we mainly have a main line and you know this, Senator Jacobson, from North Platte, that runs through our state. And the problem is we have a lot of towns and villages on this main line. And if any industry wants to go there, they have to have two power switches installed to get in and off the main line. That's about a \$5 million investment. To your point, why, why, as a company, invest in Ogallala, Kimball, I can keep going on-- Paxton, when I can go to Grand Island or Lincoln or

Omaha and get a warehouse that has rail access without the extra \$5 million spend? But I'm pretty sure that won't be in the appropriations budget, because it costs money. I'm sure we'll do a little bit on rural workforce housing in, in, in rural-- in the budget, but not what we can really do. I have a bill, LB474, that invests in-- about \$35 million in completely rural: Nebraska City, Fort Robinson, out by Chadron and up in the Niobrara area. I'm pretty sure that will be a uphill battle to get that passed. But that creates tourism, jobs and economic development. It isn't that we don't want to invest. We do. But oftentimes, spending money, we don't like to do in this body, as one-time investments. Now back to the topic at hand of education funding. I don't think you can historically not fund certain parts of Nebraska and then when it comes time to \$1 billion investment, say, we're just going to give you a little bit. I'm not trying to make up for all the wrongs, I'm just saying let's invest so that it makes sense. And what makes sense is investing in poverty. That's across the board. There are rural students who are in poverty. I would submit probably more on a per school basis, when you look at rural Nebraska and many of the families out there. That makes sense to me. But just throwing money doesn't make sense. And I'll give you why it doesn't make sense. Omaha gets 30-- Omaha Public Schools, under this formula will get \$30 million a year. And we're going to get-- when we get to the rest of this bill, of how this bill is just buying off certain districts and doesn't technically work. But Westside gets \$11 million per year. They have 6,000 students. Bellevue has triple that amount and they get \$10 million. Millard has four times that amount and they get \$11 million.

KELLY: One minute.

WAYNE: That doesn't make sense. The formula doesn't make sense when you talk about adequately funding. I agree with you, Senator Briese. Our current formula does not fund rural Nebraska the way it should. But just throwing money at the problem, as you always told me, isn't the solution either. So let's fix the formula. Let's run it with an amendment for poverty allowance and increasing more money for poverty or we throw out TEEOSA all together and start all over. That may be too much for this year, but at least make the funding make sense, because right now, it doesn't. OPS has 10 times that amount, but only gets triple the amount of funding. It just-- the math doesn't make sense. So let's do something that makes sense and I'm willing to work with you on that. Thank you, Mr. President.

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

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McKINNEY: Thank you, Mr. President. I rise again. And it's been some interesting comments made about why people are leaving western Nebraska to eastern Nebraska. I'll say one is don't have a state slogan, Nebraska isn't for everybody. That's bad. Two, also go back to probably about 20 or more years ago and use a prison as economic development in western Nebraska. And that's not working because Tecumseh is not working. The issue with the state-- our state, is that we're stuck in the dark ages, in our education system, in how we invest across the state. We have to become more open-minded and innovative. And a lot of the topics that we have discussed this year are running people away from our state, if we're going to be honest. So if we're really going to have an honest conversation about why the state isn't growing or why certain populations are going to another part of the state, it's because we're not innovating as a state. It, it can't just be come to the Legislature and just-- let's just get property tax relief. Let's talk about what are some innovative things that we could do in western Nebraska to grow the state that's not a lake. How much economic development are you going to get from a lake? Or investing \$500 million into a canal that's going to be in the courts for probably ten years? How much investment is that really? We need to invest in people across this state. We also need to invest in our kids equitably across this state. We don't need equal. Equal doesn't work because equal ignores a lot of things. Everybody's life experience isn't equal. We have kids in western Nebraska that are living in poverty and we have kids in eastern Nebraska that are living in poverty. But if we treat them as equal, you ignore that completely, because we need equat-- equitable funding for kids across the state to address those needs in those schools. Because a kid that's living in poverty, when they go to school, doesn't learn at the same level as a kid that's not living in poverty. There are stressors that you deal with living in poverty. Just imagine being poor and your, your, your washer is broke or something and you got to wear dirty clothes to school. That affects your educational outcome. Imagine going to a school and what-- you missed the bus because your parents don't have transportation. So you had to sit in the snow all morning and when you get to school, your feet are frozen. How are you going to focus on school? If you go to sleep hungry at night, how are you going to focus on school? So treating people equal sounds good. Equality before the law. We need equity before the law. That's what we really need. Because until we figure out the school finance system in an equitable way, no matter the year and what-- after all, all of us are gone, people are going to come here and say we're not funding schools properly across the state. There are strong arguments that schools in western Nebraska definitely need more funding and help from the state

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and I'll agree. And I wouldn't argue against that. I'm just saying kids in my district aren't just special ed students. That is the issue. You're putting \$30 million into special ed, which is great because it's needed, because there are a lot of kids that deal with special needs that need help and assistance. But that's not all of the students. I, I-- I'm going to try to find a percentage of students in OPS that are in special ed. But the thing is, we have to look at poverty and we have to dig deep into poverty to fully understand poverty.

KELLY: One minute.

McKINNEY: That's all we're saying. So when you talk about people are leaving western Nebraska to go to these districts and they're building these elaborate schools, let's talk about how the way we market our state and the way we invest within this state is the biggest issue of why people are leaving, not even just western Nebraska, leaving the state, period. That is the issue that we're-- that's the elephant in the room, how we market our state and what we say our values are. And that is the biggest problem. Thank you.

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

WALZ: Thank you, Mr. President. I stand in favor of LB583. However, I, I do think that there is something that we need to talk about when it comes to poverty. I am very much in favor and support the investments that's being made in education in special funding. I also appreciate the fact that stakeholders were brought together to discuss school funding. That's something that's new and very much appreciated. I do think that Senator Wayne and Senator McKinney make good points regarding poverty. I introduced a bill, this year, actually. It was LB522, which would change the poverty allowance from 1 to 1.33. So a student would-- a student who was counted as one, would increase to be counted as 1.33. And that increase would take into account additional personnel and resources and programs that are needed in high-poverty schools. Senator Linehan, we talked a lot over the interim. We had a TEEOSA study over the interim and talked a lot about poverty. And Senator Linehan, that was one of the things that she really pointed out that she felt was important. She had an idea during the-- I think it was our hearing, the hearing that I had, regarding a change in poverty. So I'm just going to ask Senator Linehan to yield to a question.

KELLY: Senator Linehan, will you yield?

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LINEHAN: Yes, certainly.

WALZ: Thank you, Senator Linehan. Could you explain your idea regarding poverty and the percentages?

LINEHAN: So I don't have the TEEOSA formula in front of me, for-- but from memory, we start, if you have like, 5 percent poverty, you get X number of dollars more per kid. And it goes up. So if you have 5 percent, you get less than if you have 10 percent. And then, at 10-- you get more at 15 percent, 20 percent, 25 percent, but it stops at 30 percent. So if you're at 30 percent poverty, that's as high as we go. And whereas, when TEEOSA was probably put together, I don't know this for certain, I'm assuming 30 percent poverty in a school was probably considered high. Now, you have several schools, OPS, Omaha Public Schools, Lexington, South Sioux City, Hastings, where they're well over 50 percent. And as Senator McKinney said and I think, Senator Wayne's message is, too, when you get over 50 percent, you have a different situation than one at 30 percent. Because when you get over 50 percent, that means you've got lots of children who don't have books in their home or as many books as others, it means you have fewer two-parent families, more than likely. It means that my best friend's not going to the zoo any more often than I go to the zoo. There's just not enough of the middle-income, upper-income people to balance out what kids who are in schools with 70-80 percent poverty are facing. So I think we should move that number up from 30 percent. I thought-- and we talked about doing that last summer and I still think that's something we could do in the future.

WALZ: Thank you, Senator Linehan. Senator Briese, would you yield to a quick question?

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

BRIESE: Yes.

WALZ: Senator Briese, thank you. You were in all the conversations regarding the school funding plan, over the summer.

BRIESE: Yes.

WALZ: The Pillen plan, I guess, is what I want to say. LB583.

BRIESE: Yes, I was, I was there.

WALZ: Do you-- did you-- do you recall discussing the poverty allowance or any-- was there any--

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BRIESE: Yes. The conversation that you and Senator Linehan just had, that rang a bell. Yes. I, I heard some of that. Yes.

WALZ: OK.

KELLY: One minute.

WALZ: All right. Thank you, Senator Briese. I guess all I want to say is that, again, I, I do appreciate the investment that we're making in education. I do appreciate the investment that we're making in special education. I do think that Senator Wayne and Senator McKinney have good points. And I do think that there are some things that we could do to address how we weigh poverty in this school funding plan. Thank you, Mr. President.

KELLY: Thank you, Senator Walz. Senator Machaela Cavanaugh, you are recognized to speak.

M. CAVANAUGH: Thank you, Mr. President. Colleagues, I'm just-- I'm trying to figure this out. And it's obviously a complicated issue and I'm a little thrown for a loop on the special ed being in the amendment. And so, trying to just kind of understand our special ed funding a little bit better. And I wonder, Senator Walz, could I ask you to yield to a question?

KELLY: Senator Walz, will you yield to a question?

WALZ: I will try. Yes.

M. CAVANAUGH: Oh, I bet you'll succeed. You are very well-versed in these issues. Can you explain to me how TEEOSA-- how special ed currently works in school funding? I hon-- like, I genuinely am not clear on how we include-- is it inside the TEEOSA formula? Is it outside the TEEOSA formula?

WALZ: It is inside the TEEOSA formula, currently.

M. CAVANAUGH: Currently.

WALZ: Yes.

M. CAVANAUGH: OK. And what percent of special ed is funded through TEEOSA?

WALZ: Forty-three percent.

M. CAVANAUGH: And then--

WALZ: 43.

M. CAVANAUGH: --and then 40 percent is at federal match or federal funding and then local funding. I'm seeing, I'm seeing head shakes back behind the glass. It might not be talking-- might not be shaking at us but-- do you know?

WALZ: I don't know. Senator Linehan might know--

M. CAVANAUGH: Oh, OK.

WALZ: --the answer to that.

M. CAVANAUGH: Senator Linehan, would you yield to a question?

LINEHAN: Yes. Yes.

M. CAVANAUGH: We're, we're switching chairs.

ARCH: Senator Linehan, will you yield?

LINEHAN: Certainly.

M. CAVANAUGH: Thank you. Sorry to put you both on the spot. Could, could you explain to me how we currently fund special ed?

LINEHAN: Right. And Senator Walz knows this. She's just nervous. You caught her off guard.

M. CAVANAUGH: You know, I make her nervous.

LINEHAN: I know she knows this. So outside-- the state, with-- along with the federal money, covers somewhere between 40-45 percent.

M. CAVANAUGH: Both together.

LINEHAN: Both together.

M. CAVANAUGH: OK.

LINEHAN: OK. But your special ed costs goes into your needs.

M. CAVANAUGH: OK.

LINEHAN: So when we do the basics of the formula, resources minus needs, if this is a negative down here, you get equalization aid.

M. CAVANAUGH: OK.

LINEHAN: So a lot of the bigger schools get almost 80 percent now, because it's in their needs. So they get the 40-45 percent plus-- it's in their needs, so they get-- now, every school is a little different, because their needs are a little different. Right? So what this bill does is make sure every school is getting 80 percent, whether they're equalized or not equalized. And then the foundation aid, the money that's going to go outside of the formula, in the third year, would-- that is not counted inside the formula. So that's \$600 for every student in the third year. The reason it doesn't come into play until the third year is because they do get the equalization aid for their needs, the big schools, but they have to wait two years.

M. CAVANAUGH: OK.

LINEHAN: So if we didn't do anything else and we just said, OK, everybody gets 80 percent, they would get two years earlier than what they get it now. But then there's this cliff effect, which the big schools don't want to put up with and I don't blame them. So that's why we had to-- why the bill pulls out some of the foundation aid and doesn't include it in the resources, so that GNSA schools are kept whole.

M. CAVANAUGH: OK. I think I'm starting to understand. Thank you--

LINEHAN: Thank you.

M. CAVANAUGH: --Senator Linehan and Senator Walz. How much time do I have left?

ARCH: 1:19.

M. CAVANAUGH: Senator Wayne, would you yield to a question?

ARCH: Senator Wayne, will you yield?

WAYNE: Yes.

M. CAVANAUGH: Thank you, Senator Wayne. OK. So I think I'm starting to understand the special education formula part of this, but you're talking about some disparity-- economic disparities and I'm not-- I don't see yet--

ARCH: One minute.

M. CAVANAUGH: --how that piece fits into the puzzle.

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WAYNE: So what I'm speaking of is outside of the bill itself. But if you want to spend time talking about special education formula inside this bill, I will tell you, that doesn't work either. And even the, the bill itself recognizes, on year three, how we're funding special education in the formula causes a problem, so we're just going to mysteriously and magically take it back outside the formula so nobody loses money.

M. CAVANAUGH: OK. Great. Now I'm more confused, but--

WAYNE: Correct.

M. CAVANAUGH: --I appreciate that confusion. And I might ask you if you would yield to questions on my next go-round, if that's OK.

WAYNE: Yeah. Thank you.

M. CAVANAUGH: Thank you.

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

McKINNEY: Thank you, Mr. Speaker.

ARCH: And this is, this is your last opportunity.

McKINNEY: I yield, I yield my time to Senator Wayne.

ARCH: Senator Wayne, 4:50.

WAYNE: Thank you, Senator McKinney. And thank you, Mr. President. So the one thing about technology is I, I keep all the stuff I've ever done somewhere. I actually have a scrapbook that-- I'm going to share a poem with you guys if we ever get to my PTSD bill, when I wrote when I was in eighth grade and my handwriting was really bad. And it still is bad. But I went back and I was looking at the learning community. That was the first elected office I was ever on. I got elected to that, but it was passed in 2005, as part of the negotiations that ended the settlement around this funding problem. And it was to kind of help oversee the public school districts in Douglas and Sarpy County, but the purpose of it really was to try to figure out how to fund those schools more equitable. And by year two, I knew-- I didn't want to be on the learning community, because this Legislature had stripped away all the power that it had to make a difference inside of Omaha Public Schools, over the idea of taxation without representation. And what it simply did was put all of the funding, from each local school district, into a formula that kicked it back

out based off of a pretty much-- not as complicated a formula as we have in TEEOSA. So for some reason, we have no problem with TEEOSA, but we always had a problem with the, the learning community kind of blending these, these things. Now there's-- the learning community had its own problems. But I guess my point in saying that is, is every time there was a bill to help students in North Omaha, it somehow, years later, the-- when it involved funding, we got to figure out how to, how to take that away. And it got to a point that-- everybody recalls the "one city, one school" district. That's part of what the learning community came out of. And I went back and pulled the Lincoln Journal Star article. And it talked about six [SIC] miles down the road, this was in 2007, this one school-- "one city, one school" debate. And in this article, it was talking about \$5 billion in property tax evaluation that was part of this debate. The reason why that's important is because OPS and the dynamics of school in Omaha and funding in Omaha has, historically, left out the inner city. See, one city, one school district dated back to 1891. As O-- the city of Omaha annexed more areas, it just automatically assumed their school system. Well, in 1947, Westside didn't like that area. It was the city or village of Loveland and the school district of Loveland and another one. And, and they were one of the richer communities. And, and they didn't like the idea of Central and Tech High being a part of their, their high school system or them-- they having to go with some kids who might have looked a little black and brown. And if people don't believe me, you can read the debate on Senator John Cavanaugh's-- or committee hearing on John Cavanaugh, who introduced a bill to get rid of some of the language that's still found in deeds, not allowing people who are black and brown to even buy or rent homes in that area. But OPS tried to take over to help out with their funding. Even then, the Legislature stepped in and said, hey, we don't like that idea, because we want school choice. And everybody knows I'm in favor of it. But at the end of the day, we want to make sure that our choices are limited to what this school-- or what this Legislature says is good. And historically, we have never funded what's good. So the poverty allowance, yes, the percentage is capped at 30 percent.

KELLY: One minute.

WAYNE: So some of your most poorest school districts, who have high poverty, are getting the same as those school districts that have 30 percent. Even if that school has 80 percent poverty, we're not providing any more resources under the poverty allowance, except for those that are capped. You only get 30 percent. How does that make any sense? And everybody knows we have to fix it. But you know what I was told? Wait till next year. That's what I was literally told. Wait till

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next year. But by golly, we're going to build a canal that will be litigated for five years before we even turn a shovel. Maybe we should wait till next year to invest in that. I'm going to talk about Senator McDonnell's bill that was in front of Transportation, talking about allocations of, of state funding for highways and bridges.

ARCH: Time, Senator.

WAYNE: That'll be fun. Thank you, Mr. President.

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

DeBOER: Thank you, Mr. President. I'm actually curious what Senator Wayne was going to say about Senator McDonnell's bill, so I will yield him my time.

ARCH: Senator Wayne, 4:50.

WAYNE: Thank you, Senator-- Mr. President and Senator DeBoer. So, LB645 is a bill introduced by Senator McDonnell that went in front of Transportation. And it, and it did something very interesting. It said, we're going to take the money in the counties that it was collected in and we're going to let you build your highways and bridges in those counties. Only 90 percent, not even all of it, just 90 percent. I guarantee you that will not come out of committee. And I guarantee you there was tons of opposition. Because a lot of the money that is used to build highways and bridges come from the use tax and sales tax and gas tax in Omaha and Lincoln, to a point of-- many of them would lose around-- almost a half a million dollars in revenue. Eighty-four counties, according to the fiscal note, would receive an average or 16 percent less. Here we are again sending money to western Nebraska, rural Nebraska. We introduce a bill to say, hey, let us have some of-- this isn't fair. This isn't equitable. Unconscionable, as Senator Briese said. But [INAUDIBLE] he's going to stand up and say, hey, let's make sure we adequately fund who's paying for things in Douglas County. We can go back and point, and maybe this is the time for me to do it, how many times we're sending money other places. For example, another one, federally-- kind of helps you out with this one. But we spent how much, 8 hours on a broadband bridge coordinator officer. And all we heard about was rural Nebraska. Well, we have underserved communities in Omaha. So how about we peel off \$20 million for east Omaha, \$30 million for east Omaha? Let's see how that goes. Because that allocation was based off of population, based off of our state overall needs and incomes. That's how that was appropriated to each state. Where's our largest population? Where is our most

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underserved areas of broadband? But I'm not arguing about any of that money coming to Douglas County, Lancaster County, that are underserved. Do we really want to have the conversation about what our budget looks like if we break it up by congressional districts? Our budget, for those who are watching at home who don't understand, we collect zero property taxes. Let me repeat that. Zero. The state doesn't collect any. Our budget comes from sales, income tax and we'll call other streams of fund, like the federal government. If you break it down by county, I can comfortably say Douglas County alone is 30 percent of our budget. If I add in Sarpy County, we're up a little higher. Do you think 30 percent of our budget-- our new spend. We ain't even got to talk about our budget, our new spend is going to Omaha. My community pays taxes. If you listen to the epic tax, we're the one who's going to benefit the most because we're the most paying sales taxes of the regression tax. Where's that conversation, Senator Briese? Where's that conversation, Senator Linehan? Where, where are those?

ARCH: One minute.

WAYNE: So again, I'm looking at the three bills in the package and I'm looking at the preliminary budget and I'm saying east Omaha is being left behind. There are other communities that might be being left behind. I just don't have the time and bandwidth to fight them all. So I didn't argue about income tax. I didn't argue about property tax. I am arguing on the funding of education, because I feel like that's probably the only area we're going to be able to agree on. We voted down the renters getting some property tax. We voted down the middle income getting more of a tax break. So I'm hoping this is the one area we can come to some kind of a consensus on. Thank you, Mr. President.

ARCH: Senator Machaela Cavanaugh, you're recognized to speak. This is your last opportunity.

M. CAVANAUGH: Thank you, Mr. President. Senator Wayne, would you yield to a question?

ARCH: Senator Wayne, will you yield?

WAYNE: Yes.

M. CAVANAUGH: Thank you, Senator Wayne. OK, so we started talking about how special education is funded through this, but that wasn't really the crux of, of your concern. And I know you were talking about your concern, but I kind of wanted to get back to just our back and

forth about it. So we've got the special education is one piece, which is confusing, but I think I'm starting to understand. But your concern with this package is that we are not taking into account, is it the needs-- I mean, I'm not going to use the right terms. I'll let you say what the terms, terms are.

WAYNE: We are, we are not-- yes, the needs. We're, we're just doing a, a per student basis, regardless of those needs, just to say that we funded something in, in rural.

M. CAVANAUGH: OK. And that's resulting in underfunding in, in areas that have a greater need.

WAYNE: I don't know. It's not underfunding. What it's a-- resulting is, is we're not concentrating dollars to those who need it the most--

M. CAVANAUGH: OK.

WAYNE: --I'll say resources, to those who need it the most.

M. CAVANAUGH: OK.

WAYNE: And that's not a Omaha thing.

M. CAVANAUGH: No, yeah.

WAYNE: It's also rural.

M. CAVANAUGH: Yeah, that, that makes sense. Is there a way to solve for that?

WAYNE: Well, there's, there's a way. I think you can blow up TEEOSA and start all over, but that's too complicated for some people.

M. CAVANAUGH: Hey, I, I mean, I tried to do the consumption tax today, so I'm here for all options.

WAYNE: So I think the simple answer is and if anybody has seen this handy-dandy handout, it's super complicated. But I think the short fix is the poverty allowance cap. And I think we, we have to either remove that cap or bump it up significantly. So Schuyler, Nebraska is, is, is not being locked in at 30 percent if they have 42 percent poverty, OPS isn't being locked in at 30 percent if they have 80 percent poverty. Like, at the end of the day, those students who are coming from those backgrounds, we understand that we have to provide more and better resources across the state, not just in Omaha.

M. CAVANAUGH: So it's capping at 30 percent?

WAYNE: Correct.

M. CAVANAUGH: Regardless. OK. Well, that is helpful clarity there. So Omaha, like you just said, if they have 80 percent poverty, they're still capped at 30 percent.

WAYNE: Omaha gets the same cap as Lincoln, and Omaha has about 1.5 times the rate of poverty.

M. CAVANAUGH: OK. That's kind of a big problem. Thank you.

WAYNE: Correct.

M. CAVANAUGH: Thank you for bringing it up. Would you like the remainder of my time?

WAYNE: Sure.

M. CAVANAUGH: OK. I yield the remainder of my time to Senator Wayne.

ARCH: 2:13.

WAYNE: Thank you, Mr. President. And thank you, Senator Cavanaugh-- Machaela Cavanaugh. I forgot we have two, sometimes, so I have to make sure I say the right name. Again, I don't have an overall issue with, with what we're doing, it's the approach. It's, it's the approach. If we're just going to throw money at students-- and, and understand-- look at the bills that I've introduced on this. I believe in foundation aid, but if we only have a finite amount of resources is what I'm hearing, that we, we have to put \$1 billion in this magical cash reserve fund, then let's make sure we're making the right investment in poverty, not just throwing dollars or maybe it's a split. Maybe-- I don't know what it looks like. And understand, as long as there's fine-- foundational aid, OPS is still going to be against it. I'm not doing this based off of OPS. There's tons of bills that OPS and I don't agree on and that's one of those principles. I am OK with foundational-- foundation aid, because-- and the issue is when I was on the school board, every year there was a deficit. They-- the state, us, in this body, would cut education. That was the argument. Now that I'm down here a little bit more--

ARCH: One minute.

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WAYNE: --I can see I might not have been always led to the light. but what I am saying is I'm OK with it being in our general fund. And I'm OK with foundation aid being in there. But if we have \$300 million per year, let's get our best bang for our buck. And that's not throwing dollars at every student, that's throwing at where it should be used the most. And those school districts are still going to benefit. But if we mysteriously don't put \$1 billion aside in this mysterious cash reserve, we could probably do a lot more for every student. That's all I'm saying and that's my overall objection. But if you haven't looked at this TEEOSA formula, please do. And now you understand why it is so unnecessarily complicated. No formula should be this complicated. Even if you were an economist, you would say there's an easier way of doing this. And you typically, as economists, love formulas. Thank you, Mr. President.

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

DeBOER: Thank you, Mr. President. I wonder if Senator Wayne would yield to some questions.

ARCH: Senator Wayne, will you yield?

WAYNE: Yes.

DeBOER: Senator Wayne, let's see if we can distill this down to, kind of, the core message here. The core message I understand you saying is that the proposal which we have in front of us, LB583, today, gets money out to rural Nebraska through two mechanisms, one, through foundation aid; and two, through this increase in special education reimbursement. Am I right so far?

WAYNE: I would say one and a half. It gets money out per student, but the special education is-- it's a lie, in, in this sense. I don't know how else to say it. I'm sorry. I, I know this is not what Senator Sanders wants me to say, but it-- because it's-- I don't know how to say it. After two years, it goes back outside the formula. So we're just-- we're putting it in there to make people happy. And then, the third year is to keep them happy. So--

DeBOER: Senator Wayne, I think the, the special education doesn't go outside the formula. I think, if I understand correctly, it's the foundation aid that goes 40 percent outside of the formula, after two years.

WAYNE: I don't know which amendment it is right now, but I'll-- you might be right.

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DeBOER: OK. So-- but the concern is, that I understand-- so those are-- two or one and a half, however you want to count it, for-- sources of funding for the rural areas or the unequalized school districts.

WAYNE: Correct.

DeBOER: Which are not necessarily the same thing.

WAYNE: Correct.

DeBOER: OK. What sources of funding are there for the equalized, which includes OPS and LPS and some of the other big schools in the urban areas, what sources of funding are there in this bill?

WAYNE: So--

DeBOER: New, new funding.

WAYNE: There, there-- two of the-- new funding is just the special education funding increase. They're still getting the, the \$1,500, but it's being deducted as part of their current resource.

DeBOER: So they're-- so the new funding that is coming to the urban areas, because they are the equalized schools, is through the special education. So your objection is to say that we can better tailor new funding to a variety of different schools by looking not just at special education, but also at this poverty allowance. Is that correct?

WAYNE: Yes. I'm saying besides the \$1,500, we should swap that out with the poverty allowance if-- the special education, that's a whole separate conversation. That's a little more complicated.

DeBOER: OK. So by changing the poverty allowance, let's talk about this for a second. If you have poverty at 30 percent and you have poverty at 80 percent. Is it a 1 to 1 increase, like more poverty equals the same amount more to, to educate those folks?

WAYNE: That I don't know. I'm going to take a book out of Senator Linehan's. Let's adopt the amendment and see what the fiscal note looks like.

DeBOER: OK. Well, I wasn't, I wasn't--

WAYNE: That was a brilliant move.

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DeBOER: --I wasn't talking exactly like that. I'm saying this. I have been told that as you get more and more concentrated in your poverty, it's not just a little bit more expensive.

WAYNE: Correct.

DeBOER: It in fact, goes up much more swiftly--

WAYNE: Yeah.

DeBOER: --so that if you have 30 percent poverty, it's not 30 percent more expensive than a baseline. And if you have 80 percent poverty, it's 80 percent. No, that's not it. It would be much more expensive if you have that concentrated poverty. Is that your understanding?

WAYNE: Yes, that's my understanding.

DeBOER: So when we, in TEEOSA, have the cap at 30 percent, the problem is that we're actually not recognizing the most concentrated poverty, which is the most expensive. Is that right?

WAYNE: Yes. But weirdly, our highest, highest population, because of all the additional services that we get federally, we actually fund that small percentage piece--

ARCH: One minute.

WAYNE: --pretty well. It's the, it's the, what we would deem high, not, not the highest, but the high. So.

DeBOER: Got it.

WAYNE: Yeah. Working class, but still under, under poverty.

DeBOER: So we were also talking about-- or you were also talking about the fact that people will complain about, in TEEOSA-- I'm going to push my light because we're going to get cut off. You were complaining in TEEOSA, that with this new plan, this LB583, we're going to send a lot of money out to western and rural areas of Nebraska. And we're not sending as much to the urban areas, per capita. Is that correct?

WAYNE: Correct. And I'm going to retract my "lie" statement. That was a little strong. I'm sorry, Senator Sanders. That, that was a little strong. It just-- yeah. Let me say that on the record.

DeBOER: OK. So one of your concerns is that, per capita, we're doing this. One thing we hear and the thing I've heard the last five years,

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is that rural schools get nothing. So there's a school district with a 43 percent--

ARCH: Time, Senator. Senator DeBoer, you're recognized. This is your last opportunity.

DeBOER: Thank you, Mr. President. Senator Wayne, would you continue to yield to questions?

ARCH: Senator Wayne.

WAYNE: Yes.

DeBOER: So one of the things I hear over and over again is that you may have a \$0.43 levy out in some part of Nebraska and it's unfair, because they don't get any state equalization aid. Have you heard that before?

WAYNE: That is true.

DeBOER: And one of the things that I like to talk about is the fact that although the money for schools may flow east, it seems that the money for other things flows west. Do you have that same understanding?

WAYNE: Correct.

DeBOER: So, for example, you were talking about roads and bridges. Is it more efficient for roads and bridges in the urban areas of the state or the rural areas of the state?

WAYNE: What do you mean by more efficient?

DeBOER: I mean cost per car driving across it.

WAYNE: Oh, it's more efficient in the east, east or where there's population.

DeBOER: What about schools? More efficient in the eastern or the western and rural areas of the state

WAYNE: Eastern.

DeBOER: So in general, what about hospitals?

WAYNE: Same.

DeBOER: So when we're thinking about where our funds are flowing, what happens with respect to hospitals? Who treats the most difficult cases in Nebraska? Do they treat those in the very rural areas or the urban areas?

WAYNE: Urban areas.

DeBOER: So if I had cancer, would I go to a rural hospital or an urban hospital?

WAYNE: Typically, urban.

DeBOER: So all of these things that we're funding, when we're funding those things, we have to go to the urban area to supply those. Is that right?

WAYNE: Correct.

DeBOER: But we would serve people who are from other areas of the state?

WAYNE: All the time. Yes.

DeBOER: OK. So it's an interesting mix of where our state moneys are going. And it may be that, with respect to schools, the state funding for equalization may not be going to the rural areas, but it is going to the urban areas. But then, when we talk about other things, it goes to the rural areas and not to the urban areas. Senator Wayne, I'll yield you the rest of my time.

WAYNE: Thank you again, Mr. President and--

ARCH: 2:40.

WAYNE: --Senator DeBoer. I was just looking through the handout. And again-- I'm going to say it again. I don't think Senator Sanders is lying about special education formula. It funds it, which is part of a problem, for me, is because it locks OPS' extra dollars strictly into special education funding, so it's not adequately, I think, distributing those dollars. So it does. What bothers me about the special education is how we, we have to reduce the foundation aid on year three. Anyway, it just-- it's complicated, but I just don't like that part. But at the end of the day, it's not a lie. I was getting a little-- going through, getting a little-- got, got some feelings in me. So one of the misnomers is that we don't fund every school district across the state. We may not like how much we fund them, but

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according to this handout, I did not see any school district, in the FY2003-2004-- 2024-- 2023-2024 TEEOSA state aid, the farthest column to the left, I did not see any state, and if somebody could point it out, I'll gladly say it, that had a zero. The lowest one I found was Scribner-- maybe not Scribner. One of them had \$4,000. Oh, yeah. Scribner \$4,564 of state aid. Now they'll get an extra, roughly, \$391,000, moving forward underneath this plan. But we actually put money into every school district. We just don't like the amount. And I agree with you. Rural Nebraska, I agree with you. And I am in this weird, awkward spot, where I think we don't do enough to limit local school districts.

ARCH: One minute.

WAYNE: That's crazy that I'm saying that. I know. I am actually a believer that for every dollar we put in, we should require them to lower their levy, so it's actually property tax relief. I can't get my conservative colleagues to go along with me. So weird how positions I get, I get in these weird, awkward middle ground areas. But that's just how it goes when it comes to school funding, because I have some principles. One, I think we should fund it more at the state level. I offered an idea, how about we just pay everybody's-- every teacher's salary across the state? Make them all state employees, lower their taxes. Because on the school board, I kept hearing the number one, 85 percent of our budget is, is salaries. All right. Let's, let's fix that. If you want extra programs at your local level, use it out of your local funds. That didn't go anywhere. So the problem is TEEOSA, in general. But let me be clear with these last 20 seconds. I'm not necessarily opposed to this entire bill. I'm opposed to the entire package and the overall budget that continues to leave east Omaha behind.

ARCH: Time, Senator.

WAYNE: Thank you, Mr. President.

ARCH: Seeing no one left in the queue. Senator Hunt, you're welcome to close on your motion to indefinitely postpone.

HUNT: Thank you, Mr. President. Frankly, I agree with everything Senator Wayne said. I think he said it right. And we've been reticent, as a body, to take creative and sometimes, perhaps experimental measures to solve our school funding crisis. And the things that we've been doing over the years have not helped. And I think that LB583 and amendments to come, from proponents of LB583, just continue to get us

deeper and deeper in the hole as a state, especially in a state where we're struggling to attract and retain talent, where our revenue is not increasing because our population is not increasing and where we're struggling to retain teachers. Because those things give us unique challenges that this Legislature, of course, is, is exacerbating and making even worse. One way that we're making it worse is by focusing on culture wars and promoting discriminatory policies against super-- certain groups of people, as a way of gaining political support. And what I'm beating the drum about and what I wish-- I wish it was more normal to have this opinion as an elected official, because it actually reflects the opinions that most regular Nebraskans hold, which is that the problem with normalizing extreme views, like what we're seeing pushed in this Legislature, is a problem because they're essentially legitimizing those views and causing them to spread. When politicians are focused on culture wars, they're not focusing on the real problems that are facing their communities. And one of the most troubling aspects of this normalization of extremist views is that it has led to a lack of accountability for politicians who propose and promote and vote for and advocate for these extreme discriminatory policies. When politicians aren't held accountable for their actions, they're more likely to continue to double down and continue to support these discriminatory policies. And this has a devastating impact on communities. It ends up having a devastating impact on state budgets and especially for those that are already marginalized. I think that to stop this trend, we have to start by recognizing that politicians, like most of you, who promote discriminatory policies, who want to legalize hate and discrimination, that you are the extremists. You're not simply expressing your opinion. You are actively promoting discrimination and hate. And we have to call it out for what it is and demand that you be held accountable for your actions. Another important step is to start promoting real issues over these culture war issues. And that means focusing on policies that will create jobs, policies that will help fund education, policies that will improve access to healthcare, policies that will strengthen our workforce in this state, rather than wasting time on stuff like bathroom bills or bans on healthcare or bans on drag, drag shows, that the chairman of our Education Committee thinks is such a good thing for our state to do. We have to demand that politicians place the needs of their communities over what they've seen on Tucker, Tucker Carlson. We have to demand that politicians place the needs of their communities over their want for political gain. And when they don't do that, we have to call them out for the extremists that they are. Finally, we have to work to create a

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culture that values diversity and inclusion. And that means promoting tolerance and respect--

ARCH: One minute.

HUNT: --for all people. Thank you, Mr. President-- for all people, regardless of their gender, race, gender identity, religion, class. When we create a culture that values diversity, we create a culture where discrimination is not tolerated and where everybody is able to thrive and where it becomes super uncool and super unacceptable, socially, for all of you to do what you've been doing in this Legislature. We have to recognize the dangers of normalizing extremist views. We have to call out politicians who promote discriminatory policies and demand that they be held accountable for their actions. Promote real issues over culture wars and then, we can make a society where everybody is available to thrive, regardless of their background or identity. Thank you, Mr. President.

ARCH: Thank you. The, the motion before the body is motion 680, to indefinitely postpone. All those in favor vote aye; opposed, nay. There's been a request to place the house under call. The question is, shall the house go under call. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 19 ayes, 3 nays, to go under call, Mr. President.

ARCH: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Lippincott, Dover, Bostar and Clements, please return to the Chamber. The house is under call. All unexcused members are now present. All those in favor of-- for motion 680 to indefinitely postpone, vote aye; opposed, nay. Has everyone voted who wished to vote? Mr. Clerk, please record.

ASSISTANT CLERK: 1 aye, 42 nays, Mr. President, on the adoption of the motion.

ARCH: Motion fails. Mr. Clerk, for items. Raise the call.

ASSISTANT CLERK: Mr. President, items. A corrected-- a minority statement for LB626; new resolutions, LR82 and LR83, both by Senator Ballard. Those will be laid over. That's all I have at this time.

ARCH: Mr. Clerk, for a motion.

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ASSISTANT CLERK: Mr. President, Senator Wayne would move to, move to reconsider the vote on the motion to IPP the bill, pursuant to Rule 3, Section 3(f).

ARCH: Senator Wayne, you are welcome to open on your motion.

WAYNE: Thank you, Mr. President. So today, I thought we were ending early because of the basketball game. Those who don't know, there is a national championship game tonight. I realized it starts at 8:05, so that wasn't the reason. So then, I started looking at my calendar and it's because there's a dinner tonight that we should go to. So I'm going to have some steaks and then, then head and watch the game. The reason why that game is important and how I'm going to tie this all back to the motion to reconsider is because there is a young man from Omaha South who is playing tonight in the championship game. I had the privilege of coaching him, maybe seven games, but we always played against him. So the Trailblazers and the team that he played for was called the Omaha Premier. We were the two top eighth grade teams, I would say, in the midwest, when I-- probably, yeah, a little bit bigger than the midwest, if you want to define it. We would literally go to Oklahoma and have the championship game on a Sunday and decide we'll just play it at a gym Tuesday in Omaha so we can all get back early. We would go to national tournaments and we would always finish in the championship bracket and the championship games. But this young man, he-- Arop is his last name. He went to Omaha South, did very well, ended up at San Diego State. And this is his fifth year out there-- is doing very well, academically, a very, very smart kid. But he had the key block in the last 10 seconds of the game-- in the last game, he's the one who blocked it. And then the guard came down and, and made it with two-- one second left, to put them over. So tonight, when you look at San Diego State, know that we all should be rooting for them even if we don't, you know, like them, because that's the only Nebraska kid playing tonight. And plus, UConn's won one before. So let's just be honest, they've, they've been around. So we should, we should focus on the underdogs. So tonight, let's make sure we, we, we root for Arop and San Diego State. Senator Vargas's district. Now, Vargas, Senator Vargas still thinks he has a, a jump shot. But as you can see, every time he starts playing basketball, he's somehow in crutches on the floor, so I'm just throwing that out there. As you can see, I'm killing a little bit of time, primarily because I'm giving you all time to reflect on that vote and why we should vote to indefinitely postpone this bill. And again, I'm going to restate the issue here. The issue here is when you look at this complicated formula of TEEOSA, we are continuing to make tweaks to help out individual school districts or a sector of school districts, not

students. We are using our education funding as a source of property tax relief. The one thing I've learned about this body and, and in particular, this Unicameral, is we keep doing things that we've already tried before and we are expecting a different result. That's the definition of insanity, but we do it. So when we passed TEEOSA, we had two formulas. We had the education formula and we had a revenue formula. And they both came to the floor and they moved together and it was about property tax relief and relief for the school districts. And you know what happened? For about 3 to 4 years, property taxes went down. You know what happened after that fifth year? They went back up and they've been going up. And you say, well, why is that? Well, because the nature of government is to grow, to find reasons why we have to do more. We have school districts that are clinics, mental health professionals. And at times, we don't even teach art. I understand we have limited funding. I understand that we have to make some tough decisions. But at what point are we going to step back and have the real conversation about how to fix our property taxes, how to fix our income taxes and how to fix our school funding? It won't be this year. We tried to-- are we on the fourth new name of the EPIC tax? We tried to have that conversation. We are taking the burden on for everything to make our political campaign sound great, while we're really not moving the needle a whole lot. I got an interesting stat for Senator Jacobson. There are many small towns in rural Nebraska who are actually growing, growing a lot. They are growing because we invested. We invested in Grand Island, with the State Fair and sewer projects. North Platte. North Platte-- Hersheys [SIC], right outside of North Platte, is going to be a hopping area, because we invested. So I'm asking other senators, think about how to invest. But let's talk a little bit more about education. Why is education important? Well, it was once said by Frederick Douglass, made famous by Malcolm X, that education is the passport to the future. For tomorrow belongs to the people who prepare for it today. There has never been more truth to that statement than there is today. When you look at technology and the education that is needing-- that is needed now to even operate a farm. When my grandfather operated a farm, in the spring, we used to have to go out there, on my spring break, and we would-- he would ride around in a tractor with a big flatbed trailer and we had to pick up rocks. I hated that. They weren't rocks, those were boulders. And I kept thinking, how is it every year in the same location, more rocks? This doesn't make-- we just picked up tons of rocks. And there's more rocks. I don't remember digging down and finding more rocks. We, we planted some beans. We planted some corn. Next year, there's more rocks. Where are the damn rocks coming from? Who's throwing rocks on my grandfather's farm? That's what I would be

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thinking about. It just didn't make any sense to me. Then, I saw my first Roundup bean. I tell this story to some people. I couldn't figure it out. If you spray Roundup on something, there is no way that should grow. I just don't understand it, didn't understand it. And now, they've got all this conversation about nitrates and nitrogen and humidity and soils and temperatures. You got to be a rocket scientist to farm now. What happened to just planting, throwing a little water on it, sitting out there listening to some music, smoking a cigarette, throwing the ash-- little, little ash, little bud, right there next to it and it grow, right there. I thought it was all-- that's how it grew. You had to smoke a cigarette and you had-- throw it in the field and, and that's how it grew. But I, I learned that's not how it grows. You used to have to use, you know, skid loaders. Now, for those who don't ever use a skid loader, they've changed from when I was little to now. See, when I was younger, everything was done with the foot pedals. So you, you had to do everything with your feet. Now they got joysticks and now, it's even worse. Like you touch it a little bit, it shakes all over the place. Like, let's go back to the-- so what I'm saying is sometimes simpler is better. Let's go back to the, to the plant, smoking--I ain't saying you should smoke. I'll get in trouble now. Justin is trying to make people smoke cigarettes. Oops, sorry. Man, I'm, I'm so in trouble now. I'm going to have things written about me tomorrow, about that. My point in all of that is, is let's make smart investment decisions. We have \$300 million per year. Let's not invest--

ARCH: One minute.

WAYNE: --in the new idea of just throwing money at students. Let's invest in the idea of making sure we put money to our neediest students and we balance it. Maybe we find out we can't spend it all. Maybe we have to stair-step the poverty allowance cap, 5 percent a year. And then maybe we have to start talking about where we make reductions in this complicated-- one, two, three, four, five, six, seven, eight, nine-- 18 boxes on the needs side. And how does 18 boxes on the needs side equal one, two, three, five on the resources? The math doesn't even work in the formula. You can't have 18 needs and only 5 resources. That's about as complicated as the EPIC tax. But I like the EPIC tax. So, how much time do I-- I never want to ask that question. Don't even answer, Mr. President. Don't even answer.

ARCH: Time. Senator Slama, you're recognized to speak.

SLAMA: Thank you, Mr. President. I actually rise today, really grateful for something Senator Wayne did, when debating the last

motion. And he thought about what he said on the mike and he actually apologized to Senator Sanders for something he said. And I bring that up, one, because that's really refreshing in a session where the rhetoric has kind of gone way, way to an extreme. And I also say that because of something that happened this weekend, that I, I wasn't sure if I was going to talk about or not. So, the language we use on the floor matters. What we say on the floor matters and how we're treating other people in this Legislature is watched by the public. And it matters for how people are treating others outside of this building, which I think is important for us to understand. So when we have somebody getting up and saying the extremists need to be held accountable for their actions or characterizing an entire group of 33 senators as extremists for voting in favor of LB574-- I'm not here to debate LB574. That's for another day. But when we're using language to categorize a majority of the Legislature as extremists for a vote they took on the bill, I have to step back and think. Because on Friday night-- I, I don't talk about religious-- religion on this floor for a reason. But my husband and I are members out at St. Paulinus, in Syracuse. We actually worship at a mission off of Syracuse-- St. Paulinus in Syracuse. It's called the Holy Trinity. It's a great farm church, but this happened at the main church at Syracuse, in that somebody Friday night into Saturday, broke in. And mind you, this Sunday is Palm Sunday. It is the start of Holy Week, a really sacred time of year. Broke into the church at Syracuse overnight and flipped the altar, wrecked the entire front of the church. Actually, once they flipped the altar over, they took the altar stone, which is placed within the table. It's a very sacred object. There's a relic from a saint in there. All your Catholic churches have it. They took that stone. And after they shattered the statue of Joseph, right by the confessional, they took the stone, which again, it's sacred, took it to the back of the church and shattered the stone, along with the relic from the saint that was in there. And I really hope-- I hope beyond all hopes, that that was just a group of people who were being stupid and had no goals, other than to destroy for the sake of destroying. I really do. Because the alternative, in that they were there targeting a Catholic church and targeting some of the most sacred areas and the most sacred items of a Catholic church, in the lead-up to one of the most sacred times of the year, it's a really scary thought for me to think of. And I think back to some of the language that was used-- is being-- has been used on the floor today, about LB574, that was used during Senator Linehan's LB5-- LB753, with the opportunity scholarships and some of the language that was used about Catholics in that debate. And I really, really hope none of that language was a motivating factor in what happened in Syracuse, Friday

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night into Saturday. I really hope it wasn't. But the fact that we're even thinking of that as a possibility is-- it really gets to where we're at as a country, where we're at as a Legislature, where we're at in terms of dialogue being used in this body. So I, I don't care what side of the issue you're on. Just please, whatever you're saying, whatever you're framing in an argument, be mindful of what you're saying, because there are people watching at home. And how they interact with each other, whether they like it or not, is influenced by how we treat each other on the floor of the Legislature. Thank you, Mr. President.

ARCH: Senator McKinney, you are recognized to speak.

McKINNEY: Thank you, Mr. Speaker. I rise to support the motion to reconsider, because I'm enjoying this conversation. And I don't know who sent this around. I don't really know the initials. But in 2011, 2012, when you look at the educator equity profile, Omaha-- the district in Omaha had 69 of the state's highest poverty schools, out of a total of 91 schools. And if you do the math, that's like 75 percent of the schools in O-- OPS were high-- highly impoverished. They've added some schools over the years. So the 91 number isn't exactly the same anymore. But it gets to the point of this conversation that, when you talk about poverty, you really have to have a conversation about equity and what are we doing as a state to really invest in education. Because I was a kid that went through OPS. And I know what it's like. I work with kids in OPS today. And they tell me things, I've talked to teachers, staff and those type of things. And it's not-- it hasn't been the greatest and it's not the greatest right now. And I know a lot of times, people like to place blame on just the parents or somebody tries to place blame, blame on the schools or the teachers. And honestly, I think the saying "it takes a village to raise a child" is something we should embody, as a, as a body, because it takes a village to raise a child. And it doesn't matter if that kid is in western or eastern Nebraska, it takes all of us to put our hand and our sweat equity into these kids in our state and invest in them, monetarily and with our time, because that's what it takes. And just putting money aside for special education doesn't-- just doesn't do it for me. It doesn't do it for a lot of people, especially not the kids in my community, because they're not all in special education. They have other needs, as well. They're living in a community that, up until last year, had no real investments coming to it, not from the city, not from the county and not from the state. And hopefully, once we get LB531 passed, some real investment starts to take place. But we have to keep investing. It can't just be a one-time thing of oh, we're going to set aside some money for you. Be happy and

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don't, and don't speak up. We have to keep investing in these communities because, for years, we haven't invested in these communities and I would say the same for communities in western Nebraska. I wish the money for the canal, the \$500-plus million, was going to address poverty in western Nebraska and economic development in western Nebraska, because that's what's needed. And that's why people are leaving, because we're not investing in the things that we really need to invest in. And we also have to be clear. Our state needs to become a lot more open-minded if we hope to keep people and attract people to this state. Having the philosophies that we've had over the years isn't going to work. You talk to anybody about Nebraska, they're going to tell you, I'm not coming. Why would I come? Especially somebody who looks like me. There's still people across this country that don't even believe people-- black people live in Nebraska. They're surprised. It's-- but, but it's because of how we market our state. We're stuck in the whatever times of we are an ag state and all this stuff. And-- but the world has changed and society has changed. And it's not to say ag is, is not an integral part of our state, but our state has changed--

ARCH: One minute.

McKINNEY: --and the demographics of our state is changing. And we must adjust to that. And we have to have a conversation about equity and why we need equity. So if we're just going to leave out kids living, living, living in poverty, then maybe this all needs to fall. Because kids in poverty continue to be left behind. Thank you.

ARCH: Senator DeBoer, you are recognized to speak.

DeBOER: Thank you, Mr. President. I wanted to be clear, because I think I probably wasn't on my last time on the microphone, that I am very happy to send money to rural areas of Nebraska, for their hospitals. I'm very happy to send it to their nursing homes. I'm very happy to send it to, you know, any of those things-- the roads, the bridges, the broadband. I was arguing for the broadband. I argued against, in committee, the movement of the road funds to their counties of origin, which would have defunded some areas of, of more rural Nebraska and funded, more heavily, areas of urban Nebraska. Because I think it's important we all remember that we all do better when we all do better. And there are parts of urban Nebraska that need funding. And there are parts of rural Nebraska that need funding. And there is really, just a need to say how do we look at this holistically. And I think that one of the points Senator Wayne is making is that he thinks we're not looking at this holistically here,

because he thinks that if we don't address these concentrated poverty issues, that, that doesn't look at this holistic problem that we have in terms of how we're funding education in Nebraska. So my point, when I was talking on the microphone last time, is that it is a little more complicated than just state funding largely goes to urban areas. My point is that there's a very complex series of fundings, in Nebraska, that goes between rural and urban Nebraska, because we're all interconnected. If ag does poorly, then the rural-- the urban areas will do poorly, because, eventually, it'll get to us. And if the urban areas do poorly, then ag will do poorly, because we do a lot of things together as a state. So the question then is where are the needs most acute? Where, where is the, the most acute need? We can't, we can't get everything. We don't have the money. We don't-- we couldn't address every need in Nebraska. The needs are very, very great across the whole state. So how do we make sure that our interventions get the biggest bang for the buck? And so that means that we put money into NUSF funds, which are for high-cost areas, for like, phone lines. And I pay that tax in Omaha so that it doesn't affect Omaha, but it pays for areas of western Nebraska or rural Nebraska or wherever around there. And I'm happy to do that, even though it's a tax that I don't see any benefit from. I'm happy to do that because I know that, as a state, we have to start thinking holistically. That's the same reason I brought a bill this year and hopefully we'll do something with it, which would say, if there's an extraordinary increase in special education need in a school district, then we will give them their funding up front, more-- we'll front-load it, rather than just give it to them in arrears, as we do now. That will never help any school district in my area, because they have enough students that the law of averages said that they're not going to have this extraordinary increase in special education need. It will help small school districts in rural parts of the state. I'm happy to bring a bill such as that. I hope it goes forward. I'm fighting for it. Be on the lookout for that one. I will be back to talk to you more about that one. There are many other bills that I have brought in the past--

ARCH: One minute.

DeBOER: --to, for example, provide some additional funding to rural school districts, because I think we all do better when we work together and think about this as a whole. What I think Senator Wayne is saying is if we have a finite amount of money, and I would echo this, if we have a finite amount of money, let's put it where it's going to make the biggest bang for the buck. Part of that, in my opinion, it may not be his, but in my opinion, part of that is in special education. But I also think that poverty is another area where

we can get a big bang for our buck. Because concentrated poverty is different than 30 percent, 20 percent, 10 percent poverty. It just is. It's just more difficult to educate in those areas. So I just want to say, I think this is all a much more complicated situation than just a black and white, whether or not funds go to some school districts or don't go to some school districts. Thank you, Mr. President.

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

WAYNE: Thank you, Mr. President. So let's talk a little bit more about the historical part of-- for those who didn't know and don't know about the one city, one school district. Somebody stole my paper. I'm going to blame it on Senator Clements. It didn't have numbers on it, so I don't know why he would take it. Oh, well. We'll just talk about it. So what had happened early on, is that OPS is, is landlocked. OPS knew that going in. I mean, obviously, you can look around and see that they're landlocked. And so, once in like '80-- '79-'80, Millard was annexed. And there were actually Millard riots. You can Google it. People will email my office, asking me where I get this from. I have a whole bunch of useless knowledge until that moment I talk about it and then, it just stays in my brain. But like '78-81, they were going through the process of annexing and there was some issues. But actually Millard-- they called it the Millard riots because they didn't care about their trash or police going to the city of Omaha. What they really cared about was their students having them intermixed with Omaha Public School students. Not saying that's how they feel now. I'm sure somebody is going to tweet that out of context, but that was the issue. And so, there was a backroom deal with the city council. Many people know about it, some handshakes between the Millard City Council and, and the Omaha City Council. Clements just said he didn't take the papers. That's why I laughed. But so, they decided not to annex Omaha-- Millard Public Schools. And recently, that same thing happened with Elkhorn. They, they said they weren't going to do it. So in 2000-ish and I can get you the exact same date, that 1891 law, that said city-- as a city annex-- grows, they can annex the schools. Now, mind you, that's what they did. When they annexed Longshore-- long-- I've forgot, in Senator McKinney's district, they annexed Benson, they annexed Arlington, they annexed every little area-- Saratoga. They would assume-- Florence-- they would assume that school district underneath them. So OPS had a board meeting and went into exec and talked about the legal issues of that and came out and said, we're gonna take a vote to annex all the school districts. And boy, everybody went crazy. Now, what's interesting, from a financial standpoint, the way TEEOSA is drafted, there would be some extra dollars available to the school district. But as we're

learning in this formula, as you look at the three-year projection, and then we have to take 60 percent of the foundation out, so it's not counted as a resource, that was going to happen to the property tax. So the \$5 billion in property tax that we're-- that was referenced in the Lincoln Journal Star, that would have went on the payroll. So from a financial standpoint, it provided more stability. Again, going back to the Legislature always changing things. But really, what it came down to in the objection, came down to the interactions of schools-- of students in their school districts. This-- Millard schools weren't going to be hurt financially any different, they just didn't want to be a part of OPS. And the reason why I say that is on the learning community, you fast forward, we had a critical vote and I'll never forget this vote. It was at Westside, it was at Westside's convention-- or it was a little circle in a bubble, off of-- in Rockbrook. And the suburban schools put enough pressure on the learning community that there was a vote that said school districts get to decide their capacity. Now, this Legislature said one of the primary functions of the learning community was to create a diversity plan.

ARCH: One minute.

WAYNE: So we were going to help integrate, based off of economics, schools, which everybody talks about integration as being great until it's in their backyard, then they don't want it. And so, the long story short is we voted to let school districts do that. And overnight, all those schools became full. And that's where all the jokes are about option enrollment and transfers of who gets in and who doesn't get in, across the city of Omaha. Then we decided-- the learning community said, we're going to build some-- take some-- work with the city of Omaha, and we actually developed a plan for District 2, which was Senator Chambers, myself and school board member Freddie Gray, to create a learning center and learning centers in, in key areas around schools. Well, then the argument was the learning community is building schools, and we're afraid that Millard and all of them, the learning community might start building schools out in Millard and Elkhorn. Therefore, again, we don't want our kids interacting. So--

ARCH: Time, Senator.

WAYNE: --thank you, Mr. President.

ARCH: Senator Murman, you are recognized to speak.

MURMAN: Thank you, Mr. Speaker. I was a little hesitant or didn't come into the queue earlier. I have prepared remarks for the amendment, AM970, but should have realized that we wouldn't get to that today. So I'm jumping in right now to make some comments. I do agree with Senator Wayne and Senator McKinney that we don't adequately pay for poverty in the TEEOSA formula. But that's true, whether we're, we're in rural Nebraska, unequalized schools or equalized schools. I did pass out that sheet that Senator McKinney referred to. I'm not surprised that he couldn't read the initials on it. I don't have the best penmanship, especially when, when I'm in a hurry. But it, it compares the number of schools that are in the highest poverty schools with the different school districts. And Omaha does have the highest number of poverty schools, but they also have the highest number of schools, so 69 out of 91. And then, Lincoln has the next highest number of poverty schools, but, but it's quite a bit lower percentage, 27 out of 63. And then, Grand Island is 13 out of 20. So after that, they're all schools that well, not all, I guess, but mostly schools in Greater Nebraska. Grand Island is 13 out of 20. I think I said that. Sioux City is 8 out of 9, Lexington is 7 out of 7. Schuyler is 5 out of 8. Hastings is 4 out of 8 and on, on down the line. Down-- I guess you could-- Wauneta-Palisade is 3 out of 4 and Columbus is 3 out of 7. So a, a large number of schools in Greater Nebraska also. And by the way, that's always been a concern of mine. So, I think it was two years ago, I asked Legislative Research to compare poverty in equalized schools compared to unequalized schools. And I don't have those-- what-- the, the results right in front of me that they came out-- up with. But if I remember correctly, it was about the same in equalized schools as compared to unequalized schools. So the state-- and the unequalized schools does not pay for poverty at all. It's all paid-- or at least a, a, a large portion-- the most, by far the highest percentage of it is paid with support that comes from property taxes. And I'd like to talk about the bill a little bit, too. Of course, this is not a perfect bill, but it does have a lot of positives in it. And I think it's maybe the best we can do this year, when you consider everything and, and the best we can do politically. It does fund all students at \$1,500 per student. That's something from the state and that's something we've never done or at least haven't done for decades. So that's a huge improvement right there. It's-- it doesn't fund all students as much as, as what it-- they actually cost, but at least, does fund them up to \$1,500 per student-- every student in the state. It doesn't matter if you're from, from an urban district, a rural district, an equalized district or unequalized district. Every student is funded, funded at \$1,500. And, and--

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ARCH: One minute.

MURMAN: --another thing that we've talked about several times already today, it increases the funding for special education from 42 percent, which is the statewide average right now-- state and federal fundings-- the average is 42 percent right now. It does fund all special ed, ed students, up to 80 percent. So that's a huge positive that, that's been mentioned. Senator Wishart and I think, others, have tried to do that for years, so, so a big positive there. Also, it's a big increase. You know, a concern of mine is that we adequately fund education, of course. And this bill does more than adequately fund education going forward, especially compared to what it would be without this bill. And maybe, when I get back on the mike, I'll talk about that another time. Because I think my time is about up.

ARCH: Time, Senator.

MURMAN: Thank you.

ARCH: Senator Wayne, you are recognized to, you are recognized to speak and this is your last opportunity before your close.

WAYNE: Challenge the Chair. No, I'm joking. See, you thought I was going to go there. This is-- all right. So talking about OPS and how we got here. So the one city, one school district was going, and then there was a lot of litigation around this, because as this was moving through, there was a floor amendment that split OPS. Now, the dirty secret about the split of OPS is everybody thought he split it along-- Senator Chambers split it along racial lines. He didn't. He actually split it along school attendance zones lines. It's just that the school itself, the attendance itself was based off of where people lived. And Omaha is segregated, so that's where it was. Nevertheless, the learning community was born. And Senator Chambers was termed out. So I ran against him my first year. That was my real election. He finished first, I finished second and that's how I got on the learning community with him. And that's when we started digging. So again, we created an entire plan that I could share with you right now, how poverty mobility had a bigger impact than race. And at the time, there were some schools that had around 42 percent of their kids-- students, were actually mobile. And it caused a huge problem. So we were going to create these led-- education centers and some were in schools and some were out, like, at Adams Park, in Senator McKinney's district, that was going to serve five elementary schools. And the kids who need it the most would go there. And then we would, we would figure out how to get them home. And then, immediately, Millard, Elkhorn, Bellevue,

to a certain extent, although they were in favor of some of it, thought there's no way the learning community should have brick and mortar in our districts. Because they might actually bring kids into our district. We don't want those kids. If I had my learning community email and did a FOIA request back then, you would hear how many times I heard "those kids." And so, from there they decided, well, we're going to come down and change the legislation to not allow a learning community to have any brick and mortar. We can't-- we couldn't own anything. My point in saying all that is every time something that was working for poverty kids in Omaha, this body has decided maybe we shouldn't do that. And we justify it through a suburban rural lens. And you say, why do I say suburban and rural? Because the biggest outraged school or the most vocal school district were-- south of Plattsmouth. Now, I can't think of the school district-- and east-- and west of Plattsmouth-- maybe it's Platt-- and it's not Plattsmouth itself. Maybe it's Platteview [SIC]. I can't think of it now, because I'm not remembering. But they were very upset because they thought we might be taking over them-- Elkhorn, Millard and Westside. So hence, I come down here at one point. The learning community was even more-- things were taken away more and more from the learning community. So that experiment didn't go anywhere. TEEOSA, if you ask anybody in the education world, says it's not working-- well, it's working the way it was designed, we just haven't changed the way it was designed. So here goes an opportunity to do that. So here's what I am offering. I am offering, as not to hold up this package for 8 hours, even though it'd be good, I'm offering this: Show me some balance in the overall budget, where each congressional district is breaking down its new spend, that we're kind of almost balanced on how the--

ARCH: One minute.

WAYNE: --new spends should be. Show me some strategic investments in education, where we aren't just throwing dollars at every kid. Because if I decided we're going to throw \$1,000 at every kid in Omaha Public Schools, Senator Briese would be the first one to stand up and say, is this a targeted scalpel-type approach? And my answer would be no. So why aren't we doing the same here? Why aren't we taking a targeted approach at our most vulnerable students across the state? Thank you, Mr. President.

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

DUNGAN: Thank you, Mr. President. I would yield my time to Senator Wayne, if he'd like it.

ARCH: Senator Wayne, 4:50.

WAYNE: Yes. Thank you. And I think with my close, that will put us right about when we leave here at seven to go watch Arop win the national championship and bring it home to Omaha South. Now, understand, I went to Omaha Northwest, so me even saying that is hard for me to do, but I'm supporting. I support things even when I don't-- because I don't want to, because it's the best for Nebraska. And plus, the colors are similar to Huskers, so you can get over it if I can. So back to the funding type. So then, down here, we've had plenty of conversations about funding, but we never stepped back and really, really got into it. And that's what I'm hoping we do. And I'm saying if we're going to focus on dollars of \$300 million, let's figure out how to make it targeted and make sure that we're getting something out of it, our bang for our buck. That is the most financially sound thing to do. That is the best thing to do. So while we were in this one city, one school district, let me tell you, the hate that came out during that time. We would go to basketball games and there would be people just, with signs and banners and oh, it was, it was, it was, it was amazing to see how divided we were over school. And that's one thing I, I-- I went to a neighborhood school and I didn't realize how territorial it was, until I started figuring out-- if you think about it, we have some school districts that-- I'm going to say something that's going to get me in trouble-- that should probably merge with other school districts. I will say maybe that's just not an Omaha-Sarpy County problem, maybe that's also a rural problem. But I know how hard that is. Because, see, you may not think I understand, but most of my family, up in Rolfe, Iowa, got merged into Pocahontas. So now it's just called Polk Unified-something. I'm sure my mom is about to text me and correct what I just said, about what the name was. So I kind of seen that effect. Because you're right, that local baseball team, that high school basketball team, that volleyball team, like, that's your Friday nights. That's part of who you are as a community. That's-- and we do-- like, Nebraska is one of the only places where you say you're from Nebraska, even Omaha, if you say, I'm from Omaha, the first question they ask is what high school did you go to? Because they got to put you in a box and that's just the way it goes, across Nebraska. It's like, where are you from? What city? And so, if-- we might lose that identity if some school districts merge, but why is-- why are we not having that conversation? Why are we just throwing money at something to say, we're going to call this property tax relief and it's not property tax. I think everybody will admit, on this bill, there is no property tax relief component to this. I'm just looking around. I see a couple of head nods, but now they don't--

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they're like, oh, don't, don't look at me. Don't call me out, because I don't want to, I don't want to put that in the record that you were right with Wayne on this one. I know. It's, it's rough out here. So my point is, is we got to step back, look at what we're doing here and figure out why-- oh, we're going to walk through this on my closing. But what's interesting, when you go to the third year of this formula, you'll see how many school districts are negative. If you go in the school TEEOSA change and you look at the third year, so I just picked like, Battle Creek. Battle Creek, their third year on the TEEOSA side, actually loses \$64,000. That's how complicated and screwed up our formula is. We try to throw \$1,500 per kid--

ARCH: One minute.

WAYNE: --but by the third year, when you get to the three-year averaging adjustment, you lose money. So I'll tell you what, we're fully funded in special education, but we're only providing property tax relief for two years. Because the third year, you lose money. So where are they going to make up that money? Where are they going to make up Battle Creek Nebraska Public School-- oh, that's not Battle Creek. The one down, Bayard, that's Senator Erdman, that \$64,000, they're going to have to raise their taxes back up to cover that \$64,000 loss. That's probably their art teacher. We don't want to cut art. Next school, Beatrice. Their third year, they lose \$79,000 out of their TEEOSA. They're losing money, because that foundation aid, we're only taking 60 percent out, not the whole thing and that's that number. We're losing money. They're going to have to raise their-- you guys are raising property taxes on people in three--

ARCH: Time, Senator.

WAYNE: --years. Thank you, Mr. President.

ARCH: Seeing no one left in the queue, Senator Wayne, you're welcome to close on your motion to reconsider.

WAYNE: Call of the house.

ARCH: There has been a request to place the house under call. The question is, shall the house go under call. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, record.

ASSISTANT CLERK: 19 ayes, 5 nays, to go under call, Mr. President.

ARCH: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the

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Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Wayne, you are recognized to continue on your close.

WAYNE: Thank you. I appreciate that. I think I have an extra 30 seconds because my mike was off during that 30 seconds when you were placing the house under call. If had I been able to talk, I think you can arguably make the argument that I keep going. So what this does really, I'm, I'm calling it now, is, for Gretna, you are-- you vote for this package, you are raising property taxes in two years. For Hastings, you vote for this bill, you are raising property taxes in two years. Because in the third year, in Hastings, they lose \$68,000. Where are they going to make that up? We know they're not going to cut locally. Tell me what school districts cut locally. Nobody. That, that is their math-- potentially, their math and science teacher. They are going to have to raise their property taxes to cover that seven-- \$70,000. So, yes, we are raising property taxes in two years. Oh, there's Milford. Milford, in two years, \$100,000. One hundred thousand dollars, it goes up, third year. I mean, you lose \$100,000. You are raising property taxes by this vote, in three years, on Milford. Gosh. Sometimes, you stay here late at night, you-- it's not even late. When you just get in the mood, you find really good, new arguments to make while you're talking. I want to appreciate everybody for being here. I just want to say, real quick, focus on our students who need it the most. I will sit down. We can raise the poverty allowance cap incrementally over time. I'd rather do that than just throw dollars at every student, whether that school district benefits or not. Because, clearly, these rural school districts are doing well, because many of you tell me how great they're doing. So it's not a funding issue. We're just doing this for property tax relief. And I say, well, in the name of property tax relief, let's provide resources to those who need it the most. I don't think that's a crazy request. I don't think that it's arbitrary nor unconscionable. Thank you, Mr. President. Roll call vote in reverse order.

ARCH: Senator Armendariz, please return to the Chamber. The house is under call.

WAYNE: Do I have more time? OK. Great.

ARCH: All unexcused members are now present. Mr. Clerk, roll call. Reverse order.

ASSISTANT CLERK: Senator Wishart voting no. Senator Wayne voting yes. Senator Walz voting no. Senator von Gillern voting no. Senator Vargas

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voting no. Senator Slama voting no. Senator Sanders voting no. Senator Riepe not voting. Senator Raybould voting yes. Senator Murman voting no. Senator Moser voting no. Senator McKinney voting yes. Senator McDonnell. Senator Lowe voting no. Senator Lippincott voting no. Senator Linehan voting no. Senator Kauth voting no. Senator Jacobson voting no. Senator Ibach voting no. Senator Hunt voting no. Senator Hughes voting no. Senator Holdcroft voting no. Senator Hardin voting no. Senator Hansen voting no. Senator Halloran not voting. Senator Geist voting no. Senator Fredrickson. Senator Erdman voting yes. Senator Dungan voting no. Senator Dover voting no. Senator Dorn voting no. Senator DeKay voting no. Senator DeBoer voting yes. Senator Day voting yes. Senator Conrad voting yes. Senator Clements voting no. Senator Machaela Cavanaugh voting yes. Senator John Cavanaugh voting yes. Senator Briese voting no. Senator Brewer voting no. Senator Brandt voting no. Senator Bostelman voting no. Senator Bostar not voting. Senator Blood voting yes. Senator Ballard voting no. Senator Armendariz voting no. Senator Arch voting no. Senator Albrecht voting no. And Senator Aguilar. Vote is 10 ayes, 33 nays. Mr. President.

ARCH: The motion to reconsider fails. Mr. Clerk, for items. Raise the call.

ASSISTANT CLERK: Thank you, Mr. President. Amendments to be printed: Senator Hunt, to LB583, as well as Senator Brandt to LB583, and Senator Machaela Cavanaugh. Motions to be printed to LB385, offered by Senator Conrad. Name adds: Senator Raybould, to LB138, Senator Brewer, to LB138, Senator Bostelman, to LB165, Senator Day, to LB715. And finally, a priority motion. Senator Raybould would move to adjourn until Tuesday, April 4, 2023, at 9:00 a.m.

ARCH: Senators, you have heard the motion to adjourn. All those in favor say aye; opposed, nay. We are adjourned.