

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee January 26, 2023

LINEHAN: Welcome to the Revenue Committee public hearing. My name is Lou Ann Linehan. I'm from Elkhorn, Nebraska, and I represent Legislative District 39. I serve as Chair of this committee. The committee will take up the bills in the order that are posted outside of the hearing room. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on proposed, on proposed legislation before us today. We do ask that you limit or eliminate your handouts. If you are unable to attend a public hearing and would like your position stated for the record, you may submit your position and any comments using the Legislature's website by 12 p.m. the day prior to the hearing. Letters emailed to a senator or staff member will not be part of the permanent record. If you are unable to attend and testify at a public hearing due to a disability, you may use the Nebraska Legislature's website to submit written testimony in lieu of in-person, in-person testimony. To better facilitate today's proceeding, I ask that you follow these procedures. Please turn off cell phones and other electronic devices. The order of testimony is introducer, proponents, opponents, neutrals, and closing remarks. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to a page to distribute. We need 11 copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you now, and I will introduce the pages in a second. When you begin to testify, please state and spell your name for the record. Please be concise. It is my request that you limit your testimony to five minutes. We will use the light system. So you have four on green and one on yellow, and I will ask you to stop on red. If there are many wishing to testify-- we'll skip that. If your remarks were reflected in previous testimony or if you would like your position to be known, but do not wish to testify, please sign the white form at the back of the room. It will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. I'd like to introduce committee staff: to my immediate right is legal counsel Lyle Wheeler; to my immediate left is research analyst Charles Hamilton; to my left at the end of the table is our committee clerk Tomas Weekly. Now, I would like the committee members to introduce themselves starting at my far right.

KAUTH: Kathleen Kauth, LD 31.

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MURMAN: Hello, I'm Senator Dave Murman from Glenvil, represent District 38, and it is eight counties along the southern border in the middle part of the state.

BOSTAR: Eliot Bostar, District 29.

von GILLERN: Brad von Gillern, District 4.

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

DUNGAN: Senator George Dungan, District 26.

BRIESE: Tom Briese, District 41.

LINEHAN: This afternoon our pages are-- ladies would you please stand-- are these the same-- Amelia, Amelia? Yes, OK. Amelia, who's a senior at UNL, is studying political science; and Caitlyn, who's at UNL and a junior studying political science. Please remember that senators may come and go during our hearing as they have-- and we have this going on today-- other bills to introduce in other committees. Please refrain from applause or other indications of support or opposition. For our audience, the microphones in the room are not for amplification, but for recording purposes. Lastly, we use electronic devices to distribute information. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and a critical part of our state government. And with that, we will open a hearing on LB4. Welcome.

KENNETH PANCAKE: Thank you. Good afternoon, Chairwoman Linehan and committee members. My name is Kenneth Pancake, K-e-n-n-e-t-h P-a-n-c-a-k-e. Yes, that's just like the breakfast. And I am representing Senator Rita Sanders of District 45, which includes much of the Bellevue-Offutt community and eastern Sarpy County. I apologize that Senator Sanders cannot be here today in person. She's fulfilling duties in the Government Committee this afternoon. So LB4, like its predecessor LB1080 from last year, would make a minor adjustment to the homestead exemption application process. LB4 does two things. First and foremost, it allows veterans with a permanent and total disability to apply for a homestead exemption once every five years instead of every year. Secondly, it adds an enforcement mechanism that should deter any attempts of fraud. For context, last year, Senator Sanders introduced LB1080 that was amended by this committee with AM2039. The bill was unopposed in the hearing and it passed the

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committee on a unanimous vote. LB4 is merely a redraft of LB1080 with AM2039 included. Unfortunately, with ARPA funding taking up so much time on the floor, we missed our opportunity to get consent calendar status last year and were unable to hear that bill on the floor. In Sarpy County alone, there are over 1,000 veterans who classify as permanently and totally disabled through the U.S. Department of Veterans Affairs. This rating occurs when a disability is reasonably certain to continue throughout the life of a veteran. This can include, but is not limited to loss of limb, loss of sight, and brain injury. LB4 is designed to make the application process more veteran friendly to account for those whose permanent disability makes it difficult to refile for an exemption every year. In addition to instituting a five-year renewal on homestead exemptions for permanently and totally disabled veterans, this bill also reinforces a mechanism to deter fraud. There's already statutory language that covers instances where a homestead exemption is unlawfully claimed. The changes made in AM2039 last year and incorporated in the bill in front of you today harmonize the new provisions with that language. LB4 makes other small changes to harmonize the statute, including directing where funds from related fees and penalties will go. The bill also addresses the process that happens when a veteran passes away in the middle of that five-year period. And finally, there is an appeal provided for. To be clear, this bill does not expand eligibility for homestead exemptions. This merely adjusts the application process. As you see from the fiscal note, there is no fiscal impact. Finally, Senator Sanders has filed an amendment just this morning. This amendment is front of-- in front of you now. AM105 was the result of talks between Sarpy County and the Nebraska Association of County Officials. There were concerns at the county level that it would be arduous to keep track of a thousand different five-year periods for each filer. We reached a compromise and AM105 will simply require all veterans applying for the homestead exemption in this manner to all apply at the same time in the same window. The amendment sets a synchronized five-year timer for all applications under this process. All applicants would have to reapply in the same window of time every five years. This makes it easier for the counties to keep track. In the past 14 months, conversations took place with both the Douglas and Sarpy County assessors to ensure this new process is smooth and efficient. I'd like to thank the Sarpy County Board of Commissioners for bringing Senator Sanders this bill. We thank them. And we also want to thank the Nebraska Association of County Officials for working with us. We have testifiers from Sarpy County here that can explain the process in much more detail than I. We have Angi Burmeister, commissioner from Sarpy County, and Matthew MacDonald from

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the Sarpy County Veterans Office. I believe Jon Cannon is here as well. I will remain and take notes for any concerns and suggestions that come up. Thank you all for your time.

LINEHAN: Thank you very much. So for new members, generally, when staff has to introduce a bill for a senator because a senator can't be here because of conflict, we don't ask staff questions. First proponent. Good afternoon.

GREG HOLLOWAY: Good afternoon. My name is Greg Holloway, G-r-e-g H-o-l-l-o-w-a-y. And again, I am the legislative advocate for the Nebraska Veterans Council. Nebraska Veterans Council is comprised of eight nationally chartered veterans organizations in the state and also the County Veterans Service Officers Association. So we have a, a large voice with the veterans population. I have been authorized to support this bill at our last meeting on Monday. So that's why we're here to support this bill. I was also a county veterans service officer in Lancaster County, so I did a lot of Nebraska veterans homestead exemption applications, and I'm on Homestead exemption myself as I am 100 percent what's considered permanent and total. And once you reach permanent and total means that there's no scheduled appointments. So you pretty much don't have to worry about ever being dropped from 100 percent. So we are-- I'm here to support this bill. And I'm probably going to talk to the senator about another amendment here for the bill, though, something I think needs to be done. And I've tried to do it in the past where it might be a whole new bill. So any questions about eligibility for homestead exemption? I'm pretty well-versed on it and can answer them for you.

LINEHAN: Thank you very much, sir. Are there questions from the committee? Seeing none, thank you very much. Appreciate it.

GREG HOLLOWAY: All right. Thank you very much for your time. All right.

LINEHAN: You're welcome. Thank you. Next proponent.

JON CANNON: Got the chair fixed.

LINEHAN: Yeah, somebody did. Thank you. Good job, Tom. Yes, it does look a little different. Yes.

JON CANNON: I don't feel like I'm at the little kids table, so. Chairwoman Linehan, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO, and I'm here very happy to support LB4 as amended. First, I'd

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like to tell you all something that I heard when I first got into the property tax game. If you want to question why I got into the property tax game, that's not the place for this right now. Suffice to say, I've heard all about it. But when I first got into this game, Regina Andrijeski, the Frontier County Assessor, said, I love the homestead program. It is the only time the citizens of our county are happy to come into the assessor's office. Since we have some new members on, on the committee. I'm going to go through briefly how the homestead exemption process works, what the program is for. So what we did a long, long time ago is we said that we want to target property tax relief for certain classes of individuals in Nebraska. Originally, we were targeting the folks that are over age 65. And the reason was typically when you got to age 65, particularly in the '70s when we first enacted this program, that was when people really were on a fixed income. And so the thought was you've got, you know, mom and dad, they've worked all their lives, they've saved up their money. And they, they, they purchased their house back in the '50s for the then princely sum of \$40,000. The property taxes were probably fairly low as a result. And then they live all their lives, they get the kids out of the house, they do everything they're supposed to do and they get to retirement age, they're on this fixed income, and oh, by the way, the value of their house has, has skyrocketed up to \$250,000 because that's what happens over time. If you do the calculation of the time value of money, that just, that just happens. And so we didn't, we did not want to have the situation where we're pricing seniors out of their homes. Now what we did was we said, hey, look, Warren Buffett is a thing. We don't want to be paying the property taxes for his home. And I have nothing but the most profound respect for Mr. Buffett if he's listening. But what we did is we had a sliding scale for income and value of your home. If you're living in a, you know, multimillion-dollar house, we don't want the state paying for the property taxes on that home. If you are over age 65, but you're, you know, you're a self-made millionaire, you're still making, you know, a decent income. Those aren't-- that's not the class of people that we want to be paying property taxes for either. We also included other folks in the program. We wanted to have disabled per-- totally disabled persons, as well as disabled veterans as classes of persons that you could expect reasonably you're going to be on a fixed income over time. And so the way this process works is that the person applies for the exemption that is filed with the assessor, they check ownership and occupation requirement eligibility, and then they forward that on to the state. The state checks on income, they, they certify a value of the single-- the average assessed value for single family residential, that gets certified back to the county and the

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county figures out where on the sliding scale that percentage of exemption is going to exist and that, that certification actually comes from the Department of Revenue as to what the percentage will be. At that point, the county, and I think this is a key part of this, the county levies against the whole value of the property. And there's a reason I want to stress that, because ordinarily when we have an exemption program, if we exempt-- if, if-- and folks that are in the ag business, they understand very well intuitively that when we lower the value of agricultural land down to 75 percent, the levy rate goes up to make sure that we're able to cover what we need. What we do here with the exemptions, the homestead exemption is we levy against the whole amount of the property. What that does is the, the levy rate is going to remain constant and then that, that exemption comes back in the form of a backfill from the state. And so what the counties do is based on the exemption that they are-- that has been granted and certified by the Department of Revenue, the counties will provide that exemption. They'll collect the tax against whatever the remaining nonexempt portion is, and then they certify a tax loss to the Tax Commissioner at the end of the year. And then the Tax Commissioner forwards that tax loss for every county on to the State Treasurer. And then there is a warrant that's cut in approximately six roughly equal installments that goes back to the county over the next few months of the six months of the year. So anyway, like I said, the hidden benefit is that you're levying against the whole amount and so levy rates are not going up to take care of that, that-- to account for that exemption. Anyway, I just wanted to explain that portion. We do support the bill. We like to support veterans. You know, my mother is a disabled veteran and my dad is a veteran as well. And so, you know, from NACO's standpoint, we've always been very supportive of our veteran community. And we're very happy that with these amendments in place to make sure that from a, a record keeping standpoint, that the assessors are able to manage one group of people every five years as opposed to different groups of people staggered over, over the course of five years. This just makes perfect sense. And, and we support it. We urge you to pass it on to the floor. I'm happy to take any questions you may have.

LINEHAN: Thank you, Mr. Cannon. Are there questions from the committee? Senator Kauth.

KAUTH: Hi, Mr. Cannon. Thank you.

JON CANNON: Yes, ma'am.

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KAUTH: I have one question about the, the amendment that was filed as far as making it every five years. If someone registers, how are they communicated to you about when they need to register again? Because if someone does it in '19 but then they're going to have to do it one more time and then it goes to every five years?

JON CANNON: So someone would file and, and get certified in '19 and then every year that's divisible by five thereafter. So they would, they would refile in '20 and '25.

KAUTH: My question is, how are they-- how is that communicated to them?

JON CANNON: So right now we have a process in place where if someone is, is, is required to refile that there's communication that goes to them.

KAUTH: Perfect. Thank you.

JON CANNON: Yes, ma'am.

LINEHAN: Thank you, Senator Kauth. Senator Bostar.

BOSTAR: Thank you, Chair Linehan. Thank you, Mr. Cannon. And I just, I don't remember. So the, the value of the home also determines where within the broader homestead exemption what's applicable. Is that correct?

JON CANNON: That's correct. So what happens is every, every county through their, their certification of value process to the Department of Revenue, you know, generally before we-- the Department of Revenue certifies back, they're sending all the values that they have in the county for residential property.

BOSTAR: Because that-- and that's through the normal assessment process.

JON CANNON: Yes, sir.

BOSTAR: And so is it-- can someone have their benefit through the homestead exemption reduced because of just normal increased valuations?

JON CANNON: Because it is based on-- yeah, yes. But I want to explain that just a little, a little bit further, because it's based on the average assessed value of single family residential property. So if,

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if my home is keeping track with the market in Lancaster County and I happen to qualify, then the percentage of exemption should remain fairly constant unless my income fluctuates. And that's, that's a separate issue. However, if for whatever reason, you know, my neighborhood is, is extra desirable and the market has really gone up in my neighborhood, but not so much in the rest of the county, it is possible that my, my portion or my percentage of single-- the average assessed value of single family residential is a little bit higher and therefore I could qualify for a lower amount. But that is, that is something that's going to be communicated to the, to the veteran as part of the homestead exemption process.

BOSTAR: And so that would be one way to do it, but another would be, let's say, you know, in Lincoln, we have a significant lack of affordable housing. Right? So if we were to seriously try to address that and construct a large amount of affordable housing, would that imperil lowering where that average rate is and possibly removing benefits from people? And is that-- is there a way to address-- we could talk about this more, but--

JON CANNON: Sure.

BOSTAR: --I think I have the information that I was looking for. Thank you very much.

JON CANNON: Yes, sir. Thank you.

LINEHAN: Thank you, Senator Bostar. Are there other questions? I'm not sure so that-- I didn't know this. And I should. You're saying that the value of the house you live in can go up every year?

JON CANNON: Yes, ma'am.

LINEHAN: And it's an average?

JON CANNON: So--

LINEHAN: So who decides it? It's a formula or the assessor or the Department of Revenue?

JON CANNON: So the value of my, of my property is determined by the county assessor.

LINEHAN: OK.

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JON CANNON: And then what happens then is, is that the county assessor takes all these values, and then all those values are, are transmitted to the Department of Revenue. And then there is certified in, in-- that there is a, an average assessed value for single family residential, which is determined for all 93 counties across the state.

LINEHAN: OK. So if you lived in a county, I'll just pick one, Pawnee County, where generally it's going to be a much lower value than in Douglas County, then it's a much lower value that can-- what am I trying-- would be acceptable then if you entered this county?

JON CANNON: Yes, ma'am. And, and originally when the program was, was first enacted back in the seventies, I, I believe it was a, a straight exempt amount, it was-- and I'll get the number wrong, but it was something like \$40,000. Well, a \$40,000 property is a lot different in Douglas County than it is, say, in Arthur County.

LINEHAN: Yes.

JON CANNON: And so for that reason, that's why we came up with, you know, we're going to certified based on the single-- the average assessed value of single family residential per county.

LINEHAN: Could you get the committee a, a listing of the average values for all 93 counties?

JON CANNON: Yes, ma'am.

LINEHAN: Thank you very much. Senator Bostar.

BOSTAR: Sorry. Thank you. Thank you, Chair Linehan.

LINEHAN: That's OK.

BOSTAR: And would it also be possible to determine how often and to what extent people have their benefits reduced because of this?

JON CANNON: I, I don't know that, that's probably information that, that comes from the Department of Revenue, but I don't, I don't want to volunteer them if, if they don't have that information.

BOSTAR: OK. All right. Well, thank you.

JON CANNON: Yes, sir.

LINEHAN: Any other questions? Thank you, Senator Bostar. Thank you very much for being here, Mr. Cannon.

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JON CANNON: Yeah, thank you, ma'am. Thank you all.

LINEHAN: Other proponents? Good afternoon.

ANGI BURMEISTER: Good afternoon, Senator Linehan, members of the Revenue Committee. Thank you for allowing me to give a little bit of background on LB4. This bill was brought by the county to Senator Sanders. We'd like to thank Senator Sanders for bringing it and to Kenny Pancake for, for presenting it this morning. This bill came--

LINEHAN: I need your name and--

ANGI BURMEISTER: Oh, I'm sorry.

LINEHAN: That's OK.

ANGI BURMEISTER: It's Angi Burmeister. It's A-n-g-i B-u-r-m-e-i-s-t-e-r, and I'm a Sarpy County commissioner. This bill came to us as a result of a call from a veteran in Bellevue who called asking with some frustration about the homestead process and the requirement to annually re-up for the homestead exemption. The particular veteran named Jason was an Army veteran, a young Army veteran who was 100 percent permanently and totally disabled. Jason is a 40-year-old Army veteran who was a machine gunner. He was charged with walking in front of troops and flushing out ambushes and, and was blown up several times, actually, by IEDs, the final injury that caused his permanent disability. He, he was directly hit by an IED and suffered a traumatic brain injury. He's young for, for this category and his caretaker is his wife and he has seven children. So he pointed out that having to file annually for the exemption is a burden. Sometimes we think, oh, maybe this isn't that much of a burden. And that was one of the things we faced when we talked about that issue with assessors and other people is, is it a burden to have to file annually? And he explained why it was. Many of these veterans are using guardian conservators for these filings or other family members who are caring for them. And it's a difficult process already to have to reach out to somebody when you're trying to make it through day to day. So filing annually was difficult. Also, as other people testified, the, the designation of 100 percent permanent and total is one that rarely changes in the military. In other areas, like in workers' compensation or Social Security disability, you can be 100 percent disabled at one moment and that designation can change from time to time. That's not the same with this designation. Once they're designated 100 percent permanent and total, that rarely changes. And they don't, they don't have annual reviews of that or regular reviews

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of that. So filing something annually is a problem for them because they aren't used to doing it in other areas that are available. These folks already qualify for the homestead exemption. That's why there's no fiscal note on this bill, because it doesn't impact revenue because they already would be exempt. So there is no fiscal note there. We did work with the assessors to try to be sure that we were creating a process that, that was helpful and that we weren't creating a problem in the process. So, so grateful for Jon Cannon for coming today and explaining how that works. We, we tried to be mindful of the process and sometimes we can create something that's difficult for the assessors and we didn't want to do that here. In this particular case, the bill is there to help the most affected veterans who are injured the most and who really need our support. And so we're asking for your support of LB4. Happy to take any questions.

LINEHAN: Thank you very much. Are there questions from the committee? The one thing, and Mr. Cannon addressed this and I was going to follow up and I didn't, Senator Kauth asked if people are notified. Are you aware of how they're notified?

ANGI BURMEISTER: Sure, sure. They do get a notification, I know, particularly in Sarpy. The assessor informed us that he does reach out to them individually, actually, and I believe that happens in other counties as well. But in the-- and I, I don't know in particular how they do it in Douglas, but my, my suspicion is they get a, a card and that would be the goal here would be to be sure that there's a notification of that five-year process and we'll have to make sure that happens.

LINEHAN: So, yeah, I think we probably need to drill down on that a little bit. Card, phone call, whatever it is,--

ANGI BURMEISTER: Yeah, I--

LINEHAN: and if it's a-- if it's just because a county is being kind or if it's actually mandated.

ANGI BURMEISTER: Sure.

LINEHAN: Other questions from the committee? Seeing none, thank you very much for being here. Good afternoon.

MATTHEW MacDONALD: Good afternoon. Good afternoon, Senator Linehan and members of the committee. My name is Matthew MacDonald, M-a-t-t-h-e-w M-a-c-D-o-n-a-l-d, and I am the director of the Sarpy County Veterans Service Office. I'm testifying today in support of LB4. And I am

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grateful to Senator Sanders for her continued support for Nebraska's military members, veterans, and their families. The Sarpy County Veterans Service Office assists military veterans and their families when applying for federal, state, and county benefits. In this role, I frequently work with veterans who apply for the homestead exemption, including veterans with permanent and total disabilities like those mentioned in LB4. The current process can be burdensome, particularly for veterans whose disabilities impact their physical mobility. To give you some background, Sarpy County has a high veteran population, second highest in the state. We serve in excess of 21,000 veterans and their family members. Last year, for 2022, we had over 1,000 veterans and surviving spouses apply for the homestead exemption, and they utilized our office for assistance in that process. The number-- this number includes a vast majority of veterans rated 100 percent permanent and total through the VA, as well as a number of veterans-- or excuse me, a number of surviving spouses of veterans who have passed, yet they remain homestead eligible. Our office also has hundreds of veterans that ask us to review their homestead application or Form 458 prior to turn-in to the assessor's office. I share this information with you to help describe just how active and familiar with the Sarpy, the Sarpy County Veterans Service Office is in regards to the homestead exemption process with our veteran population. Many of our homestead eligible veterans are not only disabled but elderly, widowed, or have elderly spouses. Those veterans primarily rely on caregivers or family members for assistance to travel to and from appointments when filling out forms or applications and navigating a world that is ever reliant on technology. Many of our processes aimed at easing the stresses with homestead applications are in fact technology based, and those include faxing, scanning, and emailing documents. However, I can tell you that firsthand that many of our aging veterans have either little to no access to computers or email or honestly have very little desire to learn to do so. And they have earned that right. In addition, our veterans typically have an overwhelming number of questions and anxiety every year about the homestead process. So introducing legislation that can ease that burden is welcome. The homestead application process can be confusing for many veterans. We receive countless calls and visits to our office to have the process explained to them, and often we have, have to turn veterans away because the applica-- either the application period has not begun yet or the process is not ready to start. When the application process does start, typically the first week in February, many veterans want to complete their applications as early as in the period as possible, and this is completely understandable but can cause the veterans some

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stress. In the past couple of years our veterans and spouses braved unfavorable weather conditions, cold temperatures, and the pandemic in hopes of getting their applications completed in person for the coming year. And this process places a burden on our aging veterans and families. Finally, I would just like to add that LB4 is a modest change to the homestead exemption process, but it would have a big impact for the veterans of Sarpy County and Nebraska at large. I encourage the committee to advance LB4, and I'm happy to answer any questions you have.

LINEHAN: Thank you very much. Are there questions from the committee? Senator Albrecht.

ALBRECHT: Thank you, Chair. Thank you for being here and thanks for your service. So you help the county do this. So if you have to get out there and try to get a hold of a thousand people, obviously not, not all at one time, as they come due. So do they come to your office and you help them fill out the surveys or the forms?

MATTHEW MacDONALD: Yes, ma'am. We are as involved in the process as the veteran wants us to be.

ALBRECHT: How many people are in your office?

MATTHEW MacDONALD: We have a staff of four.

ALBRECHT: So I guess my question to, to the committee is, do we have to have something like that in the bill, amended into the bill that they will be doing it or just hope that everybody figures out how to do it because you, you may be different than Douglas County or the other 90-some counties that are left?

MATTHEW MacDONALD: Yes, ma'am.

ALBRECHT: Thanks.

LINEHAN: So I think maybe the question-- thank you, Senator Albrecht-- the question would be is there county service officers-- smaller offices in every county or some share two counties or what? It's across the state, right?

MATTHEW MacDONALD: Yes, there is a veterans service office in every county. Staff is dependent on typically veteran population so Douglas, Sarpy, and Lancaster all have larger staff.

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LINEHAN: And then is it a state function funded by the state under the Nebraska Veterans' Affairs Office?

MATTHEW MacDONALD: Yes.

LINEHAN: OK. So if we had questions, we'd go to them.

ALBRECHT: OK.

LINEHAN: Or you can come tell them.

MATTHEW MacDONALD: Sure.

LINEHAN: OK. Any other questions? Thank you very much. Really appreciate it.

MATTHEW MacDONALD: Thank you for your time.

LINEHAN: Are there other proponents? Any other proponents? Are there any opponents? Anyone wanting to testify in the neutral position? We did have letters for the record. We had three proponents: Rebecca Collins, Daryl Harrison, Ryan McIntosh, and I think most of us know that Ryan represents the Nebraska National Guard, and we had zero opponents and zero neutral. So would you like to close? Closing is waived. So that closes the hearing on LB4 and we will start the hearing on LB10. Senator Blood. Good afternoon.

BLOOD: Good afternoon, Chairman Linehan and members of the Revenue Committee. My name is Senator Carol Blood, spelled C-a-r-o-l B-l-o-o-d, and I represent District 3, which is the western half of Bellevue and eastern Papillion, Nebraska. I appreciate the opportunity today to bring forward LB10 regarding changing the definition of veterans with disability to the federal definition to allow for tax exemptions for motor vehicles and mobile homes for veterans with disabilities. LB10 accomplishes something very simple. It mirrors the definition of the federal government for veterans with disabilities when it comes to vehicle and mobile home tax exemptions only. Under current Nebraska statute, the definition for veterans with disabilities is very restrictive and doesn't allow for a broad interpretation of a veteran with a disability. Under current Nebraska statute, this is the definition of a veteran with a disability: Disabled person shall mean a veteran who has lost the use of or has undergone amputation of two or more extremities or has undergone amputation of one or more extremities and has lost the use of one or more extremities. The current definition clearly doesn't allow for the broad spectrum of disabilities that our veterans face. Under the

federal definition it has a very-- has a more broad definition: Disabled veteran means an individual who has served on active duty in the armed forces, has been separated therefrom under honorable conditions, and has established the present existence of a service connected disability or is receiving compensation, disability retirement benefits, or pension because of a public statute administered by the Department of Veterans Affairs or a military department. The federal definition is a more nuanced and updated approach to include veterans with disabilities that are neglected in Nebraska with one exception. They neglect to put the veteran before the disability wording, which is a show of respect using person-first language. LB10 also adds definition for blind and disabled veterans to include them in the property tax exemptions as they had two different subdivisions within state statute. The legislation wanted to make sure that veterans with vision impairments receive the same exemptions as other veterans with disabilities. LB10 would accomplish making Nebraska a more veteran friendly state and match what many other states, such as Illinois, Wyoming, and Florida offer in tax exemption for veterans with disabilities. Now since I'm sitting in front of a committee that is all about numbers, I note that in Nebraska we have approximately 117,466 vets, which is 8.2 of our adult population, of which approximately 35,972, which differs than what the fiscal note is saying, by the way, or 30.6 percent of that population are veterans with service-connected disabilities. Of that 117,466 vets, 76 percent own homes, but we've not found reliable data on how many within the 76 percent are veterans with disabilities. I'd also like to note that 153 of those veterans are homeless, and most homeless veterans are individuals with disabilities. This committee held an interim hearing in October, I believe, of last year, and it was noted that there is a 2 percent annual decline in the numbers of surviving veterans. Also in that same meeting, you were told that about half of these veterans are 65 or older. So clearly, even though we have new veterans with disabilities coming into the pool, we are losing them at, unfortunately, a higher rate. By aligning Nebraska's definition of veterans with disabilities with federal guidelines, we simplify access for these veterans for tax exemptions and services. Nebraska's definition of veterans with disabilities falls behind veterans' needs as it was written in 1970 and is outdated for the modern era. We need to update, update the definition to simplify their ability to access the services they need. Veterans with disabilities already face various barriers, barriers reintegrating into civilian life, ranging from transportation access to employment. And we are obligated to repay their service by alleviating these barriers, whether they be social or financial as much as we can. So I appreciate your time today

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and consideration for this bill that will bring justice to our veterans with disabilities. And like many bills in front of a variety of committees this year will move us one step closer to becoming the most veteran friendly state in the United States. I urge the committee to bring this legislation to the floor for a proper debate. And on a final note, I do question the numbers on the fiscal note based on the numbers that we have, not saying that anything was done purposely but I do believe that it's much higher than what will actually happen.

LINEHAN: Thank you, Senator Blood. Are there questions from the committee? Senator Bostar.

BOSTAR: Thank you, Chair Linehan. Thank you, Senator Blood. Could you elaborate on the fiscal note?

BLOOD: Yeah, it's like I said, they are anticipating around 40,000 veterans would likely take advantage of the proposed exemption. So that is showing me more veterans with disabilities than we have in Nebraska. So if you look at the most recent statistics that we were able to find, which were very recent, we're showing 35,972 or 30 percent of the population. Clearly, not all of those people drive and have vehicles. Many have to use public transportation or will use, like, the vans for medical care, or depending on where they live, of course, in the state as well.

BOSTAR: So NACO in their fiscal note said U.S. Department of Veterans Affairs had reported 43,465 disabled veterans in Nebraska. And then census data indicated that 93 percent of disabled veterans in Nebraska own a vehicle. So you think those are too high?

BLOOD: I do.

BOSTAR: My other question on this-- the fiscal note is, is actually a little odd in other ways.

BLOOD: It is how they did the fiscal note. I know we were very excited when we saw the fiscal note. And then as we read the fiscal note, it's a very odd way to write it.

BOSTAR: So the fiscal note talks about a loss in motor vehicle tax of--

BLOOD: Allegedly \$3 million.

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BOSTAR: --of over-- yeah, it's over \$15 million. And then they refer to the 1 percent that goes to counties making \$150,000. I, I maybe, I don't possibly have a question here, this is just--

BLOOD: We found it very puzzling as well. We, we feel that we have a very good bill and are willing to work with them on the numbers. And if the numbers really are, you know, the end of the Earth numbers that they present in this final paragraph, we would certainly understand why there would be concerns. But I, I, too, question the way the fiscal note was written, because is it not the fiscal impact supposed to be at the top so a committee can read that in one glance and know that there's a concern?

BOSTAR: I mean, I--

BLOOD: And that is not what happened in this fiscal note.

BOSTAR: --I suppose maybe be thankful that they, in the box, they put \$150,000 and not the \$15 million [INAUDIBLE].

BLOOD: I mean, we could have sat here and fibbed about it, but clearly you can all read, so.

BOSTAR: Thank you very much.

LINEHAN: Thank you, Senator Bostar. Senator von Gillern.

von GILLERN: A similar question and maybe just tacking onto this. It also in the, the paragraph about the NACO analysis, it says each county in Nebraska would lose this amount. So the \$150,000 times 93 is \$14 million. So, again, we kind of have a stray number here,--

BLOOD: Right. And, and again, I think that we need to--

von GILLERN: --\$14 million obviously is very different than \$150,000.

BLOOD: Had we gotten this fiscal note yesterday, we would have had more time to work on it. And since we're all really rushing around this year to get hearings, we're not having that luxury. The luxury we do have is that if the committee is open to, to giving us a few days to work on it, if they're interested in moving this bill out, we would like to work on the fiscal note because we feel it's not appropriate.

LINEHAN: Thank you, Senator von Gillern. Yes, the committee will let you have time to get a readable, understandable fiscal note.

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BLOOD: Thank you, Chairperson Linehan.

LINEHAN: And they are working hard. I mean, everybody's desk-- they're buried so I understand.

BLOOD: I, I agree. I'm not trying to be negative.

LINEHAN: But this-- and I'm not quite sure because you've got a revised one here. Am I reading this right, there's a revised fiscal note? Yes. So it starts your last fiscal note which is NACO's LB10 revised. Which might be why you have two fiscal notes. So, yeah, I think you need to go back to get the history of what's going on here and see if you can bring us better numbers.

BLOOD: And I'm happy to do that.

LINEHAN: Because it-- doesn't the vehicle motor tax also go to schools? Think so.

BLOOD: I think so. [INAUDIBLE]

LINEHAN: Yeah, and I'm not seeing anywhere in here where the schools were, the schools were--

BLOOD: That it had-- that it commented on it.

LINEHAN: Yeah.

BLOOD: Not that I'm enthusiastic in having to add on to these numbers. But you-- I concur. I just-- I feel like the fiscal note is kind of just all over the place. And, and it's not like one I've seen before. And I do appreciate the work that NACO goes into. You know how I feel about making it harder on the counties. I'm not a big fan of that.

LINEHAN: Right. No, I know. Right. Yep. Yep. OK. Any other questions? But it's hard until we have something more plain.

BLOOD: Right.

LINEHAN: Right. OK. Thank you very much.

BLOOD: Thank you.

LINEHAN: Are there proponents?

GREG HOLLOWAY: Thank you. Again, my name is Greg Holloway, G-r-e-g H-o-l-l-o-w-a-y. I'm representing the Nebraska Veterans Council again,

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and this is one of the veterans' bills that we approved and want to support. So I don't really have a whole lot to say about it, but I am the past department commander for the Disabled American Veterans and a past county veterans service officer. So if you have any questions about anything, I'm sure can answer them for you. But Nebraska Veterans Council is we take care of all the legislative issues for the state and I'm their mouth. You've seen me a couple of times. So--

LINEHAN: Thank you.

GREG HOLLOWAY: --any questions? I'll sure answer them.

LINEHAN: Sure. Any questions from the committee? Do you know the number of veterans in Nebraska over 65 years old that are alive?

GREG HOLLOWAY: No. I wish I could answer that for you, but.

LINEHAN: OK, well, somewhere there surely must be a number.

GREG HOLLOWAY: Yeah. I, I, I imagine John Hilgert's office at the Nebraska Department of Veterans Affairs could probably take care of that a lot better than any of us, you know.

LINEHAN: That's a good direction point isn't it?

GREG HOLLOWAY: Um-hum.

LINEHAN: All right. Thank you very much for being here.

GREG HOLLOWAY: Thank you.

LINEHAN: Are there other proponents? Are there any opponents? Is there anyone wanting to testify in the neutral position? Good afternoon.

JON CANNON: Good afternoon, Chairwoman Linehan, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO, here to testify in the neutral position, and I'll call it neutral positive position on LB10. Neutral positive-- mostly, I, I think I'd like us to get to the bottom of how the fiscal note reads, how it is-- what numbers it presents, and make sure that we're all-- we all agree on what the, the outcome is. As far as the substance of the bill, it would require a little bit of a change to how we do business. That's not that big a deal. I, I do suspect that because we refer to a U.S. law-- as of, as of January 1 of this year, my expectation is that as that law is changed from time to time, we'll probably revisit this every so often, so that-- it's

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always a little bit of a retraining issue. I have no reason to disagree with how Senator Blood has characterized what she thinks the fiscal note should look like, but I think we should probably take a look at it first. We have no real objections to the bill and, and we think it's-- generally, it's a good thing for our veterans. And if it's good for our veterans, then we're usually supportive, but I, I think we need to address the fiscal note.

LINEHAN: Are there questions from the committee? Thank you, Mr. Cannon.

JON CANNON: Yes, ma'am.

LINEHAN: Do you know where the money goes? Does it all go to the county? Doesn't some of it go to the school?

JON CANNON: Some goes to the schools, some goes to the cities.

LINEHAN: Not to the counties?

JON CANNON: And some goes-- I'm sorry, and some goes to the counties as well.

LINEHAN: It's split up three ways.

JON CANNON: Yes, ma'am.

LINEHAN: It doesn't come to the state.

JON CANNON: No, ma'am.

LINEHAN: Right. So it's county-- yes, we need a much better fiscal note. OK. Thank you very much.

JON CANNON: Yes, thank you.

LINEHAN: Are there other people wishing to testify in neutral position? OK, I have letters for the record. We have five proponents: Shawn Wilbur, Amanda Vazquez, Ryan McIntosh, Daryl Harrison, and James Shuey. Senator Blood, would you like to close?

BLOOD: I would.

LINEHAN: OK.

BLOOD: I am actually handing down to you, Chairperson Linehan, the percentage of the different wars that our veterans served in. So I

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think you can kind of tell, World War II, Vietnam, what age bracket in general. I have better numbers in my office, but I thought that that might give you, at a glance, an idea of the amount of people we're talking about.

LINEHAN: OK.

BLOOD: So for me, one of the big things in this bill-- and I've been before this committee before where I've had a bill that did several things, and that was in the days when if you had a fiscal note your bill was dead.

LINEHAN: Yes.

BLOOD: And sometimes we can remove fiscal notes and, and do something that's still important. And one of the things that I think is really important, but it is going to affect how we provide benefits, additional benefits to our veterans is I do still think we need to change how we refer to disabled veterans in state statute. I think it's ridiculous that we talk about people that are blind and driving and we include them in these numbers because clearly they're not driving here in Nebraska. And we never seem to take those numbers away from people with disabilities when we talk about things like exemptions for, for driving. We just include them in the, in the bunch and make it look like it's more than it really is. So that is one thing that I, I do kind of acquiesce on that if indeed we can't come to terms, can we start talking about how we really refer to our, our veterans? And that could clearly still come from this committee. But I do want to get the fiscal note in order. I do think we're still a long way from being the number one state for, for people with disabilities that are veterans. And I know that it's not that hard, especially when we are flush, to make that move because we're not talking about a long-term commitment that's going to, to drain our coffers in a negative way. So-- and it's pretty rare when I come forward with anything that costs money. So that's how strongly I feel about it. I just feel we can do better for our veterans with disabilities. I feel that how we talk about them, how we refer to them, and, and what exemptions we provide to them shows clearly how our state feels about veterans.

LINEHAN: Thank you.

BLOOD: I appreciate your time.

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LINEHAN: You bet. Are there any questions from the committee for Senator Blood? Seeing none, thank you very much.

BLOOD: Thank you. I'm going to go listen to the rest of the gun laws now.

LINEHAN: Go have fun. So we'll close the hearing on LB10 and open the hearing on LB58. Senator John Cavanaugh.

J. CAVANAUGH: Good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is John Cavanaugh, J-o-h-n C-a-v-a-n-a-u-g-h, and I represent Legislative District 9 in midtown Omaha. I'm here to introduce LB58, which would provide sales and use tax exemption for diapers because buying diapers is not optional. As a father of four young children, I can tell you how important it is to have clean diapers. It's a health and safety issue. Children can't go to daycare without enough diapers. And if you can't take your child to daycare, you can't go to work. Nebraska has long held as a matter of public policy that we should not put sales tax on necessities. That's why groceries are exempt from sales tax. And Nebraskans have come to rely upon that. Just last year, this committee eliminated the sales tax on another essential item, feminine hygiene products. It is a way to help keep costs down for every household. And it's especially important at a time when costs are rising due to inflation. LB58 would extend the policy to sales, storage, use, or other consumption of diapers. The National Diaper Bank Network estimates that the average household will spend \$80 per month on diapers. Over the course of a single year, the sales tax exemption would save the average household \$70. And of course, this would not just be the benefit for young families, but for adults who need diapers for medical purposes. I started to think about this idea after reading an article this summer about states that are pushing to end taxes on diapers. It struck me as a commonsense idea that benefits all Nebraska families. Not a big ticket item in the overall revenue picture for the state, but something that can result in real savings for Nebraskans. Thank you for your time and consideration on LB58 and I ask for your support to General File, and I would be happy to take any questions.

LINEHAN: Thank you, Senator Cavanaugh. Are there any questions for Senator Cavanaugh? Did you look for any [INAUDIBLE]?

J. CAVANAUGH: I did not. I think it-- well, I can--

LINEHAN: No, go ahead.

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J. CAVANAUGH: I, I think that the savings to the individuals are, are probably justified. I mean, if you look at the revenue projection, I think it was 2.-- I don't actually have it right in front of me, but it's \$2.4 million.

LINEHAN: It's, it's 2.-- it's \$2.5 million.

J. CAVANAUGH: \$2.5 million.

LINEHAN: Pretty close.

J. CAVANAUGH: And in reality, I think that that's, you know, a relatively small amount for the state as a whole, considering how much of an impact it has to those individuals. But of course, I'm happy to look if that's the break or make on that.

LINEHAN: Well, it's just-- it would-- because there are a lot of things that don't get taxed that probably should be taxed. I was just--

J. CAVANAUGH: Right. And--

LINEHAN: It might be easier if you--

J. CAVANAUGH: I would certainly, I would certainly agree with that perspective and be happy to look at those things as well.

LINEHAN: OK, candy. Senator Kauth.

KAUTH: Thank you, Chair. I do have one question. You mentioned adult diapers. Do you have a breakdown of the percentage of-- or does this note cover both infant and adults?

J. CAVANAUGH: Yes, the fiscal note would cover both costs. I don't know which percentage is which out of that.

KAUTH: But it is, it is included?

J. CAVANAUGH: Right.

LINEHAN: Thank you, Senator Kauth. Senator Briese, welcome back. We're talking about sales tax.

BRIESE: OK.

LINEHAN: Your timing is perfect. So-- anybody else have questions for Senator Cavanaugh? You'll stay to close?

J. CAVANAUGH: I will.

LINEHAN: OK. Are there proponents? Good afternoon.

TEGAN REED: Good afternoon. My name is Tegan Reed, T-e-g-a-n R-e-e-d. I am the cofounder and executive director at Nebraska Diaper Bank. Just a little bit about us. We were founded in 2014. Our mission is to provide diapers through collaborative partnerships to change lives and empower families who are in need. So we work closely and collaboratively with wonderful organizations in the community. We're already meeting needs of families who are in a low-income situation, so they're already providing services like a food pantry or educational or parenting classes or even a healthcare appointment. Those diapers can be an add-on and help lift that family out of poverty. So our sole focus as a nonprofit organization is to end diaper need in the state of Nebraska. One in three families here in Nebraska struggles to afford enough clean diapers to keep their babies happy, healthy, clean, and dry. And that is known as diaper need. We are the only nationally recognized diaper bank in the state of Nebraska, and we will provide 3 million diapers to babies in our community and in our state this year. We currently serve the greater Omaha area, Lincoln, Kearney, Norfolk, Scottsbluff, Macy, and Walthill, Nebraska. Children require at least 50 diapers a week or 200 diaper changes a month. So on average, the National Diaper Bank Network reports that families spend \$80 to \$100 on diapers monthly. And with our state sales tax at 5.5 percent and local variations up to 7 percent, taxes on diapers cost those families 59 to 76 extra dollars per, per year, which can have a huge impact on these families, while only bringing in a small portion of state revenue So these families can feel that excess of-- well, not really excess, but that money to purchase food, to pay for a medical bill, things that they truly need. In Nebraska here, 15 percent of the children under the age of three and families earning less than 100 percent of the federal poverty line and 22 percent of children under the age of three live in families earning 100 to 200 percent of the federal poverty line. Diapers not only impact babies, but families in our workforce also. Most childcare facilities require parents to provide diapers so that the child and the parents experiencing diaper need who rely on that childcare, they're saying that they're missing an average of four days of school or work because of that diaper need. Sixteen states currently exempt diapers from sales tax, including most recent additions of Iowa, Indiana, Florida, Louisiana, and Virginia. Twenty-nine states still treat diapers as a nonessential good rather than a necessity, like food or toilet paper, according to the National Diaper Bank Network. Diapers are just as essential as these nontaxed items critical to a

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baby's health and well-being. We get the opportunity to see families who are at their lowest a lot of times and I know that this is something that they could really benefit from. And as a mother of four children, I understand what that feels like too. Do you have any questions?

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

TEGAN REED: Thank you for your time.

LINEHAN: You're welcome. Are there other proponents?

SCOUT RICHTERS: Hello. My name is Scout Richters, S-c-o-u-t R-i-c-h-t-e-r-s. I'm here on behalf of the ACLU of Nebraska in support of LB58. We want to thank Senator Cavanaugh for bringing this legislation. The ACLU of Nebraska works to ensure that everyone, regardless of their gender, has an equal opportunity to work and participate in family life according to their own needs and has the ability to make decisions that are best for their own lives and families. As Senator Cavanaugh mentioned, LB58 rightly builds off of the work of this committee and the body's work last session exempting menstrual products from sales tax. And just like menstrual products, diapers are necessities like medicine and food, which have long been exempt from sales tax. And I think it's important that the Nebraska tax code reflect that reality. Subjecting diapers to sales tax is just one of the many ways in which caregivers who are disproportionately women are undervalued in our society and in our state. And so by exempting diapers from sales tax, we not only benefit families financially, but we take a, a step in signaling that the caregiving role is valued and that caregivers are supported in our state. So we urge the committee to advance this bill, and I would be happy to answer any questions.

LINEHAN: Thank you very much.

SCOUT RICHTERS: Thank you.

LINEHAN: Are there questions from the committee? Seeing none, thank you very much--

SCOUT RICHTERS: Thank you.

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

ALICIA CHRISTENSEN: Good afternoon, Chairperson Linehan and the Revenue Committee. I am Alicia Christensen, A-l-i-c-i-a C-h-r-i-s-t-e-n-s-e-n, and I'm here testifying in support of LB58 on behalf of Together, a nonprofit organization that provides services and administered programming to end hunger and homelessness in our community. While making necessities like diapers more affordable may seem like a niche issue to some, this legislation would have positive effects for a broad swath of Nebraskans. Families with young children who have a steady supply of sufficient diapers can keep babies healthy and maintain consistent childcare. Access to diapers allows many aging or elderly individuals, people with disability and those grappling with injury or illness to live with dignity, maintain their well-being, and remain active. Clearly, diapers are a critical necessity for many Nebraskans. However, many of Together's participants and other low-income Nebraskans have trouble affording diapers. They have, have trouble affording them consistently in the quality-- quantity needed or without foregoing other necessities. Diapers for children aren't cheap and diapers-- adult diapers are even more expensive. And what's more, children's diapers are not covered by WIC, SNAP, or Nebraska Medicaid. Medicare does not cover adult diapers because they're not considered durable medical equipment. While Medicaid does cover up to three months supply of medically necessary incontinence supplies for beneficiaries, they must have documentation of a medical diagnosis that includes information about the quantity needed and the duration of their need. Even then, many of Together's participants and other low-income households in Nebraska earn too much to qualify for Medicaid, but not enough to supply their family's needs. So low income households and people living on fixed incomes often survive on very tight budgets with little or no wiggle room. For instance, a participant who earns about \$1,200 a month would not be eligible for Medicaid, but would find it difficult or even impossible to find money necessary for incontinence products. Households with these kinds of razor thin budget margin-- margins are also hardest hit by inflation, which, as I'm sure you know, has led to huge price increases in many essentials. Twenty-two percent spike in diapers, 11.8 percent increase for groceries. What many may not realize is the importance of making diapers more affordable would stave off what can sometimes be a domino effect. These high cost essential items, a gap in health and human services for support and the economic pressures combined to have an enormously negative effect on our community. So inability to access diapers can initiate this domino effect that can thrust a family toward crisis. So at Together, we operate different programming areas, including in partnership with the Diaper Bank of Nebraska, to provide our community members with the diapers they need

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to make sure that their families don't get to that crisis point. And we can prevent housing insecurity or homelessness, or that they can afford to purchase food or healthcare costs. And also it's part of our stability services when we are helping individuals who are exiting homelessness. In all of these program areas, our staff seeks to create or maintain stability and ensure a household's basic needs are met. And through this work we have extensive expertise on how to-- on how better access to life's essentials can dramatically improve health, well-being, and economic stability. So we ask the Revenue Committee to support LB58 because diapers are a critical necessity for so many Nebraskans and eliminating the sales and use tax on these essential items will have a direct and immediate benefit, especially for the state's most vulnerable individuals. Thanks for your time and consideration today and I'm happy to take any questions.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you very much--

ALICIA CHRISTENSEN: Thank you.

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

KARI SCHMITZ: Good afternoon, Chairperson Linehan and members of the Revenue Committee. My name is Kari Schmitz, K-a-r-i S-c-h-m-i-t-z. I'm an attorney at Hudl here in Lincoln, a Lincoln Littles early childhood champion, board member of Educare of Lincoln, and cochair of the Junior League of Lincoln Diaper Bank. But most importantly, I'm Carter and Henry's mom. I'm representing myself today, but also other Nebraska parents who are unable to be here in person to tell you how important it is to support LB58 and the exemption of sales and use tax on diapers in Nebraska. And I'd like to thank Senator Cavanaugh for introducing this important piece of legislation. It's never been more, more expensive to raise a child in Nebraska. According to the National Diaper Bank Network, one in three families struggle to provide clean diapers for their baby. In Lancaster County alone, an estimated 6,000 children suffer diaper need. Families with children in diapers spend hundreds, if not thousands of dollars every year on diapers. And that total has only increased due to inflation and supply chain issues. No federal or state child safety net programs provide funds specifically to purchase diapers. Children could not reach their full potential if they are not kept clean, dry, and generally healthy. In Nebraska, 73 percent of mothers with infants are in the workforce. There are more than 100,000 Nebraskans under the age of three. Most childcare facilities require parents to provide disposable diapers for their child. The National Diaper Bank Network found that 57 percent of

parents experiencing diaper need who rely on childcare say that they missed an average of four days of school or work per month in the past month because they didn't have diapers. Not working generally disqualifies a parent from important childcare resources and government assistance, continuing the cycle of poverty. With a tax exemption in place, more families have a fighting chance to afford the diapers their children need and lift their families out of poverty. When I purchased diapers, now nighttime pull-ups for my sons, I bought them from a large box store and could sometimes get them for as low as 13 cents per diaper. However, parents who are financially struggling cannot afford the membership fee at this large box store. Nor could they spend such a large percentage of their monthly income at one time. Instead, they often have to buy smaller packages of diapers that result in a higher cost per diaper. Exempting sales and use tax on diapers would stretch their dollars further to be able to afford a larger package or larger size diapers which can sometimes keep your child cleaner for a longer period of time. Diapers are a basic need, not a choice. The first five years of a child's life are the most important for brain development, but children cannot thrive when their basic needs are not met, which includes a steady supply of clean diapers. The Junior League of Lincoln Diaper Bank has provided more than 300,000 diapers for Lincoln's children since it began distribution in 2020. LB58 will provide much needed relief to the JLL Diaper Bank that continues to address an overwhelming need. Laura, a young Lincoln mom, recently reached out to our diaper bank for size 4 diapers for her 22-month-old and nine-month-old. Laura confessed that she was, quote, running very low on diapers. And I'm not sure if I'll make it through the weekend. I don't get paid for another week and I'm negative in my bank account. End quote. Stretching more dollars because of the proposed tax exemption means more diapers can be purchased and distributed through the JLL Diaper Bank to parents like Laura. The JLL Diaper Bank works with Lincoln Littles to donate diapers to families through their childcare providers, addressing two major components of the issue of diaper need: one, providing diapers to financially strapped families so, two, parents can continue to work. Diapers are delivered to providers that meet at least step Level 3 of Step Up To Quality standards. Recipient parents may fall in a gap and not qualify for government assistance, may be too ashamed to ask for help, or are simply struggling to make ends meet in this debilitating economic climate. The JLL Diaper Bank ensures parents will not miss work solely due to being unable to provide clean diapers. This also means that the already overburdened childcare operators do not have to raise costs even more to provide diapers and do not have to turn away families who already cannot find affordable

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quality childcare. Ultimately, this is an issue of equity. A diaper tax exemption applies to everyone regardless of income, but sales tax disproportionately burdens lower income families for whom diapers are a major, major financial stressor. I want all Nebraska children, not just Carter and Henry, to have the same starting line in the race of life. And one of the most important critical ways I think we can-- to make that happen is to do what we can to keep children healthy and safe. As of today, I believe 21 U.S. states do not tax diapers. We want Nebraska to be a pro-child state and LB58 responds to that obligation. Giving parents a way to make raising kids in our state even less stressful is something you can do by advancing and supporting LB58. Please advance LB58 and pass this bill into law this session. I sincerely appreciate your time and happy to answer any questions you have. Thank you.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you very much. Are there other proponents? Thank you.

SHANNON PETERSEN: Good afternoon. Thank you, Committee Chair. My name is Shannon Petersen, S-h-a-n-n-o-n P-e-t-e-r-s-e-n. I'm the operations care coordinator representing Kubat HealthCare, and most importantly, our patients and citizens of Nebraska. I have been in the home medical industry for ten years, and I'm also a board member-- board of director member of MAMES, who represents durable medical suppliers in eight states. MAMES has previously submitted written testimony on this bill. The purpose of my testimony is to highlight rising costs of diapers, also known as incontinence products, which covers a wide variety of, of incontinence type products, this impact on our patients and Nebraska residents, and why these products should be exempted from Nebraska sales and use tax. The economic hardship brought on by the COVID-19 pandemic made it clear that more families are struggling to provide enough diapers for their babies. And many adults, including seniors, are also feeling the financial strain. The sales tax levied on diapers makes them more costly for young families and adults. According to a CNN report, the high cost of diapers often falls hardest on mothers, particularly low-income mothers of color. One in three U.S. families struggles to afford and a fifth of Americans who buy diapers spend nearly 14 percent of their post-tax income. As an example, infants require up to 12 diapers per day at a cost of \$70 to \$80 per month per child. That's roughly \$930 per year, according to the National Diaper Bank Network. There are a variety of causes that lead to the medical need for incontinence products in adults. There are several conditions and disease states that can lead to the need such as dementia, neurological diseases, post-traumatic stress

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disorder, stroke, high blood pressure, diabetes, mobility disorders, and more. Children over the age of three or four who are still experiencing incontinence may have a contributing medical condition. Often, children with special needs have a harder time communicating or controlling their bladder. Low-income individuals and families often purchase inferior incontinence products due to the higher cost of, of the more quality products. Inferior or an inadequate supply can lead to health conditions such as urinary tract infections, incontinence associated dermatitis, pressure ulcers, and more. Whether for a child or an adult, these health conditions require medical attention that can put additional financial strain on the families and our state healthcare dollars. By exempting diapers or incontinence products from sales tax, we are putting dollars back into the pockets of our most vulnerable populations and providing access to quality products that will help close that gap on health inequities. To ensure Nebraska residents are provided affordable access to quality products, I respectfully request the Revenue Committee thoughtfully consider the impact of exempting diapers and incontinence products from Nebraska sales and use tax and move the bill forward. I thank you.

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

SHANNON PETERSEN: Thank you.

LINEHAN: Are there other proponents? Are there any opponents? Anyone wanting to testify in the neutral position? Senator Cavanaugh, would you like to close? And let me when you're getting up here, let me see, we have 14 letters for the record that are proponents, zero opponents, and zero neutral.

J. CAVANAUGH: Thank you, Chairwoman Linehan, and thank you members of the Revenue Committee. I appreciate everybody who came and testified here today. I think this is an important story being told about what happens when you can't afford diapers. And anybody here who knows, who has changed a diaper on a small child, knows when a baby or small child is crying, the first thing you look at is to see if they have a wet diaper. It's because, you know, it upsets them. It's uncomfortable. It can cause diaper rash, infections, all those sorts of things. And it's a health and safety issue. And so it's, it's extremely important to make sure that we have ample diapers. Because what happens is, I don't know if I noticed anybody mention this, but somebody mentioned that the average number of diapers is 12 a day. That's the appropriate number. If you can't afford diapers, you're going to change the kids less and they're going to sit in dirty

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diapers longer. And that's a problem. And that's the reason you have to send the ample number to daycare so they have the number to change. And if you think about situations, most people who have a small child are just getting started in their professional career as well, starting a job. And if you're missing work because your child can't go to daycare, you're more likely to lose your job. It's going to prevent you from being able to buy a home, advance in your career, make more money, and create that stable life that we want everybody to have. And so this is not just a good idea and not just something that is helping these kids. And I don't want to, you know, ignore the, the adult diapers, incontinence products. But that was not what I was intending when I brought this bill. I, I discovered it after the fact. But it is extreme-- that is also important, that's a health and safety issue as well. But this is an investment in the future of the workforce of Nebraska. It's an investment in children and this is an investment in quality of life. And so that's why this is really important. And so I'd be happy to take any other questions.

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

von GILLERN: Senator Cavanaugh, thank you. I'm, I'm incredibly sympathetic to this issue. Thirty-four years ago we had three kids in diapers at one time. And, and it's a, it's a challenge. Couple of things I'm struggling with. I'm wondering if this is the, the right way to affect what, what you're trying to do. And, and all of the proponents, all of the testifiers spoke about the hardship on, on families of low income or impoverished or trying to, trying to grow their way out, or work their way out of challenging situations. And again, extremely sympathetic to all of that. But I think I heard several times that that number was maybe 30 percent of Nebraska families are in that scenario, which means we'd be, if, if I'm doing the math properly, I think I am, we would be giving a benefit to 70 percent of Nebraska families that don't need that benefit. I believe it was Ms. Christensen that mentioned that WIC and SNAP and Medicaid don't cover these benefits. Is there a better way to apply this benefit to where those who really don't need the benefit aren't achieving the benefit and, and could, could could save the, the tax revenue that's-- that the fiscal note notes that we won't be gaining?

J. CAVANAUGH: So there probably is another targeted way with some sort of direct assistance programs. A lot of times we're hesitant to engage in direct assistance, but I would say that we have historically looked at not taxing things that are essential items like I talked about in my opening, which is food and feminine hygiene products. And, you

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know, I think if you get into abilities to pay versus nonabilities to pay on all taxation, I think that's not a conversation this committee wants to engage in. But I do think that there's an argument-- overall, this is-- I think it's a very good argument about why we should do this for this, this purpose. But I think there's also this argument of we should not be overly burdensome on things that we want to encourage people to do. We want to make sure that everybody's buying enough diapers, that they're taking care of kids in the way that, you know, is, is appropriate and not looking at the cost. And so this is a small way to, I guess, eliminate a disincentive to doing what we want people to do.

von GILLERN: So, so the, the, the mention of necessity, I mean, the, the three common necessities that are commonly talked about are food, clothing, and shelter. So food is already exempt. I'm worried about potentially entering another slippery slope where we continue to add more and more items to, to, to be exempt from sales tax. And what, what comes next,--

J. CAVANAUGH: Yeah.

von GILLERN: --would be my next concern, so.

J. CAVANAUGH: And I think that--

von GILLERN: Appreciate what you're trying to do here.

J. CAVANAUGH: I think that's fertile ground for conversation and to Senator-- to Chairwoman Linehan's comment at the beginning of question that we have a tax code that is full of exemptions that maybe we should reconsider and I'm, I'm there for that conversation. But I think as part of that conversation, I would be at the table saying this should be one of the ones that we would, that we would eliminate. And I'm happy to pursue that in a much broader conversation in law.

von GILLERN: Thank you.

LINEHAN: Thank you, Senator von Gillern. Other questions from the committee? Thank you very much for bringing this. Did diaper prices spike during COVID? Because I know there was paper shortages. And then I think in some of the testimony they said and the last time I bought diapers, I was like, wow.

J. CAVANAUGH: Yeah, I don't know about spike, but they're definitely going up. I, you know, I used to have it memorized, of course, the

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price per, per diaper myself. I heard 15 cents there. And that sounded about what I'm recollecting as well.

LINEHAN: OK.

J. CAVANAUGH: But I can look and see what the chart would show. I'm sure somebody's got a chart out there about what diaper costs have been for the last four years.

LINEHAN: OK. All right. Any other questions? OK. Then with that, we'll bring the hearing of LB58 to a close and we'll go into Exec Committee. Ah, you forgot, didn't you Briese?