KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the forty-fifth day of the One Hundred Ninth Legislature, Second Session. Our chaplain for today is Pastor LuRae Hallstrom, Grand Lodge Senior Living, St. John's Lutheran Church in Otoe, a guest and spouse of Senator Hallstrom. Please rise.

LURAE HALLSTROM: It's good to see, to see so many of you today after a-- so many you were honoring St. Patrick's yesterday. The-- please at-- assume an attitude of prayer. Creator of the universe, we gather today seeking your presence, your guidance, and a steadfast sense of endurance as late night sessions commence. Lord, we are mindful of those currently facing the devastation of Nebraska's wildfires. We ask for your special protection upon the firefighters, first responders, and neighbors helping neighbors. May those called to serve feel the deep appreciation of a grateful state for their courage and resilience. We lift up to you all thar-- that are serving in harm's way at home and abroad. Surround them with your protection and grant them strength as they sacrifice in service to our safety and freedom. We ask for your blessings upon Governor Pillen, Lieutenant Governor Kelly, the senators, and all those elected to serve the people of the great state of Nebraska. Grant them wisdom, discernment, and the art of diplomacy as they, as they deliberate on matters of great importance. May their words be seasoned with respect, seeking common ground even in the midst of disagreement. We lift up to you the Clerk of the Legislature, bill drafters, and the dedicated staff members whose tireless efforts support the work of this body. Bless them with strength, patience, and a clear sense of purpose. We pray for the media that they may report with accuracy and integrity, fostering transparency and understanding. Protect and guide the Sergeant of Arms and the State Patrol, ensuring the safety of all and maintaining a secure environment for respectful discourse. We also ask a special blessing upon those who care for the building and grounds of this Capitol. May their purpose be strengthened as they preserve this Tower of the Plains, a testament to our shared history and aspirations for the future. In the midst of debate, may differing viewpoints be heard with open minds. Encourage wise decision-making that the laws enacted here may promote justice, equity, and the common good. May this session be marked with integrity, compassion, and an unwavering commitment to all Nebraskans. In all your many names we pray. Amen.

KELLY: I recognize Senator von Gillern for the Pledge of Allegiance.

von GILLERN: Colleagues, join me as we show our love for our country by reciting 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: I call to order the forty-fifth day of the One Hundred and Ninth Legislature, Second Session. Senators, please record your presence. Roll call. Record, Mr. Clerk.

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

KELLY: Are there any corrections for the Journal?

CLERK: I have no corrections this morning, sir.

KELLY: Any messages, reports, or announcements?

CLERK: There are, Mr. President. Your Committee on Judiciary, chaired by Senator Bosn, reports LB952 to General File. Additionally, amendment to be printed from Senator Guereca to LB1219. That's all I have this morning.

KELLY: Senator Strommen, you're recognized for a message.

STROMMEN: Thank you, Mr. President. Before we begin this morning, I'd like to pause for a moment. Across Morrill, Garden, Keith, Arthur, and Grant Counties, we've seen the Nebraska way in full effect, neighbors stepping up for neighbors in a time of real need. These wildfires have moved quickly and without much warning. And in the face of that, so many have answered the call without hesitation. We are deeply grateful for the firefighters, first responders, and volunteers who have been working long hours under difficult and dangerous conditions. Day and night they have put themselves in harm's way to protect lives, homes, and entire communities. Their courage, professionalism, and commitment deserve our deepest respect. The scale of what they are facing is hard to fully comprehend. The Morrill fire alone has now grown to more than 640,000 acres and is at this time 16% contained. While crews have made progress on containment lines, strong winds and red flag conditions continue to challenge those efforts. Even so, they keep showing up, doing the work, and pushing forward. We also want to recognize our farmers and ranchers, men and women who didn't wait to be asked but went straight to work. They've been out there protecting their land, their livestock, and others' neighbors' properties as well, all while these fires spread quickly across open ground. That kind of grit, responsibility, and quiet strength is something special. It reflects a way of life built on hard work, resilience, and looking out for one another. We also want to acknowledge the devastating loss of livestock, especially cattle, which for many families represents not just a livelihood but years of hard work, care, and investment. Those losses are deeply felt across our community, and we stand with those who are facing that hardship. This morning, we pause to remember Rose White, age 86, who lost her life in the fire. We take this moment to honor her life. And we keep her family and loved ones in our thoughts and prayers. In the midst of everything else, it is important that we do not lose sight of the personal loss and the human impact of these events. Moments like this remind us just how connected we are. In times of uncertainty and hardship, we come together not because we have to but because it is who we are. We lend a hand, we stand shoulder to shoulder, and we carry one another through. And as we continue to support those on the front lines and those affected, we also hold onto hope, hope for relief, hope for safety, and we continue to pray for rain. Please join me in a moment of silence. Thank you, Mr. President.

KELLY: Speaker Arch, you're recognized for an announcement.

ARCH: Thank you, Mr. President. An announcement that today is former Legislatures day. And so we'll have a number of former senators that'll be joining us at 11:45. So at 11:45, we will cease debate and we will welcome them into the Chamber. Thank you.

KELLY: Thank you, Mr. Speaker. Mr. Clerk, please proceed to the agenda.

CLERK: Mr. President, General Fi-- or-- excuse me-- Select File: LB901. First of all, Senator, there are E&R amendments.

KELLY: Senator Guereca, you're recognized for a motion.

GUERECA: Mr. President, I move that the E&R amendments to LB901 be adopted.

KELLY: Senators, you heard the motion. All those in favor say aye. Those opposed say nay. The E&R amendments are adopted. Mr. Clerk.

CLERK: Mr. President, Senator Conrad would move to bracket the bill until April 17, 2026.

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

CONRAD: Thank you, Mr. President. Good morning, colleagues. I'd like to thank my friend, Senator Strommen, for providing an update from the front lines, literally, about the most pressing and important issue in our state right now. I know everybody's hearts and minds are focused on what's happening throughout greater Nebraska, and we want to make sure that we can indeed keep that a focus. I think it's actually a, a great point. Here while Nebraska is facing significant, devastating losses from wildfires, what's on the agenda in the Nebraska Legislature for our remaining 15 days? Well, today we're increasing taxes and increasing fees and then working to chip away at public power for corporate giveaways, so. That speaks for itself when Nebraskans check the agenda today in comparison to, to what's happening beyond the walls of this august body. Friends, I would ask that you give favorable consideration to the bracket motion. I think we will probably, in terms of procedural matters, deal with some of these procedural motions rather quickly because there are many, many sub-- substantive amendments filed to this measure and we only have four hours of debate remaining on what's now the, I think, sole or major vehicle for tax policy in the 2026 session, and there's definitely a lot to debate and unpack there. I've had an opportunity to touch base briefly with some of the senators who filed substantive amendments here for our consideration and, of course, with chair of Revenue-- my friend, Senator von Gillern-- about structuring things this morning as well. And always appreciate his professionalism and collegiality. My hope is to, to move through this first bracket motion very, very quickly, and then hopefully we can move to the, the substantive aspects of this legislation. It is a large package with a lot of moving parts. I have not been supportive of this thus far on General File. I think it contains a, a host of regressive tax policies. It also contains some very good things, removing obsolete corporate incentives to do more to help with domestic violence and providing support for those service providers as a, a high point. But there is a fairly contentious component herein, which I know had lengthy hearings. I know that your inboxes have been filled with information in this regard. But in relation to our tax treatment for things like games of skill, we recently-- very recently, just in the past year, put into place a, a, a taxation system, a, a compromise, consensus-based approach to that and now just a year later are looking at pretty steep increases. And then one very troubling aspect of that in addition to the steep increase is kind of a-- an escalator or a COLA-type proposal that will move those, those fees and taxes up in perpetuity that I'd, I'd like to make sure that we have separate and discrete debate on. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Moving to the queue. Senator Kauth, you're rep-- you're recognized to speak.

KAUTH: Thank you, Mr. President. And good morning, everyone. I was actually doing a vote card to help out with some portions of this bill.

I'd just like to say LB901 represents a lot of work from the Revenue Committee. A lot of really great bills were brought forward. A lot of work was done on those bills. There were significant changes. And I encourage everyone to ask lots of questions today. We have made extraordinary efforts to make these things that work for all Nebraskans. And I'd like to ask if Senator von Gillern would like my time.

KELLY: Senator von Gillern, would you yield to a question?

KAUTH: Senator von Gillern, would you like some time?

von GILLERN: Yes. Thank you. Are you yielding me time?

KAUTH: I am.

von GILLERN: Thank you. How much time do I have, Mr. President?

KELLY: 4 minutes, 2 seconds.

von GILLERN: Thank you. Thank you, Mr. President. And thank you, Senator Kauth. I got a full opening written, but I'm going to hit just a few highlights on that. One of the highlights is-- or lowlights, depending on how you look at it-- the fiscal note just came out about 8:45 this morning. And for those of you who may have had a chance to pull that up and take a look at, it's, it's generally very good news. Shows about $25 million to the good in '26-27 and $28 million to the good in '27-28. So that's, that's 50-- what, $53 million that we don't need to cut in additional spending that will go towards the budget. So that's, that's great news. That's a little bit bigger number than what we thought it was going to be when we originally scored it. One of the things that I would draw your attention to that will be corrected-- and Senator Kauth has an amendment that's coming up that we need to get to. It's very important that we get to her amendment today because that amendment corrects the property tax calculation. And if you look in the fiscal note, it shows a negative impact to property tax. And I know that all of us have gotten dozens, if not hundreds, of emails. Most of them spam generated, which is very frustrating because, number one, we don't know if they come from real people. Number two, you can't reply to them with, with the actual facts. But we've been replying to them and, and correcting the, the fact that the-- or, noting the fact that, under the amendment, that property tax calculation is remedied. There's a one-pager that I handed out to, to the body. It's on the floor today. It's labeled LB901 explainer. It's got a one-- again, a one-page explanation of everything that's in LB901. And then you flip it over on the back and it highlights where the mo-- the money is actually going. Some of the money's going from the bill. And I'll draw your attention to the asterisked numbers under the Property Tax Credit Fund that shows that the amount of funds that are going into the Property Tax Credit Fund remain solid as they were before LB901 and if LB901 passes with the amendment. So it's critical that we pass the amendment and we get to that. And there's a lot of conversation going on today about what could be added to the bill, what might be amended in, what, what might not be. And I know there's some vote cards that are going around right now, so I encourage you, if you've not spoken into those vote cards, please do that. And, and please be bluntly honest about how you're going to vote on these things. It's very frustrating when we get actually to the vote and, and find out that, that our count was inaccurate because that actually does play into decisions that we're making this morning on what direction we take the bill. So I've had good conversations with Senator Conrad about how we approach things today. I've had good conversations with Senator Hughes about how we're approaching things today. And I think all of us are targeting to get some good work done today, to put some dollars to the bottom line, and, and achieve some good governance. So I look forward to a conversation that is productive. Hopefully we don't have to take all four hours. I got folders of information and articles I can read into the record if we need to do that, but that wouldn't be my preference, and I'm sure it would not be your preference nor Nebraskans that are watching this morning, so. With that-- again, I'll just reiterate one more time that it's critical that we get to the amendment on-- the Select File amendment that Senator Kauth has dropped and we're able to discuss that in order to correct a couple of things mathematically and make the fiscal note work even better than it indicates today. So thank you, Mr. President.

KELLY: Thank you, Senator von Gillern. Senator McKinney would like to recognize some guests in the north balcony. They are from Voices for Children, Youth Policy Group Camp in Omaha. Please stand and be recognized by the Nebraska Legislature. Senator Hughes, you're recognized to speak.

HUGHES: Thank you, Mr. President. I rise in support of LB901. I am not in support of the, the motion. But what I'm going to talk about is-- there's a lot of different things attached to this bill and-- including an amendment that I have. It is AM2650. It is seen as unfriendly to Senator von Gillern and seven-- several other people here, and I understand that. And we've been very clear on where people stand with this, but I still want to talk about it. I filed this amendment yesterday on this bill, and I look at it as a way to protect our income tax reduction and the investment that we have already made in our property tax credit funds. I supported both of these. I was here in 2023. I voted for the "ascelerated," getting the income down to 3.99% next year. And I want to-- I do want to support that. However, I feel like where we're at economically-- we did not have a crystal ball in 2023 when we made the decisions we did. And today, here we are. And I don't-- I, I think we need to plan a little bit for the worst-case scenario nationwide. We've got issues going on. Just potential war, things like that. We've all seen gas prices going up, fertilizer costs related going up. And then our ag sector, the ag economy was in decline, and kind of the silver lining of that was our cattle industry. Well, literally that has kind of gone up in flames this last weekend, and I feel like that's a pre-- a, a-- an-- a situation that doesn't seem like we are going to get out of this just in a year or two. So because of that, I feel like AM2650 looks at our revenue issues. It's a substantial structural change. It still is focusing on the goal of what we're looking at. It's just being a little bit more fiscally responsible and conservative. We just really don't know what tomorrow brings. If tomorrow turns out great, awesome. We're, we're fine. We can accelerate back. But we've just seen a lot of volatility right now, and I'm, I'm a little concerned with what this body will be facing two, three years down the line. So what AM2650 does-- and I am going to click back in when I'm done and, and, and keep going through this-- but what it does, it still gets us on track to hit the 3.99% personal income and corporate income rate. It just-- we wouldn't get there until 2029. So what it does-- right now, we're sitting at 4.55%. Next year, it would go to 4.35%. So I'm kind of stutter-stepping it down. So next year, it goes to 4.35%. It holds that steady for one year, and then it goes 3.99% in 2029. By doing that, it just-- it's, it's stepping us down there. It's still on that dink-- decline. But it just helps us with our budget outlook the next couple years. On the flip side of it, for the property tax piece, what it does for our property tax credits, Tier 1 and Tier 2, it holds them flat, meaning they are protected, but we are not adding money to them for two years. So everything's kind of on this two-year cycle. So by doing that, by holding-- by protecting those property tax credits, holding them flat over the three years, between now and '29, that would save the state $272 million. And by slow-- slowing down getting to 3.99% would save the state $270 million over that three-year period. So it's even skin in the game, if you will, the income tax kind of donation to the next three years and the property tax donation for the next three years. I was-- it was two weekends ago. You know, you're laying in bed and you wake up and you're just, like, trying to think of what we could do. I'm a little concerned with the budget deficits. I feel like right now we're shuffling money around to plug holes. This would just buy us a little time. I'm gonna-- I'm almost out of time. I will click back in and talk about the rest of that amendment. Thank you, Mr. President.

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

JACOBSON: Thank you, Mr. President. Before I begin, I just wanted to make a couple comments too about the fires. I appreciate the update from what's happening with the Morrill fire. I would give you a little update on what I've-- know recently about the fires in my district, which would be the Cottonwood fire and the Road 203 fires. Good news is we're starting to get containment, which we've really been looking for. The wind's dying down some, have helped them in the containment. So the Cottonwood fire is now-- I, I-- the number I've got is 27% contained. It's primarily-- they're containing it on the, on the east side where it has been growing and spreading. So depending on what happens to wind changes, they should be able to make some more progress. But there are-- we have re-- red flag warnings out today, which will probably hamper progress today. And it's gonna get pretty warm out. The Road 203 fire, which is up off the Halsey Forest and running south, primarily on federal lands, that's all been managed by the federal people. And I think that's closer to 70% contained, so. They're making progress. That's-- I, I-- that's a good sign. It, it was disheartening when you-- every morning you wake up and you're being told it's 0% contained. But lots of damage. I would tell you that I did catch part of the briefing this morning. And there are 70-plus fire departments that are involved in fighting the fire. So just imagine all of the volunteer fire departments that have brought equipment and brought personnel, plus the paid fire departments from Lincoln has, has donated some people and qui-- equipment. So has Omaha. So has Columbus. That's all really appreciated. We're gonna get there. It's amazing the amount of qui-- equipment and the folks that are em-- deployed to work on these fires. To have four fires occur almost all simultaneously is kind of amazing, but it is truly remarkable what can get done. And I can only imagine how tired those firefighters must be, but, but they're making a huge difference. And we're fortunate that-- at this point, there's been one loss of life but not more than that, so. With that, I wanted to give that update. I would tell you that getting the update on the budget, I know-- visited with Senator Clements. We have a path forward on how to get there. I think it is important that we pass this bill, LB901, and bring the revenue in that's necessary to bring the-- to balance the budget. I think if we can do this right, we can balance the budget without any-- dip any further into the rainy day fund, which I think would be preferable to all of us. I'm, I'm-- although I appreciate all the work that Senator Hughes has done with her amendment, I'm-- I, I don't know that I'm going to be supportive simply because we're making a lot of other changes that I'm not sure we need to do at this point in time. And so I'm gonna be reluctant. I want to hear what-- where we're at and what our path forward is. But right now, I don't think it's a revenue problem. I think this is still a spending problem that we need to fix. So with that, I thank you for the time, Mr. President. And I'll yield my time.

KELLY: Thank you, Senator Jacobson. Senator Guereca would like to recognize guests in the north balcony from Urban Abbey Ministry Youth Lobby Group in Omaha. Please stand and be recognized by the Nebraska Legislature. Senator Hallstrom, you're recognized to speak.

HALLSTROM: Thank you, Mr. Lieutenant Governor. I rise in opposition to the bracket motion. I appreciate the fact that Senator Conrad had indicated that she hopes we'll work through this procedural motion in quick order in order to get to some of the substantive bills that we have before us. I have one of those substantive amendments-- excuse me-- amendments. I have an amendment with regard to a bill to provide an excise tax on kratom. I'll talk a little bit more about that if and when we get to that amendment. There's also a major amendment that has to do with bringing in some revenue to make the last finishing touches on balancing our budget. So I hope we get those and can move quickly through the process in that regard. And I would provide-- I'd, I'd just say thank you.

KELLY: Thank you, Senator Hallstrom. Senator von Gillern, you're recognized to speak.

von GILLERN: Thank you, Mr. President. I've never known Senator Hallstrom to run out of words, but I think we just saw it happen, so. So getting back to what LB901 actually does, I'll share a little bit more about that, and then I'm going to hand off some time myself. LB901 includes four bills-- and we talked about this in General File-- LB890, LB1109, LB1110, and LB1131, has a, has a substantial positive fiscal impact. LB1109 re-- removes some sales tax exemptions on a few items. LB1110 creates-- changes some policies within the Department of Revenue. LB1131 is really important. It creates a Domestic Violence and Human Trafficking Service Providers Tax Credit Act, which provides $3 million for domestic violence shelters and programs. That's the bill that Senator Bostar brought. And then Senator-- LB89-- or-- excuse me-- LB890 is one that's gotten a lot of focus and a lot of attention, and that's one that increases the mechanical amusement device tax and fees, and that's the one that-- it's, it's critical that we get the amendment up and get that adopted. So I am going to-- if Senator Hughes is nearby. She and I talked about her abs-- taking a few moments. Is Senator Hughes nearby? I would like to ask her a question.

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

HUGHES: Yes, I will.

von GILLERN: Senator Hughes, we've had some great conversations in the last 24 hours and-- challenging and both of us trying to get some good things done here. You were in the midst of a conversation around your thoughts on a possible amendment for, for LB901. I'd like to hand you the rest of my-- yield the rest of my time to Senator Hughes.

HUGHES: All right.

KELLY: Sen-- Senator Hughes, 3 minutes, 12 seconds.

HUGHES: Thank you, Mr. President. Thank you, Senator von Gillern. OK. What I was speaking about-- I've got to grab my sheet. Thank you, Senator Riepe. OK. So I was still going to talk about my amendment, AM2650, which, again, I realize that is seen as an unfriendly amendment. But we're going to talk about it and, and then go from there. So like I'd mentioned, this amendment does a lot of things. Just a little recap: on the income tax side, it still gets us to the 3.99%. It just kinda-- I call it a stutter-step. It stutter-steps down. So right now, we're at 4.55%. It takes it down to 4.35% next year. It holds it at 4.35% in 2028, and then it goes down to 3.99% in '29. By doing that, it saves the state over-- you know, between '27 and '29, it saves the state $270 million. On the other side of that, which is the property tax, we've got our Tier 1, Tier 2 property tax credits. What it does is it holds those flat for two years. So for two years, those two property tax credits do not get more money put in. It stays the same. One-- the Tier 1 credit is around $445 million. So it stays at $445 million for the next-- up until 2029. And then Tier 2 property tax credit has $808 million, and it just holds that still, flat for those years. And then in 2029, it starts increasing. By doing that, we save the state around $272 million over the three years. So between the income tax and the property tax, they're even amounts of what it is providing back to the state over the next three years. In addition to those two pieces, income tax and property tax credits, it also includes-- and this is over a two-year period-- it also-- this amendment includes a cigarette tax increase of 36 cents per pack next year. So it would take our cigarette tax from 64 cents to a dollar in fiscal year 2027. And then in 2028, the next-- following year, it goes up another 36 cents. So at the end of 2028, it would end up being at $1.36 a pack, which would match Iowa. So that kind of-- if we're matching Iowa, it eliminates what we call the border bleed that people are very concerned about, that a-- you know, most of our population is on the eastern side of Nebraska and it butts up to Iowa, and it's very easy to go across the border to buy cigarettes. So the thought is if cigarette is taxed so much higher than Iowa in Nebraska, they'll just go to Iowa to buy it. This makes it even so we don't have to be concerned about bor-- border bleed. The other little piece in this bill that is a, a revenue piece would be that the vape excise tax would be 30%--

KELLY: That's your time.

HUGHES: --wholesale. Oh. Thank you, Mr. President.

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

SANDERS: Thank you, Mr. President. I yield my time to Senator Hughes.

KELLY: Senator Hughes, 4 minutes, 56 seconds.

HUGHES: I'll come back.

SANDERS: OK.

HUGHES: Thank you, Senator Sanders. I, I didn't realize she was, like, right next up in the queue. OK. So the entire bill, right, is a slowdown of the income tax. Slowdown-- I'm going to call it a stutter-step of the income tax. We get to 3.99%, it just takes a couple more years. It's a pause or a hold on our property tax, holds them flat. It doesn't take money away. It holds them flat. And then it adds back in that cigarette tax as well as the vape tax that we'd had a prior bill on. What I'm looking at is, is a little bit of what we-- what I'm a little concerned with for-- in the ne-- in the future, in the next couple years. If we proceed as is-- and I know we can get a balanced budget. I'm, I'm con-- I am confident in that. Income tax goes to 3.99% next year. I-- that will happen. What I'm a little concerned with is that if the economy is going in a negative direction-- and we do not have a crystal ball to know. And I know some people are saying the sky is not falling yet; this is not the time to do it. But if we do-- if, if things are as volatile as they are now and it keeps in a decline, in the next year or two, when we look at filling a big budget deficit-- we've kind of shook the cushions out. There's not a whole lot of, I guess, funds and things to, to pare down and take from. Now we're looking at property tax credits. And I'm-- I, I came in. I heard about property tax credits. I'm concerned that if things get bad in a year, two years, three years, that that's where we're gonna have to pull the money back from. And then that just-- if we pull money back from those property tax credits, that is automatically an increase on people's property tax. And that is-- maybe that's worst-case scenario, but I'm-- I am-- I'm honestly concerned about it. I am not a bomb thrower. I am just trained to logically think this through and just be responsible for what we're faced. I do not-- we have-- we've, we've voted down bills in this body this year that we say are unfunded mandates because they are directly increasing property tax. And I'm just a little concerned that those are the pots of money that are gonna be out there two, three years from now if, if we have a big hole. I know a lot of people here say, you know, why aren't we cutting spending? And I say, OK, well, what do you-- what do you want to cut? And just, just yesterday, I think, was the LB1210 that-- there were some people supporting new spending for salaries of, of folks that are elected positions. And yeah, their salaries hadn't been increased since-- actually-- I remember. I think it was 2007 or so. And it might be a time that they should be looked at increasing, but not, not in this-- not right now when we're cutting all these other si-- other things. So I don't understand how some people are voting to increase things and then saying that they-- you know, they're all for cutting things. We do not need to be adding new expenses. And we've had some revenue generation in the past that didn't go through. So if we're not bringing in more money, I don't know what we're doing trying to spend more. I hope Nebraska's not going-- that the economy is not going in the tank. I know I've heard that we've got the fifth highest credit rating of all the states. I mean, I think that's normal. Ne-- Nebraska as a whole, we, we ride out storms better than most. We have-- as Senator Strommen on his-- when he spoke this morning about the fires, we have hard work ethic and grit. And Nebraskans take care of Nebraskans. And I do think they will, but I'm-- I am a little concerned with just the ne-- the bumps in the road the next few years. Anyway, I just think this amendment is a reasonable amendment. It gives us a little time, maybe a little pause, take a breath. I don't wanna have hard votes in the future. I would rather slow down that income versus potentially having to raise an income rate in two or three years, but. Anyway, so that's a little bit on this amendment. I will click back in to talk. My time is almost up. Thank you, Mr. President.

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

HARDIN: Thank you, Mr. President. I stand in favor of LB901 and not a fan of the bracket motion for that reason. Would like to share with you some reflections from people in western Nebraska with what's going on with this fire. A lot of information came to me from our fire chief in Gering, Nathan Flowers-- I'm very appreciative of him and staying in touch with me-- but many others as well. Ranchers in the area-- and while my district, 48, Scotts Bluff Banner, Kimball County was not in the fire region, there are a lot of people who live in my district who actually own ranch land and cattle in the fire area. And so I have heard a, a lot of stories from people in my area, but across Morrill County, Garden County as well, because you get to know not everyone but a lot of people. The difficulties were described to me in this way from a few different individuals. Imagine a scenario where it's a fast-moving fire. Usually when fires are fought, you show up to one location. In this case, some of these fire teams moved 30 miles in a day. When you park big, heavy trucks, you usually like to have a nice, solid road or parking lot. This is the Sandhills. And even when it's not the Sandhills, it's sandy ground. And these big, heavy trucks sink into the sand. At times, the fire is moving at 60 miles an hour plus because of the wind. The wind changes. And during some of the last five days, six days, the wind has changed frequently. And in fact, we're gonna go from below zero temperatures with the wind-- which made it very difficult and bizarre to fight a fire in those conditions-- to-- they're expecting 90 degrees by the end of this week. Can you say pneumonia? They talked about the fact that, in that part of the world, cell phones don't work. Ever. There's no cell service. So they try to communicate by radios as much as they can. But you call in from a long ways away for the air support to come in with Black Hawk helicopters or other sorts of air support to drop water. Some of the people on the ground reported that the wind would be blowing one direction on the ground, and then when they would see the water released, it was going an entirely different direction up in the air. And you're not able to communicate directly with those pilots at the point of release because of the lack of communication. Very difficult systems to work with, such as-- on the trucks, there are pumps. And the actual temperatures this week were below zero. The pumps were freezing. So they had to find creative ways to warm them up and keep them going. They don't lose a sense of humor out there. We've constantly been asking, what do you need? What can we get to you? And I will share this. It sounds like there are areas that really could use diesel fuel. But they don't lose their sense of humor because they also said, what we could use right now more than anything would be a truckload of Copenhagen, a truckload of really cold beer. And one lady said, send me Pendleton. Don't ask why. They maintain their sense of humor as they're going through the most challenging thing that many of them have faced in their lifetimes. That's Nebraska grit. So they know how to laugh and have tears and they know how to cry and be real. And what I've heard mostly is a strange sense of optimism from many of them. Can't quite explain it, but it's what many have expressed. And I am in awe. Thank you, Mr. President.

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

CLERK: Mr. President, the Government Committee will have an executive session, 10:00, in Room 2022. Government Committee, exec session, Room 2022 at 10:00. That's all I have at this time.

KELLY: Thank you, Mr. Clerk. Returning to the queue. Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you, Mr. President. Good morning, colleagues. Good morning, fellow Nebraskans. Reality check: how did we get into this fiscal mess? This bill proposed by the Revenue Committee and their work-- it does some good, but it doesn't go far enough. We were elected to make tough decisions and not pass the buck. The handouts that I have given you show LB873 that was passed in 2022-- before I came to the Chamber-- and then LB754 that was passed in 2023 that accelerated the income tax rate reductions. And I draw your attention to the-- on LB873, what is circled. It says lost revenue. If you just look at fiscal year 2026 to 2027, it was 383-- $383 million. And that's individual. Flip it o-- over on the backside. And for this fiscal year, 2026-27, it was $70 million for corporate. We accelerated that with LB754. If you look at that bill, just look at the individual income tax for this fiscal year. A loss of revenue has compounded to $586 million individual. And if you look at the corporate, it's compounded to $92 million. Reality check is that these initiatives have contributed insufficient, minimal, negil-- negligible increases, if any, and have resulted in this fiscal problems that we're facing. I live in a real business world where we look at cash flow statements, balance sheets. We, we look at pro formas. We look at spreadsheets and other fiscal analysis to make really sound decisions for our business. You know, we hear everybody say, let's run government more like a business. Well, here's an opportunity to do that. If you are looking at the hard numbers facing our fiscal deficit right now, looking at the contributors of it, there should be no doubt in your mind the actions we need to take. I am not in support of this bracket motion. We need to get to the substantive amendments that will-- that are forward-thinking and look to solve this deficit crisis. The other handout I gave to you is from two former state senators: Curt Friesen, Paul Schumacher-- both Republicans. And I'll just read a couple highlights. Where have all the fiscal conservatives gone? The phrase once applied to Republicans' collective goal was to ensure hea-- the health of government's balance sheet and protect against government waste. Now, however, there seems to be very few in the Legislature who care about the state's financial health, especially looking beyond the next election. Their last comment is, kicking the responsibility of a starved state government to future senators is fiscal cowardice. Senators have an opportunity this session to shore up government functions, make investments we couldn't, and be wise with the future of our state. As of now, it doesn't look like anyone is brave enough to look past the next election, buck the party line, and stand up for what's actually fiscally responsible. But we remain optimistic. Someone will. I remain optimistic about the resilience of our economy and our state. I hope you all too-- do too. And I'd like to yield the rest of my time to Senator Danielle Conrad.

KELLY: Senator Conrad, one minute.

CONRAD: Thank you, Mr. President. Thank you, Senator Raybould. I'd like to withdraw the motion.

KELLY: So ordered. Mr. Clerk.

CLERK: Senator Conrad, I also have MO9-- MO495 and MO496.

CONRAD: Yes, that's right.

KELLY: So ordered.

CONRAD: Thank you.

CLERK: In that case, Mr. President, Senator Kauth would move to amend with FA541.

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

KAUTH: Thank you, Mr. President. I actually-- this amendment is a withdraw and replace, and it is replaced with something from Senator von Gillern, who I will be passing my time off to momentarily. I would just like to say thank you to everyone who has been working so hard on this, especially Senator von Gillern, who has spent countless hours talking with every single person he can in this Legislature to figure out how to make this work between he and Senator Clements, trying to make sure that we can fund our state and make things run well. And I would like to question Senator Raybould on any bills she brought that would actually have made a difference. She talks about courage and being willing to, to take the hard votes. She's not even running for reelection. She could have done a lot. She chose not to. So when we start throwing bombs on the floor, look deep inside yourself to see what exactly you have done to make things better. And after that, I would like to-- oh. I would like to withdraw and replace FA541 and replace it with AM2599.

KELLY: Without objection. So ordered. Senator Kauth, you're recognized to open on AM2599.

KAUTH: And I would like to yield my time to Senator von Gillern.

KELLY: Senator von Gillern, you have 9 minutes, 55 seconds.

von GILLERN: Thank you, Mr. President. Folks, we're going to park here for a while. I know that's not great news, but there's lots and lots of amendments that are filed and motions filed following this AM. And, and we need some time to consider those and to meet and chat with the, the sponsors of those amendments and find out exactly-- really do a little bit of homework on what the impact of those might actually be. It's always interesting that, as the-- you know, even moments before debate begins, amendments get filed and motions get filed, and that's just-- it's the nature of the beast. It's no bad on anybody. That's just, just the way that it works, but it, it makes it a challenge to fully understand the impact of those amendments and what the-- what they will do. So, so we're going to-- we're going to take a little bit of time. I've got lots of stuff I can read. And we'll go through some things. And, and I'll share some time with some of my colleagues and encourage them to get in and maybe talk about their priority bills or a few other things so we can have some conversations on the floor to, to maybe move the bill forward in a, in a, a properly amended form. There's some of the amendments that are still filed behind this that obviously are-- that I would prefer not to get to. So we'll, we'll address that as they come up. So the amendment that, that we're actually-- the topic we're on is AM2599. And the amendment was drafted in response to some concerns that were raised when we were on General File. And it's interesting in, in drafting some of the responses to constituents and concerned parties that reached out concerned about LB901. There were, there were issues that were pointed out. And it's, it's, it's one of the benefits of our system that we have three, three series of debates, being General File and then Select and then Final Reading. And it gives us an opportunity to get bills correct if there's something that needs to be adjusted or changes that need to be made. And we did find a few changes that needed to be made between General and Select. And I talked about those during General File debate and pointed them out then, but it was, it was not the time where-- we did not have the ability to get all of those things corrected at that time. So what AM2599-- few things that it does is it clar-- one of the things it does is it clarifies funds transfers for the Department of Revenue, and that was really just a cleanup item in the language for bill drafting on that one. The-- one of the more substantive things that happens is it, is it clarify where the funds for behavioral health will land. And under the original language of LB901, which included-- regarding the games of skill, included language that came from both Senator Clouse and Senator Spivey. One of the things that was included in that language was specifying where the behavioral health dollars would, would go. It was agreed upon in, in subs-- following conversations that the behavioral health dollars should follow the locations of the machines. So if there are ten machines-- if there are a hundred machines total-- just for easy math-- in the state of Nebraska and ten machines are located in Buffalo County, Buffalo County would get 10% of those behavioral health dollars rather than sending them to specific districts. So that was a-- that was a good cleanup. The, the more substantive and the one that, that created the most attention was regarding the math on the property tax refund calculation. And no bad on anybody. There's-- if you look at that one-pager that I handed out, there's-- there are-- what are there-- one, two, three, four, five, six-- six different calculations about how the funds are to be divided. And when you-- as we all know, when you move the math on one of them, it affects the others, so. It, it was calculated originally-- the way that calculation originally showed, it would have created a shortfall in the funding for the Property Tax Credit Fund. And that was by no means my intention nor the intention of any of the sponsors of the bills that are, that are included in LB901. So the amendment, AM2599, corrects the math on that to get, to get those funds corrected. If you look on that one-pager, that's $2.859 million worth of funding to go to the Property Tax Credit Fund. And that's what it was before the cha-- or, before LB901, and that's what it will maintain afterwards. The other areas that the dollars go to with-- specifically related to the, the games of skill are dollars to the Compulsive Gamblers Fund, which increase substantially from what, what they were originally, from $178,000 to-- or, $178,000 to $321,000. The DOR Enforcement Fund maintains roughly the same. Actually, they take a little bit of a decrease. The Tourism Commission maintains the same dollars. The Property Tax Credit Fund I already mentioned. And then the Behavioral Health Fund increases by about a half a million dollars. It goes from zero to $536,000. So these are all good changes that occur within, within the amendment. It's important that we get this adopted. And again, it's important that we, we take a little bit of time here on the floor to get the rest of the, the bill correct as we, as we go forward, so. I'm going to back up a little bit-- I've got a little bit more time to, to chew here-- and, and just review again what's in LB901. Again, we just got the fiscal note this morning. It shows a positive fiscal inc-- impact this year of around $25 million, which is fantastic. That's $25 million that the Appropriations Committee does not have to go find in cuts and is critical to, to balancing the budget. The-- LB1109, which, again, removes some-- several sales tax and use exemptions covering biochips, game birds, community-based energy development projects, and mineral oil. It also sunsets tax credits for some energy product-- projects and makes some of those credits nonrefundable. These were kind of cleanup items that were similar to the LIFO bill that I brought last year to kind of rollback programs that were underutilized, and, and all of those positively impact the, the bottom line and pi-- positively fic-- impact the fiscal note. The-- LB1110 amends the allowable function of the Department of Revenue Enforcement Fund to any functions and activities of the tax commissioner. What it does is it keeps those funds from having to be compartmentalized within their budget. It doesn't change any of the obligations of the Department of Revenue. It doesn't change anything that they're enforcing. All it does is it changes where those funds are stored. They don't have to partition those funds within those bud-- within their budgets. It would be similar to, to say if you took your paycheck and said, I'm going to allow X amount for my mortgage payment and Y amount for groceries and never the two shall mix. So this will allow them to make those funds fungible. Again, does not reduce any of the duties of the Department of Revenue but allows them to move funds between accounts. Also allows them to collect fees from individuals or corporations who are delinquent in their tax obligations-- folks who cheat on their taxes. It takes a lot of time and energy from the Department of Revenue to collect those funds, and this allows the Department of Revenue to be made whole on those, on those collection proceedings. It allows them to charge fees to do that to cover their internal costs. And it also allows them to be reimbursed for the cost of collections agencies. And-- for those of us who have been in business and, and have ever had to hire a collection agency, it can be very expensive. Sometimes the agencies take as much as 50% of the collection amount. So it's important that as-- our, our good taxpayers that ta-- pay their taxes on time are not supplementing the cost of chasing down people who don't pay their taxes on time. Also allows them to seek reimbursement for taxpayers who are out of state. Who have-- who are delinquent in their taxes, which previously there were some challenges to. LB1131 is the domestic violence portion. Is Senator Bostar in the building, on the floor? If Senator Bostar wants to find his way back, I'll, I'll yield him some time to talk about LB1131. We'll find him. Creates a Domestic Violence and Human Trafficking Service Providers Tax Credit Act, which is a new income tax credit program for providers of-- assisting victims of domestic violence and human trafficking. So something that's very important to, to many of us. It provides $3 million to, to those shelters and service providers. I see Senator Bostar's back. Would Senator Bostar yield to a question, please?

KELLY: Senator Bostar, would you yield to a question? One minute.

BOSTAR: Yes.

von GILLERN: Didn't leave you much time, but I'd like to invite you to talk about the domestic violence program.

BOSTAR: So the, the provisions in LB901 that relate to domestic violence funding do sort of two things. One, it, it, it creates a revenue stream by removing sales and other tax exemptions that are used essentially for data centers. But they're specifically for the assembly and compilation of servers for export out of state. So we're removing those, those sales tax exemptions, thus sor-- increasing General Fund revenues. And then taking $3 million of those revenues to support domestic service providers with their work by, by utilizing the existing DHHS--

KELLY: That's time, Senator.

BOSTAR: --distribution formula.

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

SORRENTINO: Thank you, Mr. President. Good morning, colleagues. I rise in support of LB901 as eventually amended. First and foremost, I'd like to thank my fellow colleagues on the Revenue Committee-- of course, Chairman von Gillern, but also Senators Dungan and Bostar, Ibach, Jacobson, Kauth, and Murman. This is a, as you know, a very important committee. We meet often. Senator von Gillern has kind of laid down the [INAUDIBLE] in all, all the meetings he's had with the appropriations to get to where we are. This is a complicated bill. It's an important bill. But I want to take a step back for a moment and-- if I could review-- the se-- the session in review. This gets complicated because we do field, like some other committees, many bills-- certainly not as many as Judiciary and HHS, but, you know, over a, over a two session-- probably, you know, 100-plus bills. And we get many, many bills-- despite the fact that we started both last session and this session in, in large deficits-- that bring fiscal notes that are, are difficult to work around. And it-- and it's-- all the bills are well-intentioned. Certainly not questioning that. But sometimes we have to take a step back. I can tell you in the-- I think the last seven or eight days of our committee, six bills in the aggregate would have cost our state $262 million annually in fiscal notes. And so when we get to this point of the session and we have to hurry up and put things together to try to find $25 million, it's important because we've had to deal with a lot of other bills that we took the time and effort to give a good review to, but they're simply not affordable. So I hope going forward we're cognizant of the fact where we're at in the budget when we, when we bring bills that are simply unaffordable. Not necessarily bad bills, but simply unaffordable at this time. So LB901 I think is a good of example of a lot of compromise. I, I really champion Senator Spivey's bill. That took a lot of work between her and the committee, Senator von Gillern, Senator Spivey. It does the right thing. It's a good target. It raises revenue. But there was a lot of compromise along the way. I certainly got a lot of emails from business owners who may have cash devices. But in the end, I think everybody wins. We need to protect our youth from what is happening with these cash devices, yet we need to find it such a way that it's reasonable amount of revenue. I think that was a really good example of that. I also want to call attention to LB1109, which talks about the LIFO situation as far as taking away bills that were re-- that were brought most recently-- last in, first out-- or as we used to call it in public accounting, FISH, first in, still here. Same thing. But that's only fair. We've had some established allocations that deserve to have their day and until they sunset or they run out. So last in, first out I think is a good compromise. Finally, LB1110 we've talked about-- and Senator von

Gillern has talked about-- collection of delinquent taxes. After many, many years in public accounting, I can tell you, you would all be very, very surprised how many people earn income that's reported to the IRS to [INAUDIBLE] revenue on W-2s, 1099s, and simply don't pay their taxes. Or even if they do file, they don't actually pay. So any bill that would allow us to go back and get these taxes is a good use of our time at, at any expense. So I, I applaud that as being part of this package. There will certainly be other amendments offered. I do not favor moving the effective date of reducing our corporate and our income tax to the 3.99%, effective January 1, 2027. There are so many implications to that that haven't been discussed along the lines of business development. So I would urge people to not get in, in that particular lane on the Revenue Committee bill, LB901. And if I have just a few seconds, I will yield the rest of my time. Thank you, Mr. President.

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

BRANDT: Thank you, Mr. President. I know there's not a lot of people in here listening to the debate, but hopefully some people on TV are still tuned in. I'd like to compliment the Revenue Committee and Senator von Gillern for bringing LB901. I am going to support that. I am also going to support AM2599. But what I'm gonna talk about is AM2650. It would be two more amendments down from this one. And this is Senator Hughes's amendment. It's a commonsense amendment. And what it does is it spreads the fiscal responsibility over all three legs of the stool: income tax, property tax, and sales tax. And as she has laid out some of this-- and I'm gonna be redundant-- but using her totals on her handout for fiscal year '27, '28, and '29, income tax will contribute $270 million to reducing the budget deficit. Property tax credits will be frozen, and that will contribute $272 million to reducing the deficit. So actually, property tax as usual is leading the way. We're given $2 million more. I'm fine with that. And then on sales tax-- this would incorporate cigarette tax-- that would be $85 million; and vape tax, $18 million. Three-year total, $645 million annualized. Fiscal year '27, $144 million. Fiscal year '28, $280 million. Fiscal year '29, $219 million. And that would be the end of this. What this does is, is a commonsense solution that pauses some of these taxes to help us in future years. And with that, Mr. President, I would yield the rest of my time to Senator Hughes.

KELLY: Senator Hughes, 3 minutes, 5 seconds.

HUGHES: Thank you, Senator Brandt. Thanks for going through some of those numbers again. Like I said, I, I just think this is a little bit of a responsible, reasonable thing to do in light of what we're looking at economically for the nation and clearly for the state of Nebraska. Again, I am-- I'm fully confident that we will get a balanced budget this year. And thank goodness Nebraska does do a down-- balanced budget every year. Too bad the United States doesn't do the same thing as a whole. But I'm just a little concerned with what we're going to be facing two years, three years down the road, assuming that I am back in this body, and we'll have to deal with difficult either-- you know, if it-- if, if the economy does keep kind of spiraling down and we do have to, you know-- or in a hole again, a big deficit again, we don't have the money just to plug the holes. We can't do the shell game of moving money around and, and filling those holes. So we are going to have to actually do some real cutting or, you know, looking at funds out there that we haven't touched. And again, my concern is this is our one chance to, to stutter-step that income down. Next year, the income goes to 3.99%. And I-- again, I support that. I, I think it's good that we're going to go down to 3.99%. I don't think it's bad if we get to 3.99% in two years versus next year. The original bill was going to get to 3.99% in 2029. So we didn't have a crystal ball then. Now we're looking at the, the-- what we're facing, and it might be the responsible thing to do to, to stutter-step this down. But the reality is we'll balance this budget. We'll get to 3.99% next year because I do not have the votes for this amendment. And then let's say we do have to make some cuts in two or three years. Well, you know what? I am not voting to take money away from those property tax credit funds. I'm not. And you know what I will look at? I'll look at business incentives that we've put money out there and I will really hard look at other ways to get that funding because the state has to do their responsible thing. And we're not putting it on the backs of property tax owners like we like to do in the past. So I, I realize that the Chamber is really fighting to keep this 3.99% next year. I, I think they should consider, hey, let's get there in two years. Let's do the fiscal-- responsible thing to do because they also have business incentives and things like that. And I will-- like I said, I am not taking away money from those property tax credits and putting that on the back of our locals because we here in this body couldn't do the reasonable thing to balance our own budget, which is sales tax and income tax. That's what we have control over. We do not collect the property tax.

KELLY: That's your time.

HUGHES: Thank you, Mr. President.

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

KAUTH: Thank you, Mr. President. I'd like to address the part of the bill that I advocated for very strongly. It's part of Senator Spivey's bill dealing with the cash devices. Those cash devices, when they were first incorporated, no one really understood how much money they would be making and how prevalent they would be. I think if you walk into any grocery store, there's a section set aside for cash devices for this, this very easy gambling. So Senator Spivey's bill brought a lot of, of guardrails to that and increased the fees on it. In the testimony, one of the things that we heard from some of those people who, who own the cash devices and run these businesses is that the state has a decal fee. So when you have a device, you apply. After you're approved, you pay for a decal that goes on the machine. And it's a one-year decal. And then you renew every year. Well, one of the things that they explain wha-- could happen is if the machine itself gets damaged, they have to pay again for another decal even if it's only been a month, eve-- if it's been two days that they've had that decal. They are reassessed a fee for a new decal. If a computer part-- and I don't know how many of you have had a computer go bad, but it can be one of the most frustrating things in the world when they tell you your motherboard is fried. Well, those computer games are getting a lot of play. They're getting a lot of, of work. And sometimes those motherboards get fried. If any part of the machine breaks down and they have to replace that machine, not only is it expensive to replace the machine, they have to pay another decal no matter where they're at in that one-year process. That seems patently unfair to me, to, to charge someone for what is clearly bad luck with a computer breaking down or with someone damaging the machine beyond repair. And so we ask for it to be amended so that it would say-- and I'll read it for you-- a decal issued under this subsection shall be replaced by the department without the payment of an additional fee under the following circumstances: if the decal is damaged through no fault of the distributor or the operator or if the cabinet on the cash device is destroyed beyond repair through no fault of the distributor or operator. A replacement decal is not required if the internal components of the cash device require replacement due to failure or damage and the replacement of such components does not change the approved cash device software currently on the device or when cash device software is updated to improve security or resolve issues or defects. And then any replacement decal will be valid for the same time period as the decal that was first issued. I think this gives a little bit of-- more fairness when we're looking at these games. And I know increasing the fees on them was something that the, the people who own these did not like-- of course not. But again, the prevalence of these machines throughout our communities, it's increasing. There are a lot of other good guardrails that are being put in with this bill. And I appreciate Senator Spivey's work on it. With that, I yield my time.

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

DORN: Thank you. Thank you, Mr. Lieutenant Governor. I, I thank everybody for the conversation this morning. Sometimes we, I call it, have conversations and we go off to I-- who knows where? This one here has been really centered on the bill itself and what the effect of it's been and how we go forward. I do agree with Senator Sorrentino's comments, though, that sometimes as we go through the later part of the, the session up here, there are so many things becoming involved in this that you have a hard time sometimes keeping up. And I will specifically thank Senator von Gillern for saying that there was a new fiscal note up from this, and it lists some of the, I call it, amendments that were amended into it and all the total effect on that. And this is-- John Wiemer-- and I will thank him very much for preparing some of this, our fiscal staff for helping prepare some of these, these fiscal notes. 17 pages for this fiscal note. And if you get a chance to look at it at all, start reading through it, it explains what Senator Kauth just talked about, Senator Spivey's bill about-- in detail about the different decals you have to have and the different things and the fees and all of that. So it really is quite a detailed fiscal report. This one, yes, it does on the back of our green sheet-- and I just looked on the back of our green sheet-- it lists this current amount on Select File, this bill, as one of the bills in the back of the green sheet that would bring in revenue. And that is-- when you know where to look at or-- or, look at that whole green sheet, it definitely has an effect on our budget and what we do going forward. But wanted to talk a little bit about-- I think it's about page 16 or 15-- on the fiscal note, and it gives the breakdown of each year-- what this bill does for general funds, the Revenue Enforcement Fund, which is the fund now that they're going to use to, I call it-- these games of skill or, or whatever-- the funding's going in there to make sure that they're, I call it, policed more or-- not, not policed more, but that's kept up with, and that is basically going to fund itself to do that. It, it, it, it, it has some Charitable Gaming Operations Fund and some Compulsive Gambler Fund and-- Nebraska Tourism, Property Tax Credit Cash Fund-- what Senator von Gillern had talked about-- and

Behavioral Health Cash Fund-- what-- somebody talked about this morning, how that will be divided up to those areas that have-- part of it's gonna be divided up to those areas that have more entities in those areas and stuff. And then some also goes to the Highway Trust Fund and Highway Allocation Fund. But right down below that, it lists also what the county's total we're going to get out of those, I call it, charitable credits that they're getting. Yes, that will be-- the fee will double, so they're cut in half with the original proposal they had. But because the fee's doubled, it will-- would basically make it back up. Or, or it will double it back to where it was. So it's really interesting when you start looking at some of these things and-- a bill like this, LB901, probably gotten a good volume of emails on this and why we shouldn't do this and why this will affect negatively. I think Senator von Gillern sent out also an email that said many of those emails are referring to what the original bill was and that because of amendments and other things and other things that they've changed-- and the Revenue Committee has put out their amendments and changed some of this criteria in here, that-- how it has changed so much since the start. And people-- a lot of times, an original email gets sent out that you need to send something to your senator about this happened or this happened, and they don't always, I call it, catch up with what's going on on the floor here because we do a lot of times see many amendments like we're doing on this bill. We see many amendments, and keeping up with those sometimes creates quite a challenge. And sometimes a bill from the original bill changes a lot, and I think that's part of what this one does. And I'll yield the rest of my time. Thank you.

KELLY: Thank you, Senator Dorn. Senator von Gillern, you're recognized to speak.

von GILLERN: Thank you, Mr. President. I'm going to touch on a related item that's really not part of LB901, but property taxes have come up in a couple of different conversations today. And I know Senator Raybould's amendment that she's got filed on LB901 that we may or may not get to later on today. And then Senator Hughes' amendment also touches on the Property Tax Relief Fund and, of course, the amendment that's on the board right now, AM2599, just to recall-- just to refocus everyone's attention, that is the amendment that we're talking about, and that puts $2.8 million into the Property Tax Relief Fund. But related to that conversation, the Property Assessment Division annual report came out this week, and, and it was in some ways good news and in some ways not great news, but it-- I think it's a good reflection of what this body has done over the past four years that I've been here, which is what I'm most familiar with. The efforts that were made in 2023, 2024, and the special session of 2024, a good part of those efforts were try-- trying to disengage the rapid growth in valuation-- property valuations, disengage that from tax asking and tax taking. And the term that had been used in that discussion repeatedly was windfall. It was trying to eliminate the windfall benefit to the taxing authorities from rapidly rising valuations. So the example was if, if your, if your home value increased 30%, that didn't necessarily-- we felt that it didn't-- should not correlate with a 30% increase in tax asking. So LB34 in the special session in particular sought to discon-- disengage those two calculations. So an illustration of that-- the effectiveness of that or at least progress in that effect-- effectiveness came out in the Property Assessment Division annual report this week. And what that report showed was that statewide valuations on property increased $33.2 billion, or 9.59%. At that same time, taxes levied increased $285 million, or an increase of 5.39%. So while valuations went up 9.59%, the le-- taxes levied only increased 5.39%. The levy rates actually decreased at, at a, a 3.84%. Decrease. So what this accomplished is, is what we hoped that it would under LB34 and under previous work of the Legislature here in 2023 and 2024, which is a disengagement of the-- again, the rapidly rising valuation from tax asking. So the-- again, the valuations almost doub-- or, went up almost 10% while the val-- the taxes levied only went up about half of that amount. So while not every taxpayer would see that directly reflected in their tax bills-- and, and I know on, on my property I saw-- we've got a farm property and then our home. And, and on the farm property, we did not see that reflected. But on the home property, we did. So a lot of it has to do with your individual valuation, when your property is assessed, and when that valuation takes, takes effect. So I've got a handout on this that we'll probably not hand out today because it-- again, it's not directly related to LB901, but certainly property tax conversation is, is a part of the overall conversation. And so we-- our-- my office is continuing to do some work on that and we'll share that information widely at, at a future date here. I've got a number of different articles that, if I need to, I'll jump into here in a little bit that are with regard to changes in the individual income tax rate and the mobility of taxpayers, both individually and corporate. This is a philosophical discussion that Senator Raybould and I have had back and forth on since, since both of us were, were here in our first session. And we'll probably continue to have this lively debate about whether people and whether corporations actually relocate due to what is seen as burdensome tax rates. So obviously, I'm in the camp that says that that is the case, and Senator Raybould says that it's not the case. So I've got several articles here-- one's from the Tax Foundation, another one is from Americans for Tax Reform. We've got an article from Nebraska Taxpayers Union Foundation, and then a few others that I'll, I'll dive into here maybe in my next time on the mic. With that, thank you, Mr. President.

KELLY: Thank you, Senator von Gillern. Senator Quick, you're recognized to speak.

QUICK: Thank you, Mr. President. And good morning, colleagues. I want to thank Senator von Gillern and the Revenue Committee for all their hard work. I know that it takes a lot putting these packages together for a, for a committee package. I'm going to talk a little bit more about Senator Hughes's AM2650. I do support that amendment. I think really what she's doing with that amendment is, is, is really a good thing for, for us as far as looking at-- in-- into the future on revenue. You know, you look at the income tax side, and really she's just slowing it down. It's not really a pause, but she's slowing it down a little bit over time with some of the other property tax credits in there, the cigarette tax and the vaping tax, and, and helping us into the future to maybe replace or set us in a position so we have some revenue resources going forward. You know, we talk a lot about-- even on the budget when we're looking at making some of the cuts that we're doing-- and, and I talk to people all the time that say, well, can we cut here, we can cut there. But when, when I look at like-- especially on health and human services and what we're cutting to that budget, it comes back and it affects real people. So if we're not doing something about some of our revenue resources to try to maybe address future cuts, then we're looking at-- or-- we're looking at drastic cuts to actually sor-- services and resources for people. So I just want to make sure that we have the revenue there for-- in, in the future so we're not looking at making more, more cuts or maybe we have to come back and, and do a, a vote on a tax increase of some kind. And so we just got to be really careful about what we do and making sure we're not harming people going into the future. You know, I think-- and we look at-- on our-- on the budget side when we're talking about cuts to, to health care and what's coming down from the federal, federal government as well-- and I've talked about this before, but maybe you're looking at-- and you're cutting, cutting some health care costs somewhere or you feel like within the state you're cutting some of that through Medicaid and some of those areas. But I think it's going to come back to cost us more in the long run because you're going to see health care costs go up, you could see an-- a increase in insurance premiums for everyone, whether you're on Medicare or regular insurance.

Medicaid reimbursement rates aren't enough to provide those-- that-- those type of services or care for people in facilities, whether it's a nursing home, assisted living for people with behavioral health substance abuse, any of those type of issues. Even people re-- seeking re-- regular medical care. So I know there's also-- with that, we're also looking at making sure that Senator-- that zero lookback on the Medicaid. That's something that we, we really have to work on to make sure that that doesn't happen, to make sure that we're being able to provide care for people who have re-- especially when they go into the emergency room. So I do support AM2650 when it-- if it does come up for a vote. And I would really encourage people to really take a hard look at that to support that. For some of us that will be here in the future years, we're going to have to face maybe some more deficits and try to adjust to that. And for those who are term limiting out, I, I just hope you remember we're the ones that are going to deal with maybe some of the, the deficits in the futures. So I would encourage people to really strongly look at AM2650 and-- as it comes up in the future. And if Senator Conrad would like the remainder of my time, I will yield that to her.

KELLY: Senator Conrad, 56 seconds.

CONRAD: Oh, very, very good. Thank you, Mr. President. Thank you, Senator Quick. Just wanted to quickly note that I think Senator Hughes, Senator Quick, Senator Raybould are, are really all kind of moving in a similar direction with supportive comments from people like Senator Brandt as well. If corporate Nebraska is not willing to budge and come to the table and do their part on the inequitable tax cuts that are blowing a structural hole in our deficit, well, we're putting down a marker. No more corporate welfare. There's another bill for UP out there this year, and there's going to be a significant reauthorization in future years to come. If this is your line in the sand and you have chosen, be on notice. That's why Nebraskans can't get real property tax relief, because we are being fleeced by the biggest corporations and the wealthiest individuals who are taking advantage of our taxation system. Thank you, Mr. President.

KELLY: Thank you, Senator Conrad. Senator Rountree would like to recognize some guests in north balcony: members from the NAACP and Las Voces in Nebraska. Please stand and be recognized by the Nebraska Legislature. Returning to queue. Senator Holdcroft, you're recognized to speak.

HOLDCROFT: Thank you, Mr. President. Just like to take the opportunity to again point out some of the great things that our Department of Health and Human Services is doing for us. DHHS encourages Nebraskans to get screened for colon cancer. It's one of my favorite things. DHHS is encouraging Nebraska residents age 45 and older to get screened for colon cancer. Both men and women over the age of 45 are at increased risk. And regular pre-- preventive health screening saves lives. The Nebraska Colon Cancer Screening Program is offering Nebraskans free fecal, fecal immunochemical test-- that's FIT for short-- kits to screen for colon cancer in the privacy of their home. FIT kits are effective, easy to com-- complete, and take only five minutes. There are no dietary restrictions, liquids, or prep to take before the test. To request a free at-home FIT kit for colon cancer screening, visit https://bit.ly/freefitkit. All one word. For more information about the Nebraska Colon Cancer Screening Program, call 800-532-2227. Also, DHHS celebrates March as Social Worker Month. DHHS proudly recognizes March as Social Worker Month, celebrating the hard work of frontline staff as they support children and families in Nebraska communities. From connecting families with resources to facilitating collaboration among service providers, social workers serve as advocates, problem-solvers, and trusted partners. They often act as a bridge between families and the systems designed to support them, ensuring clear communication, that needs, that needs are understood, and that services are delivered effectively. Behind the scenes, social workers spend countless hours advocating for families, addressing barriers, and identifying solutions that promote long-term success. They provide encouragement during difficult moments and celebrate pro-- progress alongside the families they serve. Their efforts help create safe environments for children, support family reunification when possible, and promote permanency and stability. Nebraskans are encouraged to celebrate social workers whose compassion, coordination, and dedication make a lasting difference in the lives of the families they serve. DHHS releases RFAs for RHTP funding. DHHS has posted request for applications, RFA, for three grant opportunities under the Rural Health Transformation Program in Nebraska. RHTP is a once-in-a-generation opportunity to modernize rural health care and to make it more sustainable. Nebraska plan-- Nebraska's plan will build a prevention-first, tech-enabled, sustainable rural health, health care system. To learn more, visit dhhs.ne.gov/pages/rural-health-transformation.aspx. And let me say that again since I have time: dhhs.ne.gov/pages/rural-heath-transformation.aspx. Thank you, Mr. President.

KELLY: Thank you, Senator Holdcroft. Senator Guereca would like to recognize some guests in the north balcony from Heartland Workers Center, Omaha, Fremont, Columbus, and Nebraska City. Please stand and be recognized by the Nebraska Legislature. Senator Hallstrom, you're recognized to speak.

HALLSTROM: Mr. President, members, thank you. I rise in support of AM2599 and LB901. This is an improvement in my eyes over the original proposal under LB901 pertaining to the increased tax on the games of skill. I in fact had had a floor amendment, and I think Senator von Gillern had an amendment on General File to address an oversight with regard to moneys that were going to be taken away from the Property Tax Credit Fund and the Tourism Commission. This amendment remedies those, holds them harmless, while still providing some additional funds to the General Fund, which allows us to address our, our budget concerns at this point. Senator von Gillern had indicated last time that he caught me at a loss of words, so I'll take his bait. And I, I told Senator Clouse that I would just diverge a little bit here this morning and talk about the magical run that the Kearney State College Lopers made through the 1978 NAIA men's basketball tournament. That team was led by Tom Ritzdorf, who was the MVP of the tournament. The Hustle Award was given to Randy Cipriano. For you UNL basketball fans, that name might be familiar. He's the son of Joe Cipriano, longtime Nebraska coach, the coach of the Lopers that year. They happened to, unfortunately, lose to Grand Canyon, 79-75 in the finals down at Kemper Arena in Kansas City. Their coach was Jerry Hueser. Some names that I think Senator Clouse will probably remember from his Kearney roots. Lauren Killian. These were players that are on the all-time leaders list at Kearney. Lauren Killian. Dusty Jura. By the way, Dusty Jura happens to be the son of Chuck Jura, who was a star at the University of Nebraska. Lincoln led the Schuyler High School team to a championship in 1968. He played for UNL, went on to be drafted by the Chicago Bulls in the third round, and, and later played for many, many years in Europe professionally. Also on that Schuyler High School basketball team was Gene Harmon. Gene Harmon, Senator Sorrentino, went on play for Creighton University. Had a fine career there as well. Tom Kropp. Another name. Tom Kropp started out as a freshman at UNL and went back to star at Kearney State College and on-- also with the Chicago Bulls in the NBA many years thereafter. Other names: Connor Beranek, Drake Beranek out of Ravenna. Their, their father, Paul Beranek, longtime coach at Ravenna. Tim Higgins, John-- To-- Doug Holtmeier, Bart Kofoed. All stars at Kearney State College. A Benson Bunny, Kenya Crandell, who's now, I think, a UNO assistant coach, is the all-time leader in assist at Kearney State College. So I do that to-- just to give you a little bit of background, take some time this morning. I know we do have some substantive amendments to, to go to, but as long as I was going to talk for five minutes, I thought I'd fill you in on that additional information. And again, I do rise in support of AM2599 to LB901. And I will hopefully later on this morning talk about my kratom excise tax bill, which advanced from the Revenue Committee on a vote of 8-0. And I hope that we'll be able to add to this, this bill later on this morning. So thank you.

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

RAYBOULD: Thank you, Mr. President. Good afternoon-- or-- whoa. Still good morning, everyone. And sorry if I'm out of breath. I was just downstairs talking to our former state senators and-- they have so many great stories to share and to tell about life in the Legislature and things that they do-- they did. And, you know, we got to talking about the accelerated income tax rate reduction. And I-- you know, before I get there, I just want to correct something that Senator Kauth said. I have been-- I don't know if anybody's been asleep in the Legislature, but I have been advocating tirelessly on rightsizing our budget. And year after year, I have introduced legislation that has been-- fallen on deaf ears. It's very much similar to some of the amendments that have been filed that talks about how we figure out how to rightsize the accelerated income tax rate reduction. We'll still get there. We'll just slow it down so that we have additional revenue to help us maybe do business incentives, to help us maybe fund our General Fund in a better fashion so we don't have to continually raid all the trust funds, from the Environmental Trust Fund, from the Homeless Shelter Assistant Trust Fund, the Cultural and Art Trust Fund. You name it. We-- they're, they're gonna be out of funds, so I'm not sure what we're all planning to do next year. Certainly I do not wanna be in the position of the state of Kansas because they just raised their income taxes a half a percentage this year because, to be honest, they're really still trying to dig out of the mess that they created back in 2014 that obviously has not worked out for them. And they've had to raise their income taxes. I know the business community doesn't want to do that, but I, I do hope that we do the fiscally responsible thing and take a look at some of the great amendments that are coming up that I hope we will consider incorporating this into the Revenue bill that I do support. But here's one story I wanted to share with you that they just shared with me downstairs. And they'll be coming up here right before lunchtime. They said, you know, we made some tough decisions. And I said, really? What tough decisions have you made? And they said, back when we served, we raised the income taxes. I know that's, like, a very dirty word around here. They raised the income taxes. And they said, you know what? Every single person that voted in this body to raise the income taxes, guess what? They all got reelected. Oh my gosh. That's kind of a shock. They all got reelected. And then Senator Wickersham said, and, by the way, the two state senators that voted against doing the fiscally responsible thing back then to raise the income tax rates, they lost. Now, they put a caveat, well, they could have lost for a lot of other reasons, but they were the only two that voted no against an income tax increase. So I guess, what is the moral of the story that they, that they shared? They-- our former state senators that are going to be coming forward right before noon, they bring so much expertise, wisdom, years of lived experiences, understanding how government functions, and truly how to step up and, and make the difficult decisions. And so I have-- just wanna speak briefly because I know we'll get to quite a few other things. I have introduced yet again another amendment on slowing down the accelerated income tax rate reductions that will hopefully, hopefully-- and the fiscal notes indicate that they will bring additional revenue into our state so we can better withstand next year. When I-- I'm gone, but many of you will be back here. And so I guess the plan when I-- next time I get up on the mic is I want you to tell me your plans for next year. Not your vacation plans or travel plans. I'd like to know what your fiscal plans are to put our Legislature in a better position. And my last thing is I'm introducing yet another amendment that will talk about another process of slowing down the accelerated income tax rate reduction. So thank you, Mr. President.

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

ASSISTANT CLERK: Thank you, Mr. President. Transportation and Telecommunications Committee will hold an executive session at 11 a.m. under the north balcony. Transportation and Telecommunications Committee, 11 a.m., under the north balcony. That's all I have, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Wordekemper has guests in the north balcony: fourth graders from Scribner-Snyder Community Schools in Scribner, Nebraska. Please stand and be recognized by the Nebraska Legislature. Senator Ibach, you're recognized to speak.

IBACH: Thank you very much, Mr. President. I love seeing fourth graders in the balcony. They-- I had a-- three different classes here yesterday. They ask really, really compelling and really intriguing questions. And I think they are the future of our state. And I challenge all of them to learn what they can and come back here and someday serve in the same capacity that we do. I'd also like to echo Senator Strommen's words about the wildfires this morning. We-- because these wildfires are really devastating for his district and for my district, his words really, really resonate with all of us. And we really hope that folks will keep the, the first responders in mind today. We're getting updates consistently and continually, but we're expecting really high winds and a lot of heat this weekend. So fire conditions are not good for the firefighters, but we trust that they are doing what they can. And with regards to LB901, this has been my first year on the Revenue Committee. And as, as any first-year person does, you learn a lot. I really, truly appreciate Senator von Gillern's leadership. He was vice chair of this committee last session. And I know that I-- going into this year, I knew that he knew a lot more than I did about the works of the Revenue Committee and how we really analyze a lot of what we do in all of our committees with respon-- with response to finding these packages and the best fit for a lot these bills. The testimony in these committees can be very, very compelling. They can be powerful in determining our priorities. And I know that the, the committee has listened with a lot of interest in, in what folks have to say. One of the pieces that we-- in Senator Spivey's LB920, the skilled game bill, it actually-- according to our, our cheat sheet, which I call it, the $6.68 million to the General Fund is a really big deal. As well as the, the preservation of that $2.8 million for our Property Tax Relief Fund. Those are things that, that folks come into our committees and talk about what are important to them. Property tax relief in my district is still number one. And so that, that bill speaks really well to what we're trying to accomplish in the, in the field of property tax relief. If you look at the timeline-- which was shared wi-- with us in a committee hearing-- skilled game-- or, skilled devices were legalized clear back in 1997. I remember that year cause my triplets went to kindergarten that year. In 2007, there were 430 skilled games in Nebraska. That's not very many compared to the 6,000 that we have today. The-- in 2024, the Legislature passed LB685, which established a central server to track and implement the 5% tax on these devices. And that tax took effect in July of 2025. And so what we've done in terms of refining and defining what that revenue can mean to our state-- and to those businesses that actually have the-- this-- games of skill in their establishments, it, it really is significant. The other bill that I would just like to highlight real briefly is Senator Bostar's LB1131. And he spoke to that a little bit earlier. It creates a series of refundable, transferable tax credits for organizations that provide services to victims of domestic violence and human trafficking-- something that's been first and foremost on this Legislature's mind the last few years. These credits will help organizations provide and expand services to victims of need. And to respond to that, I would highlight this impact and share just a portion of one of the testimonies that we heard in that committee. It's from Nikki Gausman, who is the director of the SAFE Center in Kearney, someplace that I spent some time i-- at when I worked in Kearney for 27 years and understand the real impact that, that organizations like the SAFE Center make. She just points to the fact that they served 530 adults and child survivors in 2025 and that they have a 39% increase in survivors accessing their services. They're very grateful for the Legislature's longstanding support. And she just cites that LB1131 offers a very necessary and creative path to stabilizing domestic violence--

KELLY: That's your time, Senator.

IBACH: --and sexual assaults. Thank you, Mr.--

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

CLOUSE: Thank you, Mr. President. And thank you, Senator Ibach, for providing this history of skill games. I was going to touch on some of that, but now I, I don't think I'll have to. And also discussing-- your conversation with the SAFE Center with Nikki Gausman. I actually talked to-- was on a Zoom call this morning, and we were talking about the-- some of the fee increases. And she indicated that they are very appreciative because they do a-- put in for grants, and that's how those grants are funded. And so that takes care of a lot of tha-- the housing issues and the-- the SAFE Center is simply what it says it is, those folks that are in domestic situations, that they need to get out and have a safe place to go. So some of these funds, when we talk about the taxes and, and where they go, there are real-life stories behind where some of this tax dollars are going, and we just need to make sure that we keep that in mind when we make some of the tough decisions. The other thing that I'd like to mention too is Senator Hallstrom was really going through the UNK history of the Lopers and the athletics, and I appreciate that. A lot of those folks I know personally, and they're-- you know, they're still around. They're still doing good works, but we're also in a time where we're living history at the UNK men's wrestling team. And they just last weekend repeated as the national champions in Division II. Last year, we had some of the wrestlers here and coach Dalton Jensen-- were here under the balcony. A lot of folks got to meet them. And some of those same wrestlers were part of the national championship team again this year. So we'll be doing some things for them, resolutions, proclamation. But we are living-- again, still living history with the UNK Lopers. And I've showed all the pages how to throw the Lopes, so we're gonna throw the Lopes one more time for the, the Lopers and UNK wrestling. So pages, you know what to do. You just throw the lopes. And I'm very appreciative of Coach Dalton Jensen. Many of you also got to hear him speak here a week or two ago when we were at a, a dinner with the university and, and Coach Jensen happened to be in town and was talking about their preparations and their hopefulness of where they were going. And they pulled it off, a repeat. It was very close, but they did do it. The two-time national champion wrestling team in Division II goes to the UNK Lopers. Want to talk a little bit about the application fees. And I think since we've had a lot of people on the mic this morning, a lot of colleagues talking about so many different things-- Senator Kauth mentioned wha-- some of the fees on these decal fees and some of things assigned to this. The decal fee-- and this is part of my bill, LB890, which is included in this-- and why we're raising some of these fees. I talked to Senator John Lowe, my predecessor from the Kearney area, and he was on the General Affairs Committee, chaired it. So we talked a little bit about, where do these fees come from and, and how long ago-- because we look at some of these five, six years ago. And I think Senator Ibach also mentioned some of that, that these games, games of skill were relatively new a number of years ago. And so these fees-- they were really kind of a stab at the dark trying to figure out a good way to put these fees and taxes and those types of things in place. And so what we're seeing now as we look at-- go back and look at these fees, that's why they haven't been updated since 2019 or 2000. Some of those fees are inspection fees to make sure that the machines are really doing what they're supposed to be doing. If somebody brings a new machine into the state, then of course it goes down to the Department of Revenue, they tear it apart, put it back together, make sure that it is-- it's an honest-- and it's a safeguard for those wanting to play those machines. And so that application fee covers that cost. And that cost has gone from $500 to $650 for the machine. And again, that had not been updated for a number of years, so it was time to put the actual cost to-- what the-- the, the cost to take those machines apart and put them back together. Then we also have fees-- covered inspection fees for the Department of Revenue as they do their enforcement. And then that ties into some of the fees for the inspections, make sure they're still operating functional--

functionally and appropriately and that they're connected to the central server so that we are know-- we know where we're at with the revenue stream and we know what's going on with those machines as they're expanded across the state. I have an amendment later on that-- hopefully we'll get to that-- that addresses an audit function that I think will take that out. That was in, in a consultation with Senator Spivey, is-- about her bill in. And Senator Spivey and, and Senator von Gillern and I've been working-- putting in a lot of hours and time trying to work through these taxes and machines and make sure that we have the proper controls in place. So with that, I'll yield the rest of my time. Thank you.

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

MOSER: Good morning. Thank you, Mr. President. Good morning, colleagues and fellow Nebraskans watching from home. If you're wondering what's going on, the core bill, LB901, one is a good bill. It has good support, I think. The AM2599 is a fix for a couple of little glitches in the original LB901. Then there are a series of other amendments offered that all add what I would consider maybe improvements to LB901, but each one of these improvements also adds a few negative votes to the core bill. So if this takes its normal course of action and all these amendments come up to vote, some of them may pass, but then the underlying bill may have enough baggage that it won't pass. So that's-- politics is sometimes strange, but that's kind of what's going on. We're trying to get the main bill passed and not bog it down with a bunch of well-intended and good, functional amendments but which will bring negative votes to the underlying bill, so. With that, I would like to offer the rest of my time to Senator Hughes if she would like it.

KELLY: Senator Hughes, 3 minutes, 30 seconds.

HUGHES: Thank you, Senator Moser. I just wanted to stand up one more time. My amendment is one of those amendments that's bogging this bill down. I do support LB901. I also support AM2599, the fix that was keeping some of that revenue going to the property tax credit from the skill game stuff. But quick, I just wanted to go over one more time my amendment, AM2650, that is out there. Like I said, I'm concerned about the future, couple years that we've got in front of us. The volatility that we're seeing today with the economy and specifically Nebraska economy has me somewhat concerned. So this, this amendment was brought about just as a way-- if anything, maybe to buy us a little time, that, if things do go south, we're not in as big of a mess as we may be. I hope I'm wrong. There are a couple people around that are convinced that this is-- it-- the sky is not falling yet, so-- that we don't need to worry about this. Like I said, I know we'll be able to pass a balanced budget this year. Again, just concerned two, three years down the road. But just as a quick recap, this would stutter-step our income down. 4.55% is where we're at now. Next year, it'd go to 4.35%, hold for a year, and then 3.99% in 2029. At the same time, it prevents-- or, it just holds flat the property tax credit funds. We don't add money to them for the two years. And then in 2029, those start increasing again. So every-- income and property have kind of equal play in the game in that, over the three years, one would be contributing $270 million to the state budget and the other would be contributing $272 million, which is essentially the same. I also had cigarette and vape tax. But as I said that-- and I had spoken with Senator von Gillern about this-- I will now ask that AM2650 be pulled, that-- so we can get onward because I know there's some up-and-coming amendments I believe from Senator Conrad, Clouse, and Hallstrom that add, that add good things to LB901. And AM2650 does not have the votes today to get through. But I just-- I wanted it on record that, where we're at today-- I hope I'm wrong and I hope in two or three years I don't look back on this day and say, darn it, I feel like we should've done that. So thank you, Mr. President. And I pull AM2650.

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

SPIVEY: Thank you, Mr. President. And good morning, colleagues and folks that are joining us virtually and from home. And of course, good morning, Grandma. Thanks for coming to work with me today. So I wanted to rise and, and talk a little bit about the skilled game, which was originally LB920-- that is a part of LB901-- that Senator von Gillern and Senator Clouse kind of reference and that we worked really well on, as, as well as Senator Sorrentino who saw this in front of Revenue. I'm sure, like-- myself, like many other senators, got a lot of emails, kind of the generated, blanket emails around the skilled games and, and information just about them. And so I just wanted to make sure that I gave just some points of clarity about the intention of the bill again because we debate so many things and there's so much information. It's always kind of hard to keep things organized. And so just wanted get us regrounded in the intention of my LB920 that was amended into Senator Clouse's bill that came out as part of the package with LB901. And so I started down this path really looking at addressing skilled games because of my experience in District 13. District 13 is a very diverse district, from people to income. It does have a lot of folks navigating tough circumstances in life. And what I have seen is an increase because of the skilled games that there was an-- an increase in, in some behaviors-- community behaviors that I think allowed for tighter regulation. When we talked about these skilled game or cash devices that-- those are used interchangeably. And so with the, the cash devices, my bill specifically looked at the marketing. And so right now, businesses that have these devices have huge window coverings and big flags. And we wanted to make sure that because you have to be 21 to play that they are not targeting minors. And so my bill addresses those marketing parameters and regulates what the, the-- what those businesses can have. It also ensures that Department of Revenue are able to really regulate and enforce the skilled game machines or cash devices and so that they are able to-- I think the language is, like, "proglimate" all rules and regulations. And so if they feel like there's a gap in something or something needs to happen, they are able and have permission to do that. It ensures that they are able to enforce from a budget perspective and can use their cash. And so they are needing about $1.3 million to do the enforcement of these cash devices, which my bill does. And then it ensures that there is an attendant on-site to check IDs. And so this was a really important part and a part that was negotiated, the original bill had, that there was an attendant on-site and that then a few years down the road they will be able to do ID or age verification via technology, and a lot of the distributors didn't want that. They wanted to go with the attendant-- probably because it's an impact on the businesses and not them. But nonetheless, it's what they negotiated and we agreed upon from a safety perspective and again for that age verification. My portion of the bill does raise the tax from 6.5%, which does include-- which is what it is currently-- the, the fee for the businesses to integrate into the central server for reporting. It raises that to 11.5%-- all-inclusive-- of net revenue, which was really around where the negotiations were. What, what does the money go to? What does it look like? And I appreciate Chair von Gillern really ensuring that the things that were already in the bills from LB685 are-- were maintained, but really adding in that behavioral health piece and then the additional dollars to problem gambling. An everyday person cannot differentiate between a skilled game or a slot machine, and we know that it's causing compounded issues around addiction, especially in geographies like mine. I actually have a news article about another robbery that happened with a skilled game attendant for $130,000. If folks are interested, I may ha-- hand out. But again, I think, to Senator Sorrentino's point earlier, it rightsizes the regulation. It taxes them appropriately. We're taxing slot machines at 20%. This will be at 11.5%. It brings in additional revenue. And it rightsizes us with other states, and actually we are still lower. And so I appreciate the committee's work with me on this, having the carve-out around the increase of devices for qualified census tracts because they're navigating really extreme hardships around certain social drivers. And I think it really demonstrates good faith efforts with interest groups as well as my colleagues in the body. And so I will be happy to answer any questions. I know Senator Raybould may have some in a little bit for me. So happy to any questions as we go through. And I think you're next in the queue. And my time is up, so I'll just stand here.

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

RAYBOULD: Thank you, Mr. Pre-- thank you, Mr. President. I do have some questions, and I just handed them to Senator Spivey. I know an important part of the continuous monitoring bill is doing exactly that. And so the questions are all related to that. And, and how a-- how is a business to comply with those new regulations and terms? And so-- if Senator Spivey would yield to a few questions.

KELLY: Senator Spivey, would you yield to questions?

SPIVEY: Yes, I will.

RAYBOULD: Thank you, Senator Spivey. So the first question is, how is continuous monitoring defined if an attendant cannot physically observe all of the devices at all times?

SPIVEY: Yes, this is a great question. So what was negotiated and what you'll see-- and I'll use kind of an example to illustrate-- is the Anytime Laundry. So the Anytime Laundry in my district, they have an attendant on-site. And so how we discuss with the different interest groups is that they would have a person that is responsible for-- when they notice someone at the devices or if they are getting paid out, that they will go over and check their ID and have some sort of visual eyes on them. It doesn't mean that they have to sit and just watch only that device and that their staff person is exclusively written as, like, a job description for observation, that-- it could be a position that-- so there's a dual role within whatever type of business that they have.

RAYBOULD: So does continuous monitoring also permit maybe a, a video monitoring-- something similar to-- many people have Ring or Blink at their front doors. And once you enter a certain space, you're picked up on a monitor. So if you're an attendant at the cash register-- obviously, people are shorthanded. Would that be con-- is video monitoring a, a-- considered a-- an appropriate form of continuous monitoring?

SPIVEY: It is not a replacement, no. And we specifically worked with them to take that portion out. Some of the interest groups wanted to have in place of an attendant to have vido-- video monitoring. And the example that I use is the original kind of handout that I had about the robbery in my district off of 60th and Ames. They have video monitoring. And what we found is that someone had a chainsaw in their pants, they came in, they broke into the machine, took $11,000. And while they had video monitoring, there was no one actually monitoring the video. The video was just taping it. That's how they were able to get it, like a Ring, because no one came besides then the police. And so we wanted to make sure from a safety and age verification-- folks can have video to tape and record, and they need a actual person there to constitute as the correct type of monitoring a-- and it's not a substitute.

RAYBOULD: So a-- just to ask one more question to follow up on that. So, you know, like I said, some people have Ring or Blink for their entryway or the front door or back door. And it detects someone. But it-- if there is an attendant off-site monitoring it, say at a-- I've, I've been told that sometimes they have these games of skills in laundry mats that are typically unattended. But if it's being monitored by someone off-site that might be monitoring, like, three, three laundry mats and, and maybe-- you know, also they're looking at, like, two convenience stores, it-- is that considered skirting the intent of this bill--

SPIVEY: Yes.

RAYBOULD: --or would that be-- can you-- whoop.

SPIVEY: That would be.

RAYBOULD: A big, fat yes.

SPIVEY: Yeah.

RAYBOULD: OK.

SPIVEY: Because the idea is they already do that now. And what we have seen is that it does not curb some of the, the crime and safety implications because while someone may be monitoring there, there are-- there's no one on-site to actually do and check the age verification. So, like, from a safety concern, if you see someone breaking in, OK, maybe you can call law enforcement. A-- but it doesn't meet the kind of two prong of why we have the attendant, which is safety and age verification.

RAYBOULD: So on the-- on those games, is it required for an individual who would like to play a game-- don't they have to scan their driver's license?

SPIVEY: No, and the, the distributors did not want that. That's what we wanted to have because then it would not be a financial impact on the businesses, that it would just be built in. There would not have to be an attendant, and they chose not-- they did not want that. They wanted to have a physical attendant present instead.

RAYBOULD: OK. So that-- that's probably something if, if they-- if-- once this gets implemented and they want to rev-- it reviewed and maybe that could be an option.

SPIVEY: Yeah. We had it for two years out that they would implement-- what year is this-- '26. I think by '28, we had the technology verification, and they wanted that to come out. But I would be happy to revisit that if they feel like that is a better mode than having an attendant.

RAYBOULD: OK. Thank you, Senator Spivey, very much.

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

ANDERSEN: Thank you, Mr. President. I wonder if Senator von Gillern would yield to a couple questions.

KELLY: Senator von Gillern, will you yield to a question?

von GILLERN: Yes.

ANDERSEN: Thank you, Senator von GIllern. I just want to verify with all the amendments that have come on and gone off and everything else and all the, the changes to, to this bill, does this maintain that there is still the taxpayer giveaway of the-- to the nonprofits of the refundable tax credits that can be sold for cash? Is that still a provision in this bill?

von GILLERN: Yes. The funding for the domestic violence shelters and programs includes a provision for refundable tax credits, yes.

ANDERSEN: OK. And that's to the tune of approximately $6 million, right?

von GILLERN: I think it's $3 million. The credit-- the exemption elimination was, was roughly worth $6 million. The funding for the domestic violence programs is, is 3. So it's half of that. With the spillover going to General Fund.

ANDERSEN: OK. I got a question on page 1, 20-- line 27, where it talks about [INAUDIBLE] section delta, delta I, where it talks about the tax credits being distributed based on the population of the program or service area. Can, can you explain to me-- I don't know what that means.

von GILLERN: Tell, tell me which page again. I'm sorry.

ANDERSEN: Page 1, the very last line, where it says $1,252,000 tax credits be distributed based on population of the program or service area, as shown by the latest decennial census. I, I, I don't-- I guess I don't understand-- I don't know what the intent is of that paragraph.

von GILLERN: I'm looking-- I'm-- which amendment I'm looking at the E&R, which is the current bill, the ER133, which is the current bill. Which one are you looking at?

ANDERSEN: All right. I'll have to pull it up. I'm on-- I was on AM2-- AM2406.

von GILLERN: Yeah, that's been amended by--

ANDERSEN: All right. I'll go [INAUDIBLE].

von GILLERN: --the E&R amendments.

ANDERSEN: Does this still have the-- still eliminate the data center exemption?

von GILLERN: Yes.

ANDERSEN: OK. And you--

von GILLERN: It's not a data center exemption, just for clarity. It was at a-- it was a sales tax exemption on server parts that were manufactured in Nebraska but shipped out of state. So it, it-- it's not-- it, it does not have anything to do with data centers other than the fact that the items that are manufactured under that tax credit get sold and implemented into data centers. So it-- it's-- it is not a tax credit for data centers. And, and that's, that's our own fault. We have widely referred to it as that, and that's-- and so it, it, it has created some confusion, but it's actually for manufacturing of the servers that go into data centers.

ANDERSEN: Oh, great. It-- it's kind of a misnomer--

von GILLERN: Yes.

ANDERSEN: --calling it a, a data [INAUDIBLE] exemption.

von GILLERN: Yeah. I, I, I understand the, the, the confusion around it.

ANDERSEN: But I-- and I know you said that there's a-- there's nobody that is objecting to losing their exemption. But in consultation with the Department of Revenue, they say there's $6.5 million a year going out to companies. Any idea how that's going to be resolved or is this--

von GILLERN: Well, it won't go out anymore.

ANDERSEN: OK.

von GILLERN: Yeah. That's how that'll be resolved. Yeah. And then what I, what I said before-- just as a matter of clarity, what I said under General File debate was that the-- no one showed up to oppose the elimination of that exemption. We actively reached out to the users of that exemption, the ones that we knew were using it. We actively reached out to the lobbyists that, that represented them, and no one, no one registered support-- or-- excuse me-- opposition at the hearing. There was no written opposition. We've had no phone calls, no emails. There's been zero opposition to the elimination of that exemption.

ANDERSEN: Yeah. Just out of curiosity, how did you find out who's actually using the exemption? Because when I talked to the Department of Revenue, they say it's not releasable with the state statute and federal statute, so there's no telling.

von GILLERN: It-- it's not releasable, but we know the company that was originally using it-- that it was created for-- when, when that exemption was originally created. So we reached out to that lobbyist and asked them to reach out. And, and we heard no negative-- no opposition back from that firm. We don't know if they're continuing to use it or if an-- or if another firm is continuing to use it. But, but again, we did everything but post an ad in the, in the daily journal to, to say, hey, please come oppose this.

ANDERSEN: Yeah. I, I think it's a, a fundamental flaw in the way that we have configured things that we don't know as appropriators who's actually getting these exemptions-- these tax incentives to try and figure out what they're being used for and then what the return on the investment is.

von GILLERN: Yeah, it, it--

ANDERSEN: Separate issue from this bill, something I think we need to address in the future. Thank you, Senator von Gillern.

von GILLERN: Thank you.

KELLY: Thank you, senators. Seeing no one else in the queue. Senator Kauth, you're recognized to close on the amendment.

KAUTH: Thank you, Mr. President. I appreciate all the debate this morning. I think there's been some good conversation. This amendment is the committee fix-up bill. It tidies up all the things that didn't quite make it through in the E&R amendments, so it's fairly small. And I would appreciate everyone's green vote.

KELLY: Thank you, Senator Kauth. Senators, the question is the adoption of AM2599. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 36 ayes, 0 nays on adoption of the amendment, Mr. President.

KELLY: AM2599 is adopted. Mr. Clerk.

CLERK: Mr. President, next amendment. Senator Conrad, I have FA1033 with a note you'd withdraw and sub AM2717.

KELLY: So ordered.

CLERK: Mr. President, Senator Conrad would offer AM2717.

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

CONRAD: Thank you, Mr. President. Good morning, colleagues. Want to draw the body's attention to this substantive amendment that is before you today. This was a point of discussion and consideration on General File and something that I've had an opportunity to talk with my friend, Senator Clouse, about, Senator von Gillern as chair of the committee. And this is a, a very discrete part of a potential amendment in a very, very large tax package that-- that's now before us in LB901. But what this floor amendment does-- and I don't wanna belabor it because I know there's other substantive amendments that we have to help guide our debate for the remainder of our time on this legislation, but what this would do is that it would remove the escalator component or the CPI component that would allow taxes and fees to just basically escalate and increase in perpetuity. I really think that this is misguided and the wrong approach. We shouldn't be abdicating our legislative responsibility because we find it uncomfortable to deal with fines and to deal with fees and taxes on an individual and discrete basis. We should not be abdicating our legislative oversight or authority to unelected bureaucrats on autopilot to continually raise more revenue from our citizenry without specific legislative review. The reason we don't put our taxes and fees on autopilot is because we want to ensure the Legislature-- the people's branch-- has an opportunity to bring in these unelected bureaucrats and agency regulators to figure out what they're doing with this money. We need to figure out whether or not the, the fines and fees and taxes are responsive to meeting the regulatory purpose. And again, colleagues, remember, if we are moving forward with these kinds of revenue raisers beyond the regulatory purpose simply to increase revenue, that raises a a bunch of additional questions. I found it misguided in terms of how this body approached arbitrarily capping and cutting the voter-approved minimum wage initiative earlier this year, which literally many members got up and spoke passionately about how we needed to restrain minimum wage increases that were tied to the Midwest CPI to help working families keep their wages keep pace with inflation. And it was the end of the world from many, many members here who said, oh, it could jump too high. We won't be able to plan for it. It's too expensive, et cetera, et cetera. And you used that as a weapon, as a-- as, as a, as a policy consideration to literally take away modest but meaningful wages-- wage increases from working families. Now I'm asking you to apply that same logic when it comes to this component of this legislation. We shouldn't abdicate our responsibility and oversight. We shouldn't put this on autopilot. We should recognize that we need to have a fixed fee here.

That's the substance of the legislation-- of the amendment before you in this legislation. I'd be happy to answer any questions. Thank you, Mr. President.

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

von GILLERN: Thank you, Mr. President. And thank you, Senator Conrad, for bringing AM2717. We did have a conversation about this amendment. And as she noted, all it does is, is it eliminates the cost-- the CPI index escalators on the fees. From a, from a non-legal-- and I'm not a-- I'm not an attorney-- from a non-legal viewpoint, it seems to make sense to build those escalators in there so that future legislation-- legis-- legislators don't have to revisit this issue all the time as far as adjusting fees, but I do understand what Senator Conrad is saying, is that it creates an obligation that, that we may not be-- may not wise for us to do at this time. So initially I was opposed, but I do stand in support of AM2717 and encourage your green vote on that. Thank you, Mr. President.

KELLY: Thank you, Senator von Gillern. Seeing no one else in the queue. Senator Conrad, you're recognized to close.

CONRAD: Very briefly, thank you so much to my friend, Senator von Gillrin [SIC]. And again, I would appreciate your favorable support of this measure. Thank you, Mr. President-- this amendment.

KELLY: Thank you, Senator Conrad. Members, the question is the adoption of AM2717. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 43 ayes, 0 nays on adoption of the amendment, Mr. President.

KELLY: AM2717 is adopted. Mr. Clerk.

CLERK: Senator Conrad, I have FA1034 with a note that you'd withdraw.

KELLY: So ordered.

CLERK: In that case, Mr. President: Senator Hallstrom, I have FA1035 with a note you'd withdraw.

KELLY: So ordered.

CLERK: In that case, Mr. President, Senator Hallstrom would move to amend with AM2674.

KELLY: Senator Hallstrom, you're recognized to open.

HALLSTROM: Thank you, Mr. President, members. I rise in support of the AM before us to LB901. This amendment reflects what was originally introduced as LB873, which advanced by the Revenue Committee on a vote of 8-0. Just a little bit of background, it has to do with the issue of kratom and imposing an excise tax on the sale of kratom products in addition to any other sales or use tax that might be applicable to the sales of those products. You may recall last year this body passed LB230, which was a bill to regulate the sale of kratom products. It established a number of requirements and restrictions, including not selling to minors, requiring verification of buyer's age, requiring manufacturers to register products with the state, and contain labels providing clear warnings and disclosures. Importantly, that law prohibited the sale of kratom products with a level of 7-OH in the alkaloid fraction that is greater than 2% of the alkaloid composition of the kratom product. And at that time, we were more focused on getting prudent regulation, taking the products that needed to be banned off the market and allowing for the prudent regulation of the permissible products. And having regulated them in that fashion, the amendment on the board would, effective January 1 of 2027, impose an excise tax on retail sales of kratom products to consumers at a rate of 10% of the retail purchase price. And as I indicated, the excise tax would be in addition to any existing taxes imposed by the state or a local political subdivision. In addition, LB901, at the request of the Attorney General, provides a clarifying amendment to the Kratom Consumer Protection Act that we adopted last session. The amendment clarifies that if a kratom product is subject to independent, third-party testing due to concerns that the product may be adulterated, the product shall not sold, provided, or distributed until test results have verified compliance. The bill would also-- or, the amendment would also provide for the removal of products found to be adulterated from the list of registered products if sold, provided, or distributed in violation of the act. And I would request your green vote on AM2674 to LB901. Thank you.

KELLY: Thank you, Senator Hallstrom. Senator von Gillern, you're recognized to speak.

von GILLERN: Thank you, Mr. President. I would like to encourage each member of the, of the body to take a look at Senator Hallstrom's AM2674 and make sure that you understand that. I think we're getting ready to break here in a little bit, so I'll ask some of my friends to get into the mic so we can carry this till 11:45, which it-- which time I think we're breaking to, to invite some important guests into the, into the room. So-- but in the meantime, I would-- again, I would encourage you to pull up AM2674 or visit with Senator Hallstrom to learn more about his bill. And if Senator Hallstrom wants to punch back in and maybe tell us more about that, that would be great also. But we'll have plenty of time over lunch to visit with each other and strategize about the rest of the afternoon. But I appreciate everyone's help in getting us this far and getting the committee amendment passed, AM2599, that was critically important to do some really good things and to clarify some items that were of critical nature within LB901. So thank, thank you for all-- your attention this morning.

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

JACOBSON: Thank you, Mr. President. I'm-- just-- go-- we're gonna-- I guess we're gonna move some time on-- Sen-- Senator von Gillern, if you want some time, I would give it to you. Oh. Just keep going. All right. Well, as we've talked before, we are trying to fill a budget gap. We do need additional revenue. That's what we're working on today with this bill. We're doing what we can to make this a better bill, add the amendments we need for the right kind of revenue, and bring some revenue to the table to finish fa-- balancing the budget. So again, I'm going support this amendment. And I'm going to support the underlying bill, LB901. I know-- there's a lot of complaints that we've had from people on how the budget process is working, but we did not end up with some of the spending measures that we have overnight. If you really go back and look at the revenue increases that the state has gotten, what I'm talking about is the dollars that they've collected in tax revenues of, of, of both the income tax revenues, sales tax revenues, and other fees, the revenues have gone up. Year over year, revenues are up $800 million. So understand it's, it's the spending that is the concern and the loss of revenues that are occurring and going forward because of the automatic tax deduct-- tax increase-- tax reductions of revenue to the state due to the One Big Beautiful Bill, which is a mixed blessing. You get a tax reduction, but it does reduce the state's revenue going forward. That's-- we got to understand how we got to where we are, and we have to also go back and look at how much have we increased spending from the beginning of COVID till today. And our COVID-level increases in spending have not come down. And-- so we have to continue to focus on that. And so when everybody talks about the, the changes we're making-- in fact, it was interesting visiting with Senator Clements again this morning. We're not taking the food out of people's mouths. We're not taking services away. When you look at the funds that have been adjusted, it's excess funds or it's dollars that weren't spent in prior years and aren't necessary to make the budgets work. And Senator Clements can certainly correct me if I'm wrong, but he's not slashing budgets. They're slashing dollars that are sitting in reserves that we're using and using that to balance the budget. So the-- to-- for those people that are thinking that, that we've done all this damage to DHHS because they're not going to be able to provide services, they will. And as we look at the other funds, they're going to provide the services that they have. It's just that they're not gonna have a bunch of reserves left over. And that's what we're using. I am a believer that every year is different. I know Senator Hughes is concerned about slowing the income tax cuts, making some other changes. We will deal with that when we-- when we're presented with it, just like we did this year. It's very unlikely we're gonna continue to see continued challenges like we did with the budget this year and last year. We have to understand how we got to those budget positions and keeping in mind it wasn't because of a fundamental flaw in the amount of revenues that we're inc-- that we're cr-- that we're generating from the tax structures we have today. There will be a ste-- step-down in individual and state income tax collections, but there will also be a growth in the economy overall. Yes, what's happening out west will have a co-- have an impact, just as we've looked at-- and the forecasting board has forecasted in the changes that we have with Tyson. And it will-- and, and trust me, it will be an economic impact to our cattlemen out west, and that will go on for two or three years until those pastures and-- all come back. We'll also see-- be seeing some federal aid that will come in that will offset some of that as well. And the rest of the general economy will grow. So we need to be dealing with our budget as we have those challenges. Raising additional dollars and leaving it with this body has never been a really good thing. That-- there will be fu-- ways to figure out how to spend it. I'm more concerned about how can we get--

ARCH: Time, Senator.

JACOBSON: Thank you.

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

RAYBOULD: Thank you, Mr. President. I am hoping that Senator Hallstrom will yield to a couple of questions.

ARCH: Senator Hallstrom, will you yield?

HALLSTROM: Certainly.

RAYBOULD: Thank you, Senator Hallstrom. You know, I'm, I'm not very familiar with your amendment, but can you tell me more about the fiscal note and how much revenue you hope to generate?

HALLSTROM: Yeah. Thank you, Senator Raybould. There was an original fiscal note, which, as frequently as the case, I took exception to. It was quite high comparatively to what I would have expected. But we had an A bill, I think-- speaking from memory-- of about $730,000. As the bill was originally introduced, it would have taken effect in July 1 of 2027. So we had a situation, as originally introduced, in which the implementation cost or the A bill would have been in this budget year and the revenue only would have started in the next budget year. So the amendment before you moves the effective start date of the 10% excise tax up to January 1 of 2027, and that is estimated to have at least $650,000. So it takes care of most of that appropriation bill. And then the fiscal note indicates that, go-- on a going-forward basis, it should bring in at least $1.5 million annually from the, from the tax if approved.

RAYBOULD: Thank you, Senator Hallstrom. That, that makes a lot of sense. And I, I do so appreciate creative approaches to generating additional revenue. And I know the Revenue Committee has done their homework and have really tried to do creative approaches on generating more revenue. And then, you know, the article that I handed out, I just want to read one more paragraph that I didn't have a chance to read it. It-- in the handout, it was from former state senators, Senator Friesen and, and Senator Schumacher, and they said, when we were in the Legislature, we faced many tough decisions. Revenues were consistently down, and we had to make budget cuts year after year. Why were revenues down? Because Nebraska has a revenue problem, not a spending problem. I'm gonna pause there. I know that many people hear, like, we have a spending problem. We can't live within our means. We can't live within our budgets. Well, you know, that part is true when we look at some of the transformative things that we have done as a Legislature. You know, how did we get to this property tax issue? You know, it didn't happen overnight. It happened over at least two and a half decades of time where the state of Nebraska was negligent on funding public education and putting that burden on local communities, counties, cities to be able to help fund property taxes-- property taxes that go towards public education. And little by little, we were slowly getting to the bottom of the ranking-- number 49 of all the states in the United States. We were the state that ranked 49 for contributing the least amount to our public schools' education. Well, that was rightsized in 2023 by something very transformative that the Governor did. He took a bold leap and said, we're gonna, you know, put $1.2 billion in a trust fund, and annually we're going to contribute $250 million. That was very bold and very brave to do that. And that's something that we're committed to doing, except maybe not this year. I think we're gonna sweep some of the funds for that. But, you know, back to the article, it says we have to find the money to run a state 17% larger than Florida with 20 million fewer people. And there are additional amendments that will talk about creative revenue generators. I think that should be the theme for the rest of this session if not next year. What are the creative revenue generators? Because our state doesn't have a spending problem. We have a lack of revenue generating problem. We'll discuss it in a couple more amendments that'll be coming up later on today. Thank you, Mr. President.

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

HOLDCROFT: Thank you, Mr. President. Well, we're just kind of filling time here, so I thought I'd take a minute just to talk about-- a few minutes to talk about the naval forces in the Middle East. And, and just this spe-- today, this morning, I kind of zero in on a-- what you've heard about the Tripoli MEU, which stands for Marine Expeditionary Unit. So the Navy really deploys as two battle-- I mean, two groups when it, when it goes forward. The first is a, a carrier battle group, which has a aircraft carrier as its centerpiece, surrounded by destroyers and submarines that protect it from air, surface, and subsurface attack. And that is mostly our strike force. That's when-- been doing most of the damage today in Iran. It carries about-- between 40 and 50 strike aircraft. It's got a crew of about 6,000. I mean, it is a-- and that's the way the United States Navy deploys. We have 12 of those aircraft carriers. Typically, there are always two that are deployed. And we can surge, you know, up to five. So it's-- so those are the carrier battle groups that are there now, the Abraham Lincoln and the Ronald Reagan. But I'd like to spend a little bit of time-- you've heard about the Tripoli amphibious ready group, is the other type of, of expeditionary force that the Navy deploys. And this is groups of three or four ships that carry about 2,000 Marines. And right now, we have the Tripoli, which is an LHA, a big deck, and then we have LPD 18, the USS New Orleans, and also LPD 22, the USS San Diego. And those ships are home-based in Japan-- Sasebo, Japan. So we have this amphibious ready group that's always forward deployed. That's their home port. That's where their families live, in Sasebo, Japan. And the Marines that embark in them are then in Okinawa, Japan. And when the car-- when we need that force to, to go forward, the ships get underway, pick up those Marines, and, and off they go. They're a very flexible force. They have a great capability. I'd like to spend a little time talking about the, the USS Tripoli. And first of all, it's-- the, the significance of the Tripoli name, as you may recall from the Marine Corps hymn, the first line is, from the halls of Montezuma to the shores of Tripoli. So Tripoli, this is a, a, a battle-- our first amphibious landing on foreign soil, back in 1805. It was against the country of Tripoli, which is modern-day Libya. And so this was our first Marine Corps action across the, across the beach. Very successful. And today, it's enshrined in the first line of the Marine Corps hymn. USS-- the-- we've al-- almost always had a ship named Tripoli, one of the amphibious ready ships that carries Marines. USS Tripoli was just commissioned in 2020-- so a fairly modern, new ship. It carries about 30. It's a, it's a big deck. If you look at it, you'd think it was an aircraft carrier. It has a big, flat deck. It has a superstructure. But it's-- it does not have catapults and it doesn't have a resting gear. So it-- it's not like a, a true aircraft carrier, but it does have vertical takeoff and landing. So it can carry betwee-- about 30 aircraft, a mix of your joint strike for-- fighter, which is vertical takeoff and landing, and also your V-22 Osprey, which is a, a plane that can tilt up its, its propellers to take off vertically, rotate them back to a forward position, take Marines a long ways into the beach, and then revert back to a vertical landing and, and offload Marines. So tremendous capability. The, the, the, the Marine-- the, the MSOC, the Marine Special Operation Capability Force, has a number of missions that it can do. It can do raids, assaults, and secure beachheads. So it has the capability of going across the shore. And it does-- it can do a lot of security operations, like em-- embassy protection and evacuation of noncombatants. And it is a huge regional presence. I mean, when the, when the MSOC is in the theater, people pay attention to where it is and what it's doing. So that's one of the forces that's in the Persian-- or, in the Middle East, CENTCOM AOR. And we'll see what happens here in the next few weeks. Thank you, Mr. President.

ARCH: Mr. Clerk for items.

CLERK: Thank you, Mr. President. Your Committee on Health and Human Services, chaired by Senator Hardin, reports LB304 to General File with committee amendments. Your Committee of Banking, Commerce and Insurance, chaired by Senator Jacobson, reports LB1152 to General File with committee amendments. Notice of committee hearings from the General Affairs Committee. Amendments to be printed from Senator Ballard to LB972; Senator Guereca to LB878; Senator Hallstrom, LB784; Senator Lonowski, 9-- excuse me-- LB596. And notice that the Revenue Committee will hold an executive session at noon in Room 2102. Revenue, noon, 2102. That's all I have at this time.

ARCH: Thank you, Mr. Clerk. As I mentioned this morning, we have the honor of welcoming back to the Chamber today former members of the Legislature. I will announce each senator by name in the order of the list I was provided along with their years of service and the district each person represented. I would ask each former legislator to please come to the front of the Chamber when I announce their name. The first member I want to welcome back to the Chamber is Senator Matt Williams. He representeded-- he represented-- he represented District 27 from 2015 to 2023. Next, we have Senator Mark Kolterman. Mark represented District 24 from 2-- 2015 to 2023. Next, I would like to welcome back Senator Pans-- Patty Pansing Brooks. Patty represented District 28 from 2015 to 2023. Next, welcome back to Senator Kate Sullivan, who represented-- who represented District 41 from 2009 to 2017. Next, welcome back Senator Mike Gloor. Mike represented District 5-- 35 from 2009 to 2017. Next, I would like to welcome back Senator Jerry Johnson. Jerry represented District 23 from 2013 to 2017. Next, welcome back Senator Bill Avery. Bill represented District 28 from 2007 to 2015. Next, welcome back to Senator John Nelson. John represented District 6 from 2007 to 2015. Next, we'd like to welcome back Senator Marian Price. Marian represented District 26 from 1999 to 2007. Next, like to welcome back Senator Ed Schrock. Ed represented District 38 from 1990 to 1993 and 1995 to 2007. And lastly, we'd like to welcome back Senator Vickie McDonald. Vickie represented District 41 from 2001 to 2009. Join me in a final appreciation for our former members and their years of public service to the state of Nebraska. We want to say one more thanks to the service provided by these former senators. Senator Spivey has some special guests, and they are located in the north balcony: Alpha Kappa Alpha Sorority. Please rise and be recognized by your Nebraska Legislature. Mr. Clerk.

CLERK: Mr. President, a priority motion: Senator John Cavanaugh would move to recess the body until 1:30 p.m.

ARCH: Colleagues, you've heard the motion to recess until 1:30. All those in favor say aye. Opposed, nay. We are in recess.

[RECESS]

ARCH: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. The afternoon session is about to reconvene. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

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

CLERK: I do, Mr. President. Your Committee on Enrollment and Review reports LB912, LB1010, LB820 to Select File, all having E&R amendments. That's all I have at this time.

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

CLERK: Mr. President, Select File: LB901. When the Legislature left the bill for the recess, pending was the bill itself as well as an amendment, AM2674, from Senator Hallstrom.

ARCH: Returning to the queue. Senator Moser, you are recognized to speak.

MOSER: Well, good afternoon. Mr. President. Thank you, colleagues and Nebraskans that are watching our Legislature and what we're attempting to do here. Today, we're talking about LB901, which is a Revenue bill that made some changes in some exemptions of various things. It was about $20 million in revenue by changing the things that are contained in the bill. And then we have about, I don't know, a half a dozen or so motions to try to improve this bill. So this bill has a positive of about-- around $20 million. The other amendments that are floating out there will add to that amount of money that we would have, but each of those amendments brings a few negative votes with it. And as it is, LB901 will probably just clear cloture, so the best plan might be to try to talk about the bill and whatever else the rest of the afternoon so that we can get to just the important amendments and try to pass the bill and move it on. I was talking to somebody over the weekend about the budget and what we're trying to do, and one of my friends asked about taking money from other accounts. And so I was talking to Senator Clements this morning, and he said there were around 900 accounts with cash in them that the state had. And the total was somewhere over $2 billion in those accounts. So what prudent person wouldn't want to look at some of those accounts and see why there's that much cash in them? Cash should come in, should go out, and, you know, they should have no more than a year's expenses in an account, you would think. Some are earmarked and for specific purposes, but of those 900 accounts, over $2 billion of state money is being held in those accounts. So that's kind of the theory of the Appropriations Committee, is that they're thinking that some of those sums can be used to balance our budget. And going forward, we're going to have to make some changes depending on what the revenue forecast is moving forward. But it looks like we're going to have a long afternoon. I appreciate the opportunity to speak. Thank you, Mr. President.

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

IBACH: Thank you, Mr. President. We all acknowledge the importance of our staff in this building, and we've done it time and time again. But today, I would just rise to recognize our administrative assistant in our office, Julie Messman. She's celebrating her birthday today. And if you know Julie, you know that she is an incredible person, has a very big heart, and is constantly, constantly helping and volunteering to help anyone in the building. Julie has indicated to us that she'll be leaving when the session adjourns this year, which we are sad but so grateful that she's joined us for the last few years. So anyway, thank you, Julie. Thank you to all the staff members that have gotten us this far this session. And a very happy birthday to Julie today. Thank you, Mr. President.

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

HALLSTROM: Mr. Speaker, members, I rise once again in support of AM2674 to LB901. The amendment would impose the 10% excise tax on kratom products. I explained earlier what we did last year with the passage of LB230, which I think was a very prudent decision in terms of the regulation of kratom products, taking those-- the-- off the market that needed to be banned and then putting guardrails around the remaining products that remain permissive. This is step two of that process to impose an excise tax on the products that are being sold in Nebraska. I do want to probably highlight in a, in a bigger picture the importance of adopting LB901. As I indicated, the amendments that were just adopted from Senator Kauth were very important to hold harmless the revenue that is going to the Property Tax Credit Fund from this particular tax on games of skill, as well as preserving the money that goes to that Tourism Commission from that same source of revenue. So I think it's very important that we adopted that amendment in a, in a bigger picture when we look at LB901 as it currently rests, and hopefully with the addition of the kratom tax revenue going forward. We are putting together a package that bridges the gap from what the Appropriations Committee has done. And I want to again commend the Appropiations Committee for the long hours and burning the midnight oil that's occurred with regard to their activities. They've had fits and starts with regard to starting out with a $471 million shortfall, being thrown a curve by the Economic Forecasting Board to raise those shortfalls up even higher. They've gone back to the drawing board time and time again. And so they've done a, a excellent job of getting us close to the finish line. I think Senator Clements has indicated that we're close enough with the revenue that we have out on the board, including, importantly, LB901 that we can hopefully bridge that gap without having to take any more than the $130 million that has currently been drawn from our rainy day fund or the Cash Reserve. I know that Senator Clements was earlier talking about possibly having to take another $40 to $45 million out of the Cash Reserve. And I think to the extent that we can avoid that, we'll be well-served going forward into the future to address whatever lies ahead with regard to our budget issues. I know there's been some money that's been taken out of the Tobacco Settlement Cash Fund. If we can do some things on the revenue side, perhaps that can be retrieved or, or put back in and not spent or transferred for purposes of the budget. So all said, again, I would certainly encourage the body to support AM2674 to LB901 and advance the bill to Final Reading in that form or with any other amendments that we may be able to take up if we get to any beyond the consideration of the current amendment. Thank you.

ARCH: Senator Rountree would like to recognize some special guests. There are 20 students from Omaha Bryan High School DECA and-- with one teacher. And they are located in the north balcony. Students, if you would rise and be welcomed by your Nebraska Legislature. Returning to the queue. Senator Clouse, you are recognized to speak.

CLOUSE: Thank you, Mr. President. And good afternoon, colleagues. I would like to rise in support of AM2074 from Senator Hallstrom. I think dealing with kratom is an important thing we need to do. And, and, of course, is it-- if this is something that's also going to add to our revenue stream and, and handling it in the right process and, and-- I think that's something we ought to be doing. And I appreciate him bringing that forward. Also in support of LB901, which I know that there-- several different amendments coming up that we need to continue to work for-- work towards and maybe make some concessions on a few items but continue moving forward. I was asked earlier by Senator Raybould and-- about-- as a senator that will be here for another couple years looking at the outward projections on where we're at with the budget and does it cause me some concern. I would say yes. It should cause anyone some concern. But when you look at the numbers, their projections-- and so I got the, the mustard-colored, yellow-colored budget book from Appropriations, and I looked at a couple different things. And I don't think that that number will be as high as it's projected. And I think we need to take a good look at it and look at the numbers line item by line item. And I think if you look at a couple of those items-- or-- primarily if you at the spending numbers-- and we've talked about that. Several different senators have said they will absolutely not support anything that looks like a tax increase or fee increase. But you look at the spending numbers-- in the budget projections, the outlying years, the increase is projected to be 2.6% and 2.5% in spending increases. However, the last couple years, it's been 0.3% and 1.7%. So if we hold to that same spending level, that will drop that $874 million expenditure significantly. Another thing you need to look at too is the net receipts. And of course, they're considered to be less this year, obviously, than what they've been previous years. But if, if the 2025, 2026 numbers hold true, then we'll have about 300 more million if that holds true in the next year and the next couple years for those outlying years. So I think if you look at those things and you don't get overly alarmed but yet you have to pay attention to those types of numbers and, and see where we're at and-- continue moving forward with the things that we're looking at now. You know, if we need to look at these revenue increases, continue looking at spending decreases. And then one big thing that a lot of people-- they, they talk property tax, property tax relief, what are you doing? Already we're spending about 1.6-- 1-- $1.5 billion on property tax relief through credits. And that's coming from the state. So if you look at our $11 billion budget, that's pretty significant amount that we put towards property tax relief. So when people come and talk to me about, you're not doing anything for property tax relief, I'm thinking we do quite a bit. And we just don't, don't do a good enough job explaining where these dollars are coming from, where they're going. And the bigger issue is, how do we work with our local entities to control that? And we've talked about some things earlier-- or, late last week or early this-- yesterday on things that-- as we work with our local entities and as we work with entities like the Nebraska Environmental Trust, if they have money in there and we're robbing from those balances, those cash funds to balance our General Fund balance, our state budget, maybe they can start using those dollars and put those dollars to work and not being quite as dependent on state funding. And it can help spend down those dollars in the way that they see fit. That would also help relieve some of the pressures on state spending and utilize those dollars. Another thing what needs to happen is-- we've talked about this-- a link to-- keep looking at those unfunded mandates on our cities and counties and schools and really focus on what can we do for the counties and cities to give more of their money back instead of putting in these mandates to take-- that cost them in the long run. So I think we just need to keep moving forward and take a look at these dollars. Outlying years, we'll deal with it. I don't think that 875 or 74 billion-- or, million-dollar deficit is going to be that high. Don't know what it's going to be. It will be a deficit, but it'll be something that-- certainly when we start looking at those numbers and start getting closer, it'll give us a much better view. Thank you.

ARCH: Senator Bosn, you are recognized to speak.

BOSN: Thank you, Mr. President. Good afternoon, colleagues. I rise in support of AM2674 from Senator Hallstrom as well as the underlying bill, LB901. I've had a chance to review the kray-tom bill-- or, krah-tom-- excuse me-- rhymes with Adam. We had that bill last year for some regulations in the Judiciary Committee, so I learned probably more than I needed to know about that item. And certainly think that the proposed amendment is a reasonable percentage tax that had no opposition in the hearing and came out 8-0 and is a reasonable way to raise some revenue for the state. I would also note that the underlying bills in LB901 also had broad support throughout the committee. I would personally speak to the domestic violence provisions that are now contained in there and my strong support for that community-- who desperately needs our support-- and I think this is a great way to do that. So I rise in support-- that's LB1131. That's included in the package. Also came out unanimously from the committee. So for that specific portion-- I would yield the remainder of my time to Senator von Gillern if he'd like it.

ARCH: Senator von Gillern, 3 minutes, 45.

von GILLERN: Thank you, Mr. President. Going to talk about a couple of things here in anticipation of potentially moving forward. We're trying to find a path to, to get things moving in a forward progress here, but obviously rise in support of Senator Hallstrom's AM2674. We got another good amendment coming after that, and, and then we'll determine what direction we go from there. But some of the conversation today i-- has been well off of LB901 in anticipation of some of the potential amendments that might be coming and some of the potential amen-- or, some of the amendments that were attached and then removed with regards to income tax and, and what, what might be coming in, in the state of Nebraska. I've got a couple, couple of articles that I want to reference here. I always hate standing up and reading from articles, but we're, we're moving towards cloture here. I think we're around 3:05-- it's kind of the target number right now. So we'll see how, how far we have to go to get to that. I've got an article here from the Ne-- Ne-- Nebra-- or, National Taxpayers Union Foundation, NTUF, dev-- dated November 24 of 2025. And-- shares a couple of key facts. Number one, IRS data counts how many taxpayers move in and out of each state-- move in, in and out of a state each year. The way to conceptualize that data is to calculate how often on average a taxpayer enters or leaves the state on net. Item two, Florida gains a new taxpayer on net most frequently, adding a new resident every 2 minutes and 9 seconds, followed by Texas every 2 minutes and 53 seconds, and North Carolina, 6 minutes and 21 seconds. California, on the other hand-- a high-tax state-- loses another taxpayer most frequently on net every 1 minute and 44 seconds, followed by New York every 2 minute and 23 seconds, and Illinois every 6 minutes and 4 seconds. Pretty compelling data. And then I've got another article. So it's around the topic of people voting with their feet with regards to tax policy. This is from Americans for Tax Reform, and this is a group that actively emails us and sends us information and reaches out to the senators in this body on a, on a regular basis on different policy matters. And it, it refers to the U.S. Census Bureau release of its annual report. This was dated July 1, 2025. So relatively current as far as data goes. In addition to showing nat-- national population growth of 1.8 million people, the new census documents, documents different migration patterns. Among the 50 states in Washington, D.C., following-- the following ten experienced the greatest population growth last year, year as a result of dones-- domestic net migration. I'll just hit the top five. First, Sali-- South Carolina, then Idaho, then North Carolina, then Delaware, then Tennessee. Meanwhile, the ten experienced the greatest population loss last year as a revul-- result of done-- domestic net migration were New York, Hawaii, Alaska, District of Columbia, and California-- all high-tax states. In addition, I made some other notes about several states that have implemented a millionaire tax, which I know includes Massachusetts and several other states. I did some homework. Somebody emailed me about, you know, wanting to implement the millionaire tax and-- so-called millionaire tax. And I did homework on that. And Massachusetts has had a dramatic net, not out-migration since that tax was implemented. So people, people do vote with their feet when it comes to tax policy and where they locate and where their businesses locate. Thank you, Mr. President.

ARCH: Senator Dover, you are recognized to speak.

DOVER: Thank you. Well, I think we're slow-walking here or using a little time, and, and I guess we can talk about whatever we want to, as some senators have done. And I will talk about the Lower Elkhorn Valley NRD. I brought a bill. And interesting, we have flooding. And, and there's flooding all over the state of Nebraska. And, and Battle Creek is in my district. I'm very concerned about Battle Creek. They're built along a river, as I-- don't know how many-- I think every town in Nebraska's probably built along a water supply, along a river. And we experienced severe flooding, as many did. And the town flooded. And so obviously the, the Natural Resource District's job is controlling water, obviously erosion, those kind of things. And so the Lower Elkhorn NRD has for probably 50 years worked on Battle Creek and the flooding at Battle Creek. And they continue to kick down the road because the best I can see as an outside observer is they would rather flood a town than in cornfield. Now, I do understand they've found multiple sites-- and sometimes there's farm homesteads on there. And I can understand-- as some pro-- probably some in this room can-- the value of a homestead. We homesteaded in 1895 just south of Norfolk. I've got a-- two of my kids living on quarter section farms there. And that is-- that's hollowed ground for all the generations of Dovers. And now there's-- I have a grandchild-- actually, two grandchildren living there-- actually, three in one family, one in another, and they're seventh generation Nebraska living on homesteaded ground. So I totally understand the concerns about that. But I really think that flooding a town should be more important than flooding a cornfield. And that's the reason-- and of course, you get eminent domain and, and farm ground and those kind of things. But I'm telling you, if you, if you wouldn't have had that, there wouldn't be the interstate. There wouldn't be a lot of things that-- like that in the state of Nebraska. So I brought a bill that basically said they needed to follow the engineering study that had be-- that they invested, I think, $150,000, maybe more, into-- and follow that-- follow the engineering study to solve the problem. And, and I talked to a number of people on that Lower Elkhorn NRD, and what they told me was the engineers didn't know what they're talking about. And I said, are you kidding me? No, they don't know what they're talking about, Rob. I remember when the water was here or water was there, et cetera, or this flood here and that was there and all this kind of stuff. And I realized they weren't going to listen to anything, much less the engineers. And if I said, you know what? I le-- I usually-- part of the conversation was simply saying, you know what? I gue-- I guess I'd probably follow the engineers who's-- this is what they do. They do flood studies. They do-- they study the amount of rain and et cetera. But obviously, they didn't want to do that. And so I brought that bill that said they needed to do that. And we had a hearing on that. And they finally had the vote-- I believe it was in December-- and they voted not to do anything again. So basically-- again, probably 50 years kicking the can down the road. And Battle Creek has had nothing done. And now they're up in the Pierce-Osmand area, which-- I mean, I'm-- I care about all the constituents. I care about your constituents across Nebraska too. But really, they'd, they'd focused on this issue. They had a solution. They spent money. And, and a-- I, I mean, literally days if not weeks on a solution for Battle Creek and its flooding and chose to do nothing. And so I think I have a problem with that. And, and basically, I, I had a backup plan, plan B, that was considered bringing this session, which would have said-- basically, if the NRD has been found by a certain number of signatories in the district to not be fulfilling their obligations as to their charter, then they will appoint one person-- the signatories would appoint one person and the Governor could appoint another person. And then those three-- they'll have the odd number-- will decide, and that decision will be binding on the NRD. And that is plan B. And I recently met with a number of people-- concerned citizens here last Friday, and we're looking at the various options to make sure that Battle Creek is not flooded and that water goes to a cornfield. Thank you, Mr. President.

ARCH: Senator Storer, you're recognized to speak

STORER: Thank you, Mr. President. And good afternoon. I was just going to take a moment. I have not had the opportunity to really speak to the fires, some of which have affected District 43 as well. And any of you that have traveled out to western Nebraska, you know that really-- for Senator Jacobson and Senator Strommen and, and myself, I'm kind of-- I, I border both of their districts and we share-- we-- I feel like we share a lot of our constituents and being responsive to them. And so quick update: the Morrill fire, the re-- latest number, 643,000 acres, 16% contained. The Cottonwood, 131,000 acres now, only 40% contained. And then the two that were mostly in my district-- or in part, at least-- the Co-- the Halsey fire, 35,000 acres, 76% contained. And finally, the Anderson Bridge fire in Cherry County, 17,000 acres and 60% contained. I did just want to share a little bit of a note from one of, one of my constituents who lives right on the border of Grant and Sheridan County and-- and just to give you an idea of, of the, the sentiment and what that had to have felt like for these folks. So I'm just going to read a few of her words. The last few days have been hard to put into words. Gratitude and heartbreak seem to live side by side right now. Thankful for what was spared while knowing others were not as fortunate. Nothing prepares you for being told to be ready to evacuate, gathering pet carriers, deciding what might be important enough to throw in a bag, all the while knowing that things can be replaced. What truly matters are those loved, loved ones out there on the grass rigs fighting flames and the friends and neighbors preparing for their own evacuations. I don't know if I could ever describe the sick feeling of loading horses while looking at the heifers-- my girls-- standing in the corral like sitting ducks, wondering if there was more I could or should be doing, or the feeling of seeing my husband come home exhausted and devastated for friends and neighbors he fought so hard to help. It's heartbreaking. To the volunteer firefighters-- many of them ranchers, neighbors, and friends who dropped everything to protect homes, land, livestock, and livelihoods-- thank you will never feel like enough. While we have received a small reprieve in the form-- and this was written a few days ago-- in the form of cold temps and a light dusting of snow, we're still incredibly vulnerable. The Sandhills are strong and resilient, but right now they are hurting. If you are so inclined, please pray for moisture for our beautiful Sandhills. Pray for continued strength for those and for healing of both heart and land. Thank you, Mr. President. I would like to yield the rest of my time to Senator Clements.

ARCH: Senator Clements, 2 minutes.

CLEMENTS: Thank you, Mr. President. Thank you, Senator Storer. I'd like to read some instructions regarding damaged real property assessment relief. There is a process. Each county has a process for reducing the assessed value of real property that's been damaged before July 1 of the current year. Senator Steve Erdman introduced and passed this bill around 2018. To qualify, the property damage must exceed 20% of the assessed value. Damage to both buildings and land qualifies. To claim a reduction, you go to the Department of Revenue website, revenue.nebraska.gov/pad. Scroll down to the Damaged Real Property link. You click on the link to-- for Form 425, Damaged Property Report. And on that form-- there's a fillable PDF form that owners can complete and print out. The separate form needs to be completed for each parcel affected. The form's filed with the county clerk by July 15. The assessor will inspect the property for reassessment. And the county equalization board then meets to set a new value. So it is important for those that have been affected by wildfires to look at the reduction of their value. If they think it's 20% or more damage, they can get relief from their property taxes this year. If people are interested in more information, I'd be glad to share what I have. Thank you, Mr. President.

ARCH: Senator Raybould, you are recognized to speak.

RAYBOULD: Question.

ARCH: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. There has been a request for a roll call vote in reverse order. Mr. Clerk. Please call the roll.

CLERK: Senator Wordekemper voting no. Senator von Gillern voting no. Senator Strommen voting no. Senator Storm voting no. Senator Storer not voting. Senator Spivey voting yes. Senator Sorrentino voting no. Senator Sanders voting no. Senator Rountree voting yes. Senator Riepe voting no. Senator Raybould voting yes. Senator Quick voting yes. Senator Prokop voting yes. Senator Murman voting no. Senator Moser voting no. Senator Glen Meyer voting no. Senator Fred Meyer voting no. Senator McKinney voting yes. Senator Lonowski voting no. Senator Lippincott voting no. Senator Kauth voting no. Senator Juarez voting yes. Senator Jacobson. Senator Jacobson voting no. Senator Ibach. Senator Hunt voting no. Senator Hughes not voting. Senator Holdcroft voting no. Senator Hardin voting no. Senator Hansen. Senator Hallstrom not voting. Senator Guereca. Senator Fredrickson not voting. Senator Dungan. Senator Dover voting no. Senator Dorn voting no. Senator DeKay voting no. Senator DeBoer voting yes. Senator Conrad voting yes. Senator Clouse voting no. Senator Clements voting no. Senator Machaela Cavanaugh voting yes. Senator John Cavanaugh voting yes. Senator Brandt voting yes. Senator Bostar not voting. Senator Bosn voting no. Senator Ballard voting no. Senator Armendariz. Senator Arch not voting. Senator Andersen voting no. Vote is 12 ayes, 26 nays, Mr. President, to cease debate.

ARCH: Debate does not cease. The next speaker is Senator Spivey.

SPIVEY: Thank you, Mr. President. And I yield my time to Senator Raybould.

ARCH: Senator Raybould, 4 minutes, 50 seconds.

RAYBOULD: Thank you, Mr. President. Thank you, Senator Spivey. Well, good afternoon, colleagues and fellow Nebraskans watching on TV. I'm gonna pretend that this is the opening for my amendment on the accelerated income tax rate slowdown. And I know that the body does not want this amendment to be discussed and that they do not want it attached to this Revenue bill, but this is a solution that I have been talking about for three years. This is a solution that Senator Brandt has brought up repeatedly as well to figure out ways on which we can increase the revenue in our state and correct some of the mistakes that we have made in the past without having a game plan of increasing revenue to replace the lost revenue. So my amendment, if you look at the map that I provided to you-- and I've provided it last year as well-- it shows the surrounding states and the corporate rates that they have. Currently, the state of Nebraska is right in the middle, and we're at 4.55%. We're lower than the state of Kansas. We're not lower than Missouri, but we're on par with Iowa, except Iowa has two tiers and their top tier is at 7.1%. Kansas-- as we've been talking about for quite some time-- they actually had to increase their income tax rate because of the deficit that they allowed themself to get into because of their income tax rate reduction, their business incentives, et cetera. So that's what that map looks like. So I know that the business leaders out there talk about-- we have to be competitive. Well, guess what? We are competitive. We have an educated workforce that we should be incredibly proud of. We have a diligent workforce. We have a workforce where we are the highest ranks in the United States, I believe-- or er-- in the, the top five where, where both parents work outside the house. That is an extraordinary demographic anywhere. But the amendment, which is AM2626, it, it slows down that accelerated income tax rate. So right now, we're at 4.55% for 2026-2027. But next year, we slow it down to 4.27%. And the following year is 3.99%. So it's spread over two years, which allows a little bit of a revenue boost, which is what we're going to need. I mean, I commend the Revenue Committee, but the revenue they're bringing in? $25 million. $25 million. Next year, the fiscal analysts say that our deficit will be $874 million. Now, if you were in school and you wou-- showed your homework to the teacher and said, this is what I'm delivering on the homework, the teacher would say to you, no, you have to go back and get to work. I need to-- you to have 100%, not 5% of the workload done. You have to do your job. You have to get the work done. This is one of the solutions. And I've been challenging colleagues: share with me your solutions. What are your solutions on how to help Nebraska families, how to bring more revenue so next year we don't keep swiping or raiding trust funds-- which, believe me, I don't think they have much left to swipe at this point in time. We should all be thinking of revenue generators. What can we as, as statesmen and legislators increase the revenue in our state? This is one solution. Senator Hughes had a number of solutions, but a number of you don't, don't want to engage in a creative, productive solution that pri-- provides relief without going into property taxes. Former state senators have said very clearly we don't have a spending problem. We have a revenue problem. In the literature, the finances. Follow the numbers. This is such simple math. So that's what my L-- AM2626 covers. The next time on the mic, I'll try to talk about what the other amendment does. But I'm hoping that we can proceed through this rather quickly and maybe even have a--

ARCH: Time, Senator.

RAYBOULD: --further discussion. Thank you, Mr. President.

ARCH: Senator Ballard, you are recognized to speak.

BALLARD: Thank you, Mr. President. Good afternoon, colleagues. I just want to take a moment to thank Senator Hallstrom, Senator Lippincott for all their work on kratom regulations. Over the lunch hour, I was curious by one of the sections in the, in the Senator Hallstorm amendment that talks about the, the Kratom Consumer Protection Act in page 3, line 5 through 9. If a processer violates the Kratom Consumer Protection Act by selling, offering for sale, providing or distributing, or altering kratom products in the state of Nebraska, the department shall remove products. And so I just want to talk a little about what the Kratom Consumer Protection Act is all about, what does it do. States across the country have, have worked on re-- regulating kratom, especially thi-- synthetic kratom. The C-- the-- KCPA provides consumers and kratom across the United States a reassurance when buying natural kratom produ-- products. The law sets guidelines on kratom manufacturing, distributing, sale, possession, age, limits, fines, and testing and labeling requirements. Typically, states develop tweaks to the CP-- or, KCPA text that are allowed to create their own regulations, as we did in LB230 to fit our needs in Nebraska. But the main drivers behind this are several points. It pe-- prohibits the sale of kratom to minors and only allowed for 18-plus, disclose that any food item contain kratom, banning the sale of contaminated kratom products, disallowing kratom products that are packed or a harmful substance to alter the strength or qual-- quality of kratom in any way that could have injured or harmer-- or harmed customers, and prohibiting kratom products that may be mixed or packed with substances scheduled in their respective state, and that forbidding the sale of products containing more than 2% of 7-OH, which the FDA-- many warnings about products that bad actors are selling that contain more than that 2% of 7-OH that can be really harmful to consumers and, and young adults. Prohibiting the sale of any products that contain synthetic kratom and synthetic versions that are naturally compound and found in, found in kratom, labeling kratom products and stating the ingredients and the origin of those products, and disclose-- again, disclose the amount of 7-OH that is contained in the products. At the, at the very-- the crux of this issue is that this act is designed to keep consumers safe and healthy while holding vendors accountable. We have several vendors in, in the state of Nebraska that sell legal kratom, the-- not the synthetic problems that we're, we're seeing throughout the, throughout the country. If businesses choose not to comply with these regulations, they can face hefty fines and possible criminal charges. Going on-- again, several states have passed versions of this, including Nebraska, through Senator Hallstrom's LB230, which he articulated very well in the opening of, of this amendment. So I do support the amendment on-- Senator Hallstrom's amendment on the board and its addition into LB901. Thank you, Mr. President.

ARCH: Senator Raybould, you're recognized to speak. And this is your third opportunity.

RAYBOULD: Thank you, Mr. President. I wanted to discuss my next amendment, AM2728. It's very similar to the first one that is a slowdown, but this I stole directly from Senator Hughes. It's-- her slowdown is actually covered in four years instead of two. And so it goes from 4.55% for 2026. 2027, it goes to 4.35%. 2028, it's at 4.35%. So it stays there. And in 2029, it goes to 3.99%-- 3.99%. This is just the income tax only slowdown. So I hope my fellow Nebraskans know that we are trying to come up with solutions for them that will help our state of Nebraska. And thank you, Mr. President.

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

KAUTH: Thank you, Mr. President. I rise in favor of AM2674 as well as LB901, the Revenue Committee bill. Again-- and I thank Doctor-- or-- pardon me-- I just promoted you, Senator Hallstrom. I thank Senator Hallstrom for continuing to work on the synthetic products that are available. By putting restrictions on kratom last year and by putting a tax on it this year, hopefully we'll get it under control and make sure that kids aren't getting to this and that we have some idea what's going on with these products. It was part of the LB316 synthetic pot bill that I had last year that we were also trying to do that, so I appreciate him picking up the banner and moving on with that. And if he doesn't mind, could I ask him a question? Hallstrom.

ARCH: Senator Hallstrom, will you yield?

HALLSTROM: Thank you for referring to me as Senator Hallstrom.

KAUTH: Thank you, Senator--

HALLSTROM: Yes, I will.

KAUTH: There you go. Thank you. And-- so-- OK. So last year, you put guardrails on this to make sure that we have the-- the regulations are in place so that they have to abide by the marketing as well as the manufacturing guidelines. And then this year, you're putting a tax on it. Do you know-- have, have they seen an increase or a decrease in the sale of these products?

HALLSTROM: I don't have any data regarding that. You are correct. We, we have banned certain products. We don't allow minors to acquire the permis-- permissible products. And then we've put the guardrails on with regard to warnings, disclosures. There's a registry that's created. So yes, we've, we've done, I think, all of the prudent things that we should do in this area of the law. And this is step two to impose the 10% excise tax. I've, I've worked with people in the industry. I've looked at what other states are doing in terms of the percentages of, of excise tax that exist in other states. And we got 10% on vaping, so I think it's, it's in, in the, the realm of where we ought to be.

KAUTH: Do you-- did you do any research or have any idea of what-- the states immediately surrounding us. We hear all the time, well, this will create border bleed or someone will just cross over. Are we in line with other states as far as this particular product?

HALLSTROM: I, I haven't looked at it in that respect.

KAUTH: OK. Thank you very much.

HALLSTROM: Thank you.

KAUTH: I appreciate it. Again, I, I support this amendment. I am very pleased that Senator Hallstrom is continuing to work hard on this because it is a dangerous product, can be misused. And the 7-OH was banned, I believe, at the federal level, so we don't need to deal with that. So I support AM2674 on LB901, and I would encourage everyone to the same. Thank you, Mr. President.

ARCH: Seeing no one left in the queue. Senator Hallstrom, you're recognized to close on AM2674.

HALLSTROM: Thank you, Mr. Speaker. I appreciate the time and the substance of the debate on this issue. We've had an opportunity to talk about other issues as well, which is always good. So I appreciate that discussion. And we've got at least one, if not more, amendments to take up before we reach the witching hour shortly after 3:00. So again, I would request your green vote on AM2674 to LB901. I've indicated-- just to recap: the fiscal note reflects that, once the tax kicks in on January 1, 2027, that we will be bringing in approximately $1.5 million, which I think is a good source of revenue in this particular area going forward for budgetary purposes and would hope that, with the other revenue sources that we have in LB901 in its current form-- with the Kauth amendment in particular-- that we're going to be raising some additional revenues for the General Fund that will assist all of the good efforts of the Appropriations Committee in reaching a balanced budget, which we need to do by day 50, as you're all aware. And with that, I would close and ask for your green vote and the ultimate approval of LB901. Thank you.

ARCH: Members, the question before the body is the adoption of AM2674. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 36 ayes, 1 nay on adoption of the amendment, Mr. President.

ARCH: The amendment is adopted. Mr. Clerk, next item.

CLERK: Mr. President: Senator Hughes, I have AM2650 with a note you'd withdraw.

ARCH: So ordered.

CLERK: In that case, Mr. President, Senator Clouse would move to amend with FA1056.

ARCH: Senator Clouse, you're recognized to open on your amendment.

CLOUSE: OK. Thank you, Mr. President. In the bill, it-- on page 58, lines 5 and 6, it mentions, the department may re-- examine and audit any retail establishment operating a cash device without prior notice to verify compliance with the act. And the feedback we received on this is these electronic advice-- devices are already connected to the central server. The ability for fraudulent activity and those things is very minimal. And they do have a requirements for an annual audit already. So the concern or the thinking was that the-- by having this verbiage in here written this way was that somebody [INAUDIBLE] just automatically request an audit, which could be expensive, time-consuming, and we already have those processes in place. So this amendment simply strikes those two lines and takes that out of the bill. With that, I'll answer any questions.

ARCH: Turning to the queue. Senator von Gillern, you're recognized to speak.

von GILLERN: Thank you, Mr. President. I'm going to go two very different directions here. First, I'm gonna address a couple things regarding income tax and freezing and rollbacks and, and-- however you want to call it. You can call it whatever you want. It's a tax increase. And, and you can, you can say that there are tax increases within LB901, and that would be true. I think those are well-thought-out and I think they are appropriate. The, the increase-- the rolling back of the-- or the freezing or the extending-- whatever term you want to pick, whatever plan you want to pick-- with regards to the income taxes is a very different discussion. Senator Raybould made the comment that it is a solution, and I agree with her 100%. It is a solution. I've used this term before: it, it unfortunately is the easy button. We can, we can smack that easy button and say, hey, let's bring in a bunch of money and that'll balance the budget and we go forward. And, and frankly, we could do that every year to the taxpayers in Nebraska. Not what I want to do. I-- frankly, I don't think it's what most people in the room want to do, which is why I'm going to the lengths that I'm going to, to prevent the odds-- any odd-- any chance of that coming up, because I don't think it's right that we pass on the, the burdens of spending of the state onto taxpayers without consideration of the affordability challenges that they have and the burdens that, that each one of them have. So I think we have to take that into account. It is a solution. I agree with that. The math works. We, we tax Nebraskans by $100 million more than we are today-- or, more than the plan is today-- sure, that helps solve the budget problems. What's a lot harder to do is what we've been doing. That's cutting spending. Senator Clements and the members of the Appropriations Committee have worked hours and hours and hours to get to the point that they are as far as balancing the budget and to get the deficit down to, to where it is. And, and it takes me back to times of-- when, when-- in my own business that we went through times of recession or times of downturn or challenging times of not being able to find work for our people, all of those kinds of things. And every time we went though one of those downturns, we got better. We got smarter about how we spent our money. We thought harder about the decisions that we made, whether it was with regards to staffing or people or equipment or wages or whatever. And, and frankly, the-- when it came to cutting wages, it was the-- it was leadership that, that, that took the cuts. And we did everything-- we tried to do everything with a long-term view of, how do we retain great people? How do we operate a great business? And how do we make the hard decisions that are good for the future? And frankly, I think this falls into that category, where we've made hard decisions that are good for the state of Nebraska in the future. I think it's good for Nebraskans. I think it's good for Nebraska corporations. I think it makes us more appealing to those who want to come here from out of state. It makes it more appealing for those who wanna stay here. So yeah, we can hit the easy button, but, frankly, doing it the hard way I think provides a greater long-term benefit. So that's part A. Part B-- I'm going to shift gears completely. Senator Bostar's bill with regards to domestic violence-- I want to read a couple of the testimonies, as I have time available here, from people that spoke at the hearing for LB1131. And the first one was-- and forgive me if I mispo-- if I mispronounce the chief of police's name here in Lincoln. I believe it's Michon Morrow. And she spoke. She said, I want to thank the committee and your staff for the work you do and will continue to do throughout this legislative session to positively impact all Nebraskans. I'm here today on behalf of the Lincoln Police Department to testify in support of LB1131, which creates a Domestic Violence and Human Trafficking Service Providers Tax Credit Act. To highlight the scope of the problem, during calendar year 2025, the Lincoln Police Department investigated 1,638 cases of domestic assault and 15 cases of human trafficking. In addition, we investigated 267 cases of sexual assault, several of which involved dynamics consistent with human trafficking. Tragically, in 2025, the city of Lincoln experienced four domestic violence-related homicides. Each of these deaths underscores the stakes of ensuring vict-- of ensuring victims have access to intervention and support before violence escalates to its most extreme outcome. This local experience mirrors what is being documented statewide through the Nebraska Domestic Abuse and Death Review Team-- I hate the fact that that even exists-- which continues to identify domestic violence-related fatalities across both urban and rural communities. Their findings reinforce--

ARCH: Time, Senator.

von GILLERN: --what law enforcement says. Thank you, Mr. President.

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

RAYBOULD: Thank you, Mr. President. Good afternoon, colleagues. You know, in this debate, I appreciate the opportunity to continue to talk about solutions. I wish we had more solutions bringing back more dollars to our state besides $25 million. I don't begrudge the Revenue Committee, but I would say they need to go back and figure out additional ways to, to bring more revenue to our state. I'm reminded of Jack Nicholson. He had that famous expression, "you can't handle the truth," from A Few Good Men. And it, it really makes me laugh when I think there are some solutions that are plain, clear, correct. And to spin it as, hey, you know, it's a tax increase-- it's not a tax increase, but that's a good spin. I will give you that. It's, it's a, a good spin. You know, we're in really unprecedented times. We're seeing our ranchers and farmers being devastated by wildfires. That's gonna impact their revenue and loss of revenue. And as we all know, ag is a big part of our economic engine. We're seeing the federal government pass down additional mandates-- many in the form of tariffs that increase the costs of goods and services. Our farmers are gonna be paying I don't know how much more to get the nitrates and phosphates and fertilizers they need that are currently being held up at the Strait of Hormuz. There are other things. When the federal government passes laws and legislation, they're unfunded mandate. So what are we gonna do? What are we gonna do for next year? You know, with the unfunded mandates, global uncertainties, the impacts on our ag economy, increasing prices that are impacting businesses and their abilities to grow and expand. And then what are we gonna do next year? You know, we have this unconstitutional taking from the Educational Land Trust. There's no other organization in our constitution of the state of Nebraska that has strict guardrails. They've made it clear that they're gonna sue. So we need now $42 million. And you know what? I don't know if anybody out there-- I think our viewing public and fellow Nebraskans sees this desperation with our legislators. Sweeping funds, raiding funds, taking from a trust fund that other state senators have tried in previous years, with an Attorney General's Opinion telling you very clearly, you cannot do that. You cannot do that. Next year, you will not have any more funds to raise because you have not allowed them to build up any basis for you to, to raid their funds. So I care about the future. I care about it. And it makes me sad that we're not gonna come up with two solutions. The business community, if they just looked at the map I've prepared for many people multiple times, they can see that we have a very competitive corporate income tax. Could we have offered you an amendment to carve out corporate income taxes for slowing down that rate of reduction? That's a possibility. Somebody could introduce that. But that doesn't contribute much to helping with our fiscal deficit. So I ask my colleagues, what are you gonna do next year? Many of you will be back here in-- dealing with this same predicament next year. We have to be solution oriented. And the fact that you don't want to even vote on a couple of amendments that are likely to fail based on the sentiments in this body, what is the harm in, in having a full debate and hearing your real concerns from the business community? I'm surprised I've heard none. But the business community is going to be having to step up next year and come up with some solutions. I think we should be challenging them as well. What are your solutions? Is the answer more data centers? I know people have a lot of concern for additional data centers. Are they really gonna be a economic driver for our state of Nebraska? So I wanna say thank you, colleagues. I know that we're gonna come to cloture. Am I disappointed? Of course I'm disappointed. When there is some realistic solutions that are present, that we can take care of business-- and that's our duty and our job. I only wish for us to take it seriously. Thank you, Mr. President.

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

SANDERS: Thank you, Mr. President. Good afternoon, colleagues. I rise in support of FA1056 and LB901. And I would like to thank the Revenue Committee for their hard work on this package. This is a very difficult year for both the Revenue Committee and Appropriations Committee. I am so proud of how hard Chairman Clements and Chairman von Gillern have faced the challenge. Specifically, I am pleased to see tax credits to combat human trafficking. Senator Bostar's LB1131 was the basis of this language, which you can see at the top of the white copy E&R amendment. I would like to thank him and the committee as well for their efforts. When we talk about human trafficking, it is important to note that this includes both the labor trafficking and sex trafficking. Earlier this session, the Legislature passed my bill, LB320. This allows bill-- this bill allows the Department of Labor and the Attorney General's Office to work with hotels to establish training and prevention programs. These programs will train hotel employees to spot human traffickers. Employees will also be given contact information for local law enforcement and the National Human Trafficking Resource Center hotline. Unfortunately, Nebraska is a hotspot for human trafficking. Last August, the United States Department of Justice executed search warrants at four Nebraska hotels. Three were in Omaha and one in Bellevue. Five people were arrested in connection to trafficking operation at these hotels. I'd like to thank the Department of Justice for their investigation and hard work. While these law enforcement activities don't always make the front page, they change the lives of those who are no longer trapped in trafficking industry. This session, we have taken several significant steps in the battle against human trafficking. I am proud that that Legislature made this a priority. LB901 also helps the Legislature close our deficit. The Revenue Committee has advanced several good propos-- proposals to help close that gap. Senator Hallstrom's AM2674 is another option to help to close the gap. Attorney Generals Hilgers has been at the forefront of the fight for consumer protection in products such as kratom, and I support anything we do to enhance those protections. I ask the Legislature to vote green on FA1056 and LB901. Thank you, Mr. President.

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

ANDERSEN: Thank you, Mr. President. I rise to support FA1056. I did support and do support AM2674, but I'm opposed to LB901, and, and I'll tell you why. The first thing, as I've mentioned a couple times, it stops a-- an exemption for data centers to a tune of about $6.5 million a year. I know Senator von Gillern said they went out to try and find the people, there was nobody that answered the call or anything else. What I would submit is that we haven't done the due diligence. If the Department of Revenue is, is putting out awards of $6.5 million a year, there's companies that are using this and we don't know what damage we're going to do by stopping it. So before we stop the exemption, we need to figure out who's using it and what the return on the investment is and figure out if it's really the smart thing to do, as opposed to just, you know, scraping the money and, and pull it in for something else. This also has a giveaway of taxpayer dollars to various nonprofits. And don't get me wrong. I'm not saying some of these causes aren't good causes, but at some point we got to figure out how much money do we keep giving to nonprofits, especially when you have ways to actually launder the money like doing the re-- the nonrefundable tax credits that they can sell then get the cash back. We don't have any traceability on where the taxpayer dollars-- we know where they came from. We don't know where they end up, and we don't know how much they are and what good use they're being used for. And we should know that. We should have that kind of oversight. I also disagree with the raising the tax on the skilled games from 5% to 10%. Senator von Gillern made the comment about not hitting the easy button, and I guess I would take the exact opposite approach. I think we are hitting the easy button. The easy button is to reach back into taxpayer pockets and pull out more money to balance a budget. The hard work is actually cut the spending, and that's what needs to be done. The bottom line is Nebraska has a spending problem, not a revenue problem. Thank you, Mr. President.

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

CLOUSE: Yes, thank you. A spending problem, not a revenue-- I probably agree with both of those. And spending, as we talked earlier, when we look at the spending numbers that have dropped, it's fairly impressive when you see the rate of which spending has dropped within the state of Nebraska. And I think we're on the right track with a lot of those things, and I think we need to be diligent and keep doing that. With regard to this amendment and this bill, I do want to point out several-- or, a few additional things. When we talked about the, the taxing and increases and things of this nature, I think we keep losing sight of the fact that part of this amendment is-- or, or, this bill is that they can increase the number of machines. And that was discussed with the owners that, if they're going to have an increase in taxes and they're going to have some revenue issues and see some things that drop from that, that they would like additional machines so they can help offset that. So the impact may not be as significant as what people may think. And so I think that that's important to-- not to lose sight of that particular, particular issue. And then when you're talking about taxes, you're always like, well, what's in it for me or what's happening to me? And I think when you look at the spreadsheet, it's-- we worked long and hard with Senator Spivey and we looked at a lot of these issues on this spreadsheet. We have a lot of dollars going [INAUDIBLE], not just all going to General Fund-- Compulsive Gamblers Fund, Department of Revenue Enforcement Fund, Nebraska Tourism, Property Tax Credit Fund, the Behavioral Health Fund, cities and counties and keeping some of those numbers whole. And that was on the back of the spreadsheet that Senator von Gillern provide when he had LB901 explainer. So I think that's all in front of us. So when you look at who is impacted by these increases, how much revenue these machines generate compared to the amount of taxes that are taken from them and the fees that are taken I think is pretty substantial. And as-- again, as we mentioned earlier this morning, these initial fees, were-- they're fairly, fairly new because this all just kind of exploded on the scene just a few years ago. So in talking to senators who have been here before-- and I'll repeat this again. I talked with Senator Lowe the other night and-- talking about these fees came about because of the proliferation of these machines and how they just kind started showing up, and games of skill. I think a lot of us that have been here a while-- they had little shops now all across the state that they-- even call themselves casinos-- little casinos. And really what they were doing was these games of skills. And so that was something that wi-- the-- five, six, seven, eight years ago that felt that the

Legislature-- this body felt that they needed to get a handle on that. And so when they were in committee hearings and looking at how are these things set up, how do we tax them, how do we make sure that we have good controls in place, I think that's where a lot of these types of fees and fee structures came about. At the time, they didn't really know what the right amount should be. And so what we're looking at here is we've got some history, we can massage this, and we can make it work. So with that, I will yield the rest of my time. Thank you.

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

WORDEKEMPER: Thank you, Mr. President. I rise in favor of and support FA1056, LB901, and the other amendments that were adopted to this bill. I, I think a lot of senators have come together to make this a better bill. Senator Hallstrom worked with Senator von Gillern and Senator Clouse. And, and I would agree with what Senator Clouse said. It seems like-- in, in my district, it doesn't matter if I go to a convenience store, a grocery store-- the skill games are everywhere. And, and for me, a skill game was an old pinball machine or Pac-Man. It's not these games that you're putting money in to win money. These are gambling, and I think it's appropriate that we increase the tax on this. It's not up to a level that our casinos pay and keno and things like that, but I think we have to get a rein on that. And I support this bill. And I appreciate all the work that Senator von Gillern, Senator Clements have put in to-- work to balance our budget. And I'll, I'll support those efforts. And I guess I'll-- I want to yield my time to Senator von Gillern. And in doing that, I'd just like for him maybe to answer a question and just recap what all of these amendments on this bill will do and how it will make this a better state. Thank you, Mr. President.

ARCH: Senator von Gillern, 3 minutes, 25.

von GILLERN: Thank you, Mr. President. Thank you, Senator Wordekemper. Yeah, it-- it's, it's a little tricky to follow, as we've had so many changes during the course of debate and during the assembly of the bill. Now, I'll refer folks back to the LB901 explainer, which is the on-- which is the one page that was-- single pager that was handed out originally this morning that talks about the four different bills that are pulled together into the bill. Beyond that, we approved this morning-- Senator Kauth had AM2599, which was approved. AM2599 clarified some-- how the fund transfers occur within the Department of Revenue. It-- that was really kind of some cleanup language that was requested by Bill Drafting. An important piece of that, AM2599, it also clarified where the beha-- how the behavioral health funding that is generated by this additional tax on games of skill is disbursed. And the decision was made there that it is disbursed by the locations of the machines. So if there-- I think I used the example-- if there were 100 machines in the state of Nebraska and 10%-- ten machines were in Hall County, then Hall County would get 10% of the behavioral health funding. So that's, that's a per, per machine basis. And then the last one was the correction on the math on the property tax relief calculation, which the original draft of the bill did not have, have accurately in-- so it corrects that. Beyond that, the amendment by Senator Hallstrom that adopted the, the kratom language-- and then we have Senator Clouse's bill in front of-- or, amendment-- FA in front us right now, FA1056. And FA1056, if you happened to miss his opening statement, is important to the, to the businesses that house these games of skill because they-- the language in the bill originally said that the Department of Revenue could come in and audit the books of the business when what it was intended was that the Department of Revenue could come in and audit the items related to the games of skill only. So if you were a, a bar or a restaurant or a convenience store, certainly it would not be right that the Department of Revenue could come in and audit all of your books completely unrelated to the games of skill, which is what it was intended to be related to. So I do appreciate you pointing out, Senator Wordekemper, the fact that casino gambling-- the rate of tax on that is 20%, and the games of skill rate is-- would now be 10% if LB901 is, is approved and, and goes forward. So thank you for allowing me to clarify a few of those things. I'll als-- also add a couple of other comments here. The-- Senator Raybould mentioned, you know, the-- that the income tax change, if it were proposed, that that would not be a tax increase. But I'm looking at one model here of the potential freeze or rollback or whatever you want to call it that could occur. And this particular model shows it-- that income taxes would increase by $67 million in '27, $135 million in 2028, and $67.5 million in 2029. I don't know how we could look anyone in the face and say that's not a tax increase when, over the next three years, $270 million in--

ARCH: Time, Senator.

von GILLERN: --additional taxes would be collected. Thank you, Mr. President.

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

DOVER: Thank you, Mr. President. You know, we hear a lot of people getting up, saying-- giving their various opinions as far as wha-- why are we where we are today. And some people are saying basically it's the tax cuts, it's revenue and those kind of things. And I would, I would strongly disagree. I think anyone that looks at the budgets realizes that we have not had a decline in revenue, any signif-- significant decline in revenue that would cause us to put us where we are. I think we all know that's basically transfers, so. And why are we where we are? The simple, the simple answer is the same it's always been: obligations have exceeded our revenues, creating a shortfall. On the expenditure side, the biggest change in the state policy over the past five years has been a large increase in the General Fund transfers out. In fiscal year '22-23, General Fund transfers out totaled $518 million over that amount. And in 25-26, General Fund transferred out was over 107-- $1,000,716,000. And in '26-27, totals are $1,755,653,800, a little more than tripling the fi-- the fiscal year '22-23 numbers in three years. Fellow colleagues, that's why we are where we are. It's transfers out. And then you just have to justify other transfers out, something that we should have done and something we should continue to do. A book of these transfers out are related to-- "eitherly" directly or indirectly to buying down property tax, and that o-- that opens up a whole nother door. Should we be taking sa-- our sales and income tax and offsetting property tax? We gave pro-- we gave property tax to the local communities back in '67. And I've tried to get around justifying-- and if I could find a road to justify the transfers out, I'd say perhaps we're paying for unfunded mandates over many decades. What fund transfers out are causing the, the headaches that we're experiencing today? Well, the Property Tax Credit Fund went from $395 million to $472 million, which is a $77 million dollar increase from '24-25 to '28-29. School Property Tax Relief Fund went from $750 million to $870 million. That's a $120 million increase from '24-25 to '28-29. And the Community College Future Fund went from $253 million to $314 million. That's a $61 million increase. So right there in just those three General Fund transfers out, we basically transferred more than $258 million in those years. Other expenditure increases inc-- include a change in the federal Medicaid assistance per-- percentage, or FMAP, which lowered the federal contributions in the state in fiscal year 25-26, nece-- necitate-- necessitating-- excuse me-- increased State General Fund appropriations by $350.5 million over the biennium. Homestead exemption has experienced growth at about 7% per year. And of note, General Fund operations appropriations through this biennial is $2,082,019,322 in '25-26 and over $2.1 billion in '26-27. General Fund operations appropriations through the prior biennium was $2.57 billion and $2.128 billion in '25-26. So I think it's important to understand here that overall growth in General Fund appropriations has decreased-- I said decreased-- by a negative 0.7% over the biennium. Even the total appropriation growth has increased by only 1.1%. In terms of revenues, actual general funds revenues, if you look at that-- we can look at-- to the fiscal year-- during the ARPA when we, we received all the ARPA money in 2020 and 2021 budgets, there was a 20.6% increase in revenues. A 20.6% increase in revenues. And then as quick as we went up, we came back down. And so in '24-25, we decreased revenues by a negative 13.9%, and that is substantial. There was a large bump in '21-22 that I referenced and '23-24. General Fund net receipts were about $1 billion less in '24-25 and '23-24. Followed by a projected increase in '25-26 and a projected decrease in '26-27, revenues have been quite volatile over the past five to six years. And, and also PET was in there also. Reasons being federal policy, which is CARES, which is the Coronavirus Aid, Relief, and Economic Securities Act; ARPA, the American Rescue Plan Act; and the Big Beautiful Bill. And of course, don't forget what we do: the state tax policy, which was income tax reductions, PTET, the Pass-Through Entity Tax, and tax credits. It is estimated that the impact of the Big Beautiful Bill on General Fund revenues in '25-26 will be $102,514,000 and $114,025,000 in '26-27. The "legister" enacted two bills relating to income tax reduction: LB873, which phased out taxes on Social Security, lowered top--

ARCH: Time, Senator.

DOVER: --individual-- thank you.

ARCH: Senator von Gillern, you're recognized to speak.

von GILLERN: Thank you, Mr. President. I'm going to pick up where I left off with regards to leading so-- reading some testimony in the hearing with regards to LB1131, domestic violence and human trafficking. This was a testimony by chief of police-- Lincoln Chief of Police, Michon Morrow. I'll pick up where I left off. According to the most recent Nebraska Ci-- Crime Commission domestic abuse report: in 2024, there were 668 aggravated domestic assaults, 4,261 simple domestic assaults reported statewide. Of those, there were 416 arrests made for aggravated domestic assaults and 1,997 for simple domestic assault. The National Human Trafficking hotline reported that there were 148 calls to the hotline in Nebraska, 43 of which were made from victims or survivors of human trafficking in 2024. In that same year, there were 71 identified cases with 91 victims. Often, a single case can involve multiple victims. It's difficult to obtain accurate human trafficking statistics, as this crime often goes unreported or is intertwined with other criminal activity. We must always remember that these cases represent real victims, individuals, and families who rely on strong, accessible service providers for safety, advocacy, and long-term recovery. We know law enforcement cannot combat this issue alone. At the same time, we're seeing reductions in-- and uncertainty in federal funding streams that traditionally support domestic violence and trafficking services, including funding to our victim assistance unit. As these-- those federal resources become more limited, the strain on local service providers increases, often at the exact moment demand for services is rising. LB1131 helps address that gap by strengthening sustainable, Nebraska-based support for organizations that serve victims on the front lines. For these reasons, the Lincoln Police Department supports LB1131. And we thank Senator Bostar for introducing legislation. I want to echo something that, that the chief of police mentioned in there, and that is, a-- I-- and I'm not going to ask for a show of hands, but-- I know I could raise my hand if the question was asked-- have you or a family member experienced a domestic violence situation? It's, it's tragic. It's unfortunate. I had the unfortunate duty of escorting my daughter a number of years ago to obtain a restraining order from a, from a young man. And ever since then, I have been very cognizant of domestic violence and, and those types of situations. I've been very cognizant of the fact that-- in fact, there was a homicide here in Lincoln that occurred not long ago where the victim had a restraining order. And the, the, the unfortunate saying is that restraining orders are not bulletproof. So it's a very real situation that just about everybody in the room can relate to. I'm going to relea-- read part of another letter that was provided by the SAFE Center, S-A-F-E Center. That's located in Kearney. So good afternoon, members of the committee. My name is-- and I'll leave that out for now-- is-- I am the executive director of the SAFE Center of Domestic Violence and Sexual Assault Program serving Buffalo, Franklin, Harlan, Kearney, and Phelps Counties. I'm here today in support of LB1131. The SAFE Center provides 24/7 crisis response, advocacy, emergency shelter, and legal and medical support for survivors of domestic violence, sexual assault, and human trafficking. These services are statutorily mandated, and, every day, we respond to some of the most dangerous and traumatic situations in our community. In 2025, we served 537 adult and child survivors. This is in what many would consider central Nebraska and smaller communities. In 2020, we have seen a 39% increase in survivors accessing services-- or, since 202020-- excuse me-- since 2020, we've seen a 39% increase in survivors accessing services and we have doubled the number of human trafficking survivors we serve. At the same time, lethality in domestic violence causes has risen-- cases has risen and survivors are presenting with more urgent, high-risk needs. This means our staff must spend more time with each client to ensure that tho-- thorough safety planning, medical, and legal coordination and crisis intervention occurs. I want to share one example that reflects what this work looks like. A survivor went to the hospital after a sexual assault by her husband and asked for an advocate. Our staff stayed with her through medical care and helped her file a protection order the next day. She went to shelter with her two children at the time because of a devastating fire. We had to shelter families in a hotel. It was overwhelming for her to care for her children there, especially being financially dependent on her husband and having children with special needs.

DeBOER: That's time, Senator.

von GILLERN: Tha-- thank you, Madam President.

DeBOER: Thank you, Senator von Gillern. Mr. Clerk for an item.

ASSISTANT CLERK: Thank you, Madam President. Committee on Appropriations, chaired by Senator Clements, reports LB1143 to General File with amendments. Committee on Urban Affairs, chaired by Senator McKinney, reports LB1129 to General File. I have amendments to LB1126 by Senator Dorn, amendments to LB1071 by Senator Clements. And new resolutions: LR371, by Senator John Cavanaugh. That will be referred to the Executive Board. That's all I have, Madam President.

RAYBOULD: Thank you, Mr. Clerk. Senator Hallstrom, you're recognized.

HALLSTROM: Thank you, Madam President. I rise in support of FA1056 to LB901. I, I do want to mention-- I think Senator von Gillern had mentioned that there was a, a rash of emails on this issue-- canned emails, I might add-- that had quite a bit of misinformation about the amount of property tax credit that was at risk under the original bill. I do want to make it clear for the record that the amendment that we adopted from Senator Kauth does accurately and appropriately address that issue, to hold harmless both the property tax credit and the Tourism Commission. I do want to take a moment. I'd be remiss if I didn't recognize that my wife gave the prayer, was the minister of the day this morning, had a wonderful message, and she spurred a number of my closest friends on the floor of the Legislature to say such things like, boy, Bob, you sure married up. Glad to hear from your better three-quarters. You sure outkicked your coverage. And I enjoyed hearing from my favorite Hallstrom today. So thank you to my closest friends for that. Back to the issue at hand, I would certainly encourage you to adopt both the Clouse amendment-- and then I think we're getting very close to the time at which the motion for cloture will be invoked to support that motion, then the Clouse amendment if it's still the one that's pending, and then advance LB901 to help address our budget shortfall with a little influx of revenue in the form of LB901. Thank you.

DeBOER: Thank you, Senator Hallstrom. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Madam President. I think I may be the last to speak before cloture and then the closes on the bill. I would tell you that LB901 is not a perfect bill-- very few bills are. This one's made a lot-- been made a lot better as we've added amendments and we've made changes. I would, I would echo much of what's said before, that there's a lot of misinformation. I've gotten multiple emails from people that think that we're raising property taxes. We're doing the opposite. And they're also concerned about other issues that just frankly aren't true. I would agree that, that when I first looked at the casinos that were being built in Nebraska, when we first passed-- or, the initiative was first passed, I was concerned about whether we're gonna have one-armed bandits in every convenience store in the state, and the fact is we do not. Instead, we have game-- skills-- games of skill. Now, I did challenge someone in the hearing about, is the-- is this really a game of skill? And they argue that, evidently, if you hold your mouth right and move your hand just so and your eyes just so that you can win and you can beat the game. It's not re-- it's not all random. And I'm gonna take them at their word. And that's what the Supreme Court agreed with. But I would say that, given the proliferation of these games, they probably ought to be taxed closer to what we're doing with casinos and one-armed bandits than we are with pinball machines. And so-- therefore, I think we've struck the right balance. I don't know that that should be higher than that. I've got a lot of convenience store friends that have reached out to me and said, don't tax us. I get that. But I also recall that-- I've never had anybody call me and say, you know, you really should raise the tax on us some because we're getting away with murder. So-- not saying they are. I'm just saying that I've never had anyone come to me say, we're not being-- we're not getting enough in terms of those skill games. I do think, as I've said before-- I do disagree with Senator Raybould that-- we could pass all kinds of taxes here and there'll never be enough revenue. OK? Mark my words. They will never be a rough-- enough revenue that this body couldn't spend. There are so many places. All I got to do is look, look at

Senator Clements. I-- if, if he just-- the bills that he gets every year in Revenue Committee, I don't know if Senator Clements-- but I gotta think if you just went ahead and rubber-stamped all those bills, I can't imagine how much revenue we'd have to raise to be able to honor all those. And, and they'd all be-- everybody could justify the spending. I mean, there are so many great projects out there. And if it isn't a project, there are so many worthy causes we could give the money away to that we just are never going to have enough revenue. So the fact is we have to control the revenue side and we have to be able to spend appropriately and we need to be mindful of taxpayer, and we often forget that. So with that, I want to shift gears and just reiterate something that Senator Clements mentioned. I do recall when we had Senator Erdman in the body and he was up in arms about property taxes that someone was paying because their home-- they lost their home early in January due to a fire. Total loss. And they still had to pay the property taxes for that particular year-- that calendar year. They were still assessed a property tax. So he brought the bill to change that. And so I would tell you that the Damage-- Damaged Real Property Assessment form, 425-- Senator Clements has given-- I-- will gi-- giving every senator a copy of the instructions and also a copy of the form that we can have at our offices. So those of you who are having trouble finding it, call your senator and ask them, how do I get the form, or ask them to get you a copy of the form so that you can get that filled out. So for those of you in the fire-affected areas, you need to file this by the 1st of July. So you've got some time yet, but get that done. And contact our offices and we can get you the forms that you need. With that, I think I'm going to sit down because my yellow light is on, so I'm running out of time.

DeBOER: Time, Senator.

JACOBSON: In fact, I'm out of time. Look at that. Thank you, Madam President.

DeBOER: Mr. Clerk, you have a motion on the desk.

CLERK: I do, Madam President. Senator von Gillern would move to invoke closure pursuant to Rule 7, Section 10.

DeBOER: Senator von Gillern, for what purpose do you rise?

von GILLERN: To invoke cloture and ask for a call of the house.

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.

CLERK: 38 ayes, 0 nays to place the house under call.

DeBOER: 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 Machaela Cavanaugh, could you check in? Senator Hallstrom, Senator DeKay, Senator Hansen, and Senator John Cavanaugh, please return to the Chamber. The house is under call. All unexcused senators are now present. Members, the first vote is the motion to invoke closure. All those in favor vote aye; all those opposed vote nay. Have you all voted who care to? Record, Mr. Clerk.

CLERK: 37 ayes, 4 nays, Madam President, on the motion.

DeBOER: The motion is adopted. Members, the next vote is on the adoption of FA1056. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 43 ayes, 0 nays on the adoption of the amendment, Madam President.

DeBOER: The amendment is adopted. Senator Guereca for a motion.

GUERECA: Madam President, I move that LB901 be advanced to E&R for engrossing.

DeBOER: Colleagues, you've heard the motion. All those in favor say aye. All those opposed say nay. The bill is advanced. Mr. Clerk, Mr.-- I raise the call. Speaker Arch for an announcement.

ARCH: Thank you, Madam President. Tomorrow morning, we will begin the Select File debate of the budget bills: LB1071 and LB1072. Senator Clements is-- if you were paying attention there-- just read across-- he has just filed a Select File amendment to the first bill we will deb-- be, be debating, which is LB1071, the deficit Appropriations bill. He'll be filing the Select File amendment to LB1072 later this afternoon. The amendment to LB1071 includes technical cleanups and additional cuts agreed to by the Appropriations Committee to get us closer to a balanced budget. Senator Clements has also provided members now with a handout that describes the provisions included in his Select

File amendment to the LB1071. A reminder that I designated, with Executive Board approval, both budget bills as Speaker Major Proposals. This designation authorizes me to order the amendments to each bill at each stage of consideration. There are currently several amendments filed to the bills. However, they are either filed to the respective committee amendment or to the green copy of the bill. For both bills, I'll be scheduling Senator Clements' Select File amendment first. Because the amendments are white copy amendments, all amendments currently filed on either bill will need to be redrafted to the respective Clements amendment if you want to pursue your amendment on Select File. Thank you, Madam President.

RAYBOULD: Thank you, Mr. Speaker. Mr. Clerk for some items.

CLERK: Thank you, Madam President. The Retirement Committee will have an executive session today at 3:30 under the south balcony. Retirement Committee under the south balcony at 3:30. Additionally, amendments to be printed from Senator Bostar to LB901, Senator Raybould to LB901. As it concerns the agenda, Madam President: Select File, LB838, from Senator Jacobson. First of all, Senator, there are E&R amendments.

DeBOER: Senator Guereca for a motion.

GUERECA: Madam President, I move that the E&R amendments to LB838 be adopted.

DeBOER: Colleagues, you've heard the motion. All those in favor say aye. All those opposed say nay. The E&R ado-- amendments are adopted.

CLERK: Madam President: Senator McKinney, I have MO501, MO500, MO499, all with notes that you'd withdraw.

DeBOER: Without objection. So ordered.

CLERK: Senator Kauth, I have-- excuse me. Senator Jacobson, I have FA1031 with a note you'd withdraw.

DeBOER: So ordered.

CLERK: Madam President: Senator Kauth, I have FA478 with a note you'd withdraw and substitute AM2658.

DeBOER: Without objection. So ordered. Senator Kauth, you're recognized to open on AM2658.

KAUTH: Thank you, Madam President. I would like to say thank you to the chair of Banking, Senator Mike Jacobson, who literally whispered be-- behind me, don't screw this up. Thank him for allowing me to add this amendment to his committee amendment. AM2658 is a friendly amendment to LB838, the Banking Committee priority bill. It's based on my bill, LB1174, which is adding a fee to money transmitted out of the country using cash, money order, or cashier's check. The original bill put a fee of 1% on all money transmitted to foreign countries and 20% sent to foreign adversaries as identified by the federal government using cash, money order, or cashier's check. It does not apply to money sent with credit or debit cards or from a financial institution. According to the Nebraska Department of Banking and Finance in 2025, $1.4 billion were sent to foreign countries that are not our adversaries and $43.5 million were sent to our adversaries. The numbers are not yet in for 2025-- pardon me-- for 2026, but they are on target to be slightly higher. Through discussions and vote counts with my colleagues on the floor, we identified some concerns with the portion of the bill that sent money to the nonadversarial countries. So this amendment removes that portion and increases the amount of the fee charged on cash sent to our foreign adversaries to 25%. Foreign adversaries, as defined by U.S. federal law and executive orders, are nations or nongovernment entities engaged in long-term actions detrimental to U.S. national security. Core nations currently listed include China, including Hong Kong and Macau, Russia, Iran, North Korea, Cuba, and the Maduro regime in Venezuela. The vote count for this AM was 34 yes of those I was able to get to. And as Senator Raybould stated, this is a creative revenue generator. I encourage your green vote to this friendly amendment.

DeBOER: Thank you, Senator Kauth. Senator Conrad, you're recognized.

CONRAD: Thank you, Madam President. Good afternoon, colleagues. I am trying to get up to speed on the contours of this amendment by my friend, Senator Kauth, and-- I do remember learning about the broader legislation that she had introduced to put a additional fee or tax on remittances to foreign countries. I know that when some of our sister states have explored similar ideas, they found that the revenue that they estimated to generate from that type of proposal actually came in much, much lower than anticipated. So I don't know if the Banking Committee or Senator Kauth or others have any sort of information or data that they can share with the full body in terms of what exactly this is modeled on and exactly how it works in terms of a modern economy wherein there's all different kinds of Cash Apps and Venmos and things like that. Just trying to understand exactly how the money transfer tax would work in, in terms who collects and remits that tax as well. So I, I see there are a few other senators in, in the queue here, but let me just ask my friend, Senator Kauth, would yield to a few questions.

DeBOER: Senator Kauth, will you yield?

KAUTH: Absolutely.

CONRAD: Thank you, Senator. Did you have a chance to see how some of our perhaps sister states have handled this issue and did you have a chance to assess whether or not their revenue projections were accurate or if they ended up coming in quite a bit lower than, than what they thought? If-- just-- if your research uncovered any information in that regard, it would be helpful for the record.

KAUTH: Absolutely. And wha-- to your question wh-- in your speaking, you talked about who collects remittances.

CONRAD: Sure.

KAUTH: It would be the, the money transfer organization. So we're talking about people who walk up to-- they do it at Walmart, Western Union, those places that are, are-- their business is designed to take someone's cash and send it to a foreign country where that person who it's being sent to can collect it in cash also. So this, this does not include any financial to-- institution to financial institution transactions. If you use a debit card or a credit card, if it's, if it's sending it out to a military member-- that was one of the big concerns as well. I've got a kid who's-- you know, he's serving overseas in the, the wherever, can you send him money? Especially if he-- if that person has a bank account here, you can still transfer money directly to that bank account, but this would not apply to armed services. You would simply bring evidence that you're sending it to someone who's in the armed services, and then it would be-- the fee would not be assessed. This was actually based off of-- the federal government instituted this in January of this year, which-- so when I introduced it last year and-- originally, which-- it, it was under a different number-- we just reintroduced the bill so it has a higher number. But originally, it was-- this would be something that would be very difficult to set up, the feeling was. But now that there's a, a federal framework for this, the thought was, well, since the framework is there, we should be able to put a fee on that money because, again, this is cash that has not been-- most likely not been taxed. You know, we don't know that for sure. But generally, if people are being paid in cash they're pri-- and if they're not using banks, this is kind of money that's not been touched by us yet. So that, that was the goal, to put a fee on it. And I do-- you know, listening to everybody, the, the 1% fee going to foreign countries, again, is most likely be-- going to help support people in those foreign countries. And I understand the rationale behind not wanting to do that, which is why we stuck with just the foreign adversaries. You know, the-- I got information from our Department of Banking and Finance, and they said that primarily the foreign transactions are China and Venezuela and the-- tha-- like, only about $1 million of the $44 million that goes out of the country is going to Venezuela, which means $43 million is going from here in cash to China, which is clearly a foreign adversary.

CONRAD: Sure.

KAUTH: So this is, this is one of those-- we may not get as much money as we think long term. They-- there certainly may be ways that they either avoid it or, you know, just stop sending it. But either way, we win. If we are able to collect a fee or if less money goes to our foreign adversaries, I would consider it a win.

CONRAD: Sure. Thank you, Senator.

DeBOER: Time, Senator.

CONRAD: And then as-- oh, gosh. I'll punch it again. Thank you very much. Thank you.

DeBOER: Thank you, Senators Kauth and Conrad. Senator Raybould, you're recognized.

RAYBOULD: Thank you, Madam President. Senator Kauth and I had a conversation-- and I have a floor amendment pending-- but Senator Kauth and I talked about removing two countries that are listed as foreign adversaries, and that is Cuba and Venezuela. Let me talk a little bit about both. As you know, Nebraska par-- in particular, the city of Lincoln, is a refugee relocation hub. And during the-- Castro's regime and during the revolution there, the state of Nebraska accepted tremendous amount of Cuban refugees. I grew up in grade school with kids from Cuba, whose parents fled Cuba. The, the United States of America has a special agreement with parolees. Parolees are a special class of refugees from a certain country, and Cuba is one of those countries where we've had this understanding for decades, allowing those individuals to come to our country. And right now, we have a tremendous Cuban population as well as additional Cuban parolees that have come to our state of Nebraska within the last five years. And so I know that they still communicate with their family members, their children that are still there that are hoping to, to come to the United States. And the way that they get goods and services to them is through the use of money orders. And for those-- some of those folks don't have a, a, a bank account yet established because they've only been in our country for one year. And we see that the need is great. And I know that they do send goods over to their family through the mail in order to help them. We know that is the same situation for Venezuela. We do have a number of Vuene-- Venezuelans in our state of Nebraska, and I think this would do more harm than good for those folks that are now residents in our state of Nebraska as they continue to help their families abroad in this turmoil. And so I'm, I'm asking that-- and Senator Kauth and I have talked about it, and she said-- before, she would consider it a friendly amendment to, to strike, with the exception of Cuba and, and Venezuela at this point in time. As you know, Cuba is continuing to endure extensive hardship with their electric grid failure, which seems to be a par-- a continuing problem for them. And I feel very strongly that we should do everything we can to help those Cuban family members that are now Nebraska residents and-- as they want to continue to help their families who are struggling even more now with a lot of the-- I don't think it's an official embargo, but not permitting any type of oil from Venezuela to get to Cuba. So I'm, I'm pretty sure when the floor amendment gets up, Senator Kauth can talk to it as well. Thank you, Madam President.

DeBOER: Thank you, Senator Raybould. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Madam President. Well, I do re-- consider this a friendly amendment. This, this bill was heard through committee. The original bill was calling for a 2% fee for any other remittances and 20% to foreign adversaries. The committee got rid of the, of the base amount and just left "to foreign adversaries" and raised that amount to 25%. I know people say, well, you're probably not going to collect that fee. Well, then we won't be seeing remittances of money going out of our country through this method, at least. So I, I look at this a little bit like charging a tax, raising the cigarette tax. People say, we are not going to collect all that revenue. People are going to quit smoking. Oh, my gosh. That would be horrible if people quit smoking. So I, I would just tell you that if we keep more money here or if they go through other means of transmitting these, these remittances, which, if you're a legal citizen and you have a bank account, they-- we're not--

you're not impacted. This is the Western Unity-- Unions and the money transmitters that are just moving money. And, and so the concern is, do we want to see money being moved to foreign adversaries? And if you're going to do it, there's a tax that goes with it. We're always gonna find an exception. How about this country? How about this? How about that? This is a good amendment. I'd like to see it passed. I'd like to keep moving on. I would encourage a green vote on the bill-- on the amendment and the ultimate bill. Thank you.

DeBOER: Thank you, Senator Jacobson. Mr. Clerk for an amendment.

ASSISTANT CLERK: Thank you, Madam President. Senator Raybould would move to amend with FA1058.

DeBOER: Thank you, Mr. Clerk. Senator Raybould, you're recognized to open on your amendment.

RAYBOULD: Thank you, Madam President. This is something that you've, you've heard me speak on, and I agree with Senator Jacobson that we do want to keep moving forward on this matter. I know that that is a, a big concern to identify, but, you know, when I do my AI search, you know, the number of foreign doll-- of our dollars going towards foreign adversaries are really not money orders. The-- in some of the AI comments, they're nonexistent to foreign adversaries. Really, the greatest bulk of dollars going to our foreign adversaries are grants, research funding, contract payments rather than specifically enumerated money orders. So I do hope that it generates the revenue that Senator Kauth has listed as a fiscal response. And I do commend her for being creative on coming up with a revenue generator. And I do ask for your support for FA1058 so that we do pull out-- away Cuba and Venezuela so that those family members who reside in our state can still send them money orders, either through cash or any other means, and also continue to send them goods and supplies that they are really in desperate need of in those countries. Thank you, Madam President. And I ask-- oh, I ask for your yes vote, green vote on FA1058. Thank you.

DeBOER: Thank you, Senator Raybould. Senator Strommen, you're recognized.

STROMMEN: Thank you, Madam President. Hey, I just wanted to touch on something that Senator Jacobson brought up earlier about the amount of money that we are asking and the number of programs that we can spend that money on. Just so that everyone's aware, I put together a spreadsheet that has all of the fiscal notes-- so all of the askings for this biennium. And the amount of money that has been asked of the state comes out to $786 million. I know I touched on it last week, but I'm going to repeat it again because Senator Jacobson brought it up and I wanted to make sure that people were clear. $786 million has been asked in fiscal notes over this biennium. That is a staggering amount of money, especially in a time where we don't have that type of money to spend. So hopefully people can take that and absorb it and deal with it how you'd like to, but it, it is a-- an-- a ungodly amount of money. $786 million. Thank you.

DeBOER: Thank you, Senator Strommen. Senator Conrad, you're recognized. Senator Conrad.

CONRAD: So sorry. Thank you, Madam President. I was under the balcony at a Retirement Committee executive session and, and just didn't hear my name being called. But I had a chance to visit with my friend, Senator Kauth, off the mic to learn a little bit more about the mechanics in terms of how thi-- this might work in terms who's collecting the tax, what sort of work that the frontline clerk at a Western Union or a Walmart or other ma-- money transmitter may have to work through in order to determine whether or not the person would qualify for an exemption as a dependent of or a member of the state guard or active military. Trying to also just kind of sort out what this might mean in terms of recent changes in foreign policy. I know that we've talked about this before, but there's kind of a laundry list of foreign adversary countries that have now been littered throughout our statutes books that are based on a similar identification on the federal level. Typically, you'll see a description of the Maduro regime in Venezuela as a listed foreign adversary. Of course, we've seen that regime change and be toppled. So trying to assess when and how that identification would be updated, what that would mean for the fiscal implications under this legislation if most of the money remittances in Nebraska subject to the new tax apparently are focused on Venezuela and perhaps China, the other countries to a lesser degree. So just want to make sure that we have that updated development perhaps in the fiscal analysis. And then the last piece I just wanted to lift up very quickly was-- and I know this is something that Senator Kauth and I had a chance to talk about as well. And I absolutely do not pretend to be an expert on the financial or banking system of China and probably shouldn't have to be to serve in the Nebraska Legislature, but nevertheless. Trying to get up to speed on new issues. I, I, I think it's important that we don't paint with too broad a brush. Say, for example, that, you know, I'm, I'm here as a, a, a now naturalized citizen after going through the process in immigration but I've got a grandma or grandpa back home in China and, for whatever reason, I might be unbanked, they might be unbanked, and I want to send money home to help them out to meet their basic needs. I-- it-- I, I want to make sure that we're not painting with too broad a brush in assessing that every single person who lives in a repressive regime is somehow supportive of that oppressive regime. And I think from my discussion-- brief discussion with Senator Kauth, she'd explained that essentially the money transmitter or recipient kind of entity in a country like China would be the Chinese government itself, and so that was the piece that she was kind of trying to target in terms of her policy thinking in this regard. So I-- I'm-- I just have a little uneasiness about that. I feel like perhaps we're going to be targeting citizens of other country regardless of their political beliefs about the country that they, they might be living in. And if our real target is the foreign adversarial government, that should be the target, not the perhaps unsupportive or unsuspecting citizen who, who happens to live in that regime and may not, may not be able to free themselves from it. So that was just a policy concern I had in terms of the technical aspects, the actual fiscal impacts, and, and just perhaps painting with too broad a brush in this regard. Thank you, Madam President.

DeBOER: Thank you, Senator Conrad. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Sorry. Thank you, Madam President. Would Senator Kauth yield to a question?

DeBOER: Senator Kauth, will you yield?

KAUTH: You bet.

M. CAVANAUGH: Thank you. I am trying to read this over. And also, I was listening to Senator Conrad's comments. So it-- this is targeted towards, like, the actual adversaries? Let, let me couch this with: my neighbors are from China. Well, half of the household is from China, married to an American citizen. Her parents come to America every other year for a few months, but I know that they do send mo-- money to her parents. How would this impact them?

KAUTH: So do they take cash--

M. CAVANAUGH: I don't know--

KAUTH: --or money order to a money transmitter?

M. CAVANAUGH: I do not--

KAUTH: Or do they send it through their credit card, their debit card, or a bank wire? Or if they, if they have--

M. CAVANAUGH: So if they-- this would only impa-- this impacts them if they send a money order?

KAUTH: If they're doing a money order, cashier's check, or cash. So basically, those things that are not-- it's not digital, it's not tracked. It's, it's, here's-- I have money. Take it and send it somewhere else.

M. CAVANAUGH: Now, let's say that they do-- not them because I don't want to tie them to-- some other person sends money to China via the debit card or credit card and they do send it to-- for more malicious intent.

KAUTH: So you can't tell intent, generally.

M. CAVANAUGH: Right.

KAUTH: I mean, unless you're sending it to, you know--

M. CAVANAUGH: The government.

KAUTH: The, the government. Please, you know--

M. CAVANAUGH: Yeah.

KAUTH: Dear Zhao. I don't think the-- I think we-- don't think we can tell intent, but that is just because of the structure of it. Generally, the, the presumption is that when you have cash, it is-- you've been paid either under the table-- drug dealers use cash. There's a lot of things that are used in cash that have not been taxed at all. And so that's why the fees are going on that particular mechanism. And that's why the banking industry and the credit card ind-- everybody's like, OK, wait, but we do so many digital transactions. We're not going after that because those are already tracked. We know who those are. And we can tell how that money is flowing. And there are fees assessed at those when you transfer money.

M. CAVANAUGH: Yeah. I mean, I appreciate all that. And thank you for the thoughtfulness in, in those divisions. I ju-- I have concerns over when we're in sort of these war-torn areas that there's people that might be trying to send it in that less trackable way because they're concerned about protecting their families. And so--

KAUTH: So to, to send money with Western Union, there has to be someone on the other end-- a Western Union on the other side. And in these areas, the government is ver-- and we're-- let's stick on China. The government is involved in every business. The government knows exactly who it is. You're not being sneaky. And they're saying, we would like a piece of that money. And so there-- we are sending money that was earned here in Nebraska. And it is getting used by the Chinese government in part-- partly for the people who are, you know, it's intended to, but it is certainly not going unnoticed by the Chinese government.

M. CAVANAUGH: Sure. OK. Thank you. I appreciate that. Thanks for answering my questions.

KAUTH: And I like your color today.

M. CAVANAUGH: Well, thank you. We're, we're matching.

KAUTH: We match.

M. CAVANAUGH: Twinning. We-- probably matching yesterday too [INAUDIBLE] green.

KAUTH: First time ever?

M. CAVANAUGH: Were you not wearing green yesterday?

KAUTH: Green and blue. Yeah. It was a mix. So yeah, we were close.

M. CAVANAUGH: Yeah.

KAUTH: OK.

M. CAVANAUGH: Well, thank you, Senator Kauth. I do have the Chinese cultural centers also in my district, which I've talked about previously. So I clearly have a population of Chinese Americans or Chinese immigrants in my district, so I want to make sure that anything that we do, changes to statute that are directed specifically towards the, the Republic of China, takes into account the people that are here that are building their lives and their families here in America and not to be harmful to them, so. Thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Senator Raybould, you're recognized.

RAYBOULD: Thank you, Madam President. And I'm hoping Senator Kauth will yield to a couple of questions.

DeBOER: Senator Kauth, will you yield?

KAUTH: Absolutely. Thank you.

RAYBOULD: Yes. Thank you, Senator Kauth. I think some people are confused. Maybe if you-- say if I have relatives in Guatemala and I prefer to pay cash for money orders, this bill has no impact on that whatsoever.

KAUTH: Correct. Guatemala is not a foreign adversary. We actually have a pretty good relationship with them.

RAYBOULD: OK. And--

KAUTH: Beautiful beaches.

RAYBOULD: Thank you. And then this bill pertains only to foreign adversaries, correct?

KAUTH: Yes. And can I address your amendment?

RAYBOULD: Yes, of course.

KAUTH: So-- and Senator Raybould has an amendment excluding Venezuela and Cuba. She and I talked about this. This is a friendly amendment. I don't mind. I'd like to read some of the numbers. So again, from the De-- Nebraska Department of Banking and Finance, they actually have someone who does just, like, remittances. We had two foreign adversaries with remittance activity: China and Venezuela. China received a total of $49,461,989 over 364,267 transactions. Venezuela only received $1,087,911 over 11,314 transactions. So Venezuela is a significantly smaller portion of that, and Cuba. And as we look at what's going on in the world, I think that those two are probably pretty close to changing their status, so I do not object at all to excluding them and making sure that we are impacting the bigger adversary.

RAYBOULD: Thank you very much. Would you li-- like some additional time?

KAUTH: No, I'm good. Thank you.

RAYBOULD: OK. Great. Thank you, Madam President.

DeBOER: Thank you, Senators Kauth and Raybould. Senator Hunt, you're recognized.

HUNT: Thank you, Madam Chair. Good afternoon, Nebraskans. The people of the countries who suffer under conditions like authoritarianism or poverty or oppression because of regime change or various other conditions like that, circumstances that are out of their control, the people who are in these countries that are deemed as adversary nations-- the people are not my adversaries. And they're not your adversaries. And I just remain against the idea that extra fees and extra taxes from our most vulnerable neighbors-- in this case, people who got out of these countries, in many cases, and are now working in the land of the free to send money home to their families who continue to suffer under these conditions and these regimes-- that we're going to do anything productive to raise revenue by making it more difficult for them to do that because we don't like, you know, the governments of the countries they happen to live in. My problem with this amendment, AM2658, is that it doesn't punish the adversary nations. It does nothing to harm them. All it does is target and punish the people who we ought to have no quarrel with. So I think that world police people around here suppose that they're doing something to fight adversary nations, but all we're really doing is fighting our own neighbors here in Nebraska who are not our adversaries at all. And for that reason, I'm against AM2658. Thank you, Madam Chair.

DeBOER: Thank you, Senator Hunt. Senator Riepe, you're recognized.

RIEPE: Thank you, Madam Chairman. I want to talk a little bit about foreign adversaries. Any re-- remittances will not be going to the government, per se. I know there's been some talk that they will take their skim off of that-- off of that remittance, but rather to the people that we seek to retain as our friends in some of these otherwise foreign adversary countries, I think Iran is one of those that's-- in particular. We want to maintain a close relationship and have them be loving and friendly to the American people, although we do not want to support the Iranian leadership, if you will. I, I cannot see an-- that, that this will appear well as an image for us that says, all of a sudden, state legislators vote taxed on workers who have chosen to help people back home in need of limited help. The headlines don't look good to me. More wealthy, more extreme, more middle cla-- whatever we are--

of putting a tax on people that are working hard, sending money back home to feed either children or parents or whatever relatives they have. So anyway, thank you for the opportunity to comment. And that's how I feel. That's how I felt from the beginning. Thank you.

DeBOER: Thank you, Senator Riepe. Senator Guereca, you're recognized.

GUERECA: Thank you, Madam Pre-- thank you, Madam President. Oh. Hello. I, I guess I do rise in support of FA1058 and in opposition to the concept behind AM2658, similar to what couple of my colleagues speaking before me have said. You know, it's-- this is, this is a-- an extra tax on folks that have moved to this country to get away, generally, from the oppressive regimes in their home countries. I have several friends that were born and raised in Hong Kong, and they are the most anti-CCP individuals that I know. I know people that have family in the Islamic Republic of Iran, and they are some of the most anti-regime people that I know. I have friends from the Russian Federation who have been dragged out of their houses in the dead of night, beaten, and disappeared for weeks. They are the most anti-Putin individuals that I know. And if we pull up 15 CFR 791.4, it refers specifically to just Venezuelan politician Nicolas Maduro and then in parentheses, the Maduro regime. So I'm a little confused. I'll get some clarity into why the CFR is worded that way. But my point is, folks, these immigrants overwhelmingly left because they had a bad situation back at home, because they were oppressed. And while in some situations some of that money may flow to these oppressive governments, the $500 someone sends their grandma in China is not going to break the Chinese Communist Party. And we're just going to take our 25% off of that, so. To me, it's a tax on people that came here, that want a better life, that believe in the American dream, that want to be free of the shackles of tyranny. That's why this country was founded. And for them, I'll vote no on AM2658. Thank you.

DeBOER: Thank you, Senator Guereca. Senator Storer, you're recognized.

STORER: Thank you, Madam President. And good afternoon. I just-- I guess I want to first rise in support of AM2658. And I think that there is serious consideration for FA1058 as well. And just to be clear, it-- I think I've probably become known as one of the individuals in this body that is adamantly against raising taxes. And-- this is not a tax on any American citizen. This is making sure that we capture the cost of money that is leaving the United States. So for those folks that have come here for a better life-- of which most of us I think probably all have, all have ancestors that did that very thing at some point or another-- the-- with the-- when the money stays here, this is no additional tax on, on that. It is not an additional tax on them when the money stays here in the United States and is used to-- for-- by those individuals that came here to improve their livelihoods, improve their opportunities. And so for those reasons, again, I support AM2658. Thank you.

DeBOER: Thank you, Senator Storer. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: I'm just anticipating getting shocked. Thank you, Madam President. I apologize, but, Senator Kauth, would you yield to another question?

DeBOER: Senator Kauth, will you yield?

KAUTH: Yes.

M. CAVANAUGH: Somebody asked me and I was like, OK, that's a good question. We're not-- are we entertaining cryptocurrency and how that plays in?

KAUTH: This does not apply to cryptocurrency at all.

M. CAVANAUGH: It-- I don't-- full disclosure, I have no idea how cryptocurrency works--

KAUTH: Yes.

M. CAVANAUGH: --but it seems like the kind of thing that people would be using to illegally or to-- with malfeasance move money around. Is there-- dumb question, admittedly-- is there a way to do something about cryptocurrency?

KAUTH: About cryptocurrency, that is one of those things that I also do not fully-- to me, money is like-- you hold money.

M. CAVANAUGH: Right.

KAUTH: The whole "we made up money" is very strange to me. So I do know that there are efforts to do some regulation at the federal level, but I have no idea how that's gonna go or--

M. CAVANAUGH: So we are not taxing the concept of money.

KAUTH: No. No.

M. CAVANAUGH: Because that's what I think of cryptocurrency, is--

KAUTH: Right.

M. CAVANAUGH: --a concept. It's like the cloud.

KAUTH: Yeah.

M. CAVANAUGH: I don't get that either. So-- OK. Well, thank you. I-- just-- that-- somebody--

KAUTH: Good question.

M. CAVANAUGH: --asked me about cryptocurrency, and I was like, well, I don't know what that is exactly, but I know it's confusing. So thank you. I appreciate it.

KAUTH: Of course.

M. CAVANAUGH: Thank you, Madam President.

DeBOER: Thank you, Senators Kauth and Machaela Cavanaugh. Senator Andersen, you're recognized.

ANDERSEN: Thank you, Madam President. I'd like to thank Senator Kauth for bringing this amendment. I support AM2658. I do not support FA1058. I think it's already covered by 15 CFR 791.4. And I support LB838. Thank you, Madam President.

DeBOER: Thank you, Senator Andersen. Seeing no one else in the queue. Senator Raybould, you're recognized to close on your floor amendment. She waives closing. The question before the body is the adoption of FA1058. All those in favor vote aye; all those opposed vote nay. There's a-- 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: 21 ayes, 1 nay to place the house under call.

DeBOER: The house is under call. Senators, please record your presence. 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 Guereca, Senator von Gillern, please check in. Senator Spivey, Senator McKinney, Senator DeKay, Senator Hansen, Senator Arch, Senator John Cavanaugh, please return to the Chamber. Senator Kauth, please check in. Senator McKinney, Senator DeKay, Senator John Canv-- Cavanaugh, please return to the Chamber and check in. The house is under call. Senator DeKay, Senator John Cavanaugh, please return to the Chamber. The house is under call. Senator Raybould, we are still lacking Senator DeKay. Would you like to proceed or wait? All right. Senator Raybould, there was a vote open. Would you take call-in votes? Mr. Clerk.

CLERK: Senator Spivey voting yes. Senator Conrad voting yes. Senator Hughes voting yes.

DeBOER: Record, Mr. Clerk.

CLERK: Senator-- excuse me-- 25 ayes, 4 nays, Mr. President, on the adoption of the floor amendment.

DeBOER: The floor amendment is adopted. I raise the call. Returning to the queue. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President. Would Senator Raybould yield to a question?

DeBOER: Raybould, will you yield?

RAYBOULD: Yes, I will.

M. CAVANAUGH: Thank you. I just wanted to sort of rehash the amendment that we just voted on. So that took out Guatemala and Venezue-- no. No. Cuba-- you tell me.

RAYBOULD: Thank you, Senator Cavanaugh. It took out Cuba and Venezuela--

M. CAVANAUGH: OK.

RAYBOULD: --primarily because we have a long, well-established Cuban-American population in our state of Nebraska. We have accepted Cuban parolees and refugees since the '60s.

M. CAVANAUGH: Yes.

RAYBOULD: And I know that we still have been accepting Cuban parolees as of last year.

M. CAVANAUGH: OK.

RAYBOULD: And the same goes for Venezuelans. We have a lot of Venezuelan refugees in Nebraska because we are a refugee relocation hub. And a lot of those, as you know, have fled the Maduro regime. But of course, they still have family members--

M. CAVANAUGH: Right.

RAYBOULD: --left in Venezuela struggling with inflation, not ab-- their ability to get goods, services, and supplies.

M. CAVANAUGH: And, and the federal statute states-- it's, like, Venezuela under the Maduro regime specifically, so it makes sense to take that out since he's no longer in power. OK. Great. Thank you. Thank you very much. I just wanted to reiterate what that change was. Thank you, Madam President.

DeBOER: Thank you, Senator Machaela Cavanaugh. Seeing no one else in the queue. Senator Kauth, you're recognized to close on your amendment.

KAUTH: Thank you, everybody. And congratulations to Senator Raybould. I appreciate the good discussion and the excellent questions. And I would encourage your green vote on this so that we can continue with LB838.

DeBOER: Thank you, Senator Kauth. The question before the body is the adoption of AM2658. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 33 ayes, 3 nays on adoption of the amendment, Madam President.

DeBOER: The amendment is adopted.

CLERK: Madam President, Senator Bosn would move to amend with AM2635.

DeBOER: Senator Bosn, you are recognized to open on AM2635.

BOSN: Thank you, Madam President. Colleagues, AM2635 was filed to refine a few pros-- provisions specifically in the portion that was LB1118, which had been amended into LB838 following extensive conversations and discussions with Meta specifically. On page 6, line 4, the original language required companies to investigate reported fraudulent advertisements within seven days. After conversation and consultation with Meta, this was revised to refine that to five business days for those investigations. Additionally, on page 6, line 7, the requirement to remove fraudulent advertisements, quote, immediately was changed also to be within that five business days. This adjustment was requested to provide companies with reasonable flexibility, particularly when complaints are submitted over weekends or holidays. On page 8, a new subsection (d) was added to permit companies to share information regarding suspected fraudulent activity or suspicious transactions. This provision is intended to support the identification and enforcement of fraudulent advertisers and advertisements. Similar information-sharing practices are already permitted for financial institutions, making this a consistent and practical extension. Finally, the implementation date for this section was moved to January 1, 2027 to ensure companies have adequate time to prepare for and comply with these changes. Thank you for your consideration. And I ask for your green vote on AM2635. Thank you, Madam President.

DeBOER: Thank you, Senator Bosn. Seeing no one else in the queue. Senator Bosn waives her closing. The question before the body is the adoption of AM2635. All those in favor vote aye; all those opposed vote nay. Have you all voted who care to? Record, Mr. Clerk.

CLERK: 34 ayes, 0 nays on adoption of the amendment, Mr. Presi-- Madam President.

DeBOER: The amendment is adopted. Mr. Clerk for the next item.

CLERK: Madam President, Senator Conrad would move to amend with AM2637.

DeBOER: Senator Conrad, you're recognized to open on AM2637.

CONRAD: Thank you, Madam President. Good afternoon, colleagues. LB838 would be amended with this measure that I'm bringing forward, AM2637, which I believe is fairly classified more as a technical amendment rather than substantive. What this amendment would do-- and I've given both Senator Bostar and Senator Jacobson a heads-up on this because it impacted the committee bill and Senator Bostar's components therein-- is that it would simply strike Section 5. What Section 5 does in the E&R amendment is it lays out a list of legislative findings and declarations without citation or authority. It would not change any of the substantive components in regards to Senator Bostar's legila-- legislation that's contained in the Banking Committee package that's before us, but it would remove some of these legislative findings, which are not really pattern in practice for how we legislate in Nebraska, are not provided with any thort-- sort of authority or citation. Would also litter our statute books with references to Chinese law, which is odd, to say the least. And then just lifts up different references to White House memos and different terminology that, again, is not otherwise defined or referenced in our statute. So I, I do believe this is a good faith amendment. This legislative finding section is not necessary to move the measure forward. And would urge your favorable consideration.

DeBOER: Thank you, Senator Conrad. Seeing no one else in the queue. Senator Conrad, you are next in the queue.

CONRAD: OK. Thank you so much. I don't know if Senator Bostar is available to-- there he is. I was looking at your seat. If Senator Bostar would yield to a question.

DeBOER: Senator Bostar, will you yield?

BOSTAR: Yes.

CONRAD: Thank you, Senator. Could you tell me-- do you have any issue with us removing the, the finding and declarations without upsetting the substantive components of, of your legislation contained in this Banking bill?

BOSTAR: I-- so the, the section you're striking would not-- I think what you're asking is, would the, would the struct-- would the functions of the-- statutory functions of the bill continue unimpeded with your amendment adopted? And the answer to that is yes. It would-- it wouldn't stop the bill from doing what it's doing.

CONRAD: Right. The legislative findings aren't necessary to moving the substantive aspects of the legislation forward.

BOSTAR: Yeah. That's true.

CONRAD: Yeah. OK. So then would-- do you-- are you-- do you plan to support this? Would that help us to move through here? Or do you want to go kind of line by line and section by section on your citation and authority for these findings?

BOSTAR: I mean, I plan to probably just PNV it. I-- because I, I understand that it doesn't-- I mean, I, I think you and I disagree on the substance of the, you know, the intent language that's in there, and that's fine. Taking it out doesn't break the bill in any way. So my plan was to simply not vote on the amendment.

CONRAD: OK. Well, I, I-- there's not a whole lot of people in the queue here. I, I was hoping that we could move through this rather quickly. But if not, I guess we'll need to build a record on it. And again, whether or not I agree with the Nebraska State Legislature attempting to engage in foreign policy-- nevertheless, I think that we should have I, I guess at least some grounding in terms of where this language that would be inserted into our statute books is derived from. So I guess let's start there. Who, who brought this measure to you, Senator Bostar?

BOSTAR: I worked on it with a number of parties.

CONRAD: OK. Like who?

BOSTAR: Well, like external stakeholders who work on this issue. I worked on it with the Department of Banking.

CONRAD: Did the Department of Banking in Nebraska provide these legislative findings to you?

BOSTAR: No.

CONRAD: OK. Who did?

BOSTAR: Well, I came up with some of them myself.

CONRAD: Oh, OK. Then where would-- what's the authority or the citation for these findings?

BOSTAR: Which-- I mean, there's various. I, I guess-- are-- I guess is the concern with all of the findings or is there some in particular you would like me to try to identify?

CONRAD: Yeah. I'm just trying to understand where the language came from. And if you're indicating that you wrote it yourself, then I'm asking where the citations for the language you wrote came from. Why did you have this reference to Article 7 of China's National Intelligence Law of 2017 included here? Have you read that?

BOSTAR: Yes.

CONRAD: What does it say?

BOSTAR: So what that law does is it requires Chinese citizens to comply with all orders from the Chinese intelligence, Chinese military and--

in, in any endeavor they want. And not doing so would be a crime there. And so that's obviously of concern when we talk about foreign influence operations, we talk about the vulnerabilities within financial sector, which is related to this bill. I mean, it-- that law requires that every Chinese citizen be an intelligence agent and operative for the PRC. That's what that does. So that-- so that's why that's in there, because I think that's obviously of concern.

CONRAD: OK. But-- there's a reference to a memo from the White House that was published in November 2025. Why is that contained in the findings?

BOSTAR: I, I thought-- I would have to-- I mean, again, I don't have that one-- I can pull that back up and kind of look through it again, but I, I thought it was relevant for the subject matter of money transmitter licensing under foreign adversaries.

CONRAD: OK. Did-- I know that-- I've seen your picture in things like State Shield's annual report where you're accepting awards on behalf of your--

DeBOER: Time, Senator.

CONRAD: --work to crack do-- oh. Thank you, Madam President.

DeBOER: Thank you, Senator Conrad, Senator Bostar. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President. I would yield my time to Senator Conrad.

DeBOER: Senator Conrad, you're yielded 4 minutes, 55 seconds.

CONRAD: Thank you, Madam President. Thank you, Senator Cavanaugh. If Senator Bostar would yield.

DeBOER: Senator Bostar, will you yield?

BOSTAR: Yes.

CONRAD: Yeah. Just to continue, I know that your work in cracking down on state-- on foreign adversaries has been lauded by groups like State Shield and-- saw your picture and the recognition in their annual report. Did you work with them on this legislation?

BOSTAR: No.

CONRAD: OK. Di-- what other external stakeholders beyond the Department of Banking that you mentioned-- who didn't provide these findings-- what other stakeholders did you work on with this, this legislation?

BOSTAR: So I have communicated with an organization called State Armor, which is different from State Shield, as well as several of our sort of federal partners.

CONRAD: Like-- what's the federal partners mean? Like, congressional representatives?

BOSTAR: That and, and-- yes, that includes them.

CONRAD: OK. Like, Congre-- who-- like Congress Mike Flood, Senator Deb Fischer, Senator Pete Ricketts, Senator Don Bacon, Senator-- or, Congressman Adrian Smith. Tho-- that's-- who's-- you worked with to write this legislation?

BOSTAR: As well as folks from the National Security Council and the federal government.

CONRAD: OK. Did they testify on the bill?

BOSTAR: No.

CONRAD: Have they worked on this legislation in other states?

BOSTAR: I don't know.

CONRAD: OK. I mean, it's, I think, important to know as we're building a record where-- what the origins of the legislation is.

BOSTAR: Sure.

CONRAD: And so is-- your indication is that the National Security Council has asked us to adopt this legislation, that they wrote this?

BOSTAR: They didn't testify.

CONRAD: OK. Did they write this?

BOSTAR: No.

CONRAD: OK.

BOSTAR: I worked on it with them.

CONRAD: OK. So if they didn't write it and they didn't testify, how'd you work with them on it?

BOSTAR: Communication, talked to them. I don't know. I mean, how do you work with people, right? I, I work with people all the time that don't write the bill.

CONRAD: Mm-hmm.

BOSTAR: That's fairly standard.

CONRAD: OK.

BOSTAR: Not everyone I work with has written the bill in front of me.

CONRAD: OK. Do you have in your bill files by chance-- do you have citations or authorities for each of these sections of findings? Like, are they derived from, like, credible news sources, from think tanks, from government reports or entities?

BOSTAR: Sure. I mean, you referenced existing Chinese law. So-- I mean, I think that's probably easy to find. You also referenced White House memos. Those are available and easy to find. I, I mean, I'm happy to try to find-- is there something in specific you would like me to try to find the sourcing for?

CONRAD: Well, I-- it-- I'm just trying to understand if you agree and I agree we don't need these findings to move forward with the substantive aspects of your bill. We don't have any clarity as to what their origin is. I, I don't-- like, why would you be present, not voting? Why wouldn't we just strike it and move on?

BOSTAR: Because I don't think the findings are incorrect. I don't, I don't think they're necessary. And I agree with you that I don't-- that they're not necessary, but I also-- I don't, I don't think the findings are wrong. So that's why I would be PNV, but--

CONRAD: OK. Are you aware of other instances where the Nebraska Legislature references Chinese law?

BOSTAR: I don't-- have to look.

CONRAD: I'm not, but.

BOSTAR: Not to my immediate recollection.

CONRAD: Yeah. OK. So it does seem like kind of a weird precedent to set in a Banking cleanup bill or package bill?

BOSTAR: I think it's because of the, the threat posed by that particular law and the threat that it has on individuals in Nebraska that it's-- that, that it was relevant. Now-- you know, you talk about money transmitters, which-- with the subject of the bill and-- the amount of data they can collect on individuals is, is pretty significant. And so if that money transmitter is operated under a foreign adversary, for-- in this case, let's say China-- and they order that business to turn over all of the information relevant to, let's say, a Chinese dissident living in Nebraska, that could be used to harm them, harm their family. And so I, I-- you know, I-- so I think that there's a level of relevancy in that kind of background information of why that particular Chinese law is--

DeBOER: Time, senators.

BOSTAR: --relevant for this.

CONRAD: OK. Thank you. Thank you, Senator.

DeBOER: But Senator Conrad, you're next in the queue.

CONRAD: OK. Sorry. If Senator Bostar would continue to yield. Thank you.

DeBOER: Senator Bostar, will you yield?

BOSTAR: Yes.

CONRAD: OK. Sorry. We just got cut off short there, but this is illuminating. So your contention is, is that there's money transmitters who are agents of the Chinese government operating in Nebraska?

BOSTAR: What I'm saying is--

CONRAD: Did I misunderstand that? OK.

BOSTAR: If you're a-- if you're a-- if you're a money transmitter and you are based in China and you are a money transmitter that Nebraskans have access to and use-- which there are-- then that particular Chinese law is-- exposes individuals, I think, to fairly extraordinary risk. And that's why it's cited.

CONRAD: Did-- OK. Di-- since I haven't had a chance to read the statutes or the federal code in China-- and shouldn't probably have to to serve in the Nebraska Legislature-- the-- can, can, can you contextualize this article for me? Is it cherry-picked? Is it part of a broader statutory scheme? Are there any instances beyond this general description wherein, somehow or another, people who are residing in Nebraska have been compelled to do something under this reference to Chinese law?

BOSTAR: I think there are a significant number of examples.

CONRAD: In Nebraska.

BOSTAR: I'm, I'm saying in the United States and, and--

CONRAD: No, my question was Nebraska.

BOSTAR: Yes, I believe there are.

CONRAD: OK. Could you provide some--

BOSTAR: No.

CONRAD: --of those examples?

BOSTAR: I can't.

CONRAD: Oh, you-- there's many, but you can't provide any examples.

BOSTAR: I think that this is not the correct forum for that.

CONRAD: What is?

BOSTAR: So connect-- I think-- if I would draw your attention or recollection to the fact that Nebraska is also one of the few states in the country that house these Chinese service stations, right, that have been uncovered through FBI investigations. I don't think it-- I-- no, I-- like, I'm not on the record here gonna give you names of individuals. For their own protection. But, but I, I, I think that's perfectly accessible to you.

CONRAD: Like, through a Google search or what-- how is it accessible?

BOSTAR: No. I think as a state legislator, I think that there are authorities you could ask to, to get a better understanding of the landscape of what's happening right now in Nebraska.

CONRAD: Like who?

BOSTAR: Like the FBI.

CONRAD: OK. In order to know whether or not this is an issue in Nebraska, I need to go ask the FBI.

BOSTAR: If that's your interest.

CONRAD: It's, it's not my bill. I'm trying to-- now that it's before the full body, I'm trying to understand why it's here.

BOSTAR: Sure.

CONRAD: And your response is, go ask the FBI.

BOSTAR: No. If you want specific examples of individuals that are being threatened under that particular provision of Chinese law in Nebraska, yes, that's what I'm saying.

CONRAD: OK. Don't you think perhaps we could just move forward here without spending a lot of time and energy if we just removed the findings?

BOSTAR: I'm really not trying to fight you on removing the findings. I just said I'm a PNV.

CONRAD: OK. All right. Well, I'd appreciate your broad support on that, Senator Bostar. Thank you for the dialogue and time. Thank you, Madam President.

DeBOER: Thank you, Senator Bostar and Senator Conrad. Senator Machaela-- oh. Waives her opportunity. Senator Andersen, you're recognized.

ANDERSEN: Yeah. Thank you, Madam President. Just to add a little commentary for the senator. There's such things when-- when you ask Senator Bostar or something like that about investigations and, and conclusions and all that, there are classified-- there's rights of privacy for the individual people, that these are not going to be published in, in, in public. There's also the way law enforcement operates. They have-- law enforcement's sensitive, which they're not going to release to you how they got the results of what they got and the-- what ended up in, in formal prosecution. So there's good reasons why these things are not released to, to the general public. Typically, they don't want to compromise sources and methods so they can make sure that they maintain the integrity of what they're doing. I would also say for Senator Conrad, she can-- I can give her the URL she wants for the China Select Committee, the U.S. House's China Select Committee, that has all sorts of reports and everything else about the Chinese activity and the threat to the U.S. homeland. I would suggest she goes to the Department of Homeland Security and looks at the DHS strategic action plan to counter the threat. If you look at page five, it specifically says, The New Battlefront: Grey Zone Tactics, Ex-- Economic Espionage and Financial Transactions. I'll read a brief portion of it. Rather than leveraging conventional weapons like bullets and tanks, the PRC continues to employ nontraditional tactics that it has calculated will reap maximum benefits gained, eliciting a significant U.S. response-- continued exploitation of our immigration system, free market economy, and a cultivation of innovation and openness. It gets into the plan of how the Chinese are intending to, to, to try and dominate the United States, and this bill directly counters these, these efforts. So if Senator Conrad would like, I'm certainly happy to send her the URL. Thank you, Madam President.

DeBOER: Thank you, Senator Andersen. Seeing no one else in the queue. Senator Conrad, you're recognized to close.

CONRAD: Thank you, Madam President. Thank you so much, my friend, Senator Andersen and Senator Bostar, for providing more information under the legislative record in regards to these issues. I would ask for your favorable consideration of this floor amendment. It simply strikes unnecessary findings. It does not touch the substance or mechanics of the underlying legislative pieces that are important to Senator Bostar for his components of the Banking package, but I think it would be more aligned with our lawmaking practices in Nebraska to not just have kind of a "mismash" of legislative findings here that include references to foreign adversarial code or statutes or laws and kind of mismatch without authority or citation to, to other components in the legislative findings sections. The other thing that I think may perhaps be helpful to note at this juncture is that one of the frustrations in trying to understand whether or not there is a state legislative role that needs to be addressed in this regard is that some of the work in regards to the Pacific Conflict Commission has been literally shielded and shrouded from public meetings laws and open records laws. So that makes it a lot more challenging for us to do our due diligence as policymakers on this regard. So I'd urge your favorable consideration. Thank you.

DeBOER: Thank you, Senator Conrad. The question before the body is the adoption of AM2637. All those in favor vote aye; all those opposed vote nay. Have you all voted that care to? 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: 24 ayes, 3 nays to place the house under call.

DeBOER: 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 Armendariz, Senator Storer, Senator Mur-- Senator Strommen, Senator Bosn, Senator Arch, and Senator von Gillern, please return to the Chamber or check in. All unexcused senators have now returned to the Chamber. Senator Conrad, a vote was underway. Would you accept call-ins? Mr. Clerk.

CLERK: Senator Guereca voting yes. Senator Quick voting yes. Senator Hallstrom voting yes. Senator von Gillern voting no. Vote is 22 ayes, 6 nays on adoption of the amendment, Madam President.

DeBOER: The amendment is not adopted. Mr. Clerk for the next item. I raise the call.

CLERK: Madam President, Senator Conrad would move to amend with AM2672.

DeBOER: Senator Conrad, you are recognized to open on your amendment.

CONRAD: Thank, thank you, Madam President. Good afternoon, colleagues. AM2672, I believe, is being viewed as a friendly amendment. I had a chance to give a heads-up to my friend, Senator Jacobson, and my friend, Senator Bosn, in regards to why I was bringing forward this amendment. This amendment would add a severability clause to the Banking Committee package. When I was listening to debate on General File, I noticed that Senator Bosn had added some amendments on this measure from bills that she has worked on over the last few years to make changes on various aspects of our law to attempt to regulate social media. We had an opportunity to debate those issues over the last couple of years. I understand that the legal landscape is unsettled at best, even though there has been some recent developments in regards to an important case that's been working its way through the California courts and the Ninth Circuit, I believe. But without having to relitigate all of the concerns or questions, I think it goes without saying that some of the issues contained therein wherein the state is attempting to regulate social media companies-- it implicates free expression. It implicates the First Amendment. It may implicate privacy rights. It's probably government overreach. It's a bit unworkable in practice and, and can have unintended consequences. So knowing that these issues are novel in many regards-- and I definitely appreciate and understand why Senator Bosn has been working so hard to try and address these issues. I do just think this way it would provide a level of insurance to the committee package to ensure that the penny and the things to help seniors not get scammed and otherwise can easily move forward without perhaps being entangled in potential litigation on the social media aspect. So thank you.

DeBOER: Thank you, Senator Conrad. Turning to the queue. Senator Bosn, you're recognized.

BOSN: Thank you, Madam President. Colleagues, I want-- I rise in support of AM2672, the comments made by Senator Conrad previously. She did come and approach me yesterday, talk with me about her concerns. So what my amendment this session did with some of the cleanup to what was previously LB504-- she is correct. That is still an area that has got lawsuits pending in various states. I think they're moving in a favorable direction towards where I, I think is positive in terms of guardrails for protections online for juveniles, but I think that having a severability clause makes sense. And I do support her AM2672. Thank you, Madam President.

DeBOER: Thank you, Senator Bosn. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Madam President. Yes, I want to confirm this is a friendly amendment. I appreciate Senator Gon-- Conrad bringing the amendment. And this is a-- this is good to add. I also want to make a couple of comments with regard to both Senator Bosn's amendments that are being, being added to LB838. It's-- at the end of the day, there was some discussion on those bills. I know there's not total agreement on how those are going to work, but I think her amendments that she's presenting are good amendments. And we can agree to disagree on some parts. I'm-- and when I say we, the lobby. There's a good chance we may be back here next year making some tweaks to what she's adding to LB838, but I'm, I'm comfortable with what she's bringing on the bill. That's why I allowed her to bring it on as a friendly amendment onto

LB838, the committee priority bill. So again, I would agree-- encourage green votes from here out. Thank you.

DeBOER: Thank you, Senator Jacobson. Seeing no one else in the queue. Senator Conrad, you're recognized to close. Senator Conrad waives closing. The question before the body is the adoption of AM2672. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 46 ayes, 0 nays on the adoption of the amendment, Madam President.

DeBOER: The amendment is adopted. Mr. Clerk for the next amendment.

ASSISTANT CLERK: I have nothing further on the bill, Madam President.

DeBOER: Senator Guereca for a motion.

GUERECA: Madam President, I move that LB838 be advanced to E&R for engrossing.

DeBOER: Colleagues, you've heard the motion. All those in favor say aye. All those opposed say nay. The bill is advanced. Mr. Clerk for the next bill.

CLERK: Madam President, some items for the record. Your Committee on Enrollment and Review reports LB758, LB1236, LB787, LB1210 to Select File, some having E&R amendments. Amendments to be printed from Senator Raybould to LB1219; Senator Hansen to LB1237A. New A bill: Senator Ballard, LB1101A. It's a bill for an act relating to appropriations; appropriate funds to aid in the carrying out the provision of the LB1101; and to declare an emergency. New LR: LR372 from the Nebraska Retirement Systems Committee, LR373 from the Nebraska Retirement Systems Committee, and LR374 from the Nebraska Retirement Systems Committee. All three of those will be referred to the Executive Board. Madam President, le-- Select File: LB768. First of all, there are E&R amendments, Senator.

DeBOER: Senator Guereca for a motion.

GUERECA: Madam President, I move that the E&R amendments to LB768 be adopted.

DeBOER: Colleagues, you've heard the motion. All those in favor say aye. All those opposed say nay. The E&R amendments are adopted.

CLERK: Senator Kauth, I have FA397 with a note you'd withdraw.

DeBOER: So ordered.

CLERK: In that case, Senator, I have nothing further on the bill.

DeBOER: Senator Guereca for a motion.

GUERECA: Madam President, I move that LB768 be advanced to E&R for engrossing.

DeBOER: Colleagues, you've heard the motion. All those in favor say aye. All those opposed say nay. The bill is advanced. Mr. Clerk.

CLERK: Madam President, Select File: LB1067. There are no E&R amendments. Senator Kauth, I have FA725 with a note you'd withdraw.

DeBOER: So ordered.

CLERK: In that case, Madam President, Senator Hallstrom move-- would move to amend with AM2737.

DeBOER: Senator Hallstrom, you are recognized to open on AM2737.

HALLSTROM: Thank you, Madam President, members. AM2737 is needed to address an issue that the fiscal analysts brought to our attention. If you recall on the discussion on LB1067, one of the very positive things that we do is to address the fact that, in the future, after the passage of this legislation, that the transfers from the Affordable Housing Trust Fund to either the General Fund or to any of the other entities or organizations that receive funds pursuant to the documentary stamp tax are not to take place. Unfortunately, a funny thing happened on the way to the forum. If you recall last year during the budget debate, we had in the course of some of the various cash fund transfers and other transfers to balance the budget, we transferred $8 million from the Affordable Housing Trust Fund to the General Fund. I had assumed that that had been accomplished, but it's not done until closer to July 1 of 2027. If this bill was to go into effect three months after the end of the session, we would have effectively shut off the ability to make that transfer since that's already par-- part of our biennium budgetary process. I agreed with Senator Clements and the fiscal analyst to open up the door to allow for that Affordable Housing Trust Fund to the General Fund pursuant to that budgetary process that I've described to take place. But the amendment as of July 1 of 2027 will revert back to the original intent of the bill, which is to not allow any further transfers from the Affordable Housing Trust Fund to the General Fund. And I'd request your green vote on this amendment. Thank you.

DeBOER: Thank you, Senator Hallstrom. Seeing no one in the queue. Senator Hallstrom, you are recognized to close. But you waive closing. The question before the body is the adoption of AM2737. All those in favor vote aye; all those opposed vote nay. Have you all voted who care to? Record, Mr. Clerk.

CLERK: 33 ayes, 1 nay on adoption of the amendment, Madam President.

DeBOER: The amendment is adopted. Mr. Clerk for the next amendment.

CLERK: Madam President, Senator Conrad would move to amend with AM2547.

DeBOER: Senator Conrad, you are recognized to open on AM2547.

CONRAD: Thank you, Madam President. Good afternoon, colleagues. I bring forward today AM2547, which is an issue that I was thinking about a lot when we started debate on General File on this measure that was introduced by my friend, Senator Hallstrom, and prioritized by my friend, Senator Spivey. The overall underlying goal is very laudable to try and figure out how to protect and increase investments in housing and affordable housing. I think that's an issue that impacts all of us in rural, suburban, and urban Nebraska. We know we have more work to do in that regard, and this is, I know in the underlying legislation, one solution to try and increase investments in that regard. However, we also know from our longstanding discussion on our treatment of fees kind of writ large that those can be very regressive in nature and shouldn't, shouldn't be looked at as a substitute to just increase fees and subject them to sweeps to fill budgetary holes, as has been a pretty common practice over, over recent years. So there's, I think, some pretty well-tread arguments in regards to those issues and perhaps some different philosophical approaches in that regard. So one thing that I was thinking about on General File was, perhaps is there a way to make our fee structure less regressive? And I started to do some research. And what I was able to find out was that some of our sister states have an approach wherein they essentially have a higher surch-- surcharge or a luxury tax or something of that regard in about seven of our other sta-- sister states that are out there that have actually a progressive rate structure on real estate transactions like this to provide a little bit of extra revenue on the sale of mansions and high-value homes in order to fund housing. So that was the idea behind this legislation. And I asked drafters to help me put something together in this regard. Our general research demonstrates that this isn't going to hit very many Nebraskans. The average home price in Nebraska is far below $1 million. They estimate that it might be about 100 to 200 homes per year, and it could help to generate approximately an additional $2 million in affordable housing funds per year just by putting that additional surcharge on homes over $1 million that would just hit about 100 or 200 home sales per year in Nebraska. And I don't think that this would be detrimental in any way. In doing research on this amendment, I also came across a news article from WWT in August of 2023 that's titled "Luxury Home Market in Omaha Sets a Record." And the reporting in that story went on to talk about quotes from real estate experts and realtors noting how the luxury house market in Omaha is fantastic and stable enough to overcome high interest rates and other things. And then they talked about how the fact in one month alone in 2023 there were 18 seven-figure homes closing in Douglas County, setting an all-time record. So that was just something that, that caught my eye as well. This would hit a very small amount of residential transactions. It would help to generate an additional almost $2 million a year for affordable housing. And I think it would help to remove some of the concerns about the regressive natures of fees if we had more of a progressive fee structure in place. Thank you.

DeBOER: Thank you, Senator Conrad. Turning to the queue. Senator Hallstrom, you're recognized.

HALLSTROM: I understand if I say anything other than call the question-- I can't call the question, so I will continue on. This is a hostile amendment. I, I appreciate Senator Conrad ge-- getting involved in my bill. This bill was ready to move over to Select File-- and we'll take some time to visit, I guess, if we need to-- but I would hope-- and I talked to her in advance. I think she indicated that this should be taken care of rather quickly, and I hope that that is the case. The ag community should go bonkers on this. This isn't about residential properties. All properties are treated equally under the current documentary stamp tax program whether it's fifty cents per thousand, a dollar per thousand, two dollars per thousand three dollars per thousand. All of the properties have historically been treated identically. This would be a departure from that. And it would significantly impact ag in particular. Just because you have $1 million behind your name in real estate in a particular transaction, that does not mean you're wealthy. It does not mean you're a millionaire. So let's dispel that notion. And I would simply say please vote red on AM2547 and then vote green on LB1067. Thank you.

DeBOER: Thank you, Senator Hallstrom. Senator von Gillern, you're recognized.

von GILLERN: Thank you, Madam President. I wonder if Senator Conrad would yield a couple of questions.

DeBOER: Senator Conrad, will you yield?

CONRAD: Sure. Of course.

von GILLERN: Thank you, Senator Conrad. I-- Senator Hallstrom made a few comments that were actually-- I was reading through your amendment very quickly and-- he may have answered them, but I wanna give you the opportunity to answer them. I did not see a carve-out for ag or commercial properties. You mentioned mansions and so on, but is there-- it was-- is it your intention that ag and commercial would fall into the same, same category or the same qualifications?

CONRAD: Yeah. I think if you look at the amendment and you look at page 1, starting on line-- Section 24, and then it carries over into page 2-- it would have an additional tax imposed under this subsection on the grantor executing the deed as defined. And then it lists the [INAUDIBLE] references to 76-203 upon transfer of beneficial interest in legal title or real estate that's valued at $1 million or more.

von GILLERN: OK. All right. Thank you, Senator Conrad.

CONRAD: Yes. You're welcome.

von GILLERN: So to echo some comments that Senator Hallstrom made, I would also stand in opposition to that. One of the things that this does not take into account is the equity position on a property. You might sell a property for $1 million and have a $950,000 note on that property. It does not necessarily indiquate-- indicate that there's $1 million worth of equity on the property. If this were just to have to do with the, you know, the mansions that-- or the, the high-value homes, that might be a different situation. But this is gonna encompass, as Senator Hallstrom said, agricultural property and, and probably the, the vast majority of commercial properties in the state of Nebraska, so. Thank you, Madam President.

DeBOER: Thank you, Senator von Gillern. Senator Hughes, you're recognized.

HUGHES: Thank you, Chair. I stand-- where do I stand? I do not support AM2547, this amendment. And I was just-- I was trying to do just some quick math. In my neck of the woods now, within 80 acres of irrigated ground and a farmer goes to buy, it-- they can be-- it-- it's going for $16,000 an acre. So an 80-acre piece of ground will be sold for 1.0-- potentially $1.28 million. And it sounds like an incr-- it is. It's an incredible amount of money. But with this amendment at $10, then after the first million-- so, so the, the extra money that a farmer would have to spend potentially on this is $2,800 just on that little piece in addition to the dollar that was added onto the doc stamp on top of the doc stamp already. And you're talking about ground that, one, farmers need to actually grow their crop; and, two, that the farmers are alway-- already paying property tax on that every single year. And more of their money is going to support the things that property tax pay for: schools, et cetera. I just-- I-- there is no way I could support AM2547. And just because a farmer owns ground does not necessarily mean they're wealthy. We're going into-- the ag sector is really struggling right now. I had a conversation with a, a banker just the other day, and he told me-- he goes, if you knew how many farmers I'm actually suggesting that they need to sell some of their ground to cover their loans and things they have, it's, it's not good. And so this is the absolute wrong time to do something like this. I do support the housing programs. I think they're great. But right now, I, I absolutely cannot support AM2547. And I'm actually not gonna be vo-- supporting LB1067 to increase that doc stamp specifically because of the ag hit on that for farmers that own their ground. Now, there might be some landowners there that would have absolutely no problem play-- paying it, and I understand that. But for the ones that actually use this for their living-- and, and sometimes they say-- farmers say, I don't have money in a bank. My retirement is my ground. I-- it just-- it's-- we cannot support something like that, so. Thank you, Madam President.

DeBOER: Thank you, Senator Hughes. Senator Storer, you're recognized.

STORER: Thank you, Madam President. I'm not gonna spend much time on the mic because I think the points have already been made, but I, I did not vote for LB1067 for the, for the main reason that I didn't think that there was a good correlation between how those funds were being col-- collected and what they were going to help pay for. While I do support the rural and middle income housing programs, this just isn't how I think it should be funded. So to that, to that same effort, AM2547 is just sort of that, that concern on steroids, quite frankly.

So a $1 million property, you know, is going to be an additional $10,000 in fees. Senator Conrad, would you yield to a question?

DeBOER: Senator Conrad, will you yield?

CONRAD: Yes. Yes, of course.

STORER: Thank you, Senator Conrad. It-- I, I just want to be sure and provide some opportunity that-- maybe there's something I, I may be missing, but can you help me understand what the correlation between a first-time farmer or rancher buying $2 million worth of property-- which isn't much, by the way. That's not enough to make a living on, which is quite ironic-- having to pay $10,000, $15,000, $20,000 for housing that would, that would not have any direct impact on their business.

CONRAD: Yeah. Thank you, Senator. A couple of things. I think that-- I actually really appreciate the feedback and ideas a-- that you and Senator Hughes and others have brought forward here today. It sounds like perhaps with a carve-out for ag or otherwise it might be something that we could think about or look at over the inter-- interim to see if there's a better way to maybe make our fee structure more progressive. So I think that's really beneficial part of debate, and I, I really appreciate you bringing forward those ideas. But I think one thing that's important to note in regards to the amendment is it, it doesn't change the do-- tax stamp programs, both in, in, in general and-- terms of what's generally collected now and then how that's dispersed to homelessness, to different affordable housing aspects, et cetera. So we've made a public policy decision in the state many, many years ago that a-- we're going to collect a fee at the point of sale for these dif-- for all of these residen-- for all of these real estate transactions and we're going to take a component of that to support housing matters. So that-- that's already happening, right, in, in terms of real estate transactions and things. And my amendment, when it changed the existing structure, it would just add an additional surcharge or fee for those, those high-value properties.

STORER: Right. I th-- I appreciate that. Thank you, Senator Conrad.

CONRAD: Yes.

STORER: I, I think that we do have some agreement that this needs a little more time and consideration. And certainly it is very clear that this would have a negative impact and put further pressure on the agricultural industry, especially for those folks that are trying to get started in agriculture. And we understand our farming industry in particular is struggling now. We've-- have over a half a million acres of ranch land recently burned in the state of Nebraska, and so I stand in strong opposition to AM2547. Thank you.

DeBOER: Thank you, Senators Storer and Conrad. Seeing no one else in the queue. Senator Conrad, you're recognized to close on your amendment.

CONRAD: Thank you, Madam President. And thank you, colleagues. And of course, Senator Hallstrom, I'm going to keep my word. I didn't ask anybody to fill up the queue. I wanted to get the idea into the debate and into the record, as is our prerogative. And like I said, this issue occurred to me when I was listening carefully to debate on, on this important measure during General File. And I heard that there was, you know, a, a great deal of perhaps concern about the regressive natures of fees, and I was trying to think creatively about ways that we could address the regressivity factor and try and do more for affordable housing, which we share that value and goal. So I appreciate the good feedback from my colleagues today. And I'd ask for that amendment to be withdrawn. Thank you.

DeBOER: So ordered. Senator Guereca. Senator Guereca for a motion.

GUERECA: Madam President, I move that LB1067 be advanced to E&R for engrossing.

DeBOER: Colleagues, you've heard the motion. All those in favor say aye. All those opposed say nay. The bill is advanced. Mr. Clerk for the next item.

CLERK: Madam President, General File: LB1261, introduced by Senator DeKay. It's a bill for an act relating to-- excuse me. LB20-- LB1261, from Senator DeKay. When the Legislature left the bill, pending was a motion from Senator Conrad to indefinitely postpone the bill pursuant to Rule 6, Section 1.

DeBOER: Senator DeKay, you're welcome to do a one-minute refresh of the bill.

DeKAY: Thank you, Madam President. LB1261 would create a narrow, carefully defined exception in statute that would permit an industrial to interconnect with public power if they bring their own generation that is 1,000 megawatts or greater. Specifically, LB1261 says that private entities shall pay all costs, fees, congestion fees, and electric system upgrade costs of any kind incurred by the consumer-owned utility-- Nebraska-- by any consumer-owned utility in Nebraska as a result of that entity's project. To interconnect with public power, the industrial customer wanting to bring their own generation must get a power purchase agreement and receive approval from the Power Review Board. In exchange, public power can agree to a contractual waiver of its authority to exercise "innimant" domain to acquire the subject generation assets--

DeBOER: Time, Senator.

DeKAY: --for a duration-- thank you.

DeBOER: Thank you, Senator DeKay. Senator Conrad, you're recognized to update us or remind us about your motion.

CONRAD: OK. Thank you, Madam President. Thank you, colleagues. Quick refresh. I filed a va-- a variety of motions and amendments on this legislation. I do believe that these are brought forward in good faith. I do believe that this measure should be returned to committee. This is a major departure from a key aspect of our legal and regulatory and political framework on something that makes Nebraska really special: being a public power state. And I think there are far more questions than there are answers about this legislation. And at the end of the day, what it comes down to is this: public power and members of this body need to learn how to say no when big business comes knocking at their doors and seeks to break apart our public power system and fleece the taxpayers. Thank you, Madam President.

DeBOER: Thank you, Senator Conrad. Turning to the queue. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Tha-- thank you, Madam President. Good afternoon. Good evening. I'm not sure. Is that-- 5:00 become evening? So I rise in support of the motion to indefinitely postpone and opposed to the bill. I-- yesterday, we started the conversation on this, but I don't know how much time we got on this, but did talk about how important public power is to the state of Nebraska and, and the reasons why we've made some nibbling around the edges to allow other energy production. And I think there are really important issues to be raised and sussed out on this bill, and I think folks will raise those. I-- and I pointed out the Flatwater Free Press article from this weekend talking about this one specific project, which is being put together by Google and Tenaska to create energy generation, but I obviously am very concerned about continuing to protect public power in this state. And I-- our public power-- at least higher-ups or management-- are, are in favor of this bill. I, I have heard from many people who are either on public power boards or running for public power boards who don't necessarily feel like that's a reflection of what is in the best interest of public utilities, and so it is disappointing, of course, that we're not getting the, the robust information and conversation from our public utilities and servicing the, the best interest of the people that they represent. But there are questions that I think need to be answered about this. And one of the things that Senator DeKay said yesterday during his opening was that this project should come online within about 18 months. And that's one thing I do think we need to have a, a conversation about, because when there are projects that are getting built, they go through a lot of processes, including going through the Southwest Power Pool, which is our regional transmission organization that really is the one that has some say over what our, our-- amount of reserve energy we have to have and-- which is the amount of energy production capacity we have above the amount of our peak demand. And so that's for things like-- when you have maybe a power plant is offline and then that power, you know, that power plant's offline for maintenance, you still have enough energy generation to meet your demand if that is-- goes offline or something goes down during a storm or some other catastrophic event or you have some sort of massive peak, which perhaps we're going to see a March peak for air conditioner usage on Friday because we're all hearing that temperatures are going to be something more close to 90 degrees. And so they have these requirements, but they also have-- a-- aside from that, there are other requirements. And what we have seen in Omaha, at least, OPPD had some plans to move forward with opening some new generation and has had some, some trouble getting those projects brought online, which we all learned more about during the period in which OPPD was last year in 2025 mo-- deciding whether to move forward with decommissioning the coal portion of the North Omaha Power Plant. And one of the reasons for not being able to decommission that coal power plant was because they weren't able to bring enough new generation online to replace that. And so one of my concerns about this would be, if we're going to allow a project like this to jump the line of other projects in getting an accelerated timetable, that would essentially continue to exacerbate this issue of not allowing the decommissioning of the coal plant in north Omaha. So-- my light's on, so-- running out of time here. But I think there are many, many other questions about giving this sort of preference and priority to this sort of project. Have concerns, again, about things like if we have rolling brownouts as ordered by SPP or if we have-- doe-- does this amount count ag-- against or toward our reserve margin, meaning the amount of energy we need to produce. So I think those are good questions or questions we need to, to figure out before. But ultimately, we do need to consider all of the ramifications of allowing-- even though we're talking about this being one self-contained project, one, one customer, one generator, it does have other impacts on the broader electrical grid. The electrical grid goes from the mountains-- Rocky Mountains to the East Coast, excluding Texas. It's, like, the largest machine--

DeBOER: Time, Senator.

J. CAVANAUGH: --in the world. Thank you, Madam President.

DeBOER: Thank you, Senator Cavanaugh. Senator DeKay, you're recognized.

DeKAY: Thank you. If, if I could talk about it: number one, these entities will go through a licensing process. And if they are-- if they are approved and go through this process, at that point, public power is obligated to serve them. This has the ability to bring in a private entity to pay for and use the generation for their own specific needs, which will not impact any other customers in an adverse way. What this does do, if we are obligated to do this and we have to build a 1,000-megawatt gas-fired plant to accommodate these entities, this will ultimately impactfully put undue financial burden on the ratepayers that will be-- helping build a power plant that they will not have-- see any benefit from. We are in an ever-changing world with technology, an ever-changing world of use of en-- electricity. This is a way to move forward. And this is not just associated with possibly a data center, a Google, or whatever else might be out there. But it could be for sustainable aviation fuel. It could be other forms of manufacturing at some point in the future. Could be using up to 1,000 megawatts. So this is not confined to one entity. It confines to one energy building that generation. So with that, we're, we're talking-- you know, the contracts. When it comes to brownouts, how-- backup generation, that will be in a contract negotiations between public power, the entity that needs the electricity, and the generator build that. There will be numerous contracts going back and forth between those three entities. And those contracts will be heard in the best interest of public power. Public power still holds the keys to what happens with private generation going forward in this vein. So with that, the only downside to this is, is it's going to put an undue financial burden on ratepayers to build generation that they are not going to see any benefits for if something is approved and come in which is beyond the control of public power to go through that process. If the city of Omaha approves a process, if the city of Lincoln approves a process, or if outstate Nebraska approves a process-- at that point, public power is obligated. And this is a proactive approach to stay away-- stay ahead of those ongoing problems that will consist-- yes, sir, we are up against a, a need for more power being generated. We're looking at 2,600, 2,700 megawatts in the next three to four years in the state of Nebraska, and this alleviates the pressure on public power to not only build for a private entity that they would be obligated to serve, but it also takes the pressure off of being able to give energy to the customers that they are already serving without putting more undue rate strain on them with their electrical costs. With that, thank you.

DeBOER: Thank you, Senator DeKay. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Madam President. Would Senator DeKay yield to a question?

DeBOER: Senator DeKay, will you yield?

DeKAY: I will try to answer it.

M. CAVANAUGH: Thank you. I'm just try-- I'm trying to understand. I know I brought a bill on data centers this year and-- so you would think that I was better versed than I am. So I'm trying to understand all of these different things, but one of the things in here is eminent domain or no eminent domain. Can you tell me why you're not requiring eminent domain under this bill?

DeKAY: Absolutely. This-- "eniment" domain was put into this bill as a show of good faith for a private in-- generator that might be building so that they don't have to go to their bankers and explain why they don't have any protections. Let's put protections in place for them so that they can come in and build and not be under the threat of having "eniment" domain come by a public power district and-- through condemnation and take over that generation source after it's been built.

M. CAVANAUGH: So the concern is that we don't want public power to come in via eminent do-- domain and take over what this private entity has built? Is that accurate?

DeKAY: Somewhat.

M. CAVANAUGH: OK.

DeKAY: Public power does not-- public power does not want to take over a plant that's being built to-- that they are working in conjunction with, but this also puts in the protections that that company coming in, whatever that company may be, that, that after they build that and it's up and running, that public power says, we want this in there to show as a-- in good favor that we are not going to let this be built, and then after it's built come in through a condemnation process and take over that plant and run it as their own.

M. CAVANAUGH: So-- but to, to come in and, and utilize eminent domain, public power, they'd have to go through a public process, right? Like, it's-- they can't just say eminent domain and take it. It-- they'd have go through some sort of public hearing process and comment process. And probably the board would have to vote. Is that correct?

DeKAY: As close as I could say to that, yes. It would probably go through the Power Review Board. I'd have to check to make sure what the total process is with that and get back to you.

M. CAVANAUGH: OK. So I-- just thinking about what happened in Lexington with the Tyson plant. So we can't do anything. We can't force Tyson to do anything with the plant. They shut down the plant. There's concerns about, well, they can say proprietary or whatever. We can't force them to sell the plant, repurpose the plant. It's just there. And it's probably going to just stay there. So one of my concerns would be, if we don't have the option of eminent domain and they decide to no longer operate there but we have the-- this infrastructure there, then what happens?

DeKAY: That would be through the contract negotiations with public power, the entity. And I'm guessing there would be lawsuits from the entity say-- I'm just going to use a name to save time. If an entity like Google, they would have a, a contract process, that they would probably be suing whatever that generator is to fill the void with the generation. The other side of that is-- so that takes public power out of-- pretty much out of that conversation. And that point, the-- if a generation plant comes in, goes bankrupt, vacate the premises, this might be an opportunity for pennies on a dime for public power to, to negotiate with that entity to buy that existing plant and have it up and running.

M. CAVANAUGH: But what if they don't go bankrupt, they just decide that they don't want to operate that facility, that plant any longer, and they just shut it down? But we can't use eminent domain to capture that power. That seems-- I mean, what other states are, are, are working to waive eminent domain?

DeKAY: I can't tell you the number of other states that are working on pro-- or, processes like this. What I do think is accurate to say is that, if they shut down and cease running, then there would be multiple--

DeBOER: Time, Senator.

M. CAVANAUGH: Oh. Thank you, Senator DeKay.

DeBOER: Thank you, Senator Cavanaugh and Senator DeKay. Senator McKinney, you're recognized.

McKINNEY: Thank you, Madam President. I rise in support of the motion to IPP and opposition of LB1261 for a lot of the reasons that already have been stated. But one of the central reasons why I oppose this bill is-- it goes back to one of proponents of the bill, which is Javier Fernandez of Omaha Public Power District. And you're asking, why because of him? Well, he is the CEO or director of the Omaha Public Power District, who, in my opinion, misled the board of Omaha Public Power for some time, stating that the transition of the north Omaha coal plant was on schedule. And then he, behind the scenes, worked to make sure that that didn't happen. And seeing him in support of this raises a lot of red flags to me on top of the fact that I've seen the many red flags from other states that are dealing with data center creations and projects. Look at Memphis, Tennessee or what they're going through with the xAI pa-- plant. Look at Memphis-- I, I mean Mi-- Mississippi. And there's other examples across the country of the harmful impacts of these data centers on our states and our communities. Yes, it looks good for some people to do these developments thinking they're gonna bring in massive amount of dollars, but that's temporary and not completely true. They don't bring jobs to the state. One of our problems with our state is that we need to create more jobs. We need to bring in more people. We need to attract more bodies. Data centers don't attract more bodies and they don't bring in more jobs. So I'm, I'm just curious on how this is going to be helpful for anybody. I did-- you know, I was also going through the online comments for the bill, and somebody directed a online comment at me say-- well, not directed at me, but she was like, dear Senor-- dear

Senator McKinney, I oppose LB1261 for many reasons. She stated that, you know, there is no tra-- transparency. She also stated this bill is a huge product-- project. What about water use? We always talk about the use of water in the state and protecting our water. I mean, we got 600, I think, million dollars or more for a canal project to protect the water rights of our state. These data centers are going to extract a lot of that resource-- a lot of our water resources from the state. I think you should think about that. We talk about the Ogallala, Ogallala Aquifer and those type of things and protecting it and protecting our water. Data centers will have a net negative impact on water in the state. And what people have said is, in the future, water is going to become a more heavily debated and contested issue because you have states like California and, and other states on the West Coast that don't have a lot of water right now and need to figure it out. And they're probably going to be coming to us saying, hey, can we use your water in the future? But if we allow these data centers to continue to es-- to-- will conti-- well, yeah, continue to extract our resources, that's not a option. But even the option for our state to make sure we could be, you know, successful in the future and making sure we have a viable state, I don't think we should just give away our water to these projects. What is the benefit? Also, the lack of a decommissioning requirement. Where is that at? Where is the protection for public power? I came into this Legislature and, for my lifetime, I've heard the, we love public power, we can't do anything to take away from public power, statements over and over again, and I think this bill cuts away at that, of the, we're Nebraska. We're different than everybody. We got a unicameral. We're different than everybody. We ha-- we have public power, which is different than everybody, pretty much. So are we just going to strip that away too? So I, I-- I'm just saying these are things to think about. But number one, when you have one individual supporting this bill who, in my opinion, is the reason that the north Omaha coal plan is delayed, you definitely won't have my vote. So thank you.

DeBOER: Thank you, Senator McKinney. Senator Moser, you're recognized.

MOSER: Thank you, Madam President. Good evening, colleagues, Nebraskans following along. So I appreciate Senator DeKay bringing this bill. I prioritized it so we could get it to the floor to debate it. But it's a bill that he worked on with the power districts and some of the energy providers. The bill actually protects public power. Because right now, they have a requirement to serve. So if somebody proposes a project and builds it, the power companies that exist have to provide power to it. And if it uses a lot of power, they would have to build generation of their own. New generation's going to cost more than current generation. So how would they finance new generation? They would probably have to raise rates on all the customers in the state to help pay for the new generation for some battery farm or whatever this big project is-- data center that they want to build. So Senator DeKay's bill says that the person who's building these mega plants has to provide their own power and they have to work with public power in selling the excess power or controlling how it's used. So that way if the battery farm goes broke, NPPD or OPPD, LES, whoever it is, wouldn't be saddled with a unproductive asset. Maybe the battery farm is not economically sensible to do for some reason. Maybe something will change. Maybe people will stop storing pictures of their cats on the internet and you won't need so many data centers to store all the data so that we can continuously look at things. As far as the water use, the groundwater's controlled by the NRDs. So if there's a big plant that's going to use a lot of water, they have to go to the NRD. They have to get a permit. If the NRD is already overprescribed, if they don't have excess water, then they wouldn't be able to build a plant in that NRD's area because there's just not enough water. If they went to an area that's not overprescribed, then they could get a permit, maybe, from the NRD to use water in the operation of their plant. If they're going to use surface water, then they'd have to go to the Department of Water and Energy and get a permit from them. So there are rail-- stop guards, guardrails to control the use of natural resources. But even so, whatever natural resources they use, it would be all the worse if the battery farm or whatever this big plant is went broke. It's not going to be a, a burden for all the ratepayers in Nebraska to have to pay it all back. So hard to say whether the, the sudden boom in energy use is going to continue. It's almost unfathomable that there could be a use for all that power. You know, it may be that they're all jockeying to get first in line to get a plant built, you know. But nonetheless, there are powers out there-- forces that we have to contend with. And we have to have a structure to control how the power district and how the state is going to respond to these large users and producers of power. So again, Senator DeKay's bill is I think essential in the first step in protecting public power. Thank you, Mr. President. Madam--

DeBOER: Thank you, Senator Moser. Senator Meyer-- Glen Meyer, you're recogni-- no. Senator Fred Meyer, you're recognized.

F. MEYER: Thank you, Madam Chair. You're only one letter off. I rise in support of LB1261 and against the IPP motion. Since electricity came to Nebraska, we, we have trusted public power to do the right thing. And it has served Nebraska agriculture and all of the citizens very, very well. In my mind, this is another place where Nebraska Public Power and the public power utilities have been consulted and signed off on, on something new for the state. And I think to, to put the-- a fence around and talk about only data centers that are gonna use electricity from a facility like this I think is pretty short sighted. I think if we're talking about value-added agriculture-- I-- I'm old enough to know that we do not know what is coming down the road as far as processing facilities and fertilizer manufacture, sustainable airline fuel manufacture-- and we're already seeing that coming on board. So I, I think in the long te-- in the long run, we really need to trust the work that's been done with Nebraska Public Power and the local utility companies that have contracted with them. I've visited with the managers of the public power districts in my area, and they all think this is a great bill. It gives Nebraska Public Power possibly another opportunity to provide low-cost power to the consumers. The other thing I think we're, we're short sighted-- you know, all, all we're talking about is natural gas and coal-- basic natural gas as far as new sources of power. And I think that's short sighted. I think there are other, new sources of power that will be coming on board that will possibly be cheaper that we really can't foresee. I know they're out there now. I know there's a lot of really, really good technology that could all play a part in this. But this bill provides NPPD the power to still market the electricity if there's any extra coming off of these projects. And I just think there's, there's a-- plenty of safeguards in this bill that it's a win-win for the ratepayers and the businesses in Nebraska that may see fit to come here. I think there is investment money there that could come to Nebraska under the guidance of NPPD and with the-- under the Power Review Board that has, has a say in whether these facilities get built. But I think it's pretty short sighted and-- to say no to all of these opportunities. I think-- again, like I stated in my opening, I trust NPPD. And if you're going to be a public power state, you better trust the people who are supplying power. And if this is another tool in their toolbox to provide safe, cheap, consistent power, then I'm certainly a supporter of it. So I will be a green vote on LB621. Thank you, Madam Chair.

DeBOER: Thank you, Senator Fred Meyer. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Madam President. I-- I'd have a couple of questions for Senator DeKay if he'd be willing to yield to questions. Is he still here?

DeBOER: Senator DeKay, will you yield?

DeKAY: I will try.

JACOBSON: OK. I-- I've got a-- I've got two-- a couple of questions and I got some comments, but I'm going to ask you to stay there and stand and remain standing while I go through my five minutes, so. So Madam Chair, if you would-- if-- Madam President, if you could order him to remain standing, that would be great.

DeKAY: I will stand.

DeBOER: So ordered.

JACOBSON: I, I just kind of want to-- for educational purposes. So when you put this bill together, you worked with the Governor's Office and you worked with others. And then ultimately, the bill language was written with public power-- the public power users. They were actually involved in being the authors of the bill. Is that correct?

DeKAY: That is correct. I could give you the timeline on how it all played out if you want me to.

JACOBSON: You've got all that documented. All right. Thank you. Well, we've talked a lot about these mega users. And I, I want to concur with, with Senator Meyer and his comments that, if we build a new power supply-- build a new plant this size, it's going to cost a lot of money. And if public power went out and built this sized plant on their own and had a bunch of excess power, they're going to be selling that into the pool at wholesale. And what's going to happen to our rates if we do that on our own? Public power does.

DeKAY: Our rates would go up.

JACOBSON: Of course they would. They're going to go up because we built a new, new, new power plant. So when a big user comes in and they bring their own power by building their own plant, then we don't have to-- public power doesn't have to build that plant, do that cash outlay, and potentially raise rates to their, their other users, because they're not going to-- they're going to overbuild the plant. They're going to build it for more than what that one user's going to need. And-- so in this case, they're going build a power plant and then lease-- sell a bunch of the power off to the, to the data center, in this case, and they're gonna take the rest of the power and they're gonna, what, sell it back to NPPD or to Southwest Power Pool at wholesale cost, right?

DeKAY: Well, the way it-- the way it works-- if I understand it, the way it used to be, they will build a 11-- or, a 1,000-megawatt generation plant. They will enter purchase power agreements with the public power district. At that point, all 1,000 megawatts are sold to the public power utility at wholesale rates. That power is then sold back-- 1,000 megawatts, if that's what's needed-- to the entity that needs the electricity at retail rates.

JACOBSON: OK. So at the end of the day, what we're doing in term-- the-- in my mind, the help to public power is private entities and-- there's a private entity who's coming in and putting all the capital costs together to build that plant and get it up and running. We're not having to finance that-- the public power-- NPPD does not have to come up with the capital to build that plant. Is that-- would that be your understanding?

DeKAY: That is correct.

JACOBSON: OK. So they were involved in putting this together. They showed up and testified in favor of the bill. It's going to save ratepayers potential higher rate costs because they don't have to build it. And we're going to get public power-- or, we're going to get potentially data center user here that's arguably not going to bring a lot of jobs, but they're going to bring huge capital investment, which we're going to collect property taxes on. And we're going to generate electricity use, which we're going to get sales tax on. Would that be your understanding?

DeKAY: That is correct.

JACOBSON: So can you explain to me where the downside is on this?

DeKAY: I'm going to have to decline trying to find an answer for that--

JACOBSON: You're going to plead the Fifth on that? OK. I would understand. I would a-- I would want to do the same thing. I don't have any other questions. Thank you, Madam President.

DeBOER: Thank you, Senators DeKay and Jacobson. Speaker Arch for an announcement.

ARCH: Thank you, Madam President. The Legislature will now stand at ease until 6:00. And when we return, I just want to remind the senators who are in the queue-- Senator Conrad, Senator Clouse, and Senator John Cavanaugh will be the first three in the queue. And so I would ask that those senators in particular be ready by-- at 6:00. Thank you, Madam President.

[EASE]

__________: Attention, senators. The Legislature is scheduled to reconvene in five minutes.

ARCH: Legislature will now resume. Senator Conrad, you are recognized to speak.

CONRAD: Thank you, Mr. President. Good evening, colleagues. One, as Nebraska grapples with how to interface with these large data centers, we can learn some lessons from our sister states and listen to some of these conversations that are playing out on the federal level as well. When it comes to these huge data users, these huge data centers-- which, again, we're talking about a scope and scale of a proposed project here that would be generating power the equivalent of Lincoln-- bigger than the city of Lincoln, right? This isn't a wind turbine here or a wind turbine there. This is a, a massive endeavor. It's a bit hard to get your head around the scope and the scale of it. But what we're hearing and seeing in other states and other communities and on the federal level and even from the companies themselves that there's real and serious concerns about transparency and community engagement. We see this with NDAs. We thee-- see this with privacy clauses. These are, are serious public policy issues that make it harder for policymakers and community members to understand what's going on with these massive new projects. There's serious implications when it comes to environmental concerns both for our power supplies and, of course, for our land and our water. There's a host of complex and legitimate considerations involved in terms of whether or not we're providing preferential tax treatment and incentives to these types of projects and then what revenues we are receiving from these business models. And there's a host of important issues out there related to consumer rights and labor rights and ratepayers as well. So there's a, a lot to learn from how other communities and states have approached these issues. And there's a host of serious amendments that are fo-- that are put together on this measure to try and make sure that we can increase transparency in public engagement by having key decision-making regarding these projects be sited at and reside at the elected leadership of public power boards, which is more in line with our model than the measure before us, which cedes a, a significant amount of control and authority over these key decisions solely to public power management and away from the elected boards. There's important information we need to have a better understanding of in regards to what this means for ratepayers, what this means for the environment, what this means for water. We know other communities that have entertained projects like this, for example, have looked at creative things like utilizing nonpotable water, utilizing closed-loop wastewater to try and mitigate negative impacts in terms of water usage. However, from what we can glean in press reports, public reports about this proposal, it looks like this proposal is being shopped in Gage, Otoe, Cass, and Lancaster Counties. So it's unclear whether or not those kinds of access to those kinds of infrastructure are going to be available or not. For any of the senators that represent Gage, Otoe, Cass, or Lancaster, have there been public meetings on this? Has there been any public notice about these projects? Has there been any discussion at the local level about what this means for land, water, zoning, power, decommissioning, any of those kinds of things? I don't believe so. I'm a Lancaster County senator and I'm not aware of any meetings in that regard. Maybe senators from Gage and Otoe or Cass are having a different experience. But that would help to ensure a better, clearer public engagement and understanding of these key issues. Additionally, companies like Microsoft-- which engage in the building of these massive data centers-- have been really clear in a voluntary corporate pledge that they are eschewing any preferential tax treatment in order to ensure they are truly paying their own way for these projects in addition to the infrastructure costs and otherwise. So I think that's an issue that we need to grapple with in Nebraska as well to make sure that we're not providing additional preferential tax treatment to these very extractive projects. Thank you, Mr. President.

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

CLOUSE: Thank you, Mr. President. I've been involved in a few of these types of economic development activities. And when you're doing a siting, the things that come into play are, as we've talked about, water, environmental, electric, zoning, labor, natural gas, land, taxes, all those types of things come into siting a large, large project. And this is very large. When we talk 1,000 megawatts, Gerald Gentlemen Station out by Sutherland is 1,365 megawatts. And that's coal. When you look at natural gas: in Beatrice, it's 250 megawatts. So it is four times what the Beatrice station would be generating at natural gas. But any time you're doing these sitings and you're working with these large projects in economic development, it's not uncommon for it to be highly confidential and you sign nondisclosures because, you know, there's just a lot of things that, that go into this. And there are many projects that get lost because one of the aforementioned areas did not fit. Maybe it, it was a zoning. Maybe it was-- didn't have the natural gas supply or the water. There's a lot of questions about these types of things, but what this bill deal-- deals with is the electric side of it. I've had projects where we had everything but we couldn't get the power there so the project left and went someplace else that met all the criteria. Before I get into that too much, I, I guess I would like to ask Senator DeKay if he would answer a couple questions.

ARCH: Senator DeKay, would you yield?

DeKAY: Yes.

CLOUSE: Thank you, Senator DeKay. We've had a lot of discussion over the years on a lot of power projects, and my understanding is this is a simultaneous buy-sell type arrangements with this developer, is that correct?

DeKAY: Yes. It would-- obviously, it would go through a power purchase agreement.

CLOUSE: Right. And I think sometimes we get confused [INAUDIBLE] behind the meter generation, which-- this is not behind the meter. This is a type of contractual arrangement where they cannot sell. So if it's a, a third-party building the generation, they can't sell to the end users because then they would be a retail supplier and selling power at retail, which-- they're not a public power district, so they couldn't do that, is that correct?

DeKAY: That is correct.

CLOUSE: So the reason for the buy-sell then is you have the end use customer sitting there, the generator is a third-party, they sell it to the power district at one price, the power district turns around and sells it back to them or to the, the other entity, is that correct?

DeKAY: That is correct.

CLOUSE: And that's what we're talking about here. And so the purchase power agreement, does it have to be with MPPD or could it be with, say, a pu-- one of the wholesale customers of MPPD or OPPD? Could it be, like, for example, with a Norris?

DeKAY: If it's built in Gage County down in the southern part, I'm sure Norris input would be because they will be affected by it, pa--

possibly with a small amount of the infrastructure or whatever. But very sure they will be engaged with those negotiations along with Nebraska Public Power if it's in that service territory to make sure that Norris Public Power, Nebraska Public Power, and, and possibly OPPD would not be adversely affected.

CLOUSE: Right, because that's a joint effort. And it would be in the retail protected service territory of, say, a Norris Power, a Southern Power, or Perennial or someone like that, so. OK. So I think that adds to some of the confusion. And then-- and my understanding is, with this bill, that any of the infrastructure costs-- so we're, we're talking about the power plant, for one thing. And when I talked earlier-- mentioned earlier about the size of this-- four times the Beatrice station-- significant amount of expense goes into that. And so the developer would incur that cost. They would build it. And then if there was any additional transmission, substation, any of the other infrastructure costs, they would be responsible for that.

DeKAY: They incur all costs of providing that power.

CLOUSE: OK. Thank you. So there's a lot of costs to go into this and a buy-sell-- simultaneous buy-sell is how we work with this and we look at the, the cost of service study, what it costs to serve that customer. And then I've mentioned this before: the aid and contribution of construction. That's where we talk about what the infrastructure costs are and what the paybacks and the return on investment are. So thank you, Senator DeKay. Yield the rest of my time. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. Good evening, colleagues. Well-- so still in support of the IPP, opposed the bill. I appreciate the conversation. And Senator DeKay and Senator Clouse are very knowledgeable about this subject, and so it's good to hear their perspectives. And I think that, you know, I-- that, that there's a lot of genuine interest in solving some of these problems and the conversation about just how big this generation but also the load demand is, is something that's really should be concerning and we should be thinking about this. And so the article in the Flatwater Free Press this weekend did talk about that this was a potential load that's something like three times the load of the city of Lincoln. And as Senator Clouse just pointed out, that this is only slightly smaller than Gerald Gentleman, which is one of the larger generations in the state. And I think Cooper Nuclear is-- would be less than this, if I remember right. Yeah. So Cooper is something like 900 megawatts-- 800 megawatts, yeah. So yeah, I'm just-- for those who are going to read the transcript and pantomime, that was me looking at Senator Clouse and him-- and mouthing the words to me. So he gets the credit for knowing-- accuracy. But there is a reality, of course, that we have a growing demand and that we do need to meet that demand and that we need to be finding lots of innovative ways to do that. We've had a lot of conversations in my time here about pursuing small modular nuclear, new nuclear, and things like that, which obviously is just-- its day is not yet here. But Cooper Nuclear, which produces about 800 megawatts, does that for-- I think it's, like, 900 days straight, and so it is a very long, reliable energy source. And so that-- what that, of course, brings me to is this load-- this Google facility or whatever we're talking about-- and this Tenaska natural gas plant does not run for that duration. It is going to have-- at least I think some of the, the turbines will probably have to go down maybe over time and-- for maintenance and things like that, which is the natural course of all-- electric generation requires maintenance. But one of the questions is, how are we dealing with that load, this, this giant load at the Google facility-- this hypothetical Google facility-- when this generation is down? How are we doing with this load when there are ca-- catastrophic events like Superstorm Uri, which is the one from-- I think it was February of 2021-- when we saw a massive cold snap that shut off generation in Texas and Oklahoma, which then caused blackouts and brownouts that rolled across this community. Even though Nebraska generated more electricity than our demand, we were still-- had, had to engage in load shedding, is what they call it. We had to have some people stop consuming electricity so that we could shift electricity through this mutual aid sort of situation to Oklahoma so that they also still had power. And it is a health and safety issue in very cold weather for people who need electricity for heat and other things. And so it, it, it is really important that, you know, this is a broa-- broader conversation about why we participate in SPP, why we have all this interconnection. Texas, being its own grid, had some serious problems in that, that Superstorm Uri because Texas is separate. So the United States-- we haven't talked about this, I don't think-- I talked about it a little bit-- is divided into about three specific grids. The Eastern Interconnect, which is east of the Rockies, all the way to the coast, excluding Texas, although there's a little panhandle in Texas. And then there's the Western Interconnect, which is everything west of there. And those two things are separated. So we've seen catastrophic or cascading blackouts and roll-- as-- going across the country-- one in, I think, 2003 that went from Ohio all the way up into New York and, and parts of Canada. So anyway, all of this-- now I'm going to run out of time because I've digressed into this for a long time. But important to note: putting on a new, big load and a new producer does have an impact on the grid as a whole in our state and our community. Of course the emissions have an impact. Of course the demand on its natural gas has an impact. Of course the water demands have an impact. But we do need to be conscious of that as it affects all these other aspects of our-- the amount of capacity we have, the amount of load we're able to serve. And we need to be sure when we're talking about when-- which load is being shed, whether this group--

ARCH: Time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

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

McKINNEY: Thank you, Mr. President. I rise again in support of the IPP. I just want to say that all that glitters isn't gold. And although something may seem like an amazing prospect for our state, that don't mean we freely sign ourselves up for it without guardrails and without asking the right questions, especially when there are real-world examples of the negative impacts of these data centers. That's the problem, and I think that's what I'm, I'm trying to figure out. You could clearly go find and search on neutral websites or neutral, neutral anything and see the negative impacts of these data centers that they have on communities. Again, I'll go back to saying, what about our natural resources? We say that we honor them and we shall protect them at all costs, but these data centers have negative impacts on natural resources, like water, that we're trying to protect from Colorado with $600 million. So I'm, I'm trying to figure out-- what it-- am I missing here. Yes, there might be a net positive for something somewhere, but does it outweigh the bad? There's a pro and con to everything that we should consider, even about this bill. So on page 2, line 28, it contains confusing phrases. It-- a confusing phrase. It says, notwithstanding any other provision of-- to the law contrary-- dot, dot, dot. What does this mean? What other provision of the law is the phrase referencing? What is meant to be to contrary? To contrary of what? What part of the bill might be contrary to existing law? And who determines what the co-- to the contrary is? Then on page 4, lines 8 to 10, it purports to limit this bill to only apply to contracts. Contracts to serve new industrial loads can entered into with customer-owned utilities on or before December 31, 2031. What does this mean and why is this necessary? We all know that one Legislature cannot bind a, a later Legislature, so it is meaningless. In other words, the ne-- next session, this could be repealed or extended for ten years and so on. And this is being spun as a sunset clause, but that is not what it really is. This limitation makes this bill suspect as special legislation. And according to Article III, Section 18 of our constitution, it prohibits the Legislature from enacting special legislation. Legislation is special and unconstitutional if it creates arbitrary, unreasonable classification or a closed class that permanently excludes individuals or entities. Such laws improperly grant special privileges or immunities to specific groups. This is what this limitation does. And what is the reasoning for? If they want to come into our state, I believe they should go through the right processes and those type of things. And the people of Nebraska should honestly vote on these type of things because I think that's how big of the impact that they will have on our state. Whether you're in rural or urban Nebraska, there will be impacts. And to say that there isn't a negative would not-- to say that there isn't a negative, I would really question that in a lot of ways. I think there's negatives to almost everything. There's a pro and a con, as I stated. And we need to properly evaluate those and consider those when making these considerations. I don't think we should open the state up to these things just because it looks good. Because a lot of things that look good, that don't mean you should do them or say yes to them. And I-- and, and that's where I'm at on this. I-- there's a lot of environmental issues with this, but we care about the-- our environment, especially our water, but we're just about to give our water up to data centers and then wonder why we'll have problems in the future. But that's not being considered. And especially with ag land. How are you gonna, you know, irrigate your farms when data centers are taking up all the water? Just a question. Thank you.

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

MOSER: Thank you, Mr. President. Good evening, colleagues. Good evening, Nebraskans. So along the way of our last couple of sessions, we've talked about a lot of different bills and how important it is for Nebraska to be on the cutting edge of what's happening for citizens to want to live here and the citizens who do live here to give them the opportunity to work and recreate and, and do all the things that they want to do to have a good life. And here we have a company that hires 800 employees across the country. 350 of them work in Nebraska. And-- so by passing this bill, we would allow companies like Tenaska to build big projects. Not just them. Others could come forward, but they would be one that would be interested. And it would give Nebraskans more work, give us more economic activity. You know, I just think-- if we don't approve this, I think we're going to make it more difficult in the current environment where the large projects are looming. This gives us some guardrails and some rules and regs to follow. And-- so I would appreciate everyone's support on this. I think that it's important to public power. I think it's important to our state to stay relevant in the energy industry. Thank you, Mr. President.

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

HOLDCROFT: Thank you, Mr. President. I thought we'd take just a few minutes to talk about the Strait of Hormuz and also mine warfare. I have been through the Straight of Hormuz. It was back in 1997. I was on the USS John F. Kennedy. We went into the Persian Gulf, and we were enforcing Operation Southern Watch, which was enforcement of the no-fly zone under Iraq-- over Iraq at the time. Again, that was 1997. We didn't stay there very long. We were there for a couple of weeks. We made a port visit into Bahrain and then we left. And there was no issues then of going in and out of the strait. The strait is only about 20 miles apart, and that is an issue for, for several reasons. Number one, you have shore batteries that can fire a Mach 1 surface-to-surface missile and you'd have about two minutes to respond. And a warship can respond in that amount of time, but certainly a tanker would have no defense against something like that. So that's why we're considering, I know right now, escorting tankers in, in and out of the Straits of Hormuz. We can talk about more of that later. But I wanted to do a little education on the mines, because that's the-- really the big concern. That's what kept me up at night, was mines. Mines can be classified in two ways, either by their position or, or how they are-- detect a target and explode. So by position, they're either moored or on the bottom. So bottom mines and moored mines. And then the ways of being able to explode. The-- there are contact and then there are influence mines. So let's start with the influence mine. An influence mine detects the magnetic field that is disrupted by the passing of a large ship over it. So as the big ship-- you know, 92,000 tons of aircraft carrier moves to the water, it disrupts the electromagnetic field. The mine can detect that and explode. The other way it can also detect is by noise. So again, steam-- steam-powered vessels moving over, over the top of a mine put out a lot of, lot of noise, which is detected by the mine. And when it reaches a certain level, it'll explode. Contact mines are a little simpler. They typically have to be moored mines-- moored at keel depth. And so they, they would have to actually come in contact. You see those in World War II movies, you know, when submarine is going through the minefield and, and you've got all those moored mines with the spikes. Those are still used today. And the Iranians have about 6,000 of these mines-- a variation of influence and contact and moored and bottom mines. So, so what do we do about that? I mean, the-- right now, the Straits of Hormuz are about 200 feet deep in the, in the strait. You're probably going to have to use moored mines because if you put a bottom mine in there, it's not going to be able to detect or-- the noise or the variation in magnetic field because it's going to be too deep. And even if it went off, it would probably not cause much damage. So they're going to drop a moored mine, which then will, will deploy itself. It will come up to a certain depth on a cable. It's anchored to the, to the floor of the ocean-- or, the strait. And it'll just sit there and wait for some-- something to come by. Now, these influence mines, they can be both acoustic and, and magnetic. They can, say, let the first two ships go by and then explode. They can have a com-- combination of co-- of magnetic and noise. I mean, they are just really hard to defeat. So how do we defeat mines? First of all, you try to get rid of them before they're deployed. So whereas, you know, we are hitting the storage locations, we're taking out their mine sweepers-- or, their mine layers as we-- you know, before they can get out in-- to the fleet. And then we do have a, a capability to sweep or hunt mines. And we've done this. The Navy developed not that long ago the local-- the littoral combat ship, which operates in shallow water. And it has three missions: mine warfare, shallow water, anti-submarine warfare, and small boat interdiction. So I'll talk more about that on my next time on, on the mic. Thank you, Mr. President.

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

MURMAN: Thank you, Mr. Speaker. I rise in opposition to MO406 and in favor of LB1261. I think most of the things I'll bring up have probably already been talked about, but I think it needs to be reinforced. A lot of the reason for this bill, of course, is the possibility of a data center being built. And it's been talked about the amount of water that a data center uses. And actually, the newer data centers use a lot less water than ones that were built in the past. And actually, the amount of water used now and potentially used in a new data center is approximately the same amount of the water as the footprint would be for if, if that data center was an irrigated corn field. So the amount of that water is not a huge issue anymore-- or, probably won't be in the future. And of course, this is all a win-win for consumers and for public power. As been mentioned many times, we're going to need more power in Nebraska if we're going to continue with economic development, inviting more people into the state, more industry into the state, continue to build agriculture. We will need more power development and-- this is a win-win because the power that is being built, consumers don't have to pay for whether you're a residential consumer or a agricultural producer or any other industry in the state. It's being built for us. And of course, in the end, the power that's produced is, as has been mentioned, sent-- sold wholesale to public power. And public power then resells it at retail prices. And property ta-- or-- excuse me-- will-- sales tax are being paid on that power at that time. But the infrastructure, after it's built-- the whole infrastructure-- the power plant, the data center, or whatever the large power produce-- power user is, whether it's a data center or a sustain-- sustainable aviation fuel producer or whatever the large industry is, is-- all pays property taxes. So we're going to increase our tax base. And-- so as I mentioned, it's a win-win for consumers. We'll have more power generation built. We'll keep the grid reliable and our power at low cost. Passing this bill emphasizes the, the fact that Nebraska is open for business, for economic development, and for people. So it, it just-- I, I don't see a lot of downside-- downsides to this. And public power has actually made the rules, so they're favorable toward consumers and the end power user. So-- again, it's a win-win for our, our consumers and a win-win for the state. Thank you, Mr. Speaker.

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

PROKOP: Thank you, Mr. President. And I appreciate debate that's taken place on this issue. I think a lot of good dialogue and a lot of good questions that have been asked. And I'd, I'd have a few-- I, I think Senator DeKay just stepped off the floor, but, but I actually had a, had a few for him. I might try and catch him off the mic then on. But, you know, I think-- I appreciate the co-- unique way that this bill was brought forward to try to meet the need of a private company wanting to do business in Nebraska really outside of the traditional public power model-- even unprecedented, I would say, as far as how we're approaching doing this-- or, how it's been proposed doing this in the bill. I guess some of the questions I have as I've been listening the-- to the debate and, and looking at the bill is really, is this going to serve as a sort of pilot project, if you will, that could be utilized by other large-load customers that want to build here in Nebraska? Where you've got a private entity coming in and, and saying, hey, we can meet that need to be able to build and then you have some, some business that follows. So maybe this is the start of, of, of an opportunity to, to do those sort of things. But I think also along the same lines of, of a lot of the discussion that's taken place is, how are we making sure that ratepayer protections are, are built into this? I do see Senator, Se-- DeKay back on the floor. I'd see if Senator DeKay would be will-- willing to yield some questions.

ARCH: Senator DeKay, will you yield to a question?

DeKAY: Yes.

PROKOP: Thank, thank you, Senator DeKay. Sorry to catch you on the, on the run there. But I just had a couple of questions, you know, with this unique opportunity I think that's presented itself and, and why the bill was brought forward is just the actual taxing of the, of the electricity that's going to be produced as a result of the bill by a, by a private entity. And I know we talk a little bit about the sales tax and-- could you explain a little bit-- because I don't know that I'm 100% clear-- on how the sales tax portions of it would work and why something like nameplate or a different taxing mechanism wouldn't work as far as how that revenue would come back and, and how that would be beneficial?

DeKAY: Right now, as far as I know, the taxing authority and the way taxes are levied will be conducive of what is standard practice within the industry now. I am unaware if nameplate-- I don't think nameplate's going to be part of that equation. It's just going to be sales tax and property tax at this point. And if there's anything that I find different-- and I will ask about it. I will let you know.

PROKOP: Thank you. Yeah, I was just curious if there-- if, if we received additional tax benefit if we did it a different way. So I just-- why that particular mechanism was used. And then the second question I just had-- and I think along the lines of some of the things Senator Conrad was, was hitting on earlier is ju-- just the public engagement, community engagement dynamics of this. When you've got a, a, a project of the size and scope of this, of-- how has community been involved? I understand it's, it's a private business deal, so there's certain dynamics that play out there, but are there any obligations and, and-- you know, it was kind of discussed in some of the Flatwater story earlier. Is there any di-- any obligations that are a part of this that they have to involve the community on because of the potential demands it could-- or strains it could put on other systems?

DeKAY: I can't speak on privacy clauses, but I would say that I would encourage public input in realm where the location of this entity and the generation source would be so that public is aware of all aspects of the generation and the entity-- what the tax implications are, what the environmental implications are, and what the economic benefits are to those areas too. I would hope that that would be part of the process. I-- this bill does not dictate what they can and can't do, but I would hope that would be part of the process.

PROKOP: OK. Thank you, Senator DeKay. I appreciate that. Well, I'm gonna continue listening to the debate on this. Again, you know, I think this is really a, a, a new way of, of doing things. Maybe it's potentially a, a model as far as how we work with other large-load customers in the future. So I appreciate the dialogue on that and yiel-- would yield back the rest of my time.

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

JACOBSON: Question.

ARCH: Question has been called. Do I see five hands? I do. Question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 25 ayes, 3 nays to cease debate, Mr. President.

ARCH: Debate does cease. Senator Conrad, you are recognized to close.

CONRAD: Thank you, Mr. President. Good evening, colleagues. Friends, wanted to provide a quick update. I appreciate the professionalism and good faith negotiations that the Speaker has helped to lead, Senator John Cavanaugh has helped to lead, and, of course, my friend, Senator Barry DeKay, has been a part of. It seems like there is a consensus forming about some negotiated amendments that would ensure a public process in regards to entering into these new large contracts and any decision-making about waiver rights in regards to these issues and getting those in the hands of the elected public power boards where they belong. That being said, I have a host of motions and amendments filed. I know my friend, Senator Juarez, has an important measure up too in regards to labor issues. And there is a pending committee amendment which I don't think will be necessarily controversial. But I, in good faith and in deep appreciation and gratitude to my friend, Senator DeKay, am going to ask for my motions to be withdrawn. Thank you.

ARCH: So ordered. As the Clerk indicated, there is a committee amendment. Senator Brandt, you're recognized to open on the committee amendment.

BRANDT: Thank you, Mr. President. This-- pretty simple amendment. We're going to strike one word out of the bill. The committee considered and adopted AM2086, which makes a simple one-word change by striking the word "projected" on page 3, line 2. It was determined that this term could be ambiguous and potentially create a loophole we want to avoid. And with that, colleagues, I would ask for your green vote on AM2086. As chairman of the Natural Resources Committee, we had a good hearing on this bill. A lot of the issues that have been raised so far by the body were discussed in committee. It was a, a pretty good hearing. There was some very pointed questioning of some of the private developers that came in. I think what this discussion has shown so far is how much people care about public power in the state of Nebraska. I know the, the committee does. And what this bill is-- this bill is a framework to protect public power and, at the same time, to allow economic development to happen in the state of Nebraska. A project like this, with a 1,000-megawatt plant-- which is 1 gig-- probably would cost $850 to $900 million or more. If a private developer was unwilling to do this, our public power would have to finance that. That means all 2, 2 million people in the state that are the ratepayers for this would eventually have to pay off those bonds for another power plant out there. How this works today is our public power-- Omaha Public Power, Nebraska Public Power, the smaller districts look ahead and they try and project what the power needs are going to be five or ten years out and start working toward that. To order a new gas turbine today is probably five to seven years out whether you're a private contractor or you're a public power district. So this stuff doesn't happen overnight. The reason some of these can probably build this faster than that five-year window is they're already in the queue with somebody like General Electric for these gas turbines. So the advantage to the state of Nebraska is we can recruit industry-- whether it's a data center or something else that will use this power-- and create opportunities for Nebraska in the form of taxes and jobs, economic development maybe outside of our urban areas, maybe in some of the other parts of the state. And private industry would pay for this. So I would encourage everybody to vote for AM2086 and support LB1261. Thank you.

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

CONRAD: Thank you, Mr. President. I rise in support, I guess, of the committee amendment. This was a technical but important change that we discussed at the committee level to ensure there was greater clarity on this specific component of the bill. Listen, I, I know my friends, Senator Brandt, Senator DeKay, Senator Moser, have good hearts and have spent a lot of time and energy and passion in trying to ensure that we have a strong public power system in Nebraska. And I really like what Senator Brandt said about the fact that that care and concern for public power is a shared value that binds us together in this body, in this state, and in this discussion. I'll tell you one thing that I am concerned because of that shared value and policy underpinning and-- I am-- I'm definitely very, very uncomfortable with the bill even as amended, but I do think we have a-- brokered a good faith agreement to at least move the debate forward today, which I'm very grateful for. But we, we see this play out in other states. We see this play out in other communities where there is this kind of playbook and terminology out there that says we're establishing things like guardrails, that says we're putting the consumers and the ratepayers first. And that should be our goal. That absolutely should be our goal. I do still have concerns about the authorization of this massive new project that really will be standing and kind of creating two power systems in Nebraska, which is, I think, antithetical to the goal of public power. But I, I want you also-- as we move from General to Select-- and I know this was negotiated carefully in, in, in the interim, but this is a, a very, very thin framework for a legal structure to move forward with a massive departure from public power and to protect the environment and ratepapers-- ratepayers, et cetera. There's about six paragraphs of language here. It doesn't have specific guardrails to put Nebraska's needs first, to ensure that Nebraska citizens benefit. It has big questions about the environment, big questions about taxation, big questions about labor. But I do think we were able to find a meeting of the minds on ensuring that we put the power in the hands of elected people at the local level so that we can have public hearings, we can have more citizen engagement, we can have greater transparency, which is also a critical part of our shared political history in Nebraska, where we do value local control, public power, and open government. So because of those significant concessions, important concessions-- concesson-- concess-- consensus points that are related to two of my pending substantive amendments, I think that will help us to move the debate forward today, structure the debate better on Select and perhaps Final Reading, and, and I'm grateful for that. Thank you, Mr. President.

ARCH: Mr. Clerk.

CLERK: Mr. President: Senator Conrad, I have MO407 and MO408, both with notes that you'd withdraw.

ARCH: So or-- without objection. So ordered.

CLERK: Senator DeKay, I have FA1000, AM2662, AM2663, and AM2664, all with notes you'd withdraw.

ARCH: So ordered.

CLERK: Mr. President, in that case, I have nothing further at this time.

ARCH: Returning to the queue. Senator Holdcroft, you're recognized to speak.

HOLDCROFT: Thank you, Mr. President. I'll just finish up my lesson on, on mine warfare. Since 2000, there have been three U.S. ships that have hit-- been hit by mines. In 1988, the Samuel B. Roberts was in the Persian Gulf. A frigate was hit by a mine. And then also same year, the USS Princeton, which is a cruiser, was hit by a mine. And then in 1991, USS Tripoli-- a different Tripoli than I described thi-- this morning-- was also hit by a mine. In all three cases, the ships were disabled, but we were able to get them salvaged and back to the United States. And they re-- returned to service within, within a year. But still, you really don't know if the waters that you're in are mined until somebody hits one. And, and then it's all, all, all a big panic. So how do we handle this now in the Persian Gulf? About, about two decades ago, the Navy recognized that we were largely a blue water navy. In other words, we are good in deep ocean, but we're not very good in shallow water. When we come up against, you know, mines, when we come up against shallow water submarines, when we're up against small craft, we didn't-- really didn't have a-- an effective way to counter that threat. So we-- the Navy designed the littoral combat ship, which was specifically designed to go into shallow water. And it was capable of taking on one of three packages that-- depending on the threat. So today, the Independence-- there's two, actually, variants of the littoral combat ship. We have USS Omaha, which is actually a littoral combat ship that's outfitted with the anti-fast boat package. But we currently have three LCSes, littoral combat ships, in the Persian Gulf, homeported in Bahrain. They-- see. They're the-- I had them here. Oh, here they are. USS Canberra, USS Santa Barbara, and the USS Tulsa, who are all outfitted with the mine warfare package. And so the easiest way to get rid of mines is to sweep them. And you can do that with the moored mines. You can actually tow a cable back behind the ship-- it kind of goes off to the side-- and you, you cut the cable that's holding the, the, the mine. It comes to the surface, and then you can, you can take it out with small arms fire or send somebody over to detonate it. And that's the easiest way, and that's probably the, the way we will do it in the Persian Gulf because I think most of those mines will be moored mines because of the depth of the water. The more challenging mines are the bottom mines because they're hard to detect. And they're-- so they're harder to, to swee-- you can't sweep them. And so that's, that's the difference between mine sweeping and mine hunting. So these ships are also outfitted with a mine hunter. It looks like a torpedo. And it's lowered on a cable. And it actually goes down, detects the mine on the bottom, and then it has the capability of attaching a shape charge to it and then taking it out that way. So-- but this takes a long time and-- so we're hoping that we will be able to take out the, the mines before they're laid, but we do have assets in the, in the theater that, if we have to, we, we can take care of the mines that are laid. Let me just finish up with the-- going back to escorting the tankers through the straits. We've done that before. It was Operation Ernest Will back in 1988. And in fact, I think Samuel B. Roberts was part of that when they hit a mine. But essentially, we were escorting Kuwaiti tankers through the straits during the Iraq-Iran war, and we were able to get them safely through the straits. And I-- but it takes a lot of ships. It takes a lot of destroyers to be able to do that, and I think that's why President Trump was asking for support from our NATO allies on that. So we'll see what happens in the next few days. And as I get more information, I'll try to update the body. Thank you very much, Mr. President.

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

DeBOER: Thank you, Mr. President. And I did not give him a heads-up, but I wonder if Senator DeKay would maybe answer a few questions.

ARCH: Senator DeKay, will you yield?

DeKAY: Again, I will try.

DeBOER: Senator DeKay, I don't know how much of this you know about, but an issue that is something that's very interesting to me is the use of water in some of the facilities that we're going to be supplying with these large amounts of energy. And my very quick and not scientific search of the internet suggested to me that these data centers, medium-sized ones, can use, like, 110 millions of ga-- 110 million gallons of water per year and up to 5 million gallons per day, or about 1.8 billion gallons of water annually. And-- you know, we saw the article recently in the Flatwater Free Press about the amount of power that is being considered for the projects that were being considered. So I wondered if you could speak to the, the water usage, which I understand comes from the coolant.

DeKAY: I will try. First, they would have to be permitted and probably the NRDs would be-- come into play on what the water availability would be. On-- talking on the amounts of water, I was told that one of these data centers-- probably depends on the size of it-- would use the equivalent to-- about what one center pivot would use. With that, there are also new technologies coming forward that would be a closed-circuit water that at-- the same water would be run through, or else at least the water-- if it was like a heat pump-- a pump and dump-- water-- it would be recycled water. That would still go back and be available in some form someplace else.

DeBOER: My understanding is that the water usage is for cooling, and that's evaporative cooling. And so in order for evaporative cooling to work, wouldn't it have to be evaporating into the, the air in order to provide that cooling?

DeKAY: That would be my understanding, yes.

DeBOER: So then wouldn't that water be sort of lost to the system to, you know, the evaporative process?

DeKAY: At that point in time. But through an evaporation process, ultimately what goes up does come down and form a rain someplace else too, so. I don't know what the impact's at-- [INAUDIBLE] study that. The NRDs and likely sources would have to work out to make sure the water availability is there and how it would be used.

DeBOER: So-- is that-- so-- that's very helpful. Thank you. Is the-- so the NRDs would have some sort of jurisdiction to approve or disapprove of one of these projects being built based on the water availability?

DeKAY: I would--

DeBOER: Correct?

DeKAY: I don't know if they would have the right to give a thumbs-up or thumbs-down completely, but they would have input, I am sure, that--

what the environmental impacts would be. And I think people would lean on them for that information.

DeBOER: OK. Well, this is something that, between now and Select, I'd like to maybe talk with you some more about-- more information about what we're, what we're doing-- not just to the, the power grid and all of that-- which I understand you're all working out-- and that's great-- but I am still curious about the water and how water-- it just seems like, in an ag state where we're fighting for water with our neighbors, we, we want to make sure we have enough water for--

DeKAY: If I could, I would say that I will be talking to the entities involved and see what the environmental impacts would be going forward and how they would be acted upon.

DeBOER: Can you ask them what their projected amount of water usage per year would be?

DeKAY: That would be part of the conversation, yes.

DeBOER: Thank you very much. Thank you, Mr. President.

ARCH: Senator von Gillern, you're recognized to speak.

von GILLERN: Thank you, Mr. President. I almost fought the urge to not punch in and respond to, to some of Senator DeBoer's questions. And, and what I know about this is not super deep, but what I do know is, is that the evaporative cooling systems are primarily used in, in dry climates because the evaporation is what creates the cooling and it-- that's not less than effective in, in geographies like ours where the humidity level is often quite high. So most of the data centers in our areas have gone to closed-loop type systems. They-- many of them still use water, but it's in a closed system that works as a coil around the, the heated equipment in order to, to cool it. And then it's regenerated-- recooled and regenerated. But the, the water loss factor is fractions of what it is under an evaporative system and fractions of what it was under the older systems, so. Hopefully that addresses some of the questions. And we can all do more research after we get out of here tonight and we can all Google it when we get home. Thank you, Mr. President.

ARCH: Seeing no one in the queue. Senator Brandt, you are recognized to close on the amendment. Senator Brandt waives close. Question before the body is the adoption of AM2086. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 39 ayes, 0 nays on adoption of the committee amendment, Mr. President.

ARCH: The amendment is adopted. Mr. Clerk, next item.

CLERK: Mr. President: Senator DeKay, I have FA926 with a note that you withdraw.

ARCH: So ordered.

CLERK: Senator Juarez, I have AM2083 with a note that you'd withdraw.

ARCH: So ordered.

CLERK: Senator Conrad, I have a note-- AM2110 with a note that you'd withdraw.

ARCH: So ordered.

CLERK: In that case, Mr. President, Senator Conrad would move to amend with AM2111.

ARCH: Senator Conrad, you're recognized open on your amendment.

CONRAD: Thank you, Mr. President. Good evening, colleagues. So I draw your attention to AM2111. This makes a straightforward amendment to the existing language on page 4, line 2, wherein it is amending a key provision. One of the most contentious compor-- components of this bill was how the waiver issue was handled and whether or not that would be solely a de-- decision made by the unelected CEOs or whether or not that would be in the hands of the elected public power boards. And so what this amendment does is it says that any decisions about the waiver in regards to these contract terms and, and generation and transmission issues related thereto must be approved by the board of directors of the consumer-owned utility or utilities. So it's a short amendment and a short bill, but it ensures clarity and authority for the elected local board of directors to make a key decision about this new business model that would be authorized under LB1261. Again, in candor, I have deep and grave concerns about LB1261 moving forward. However, there was consensus and recognition that we have a strong tradition of local control, we have a strong, of course, structure and commitment in place to public power, and we want to ensure more transparency. Public power operates within public records laws, within open meetings laws. It has local elected representatives. It has processes in place to ensure citizen engagement and transparency. So I feel like this is a, a very,

very good faith negotiated factor that improves deep concerns with LB1261. I still don't have a full level of comfort with LB1261 and actually have a considerable amount of concerns, but, in good faith, I think if we can adopt this amendment and the next substantive amendment-- which I understand Senator DeKay considers to be friendly-- we can end protracted debate on this measure at this stage of debate this evening. Thank you, Mr. President.

ARCH: Turning to the queue. Senator DeKay, you're recognized to speak.

DeKAY: Thank you, Mr. President. Yes, I do consider AM2111 a friendly amendment that I would encourage the body to vote green on. I appreciate the dialogue that Senator Cav-- or, Conrad and Cavanaugh and I had on this. And I appreciate the-- where we go going forward with this bill. It's in the best-- it's in the best interest of public power going forward. Thank you.

ARCH: Seeing no one in the queue. Senator Conrad, you're recognized to close. And Senator Conrad waives close. Question before the body is the adoption of AM2111. All those in-- all those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 38 ayes, 0 nays on adoption of the amendment, Mr. President.

ARCH: The amendment is adopted. Mr. Clerk.

CLERK: Mr. President, Senator Conrad would move to amend with AM2115.

ARCH: Senator Conrad, you're recognized to open on your amendment.

CONRAD: Thank you, Mr. President. Good evening, colleagues. Again, this is a straightforward, good faith amendment. I would turn your attention to AM2115. It's about a sentence long. On page 3, line 24, after "utilities," it inserts the following new language: any contract entered into under this subdivision must be approved by the board of directors of the consumer-owned utility or utilities. Again, I think this is a very good faith, hard-fought point in our negotiations to ensure that we respect public power, to ensure that we keep in place the authority of local elected officials, and to ensure that any contract entered into in this massive new business model happens at the elected board level instead of at an unelected management level, as previously contemplated in, in the legislation. So I do feel this will improve transparency. I do feel like this will improve citizen engagement. And those are important values. And I, I, I thank Senator DeKay for accepting this as a friendly amendment. Thank you.

ARCH: Turning to the queue. Senator DeKay, you're recognized to speak.

DeKAY: Thank you, Mr. President. Once again, AM2115 is a friendly amendment that we negotiated together to bring the-- move this bill forward. I would vo-- ask you for your green vote on this. Thank you.

ARCH: Seeing no one in the queue. Senator Conrad, you're recognized to close. Senator Conrad waives close. Question before the body is the adoption of AM2115. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 39 ayes, 0 nays, Mr. President, on adoption of the amendment.

ARCH: The amendment is adopted. Mr. Clerk.

CLERK: Mr. President: Senator Conrad, I have AM2116, AM2119, AM2120, and AM2123, all with notes that you'd withdraw.

ARCH: So ordered.

CLERK: In that case, Mr. President, I have nothing further at this time.

ARCH: Seeing no one in the queue. Senator DeKay, you're recognized to close on LB1261.

DeKAY: Thank you, Mr. President. I will be very brief. Once again, I appreciate the dialogue we had to move this, what I consider one of our very important bills forward. And it preserves and protects public power going forward. And I'd appreciate your green vote on this. Thank you very much.

ARCH: Senators, the question is the advancement of LB1261 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 34 ayes, 7 nays on advancement of the bill, Mr. President.

ARCH: LB1261 does advance. Mr. Clerk.

CLERK: Mr. President, next bill: General File, LB933, introduced by Senator John Cavanaugh. It's a bill for an act relating to the Nebraska Medical Cannabis Patient Protection Act; provides immunity for health care practitioners as prescribed; and repeals the original section. The bill was read for the first time on January 9 of this year and referred to the Health and Human Services Committee. That committee placed the bill on General File with committee amendments. There are additional amendments, Mr. President.

ARCH: Senator John Cavanaugh, you're recognized to open on LB933.

J. CAVANAUGH: Thank you, Mr. President. Good e-- good evening, colleagues. We're here on LB933, which is my priority bill. This is a pretty simple but yet important bill. So if you all remember last year, Senator Hansen brought a bill that was kind of an omnibus medical cannabis regulatory and, and everything bill. One very small portion of that bill was what became LB933. So Senator Hansen's bill had a, a protection for doctors, providers who make a recommendation under the voter-approved ballot initiative. And obviously we didn't take up Senator Hansen's-- or, we didn't pass Senator Hansen's bill last year. And we have taken up other portions of Senator Hansen's bill, including in the General Affairs Committee package of LB1235, addressing the Cannabis Commission. So there are-- it's important to understand the ballot initiative had two parts. One was the Patient Protection Act and one was the Regulation Act. And the Regulation Act has to do with the commission and all the work that the commission does to regulate the growth, growing, manufacture, and distribution of cannabis. So farmers, folks who turn that crop into some consumable, and then dispensaries. That's what the commission has authority over. The other portion has to do with the legalization of cannabis for patients to consume for medical purposes with the recommendation of a doctor. So that's the two things the voters voted for. This addresses that part about patients and doctors. And what we have seen in Nebraska since the voters approved medical cannabis is that no patient can get a recommendation from a doctor in the state of Nebraska. And I know there are a lot of you here who have issues or concerns about cannabis, and particularly concerns about cannabis becoming recreational. If you want to keep cannabis medical, this is a step to do that. Because what this does is ensures that people get a recommendation from a doctor they have a long-term and established relationship with. Because right now, folks have to go to a doctor out of state to get a recommendation. And people have done that. There have been-- people have gone to Missouri or South Dakota or other states to get a recommendation. But nobody has been able to get it from their primary care doctor in Nebraska. So what LB933 does-- and then it will be as amended. So there's a committee amendment-- and then I actually have an amendment to the cittee-- committee amendment, but I'll try and address all of them in this, this opening. So it is-- basically, it's just a two-paragraph bill that says, a health care practitioner shall not be subject to arrest, prosecution, or penalty in any manner or denied any rights, privileges included but not limited to civil penalty or disciplinary action by the Department of Health and Human Services or any other occupation or professional licensing board solely for providing a written recommendation or for stating that, in the health care practitioner's professional judgment, the potential benefit of cannabis outweighs the potential harms for alleviation of the patient's medical condition, its symptoms, side effects, or conditions treatment. And then the second paragraph: nothing in this section shall prohibit a health care practitioner from being subject to civil penalty or disciplinary action for malpractice or professional negligence as defined in Section 44-2810. So the two really important things there are that this explicitly says if doctors follow the language in the ballot initiative in making a recommendation, they cannot be held civilly or criminally liable solely for following that language. They can still be held criminally or civilly liable for other conduct-- so overprescribing or not following their stand-- professional standards. Those are things they can still then be held liable for. And then additionally adds in that they can be held civilly-- civil penalty or disciplinary action for malpractice or ne-- negligence. So it still holds them to this other high standard in their professional capacity. So what, what this bill does is allows those patients, those parents, those families to go to their doctor who they have a long-term, established relationship with, talk to them about what is right for them, and whether in that doctor's professional opinion and judgment whether cannabis is something that could help them. I know all of you have talked to someone who has sought cannabis for treatment. I know a lot of you know Teddy [PHONETIC] and his parents. I know a lot of you know Will and his parent. I know you-- a lot of you have met Christa [PHONETIC]. I know a lot of you met other patients. And, of course, sometimes the patients I know have come to the committees and have expressed their anger and frustration at the way we have proceeded on this. And I think that they are, are rightfully frustrated because of how long this has taken. But this is a very small and modest step. So there, there are 17 states that have cannabis for medical purposes. 16 of those states have some similar language to this that provides a protection for doctors who make a recommendation. And this, if we adopt it, would be the most restrictive language of its type in the country. So it would be a protection for doctors, but it would be more restrictive than Oklahoma, than Iowa, than Montana, than Idaho, a lot of these other states. And it would-- it, it would-- sorry, folks. But what it would do is it would create a step forward and hope and an opportunity for these families who have worked so hard, who have waited so long, and would like to be able to have that conversation with their doctors and then potentially get some relief. So I would ask for your green vote on LB933. I would ask for your green vote when we do get to AM2602. And if you have any questions, I'm happy to answer them, but I certainly would encourage you to take this one small, positive, meaningful step for these patients and families. Thank you, Mr. President.

ARCH: As the Clerk indicated, there is a committee amendment. Senator Hardin, you're recognized to open on the committee amendment.

HARDIN: Thank you, Mr. President. AM2192 to LB933 was brought before the HHS Committee by Senator John Cavanaugh. AM2129 to LB933 maintains the bill's core subject: health care practitioners cannot face arrest, prosecution, or disciplinary action simply for recommending cannabis or stating their professional opinion that a patient may benefit from it. The amendment adds one important clarification: that protection does not extend to practitioners who fail to properly evaluate their patient or who otherwise fall below the standard of care. Simply put, practitioners are expect-- or, protected for the recommendation itself but remain fully responsible for conducting a thorough and appropriate patient evaluation before making it. The HHS Committee advanced LB933 with AM2192 by a 5-2 vote. I'd appreciate your careful consideration of AM2192 to LB933. Thank you.

ARCH: Mr. Clerk.

CLERK: Mr. President, Senator John Cavanaugh would move to amend the committee amendment with AM2602.

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

J. CAVANAUGH: Thank you, Mr. President. Thank you, Chair Hardin. And thank you, members of the H-- HHS Committee, for reporting this out to the floor. So the bill as written was more or less-- it was, it was a conglomeration of what they do in Iowa and Oklahoma. Then we had the committee hearing and folks wanted to tighten up the language a little bit. And that's where we got to AM2192, which tightened up the language a little bit. And then after having conversations with the medical community, they asked for an additional restriction, which is what AM2602 does. So AM2602 is the amendment that adds in-- can still be subject to malpractice. And so malpractices are already defined in our statutes, which is why it's-- points to 44-2810. Malpractice or professional negligence means, in rendering professional services, a health provider has failed to use the ordinary and reasonable care, skill, and knowledge ordinarily possessed and used under like circumstances by members of his professional engaged in a-- his profession engaged in a similar practice in his or in similar localities. In determining what constitutes reasonable and ordinary care, skill, and diligence on the part of a health care provider in a particular community, the test shall be that which health care providers in the same community or in the similar communities and engaged in the same or similar lines of work would ordinarily exercise and devote to the benefit of their patients under like circumstances. So it is a very clearly defined mechanism we have that we've used over a long period of time to determine when a doctor is following the standard of care. And-- so this is a additional restriction that we are adding to make folks here more comfortable with providing this protection for patients. And again, I do recognize that there are people here who didn't vote for the ballot initiatives, who are not happy that this has happened. But it has pa-- it has passed. 71% of Nebraskans want this. We have an obligation to help facilitate this. And we had some conversations last year about Senator Hansen's bill addressing what the commission was doing before the commission could stand up and start doing its work. This does-- the commission does not have the power or authority to address this. So that's very important to understand. This is not something that's within the commission's purview. If you think that this is something that needs to be addressed, it needs to be addressed by this Legislature. And this is clear that there is, is an issue that doctors do not feel safe and secure that they can make these recommendations. It is not compelling anyone to make a recommendation. It is not saying that any-- addressing anybody that i-- what types of delivery mechanisms. I know people have difference of opinion about that. It's not saying what ailments can be covered. It simply says that doctors being held to this high standard of professionalism in their training have to follow will be protected from losing their license i-- just for the act of making the recommendation. They are still held to this standard-- just like they are in all other prescriptions. So we've heard at the hearing testimony about black box prescriptions, which is rec-- medicines that ha-- is such a risk that it has a box on it that says there's a risk of death or serious bodily injury or hospitalization from taking this. Doctors prescribe that medicine currently, and they, they have to, to weigh the risks of that medicine against the potential benefits. Patients that are-- would like the opportunity to use cannabis, including Will Gillen-- his dad testified at the hearing about this-- is on so many different types of these black box medications. And he would like the opportunity to use cannabis to get off of some of those that risk serious bodily injury or potentially death so that he can see some relief. And doctors are held to a standard on those. Doctors are held to a standard on opioids. Doctors are held to a standard on-- I, I use the example of steroids. I was prescribed a steroid earlier this year for, you know, a, a cold, essentially. And they ran me through a series of tests to see if I had strep, if I had COVID, if I had the flu, if I had all these different things. And when they determined I didn't have any of those and it was irritation-- I guess is what you call it-- that steroid would relieve the pain but [INAUDIBLE] address the symptoms. But they wanted to make sure also that I had not had a steroid recently and that the last time I had a steroid that I did not have an adverse reaction to it. And so they went through steps and recommendations and then-- and had a conversation with me about knowing all those things whether I still wanted to use the steroid for the relief. And because I have to come here and talk with all you folks so much, I, I thought saving my voice was, was worth it in the balance for me. So-- again, this is a really simple bill. It's a small protection. It's a small step in the right direction to help families. So if you have any questions, please let me know. I would encourage your green vote on AM2602. And the only other thing I would say is this is a-- it does address the ballot language. And so this bill requires 33 votes on Final Reading. So if anybody's thinking about, you know, talking for a long period of time, it's unnecessary. If you want it to take 33 votes, you can just vote no on Final Reading. I would encourage your green vote to give some relief to these families. Thank you, Mr. President.

ARCH: Turning to the queue. Senator Storer, you're recognized to speak.

STORER: Thank you, Mr. President. And good evening. I rise in opposition to LB933 today as well as the amendment. And just to add-- to address an issue that strikes at the core, really, of protecting public health, ensuring patient safety and preserving accountability in our health care system in Nebraska. While the proposal to grant physician immunity for recommending medical marijuana may appear very practical on the surface, a closer look reveals serious risks that we cannot afford to overlook. Unlike traditional medical treatment, this system does not operate through a regulated prescription model. Under Nebraska law, a prescription comes with a strict requirement, clear dosage, defined quantity, frequency of use, and ongoing medical oversight. These conditions exist for one reason, which is to protect patients. However, in the case of medical marijuana, physicians do not prescribe. They merely recommend. Once that recommendation is issued, the physician has no control over what the patient consumes, how much they use, how often they use it, or even the strength or form of the product. This creates a dangerous gap in accountability. We are being asked to grant immunity to medical professionals in a system where they initiate access to a substance but have no meaningful oversight over its use. That goes against the very foundation of medical responsibility. Accountability is not a burden. It is a safeguard. It ensures that doctors act with care, diligence, and professionalism. And if we remove that accountability, we risk lowering the standard of care and opening the door to negligent or careless recommendations. Immunity creates a moral hazard. When there are no consequences, there is less incentive to exercise caution. Over time, this could lead to recommendations being issued based on convenience, pressure, or even financial incentives rather than sound medical judgment. We must also learn from history. The opioid crisis did not happen overnight. It was, in part, the result of insufficient oversight and overreliance on medical judgment without adequate checks. Hundreds of thousands of lives were affected because safeguards failed. Are we now willing to risk repeating that pattern with another controlled substance, especially one that operates outside the traditional prescription framework? The comparison may sound strong, but a highli-- but it highlights a simple truth that when medical systems lack accountability, the consequences can be severe and long lasting. Beyond that, granting immunity removes an essential layer of protection for patients. In every other area of medicine if a patient is harmed, they have the right to seek recourse whether through professional disciplinary bodies or through the court of law. This is not about punishing doctors. It is about ensuring fairness and justice. If we grant blanket immunity in this context, we effectively close the door on patients who may suffer harm, leaving them without a remedy and without a voice. This disproportionately affects vulnerable individuals who already face barriers in accessing, accessing quality health care and legal support. There's also a broader concern about professional integrity. The medical profession is built on trust and guided by ethical principles, including the duty to do no harm. That duty is reinforced by accountability. And if we begin carving out exceptions where responsibility no longer applies, we risk creating a slippery slope where standards are weakened over time. Immunity in this case sends the wrong message, that certain medical decisions can be made without consequence even when they carry real risks. This is not a question of whether we support or oppose medical marijuana. It is about whether we are willing to compromise the principles of accountability, patient safety, and professional responsibility. And we should not create a system where access is granted without oversight, where risks are shift unto patients, and where those who initiate the process are shielded from the consequences. And for these reasons, I urge you to reject the proposal for immunity and to stand firmly in support of health ca-- of a health care system that remains safe, transparent, and accountable for all.

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

JACOBSON: Thank you, Mr. President. I, I guess I'd ask if Senator Cavanaugh-- John Cavanaugh would respond to some questions.

ARCH: Senator John Cavanaugh, will you yield?

J. CAVANAUGH: Yes.

JACOBSON: Well, kind of a follow-up. My questions are-- go ra-- along the line of Senator Storer. So are there any other cases that you know of where we would grant full immunity, like you've described in the bill, to a doctor for pres-- doing any other prescription?

J. CAVANAUGH: Well, thank you for the question, Senator Jacobson. First, I would correct you that there is no full immunity in this bill.

JACOBSON: Well, the-- but the immunity you've described in this bill-- and please just give me a yes or no-- is there any other-- and if there is, please name it-- is there any other case you know of where the same level of immunity would be granted to a physician? Can you name one?

J. CAVANAUGH: Well-- so yes. Doctors are all held liable for malpractice in every other incident.

JACOBSON: OK. So the answer is no. They are held liable for ne-- malpractice. My question was--

J. CAVANAUGH: Your question was to the standard in this bill. The standard in this bill is that they are held liable for malpractice, they're held li-- liable to the standard of care, and they're held liable to their profession and their training.

JACOBSON: So why do we need this bill?

J. CAVANAUGH: We need this bill because there are specifically law enforcement officials who are, are threatening doctors. There are-- we need this bill because they are doctors who are afraid for their license if they follow the ballot initiative language. This is clarifying language that has, has been enacted in every other state--

JACOBSON: Well, I, I, I, I--

J. CAVANAUGH: --that has, has a medical cannabis program.

JACOBSON: I don't want a demagogue. I-- this is not a political speech. I'm just curious. We seem to be making a specific carve-out. I, I don't want doctors being sued, doctors arrested. I-- I'm, I'm on the side of doctors. But this is a situation, as Senator Storer's pointed out, where there is no specific dosage. There is no specific-- what's the form going to be of the use of the, of the cannabis. This is so off the beaten path and yet we're coming in and saying we want to do some specific-- su-- specific special immunity to doctors that's not granted in a normal course of business. Wouldn't that be true?

J. CAVANAUGH: Your question is what?

JACOBSON: Well, my question is, why are we giving a special carve-out for cannabis and not for anything else?

J. CAVANAUGH: Well-- that's a good question. So cannabis is treated differently because it is a Schedule I narcotic at the national level. It has been passed as medical cannabis by the people of the state of Nebraska. That is the current law. So we are operating in reality and the world as it stands. And so-- and the world as it stands--

JACOBSON: But, but don't, don't federal-- doesn't federal law typically trump state law?

J. CAVANAUGH: That is an excellent question, Senator Jacobson. So federal law-- the federal government has specifically said that states have-- that have a legitimate, functioning medical cannabis program will be exempted from prosecution under federal law. So the Justice Department will not use resources to prosecute anyone who is complying with a functioning state program.

JACOBSON: But-- is it-- but they're exempted from prosecution. They're not saying it's legal. We're just saying we're going to not prosecute you, is that, is that correct?

J. CAVANAUGH: That, that is correct, that the federal government will not prosecute. I would say that President Trump has continued the process of rescheduling cannabis to Schedule 3, which would then put it on par with other controlled medical substances.

JACOBSON: Well, thank you. I, I, I think that's the answer to the question I need. I-- I'm, I'm back to Senator Storer's points that this is-- we're, we're trying to go above and beyond, just as we did a year ago. We know what the ballot initiative was. And as far as I'm concerned, this Legislature did everything that was required under the ballot initiative. And that's my-- and I'm not asking you a question. I'm done with questions. I'm now just stating as facts. I believe that this Legislature and the Governor carried out what was required under the ballot initiative. We're being accused that we didn't follow that initiative. What we didn't do last year was approve a recreational cannabis bill. That's what we didn't do last year. So if we're bringing back and we're going to chip away now at, at, at, at recreational marijuana by, again, taking what the ballot initiative was-- which was a medical cannabis-- I can tell you that I look at constituents who voted--

ARCH: Time, Senator.

JACOBSON: Thank you, Mr. President.

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

BALLARD: Thank you, Mr. President. Good evening, colleagues. I was one of the "no" votes out of committee for some of the same reasons that were articulated on the floor today by Senator Storer and Senator Jacobson. I believe this language is overly broad, gives an open door for a, for a lot of the issues that Senator Storer, Senator Jacobson talked about. But I do appreciate Senator, Senator Cavanaugh's willingness to, to work with me and try to tighten up some of the language on the malpractice. I will have some questions for him in a little bit to, to kind of flesh out some of the issues I have. If Senator Cavanaugh would yield to a question.

ARCH: Senator Cavanaugh, will you yield?

J. CAVANAUGH: Yes.

BALLARD: Thank you, Senator Cavanaugh. And thank you for, for your work on LB933. Can you describe why this is a recommendation and not a prescription for medical marijuana?

J. CAVANAUGH: Yeah. That's a good question. It kind of addressed-- I'm thrown off. The lights keep changing when we're talking, so I'm looking at different cameras. So it's a-- it's sort of what I hit on with Senator Jacobson, which is prescription is something-- you can prescribe something that is a Schedule 3 drug at the federal level. So-- and then, of course, we match the federal schedule. So the-- it's called a recommendation, and it's called that in the ballot initiative, as well as-- we're mirroring the ballot initiative language here-- because doctors can't prescribe something that is a Schedule 1, so that's why it's called a recommendation. So if President Trump is successful-- and I imagine he will be, but I just don't know the time scale-- in rescheduling cannabis as Schedule 3, that may be a, a conversation to revisit about prescriptions and things like that and other changes that would affect that. But it's-- it is purely the fact that it's a Schedule-- it's where it falls on the schedule.

BALLARD: OK. And then in that recommendation, are physicians, doctors-- are they able to give dosage recommendations or is it just they give the recommendation, they can go to a dispensary, get the 5 grams under current, current statute?

J. CAVANAUGH: Yeah. So the-- there's-- if I could take a second of your time, I guess. So there's a distinction between-- the, the commission has created the dispensaries to limit to that 5 grams. So a doctor is not-- would not be bound by that-- what the commission has said there. They could make a recommendation for wha-- what they do-- the dosing recommendations they would say is appropriate. So for-- say, you know, somebody who has a pain management disorder, they may recommend that they take, you know, one gummy a day or something like that. And, of course, like any other substance-- opioids being one of them-- doctors can recommend somebody take one opioid a day. People obviously are required to self-dose on that-- and they may forget or remem-- or, or, take more than that. But, yeah. So the idea would be doctors are empowered in-- under the statute and then protected for that empowerment by this bill to make a recommendation about what is appropriate for their patient based off of what they know about the patient. So we don't-- we do not legislate dosages for any other medicine in this state because that would just be too cumbersome. Somebody is-- their dosage is gonna be based upon their age, their weight, their previous medical history, what other medications they're on, and, of course, their particular ailment. So this-- the, the, the ballot initiative is written in such a way that the-- is-- the doctor's recommendation is based on their judgment and balancing the potential benefits versus the potential harms. So the doctor has, has to take those into account and then weigh what the recommendation is. I think-- I hope I answered that question.

BALLARD: It did. So, so the-- so opioids are the, are the same. So, so opio-- the recommendation for opioids, that's kind of what you're getting at, is--

J. CAVANAUGH: Well, opioids would be a prescription because of where they are on the, on the registry, but yes. So a doctor makes a recommendation-- or, would make a prescription to you, we'll say, for-- say you need whatever amount-- you know, you need 1 milligram a day for ten days or something like that because you're ha-- you just had surgery or whatever it is they prescribe an opioid for. So they would give a specific dosage amount recommendation.

BALLARD: OK. I appreciate it. Thank you, Senator Ca-- and I'm gonna have a, a-- several more questions. I'm-- see I'm-- my yellow light's on. I'm running out of time. I do have concerns with LB933. I've had concerns since the committee hearing. I think it opens the door. It's overly broad. With that, thank you, Mr. President.

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

KAUTH: Thank you, Mr. President. And Senator John Cavanaugh, please don't go anywhere. Would you mind if I ask you some more questions?

ARCH: Senator John Cavanaugh, will you yield?

J. CAVANAUGH: I would love to.

KAUTH: Thank you. OK. So Senator Cavanaugh, Senator Ballard had asked some of my questions, particularly about the prescription. So these aren't actually prescriptions. So a medical doctor is not prescribing a medication, correct?

J. CAVANAUGH: Correct. It's-- it is specifically called a recommendation.

KAUTH: OK. And so when they do a recommendation-- can you define health care practitioner? Is it-- does it have to be a doctor or a specific type of doctor or could it be your dental hygienist?

J. CAVANAUGH: Dental hygienist would not qualify. So it, it i-- that is defined in the ballot initiative. And off the top of my head-- I'd have to look it up-- but it's doctor-- medical doctor, osteopathic doctor, and nurse practitioner. And I'd have to pull it up to, to get you if that-- if I'm missing anybody. But it, it is people who are basically licensed under the Uniform Credentialing Act for those sorts of things. But I can-- if you want to ask another question, I'll pull it and I can get the answer for you real quick.

KAUTH: OK. And if it's in the ballot language-- I, I can check that too. Thank you. So-- and you made-- but you made mention of this is your long-term established doctor, but that's not actually a requirement. It could be someone you get into once and say, hey, I've had back pain and it won't go away. Is that correct?

J. CAVANAUGH: Oh, yes. That is 100% correct. The-- it-- so to be clear, my intention with this bill is to make it so people can get it from their long-term doctor, because what is happening currently-- so under the ballot initiative as passed without any further action-- is people are going to some person they don't have an established relationship with because that's who will give them a recommendation. And those folks are out-of-state doctors. So I, I, I-- the intention of this bill is to make it so the long-term established relationship doctor in Nebraska is a person that someone can actually successfully get a recommendation from.

KAUTH: OK. And so what tests would that doctor use to follow up with their patient to see if it's working-- to check their blood, li-- I mean, are there blood tests? Are there, are there any sort of diagnostic tests that they're doing to say, yep, you have something that can't be treated with medication? Because there's no limiting conditions, correct? It could be anything.

J. CAVANAUGH: That, that is correct. So the limiting-- limitation, of course, is that the doctors can be held both criminally and civilly liable for failure to follow their professional standards. And of course, since we did add in there the malpractice portion, that is intended to say that the doctors need to follow the, the standard that a doctor in their position would follow. And so the-- it's-- the ballot initiative did not put a limit on the, the ailments that could be prescribed for. And part o-- of course, as we all, I think, know that there's an infinite number of things that we are unaware of. And-- so the-- you know, when you start limiting things, it becomes hard to say, where do you draw the line on the limitation? So i-- yeah. And, and to your other question about the follow-up, I, I ho-- honestly could not tell you what is the follow-up. I mean, I, I know in my experience with doctors, you go-- and a lot of it is just, how do you feel? How-- are you feeling better or worse today? You know, is this improving your situation? I do think it depends on your particular ailment. You know, the classic one people talk about is if somebody's going through cancer treatment and they're getting chemo, people take-- I think a lot of times it's, like, a lollipop or something that they-- you know, a-- that-- a THC-infused lollipop. And that helps with appetite, helps with nausea. And so in that case, you maybe have an objective standard of saying, how much energy do you have? How much weight have you lost as a result of going through this treatment? And so it's going to be different based off of every particular ailment that you're seeking to treat. And-- hopefully, doctors and patients will continue in that relationship to, to find what is right for them.

KAUTH: So I-- OK. So that was kind of circular reasoning. You're-- the doctors use their standard of care to judge the standard of care. It-- we don't really have a standard of care for marijuana because they, they can't prescribe a dose. They can't do any systematic follow-up. They can't do any treatment. The-- I believe it's for a two-year period. So they could say, here, try this, and not see them again for two years until they need to have their, their recommendation renewed. Would that be correct?

J. CAVANAUGH: Well, their-- I mean-- obviously, I, I disagree with the ci-- circular logic. I do think that the-- the standard of care is determined by what is-- a reasonable person would, would take in this situation. So that is a standard we use for, for malpractice, for a lot of other things, for all other medical. So that is holding doctors to what a doctor in their si-- similarly situated would do.

KAUTH: But do we have actual standards of care for--

ARCH: Time.

KAUTH: --marijuana usage? Thank you.

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

HANSEN: Thank you, Mr. Speaker. Colleagues, I know a lot of us might have repressed memories from last year talking about this for so long, and so I'm hoping to touch on it a little bit. I'm not gonna be on the microphone multiple times, because I am in favor of what Senator Cavanaugh is trying to do here and the HHS Committee amendment and his follow-up amendment. It is in my opinion, very restrictive, which I think is at the behest of many people concerned about the unreasonable prescribing or recommend-- recommending-- recommendation of medical cannabis without any repercussions against a medical doctor. And in my opinion-- I know I've heard this a couple times-- and maybe some of the other, other lawyerly people can correct me-- but I don't have understanding that-- or-- nothing has been told to me that this grants full immunity. And if it does, I would not want to introduce a bill that grants full immunity to anybody. I think the only time we ever have full immunity for the medical profession is for vaccines, where they are not held to any kind of standard or liability from vaccines. So we actually already do have-- I think that's federal law-- granting full immunity for certain things. And, and, from my understanding, this language is actually more restrictive than what we typically require prescribing opioids. I've heard some senators get up here saying, how, how do we-- how do we know the medical doctor or the prescribing physician is doing what they're supposed to do? Well, we don't. We don't know that in any instance when we prescribe medication. We trust them to prescribe it at a certain dosage, at a certain amount, which, in my bill last year, we had specifically how much they could and could not in the dosage and the quality. But we don't put any other restrictions on making sure when a medical doctor prescribes a weight loss drug or a cholesterol medication, that we mandate they do a follow-up within a week or two and we test them to see how they're doing. We don't mandate any of that kind of stuff. We say, OK, we're gonna give them prescriptive authority. And they are held to certain standards, not just by their own profession but also law when it comes to malpractice. And I'm gonna guarantee, almost, that any prescribing physician who prescribes this unreasonably or with ill will or intent is gonna lose their license. Just like they would prescribing anything else. And yes, this is a unique situation. They're typically not prescribing medical cannabis. They are making a recommendation just because of the way that the ballot initiative is written and how it is incorporated into state law. So we do have to make special accommodations, which is where this bill comes into play. And so-- I think Senator Cavanaugh touched on this a little bit as well, that the Medical Cannabis Commission cannot make this recommendation. And so that is where, again, we have to come and, and make this in statute. And from my understanding as well looking at the committee statement-- and if I remember right during this hearing-- I don't believe the Nebraska Medical Association or any trial lawyers, associations came against this bill. I don't think they came in favor de-- of it either. And so I'm assuming that if there was some concern or liability concerns or granting full immunity where there couldn't be any kind of prosecution, the lawyer lobbyists would be all over this bill. And so they did not come and testify. And I don't think they had any letters as well. I think there was one letter in opposition from somebody. And so this is-- I wouldn't say this is a commonsense bill, but I, I wouldn't think it would be very contentious. But I understand where some people are con-- you know, they just don't maybe like the idea of medical cannabis. I get that. And maybe that's why we're going after this bill. But I think this is a reasonable bill. I don't think it grants full immunity. I think it's making sure that people are held to some kind of standard when recommending this. And so I'm listening to what everybody's saying. And I'll answer any questions the best that I can as well. I'm sure Senator Cavanaugh can do it just as well from-- in-- the specifics of his bill, but--

ARCH: Time, Senator.

HANSEN: Thank you, Mr. President.

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

HALLSTROM: Thank you, Mr. Speaker. Ask if Senator Cavanaugh would yield to some questions.

ARCH: Senator Cavanaugh, will you yield?

J. CAVANAUGH: Yes.

HALLSTROM: Senator Cavanaugh, thank you. Under your amendment, is health care practitioner limited to a Nebraska-licensed health care practitioner?

J. CAVANAUGH: No, it's not. So the ballot initiative specifically did not limit it to Nebraska-licensed health care practitioners. And my amendment does not address-- it, it does-- my amendment does not actually change any of the ballot language. It adopts some of the language. So it doesn't change that.

HALLSTROM: OK. And would you be-- would you entertain, if we're going to be making some statutory changes, that it be limited to Nebraska health care practitioners?

J. CAVANAUGH: So-- I, I appreciate the question, Senator Hallstrom. And, and I oppose that idea. I've opposed it when it was talked about in the bill last year, and I'll tell you why. So I do think that it is in the best interest of patients to have an established relationship and a longer term relationship with their provider when making this determination. The problem we have is that a number of people who do seek and probably would benefit most from this-- including children with epilepsy-- receive their care from specialists at places like UCLA, like MD Anderson in Texas, like the Mayo Clinic, like the Cleveland Clinic. So they go out of state for these specialists. And so we, we do not want to limit someone who, who would be able to say, this is the appropriate level of care. I have prescribed this-- you know, in California at UCLA, I've prescribed it for X number of other patients and this is the correct dosage. We don't want them to go to California, see their specialist, say, yes, you would benefit from this. Now go to your pediatrician in Omaha, Nebraska who doesn't know all of the ins and outs of your ailment, your, your, your specialized form of epilepsy, and prevent them from, from getting the right level of care there. So that's, that's my opposition, is-- it's specific to out-of-state specialists in that very limited capacity. And the ballot initiative was written in that way to con-- taking into consideration those incidences.

HALLSTROM: OK. Thank you. And it's my understanding that most states have qualifying conditions-- in other words, there are limited medical conditions for which medical cannabis can be recommended. Is it correct that we do not have anything either under the statutory initiative or the regulations promulgated thereunder to that effect?

J. CAVANAUGH: Well, I can tell you that we do not have them. I can't speak for what other states have. I, I think that there's probably every version of every other state. But Nebraska specifically, yes, the ballot initiative did not limit the-- which ailments could be prescribed cannabis.

HALLSTROM: OK. And, and would you be opposed if legislation is enacted-- and I know you proposed that and promoted it last year. Would you be opposed to having qualifying conditions in that legislation?

J. CAVANAUGH: That's a good question, Senator Hallstrom. So last year, I did support the bill that did have limitations on qualifying conditions. I would say that that was a-- that bill as a whole I thought was a step in the right direction. It did limit some conditions that I disagreed with, including PTSD was left off. And so that was one thing I wanted to see added back in. So the question would be on balance, what is-- is it getting-- increasing access, increasing the number of patients who are getting availability? This bill is a very small step in, in just sort of answering one of the problems. It's only one page long. Senator Hansen's bill last year was 50 or so pages long and addressed a whole number of other things. And so we're trying to keep this very limited. I, I think if somebody brought a bill next session that was addressing ailments and which ones to limit, I would be open to that conversation. And of course, it would be on a, a case-by-case basis of which ailments we're talking about.

HALLSTROM: And, and if-- and I may have to get on the-- in the queue again for more questions. I appreciate your candid answers. If we were to enact a statute that would put qualifying conditions into the law and the statutory initiative did not recognize those or authorize those, would it be your opinion that we'd be defying the will of the vew-- voters in doing so?

J. CAVANAUGH: I, I do think if we put those into the law, we could be defying the will of voters. But again, it-- the question would be, are we trying to give some actual voice to the voters and make it actually accessible? And the-- which is why I would probably-- the question is on balance. And so that's why I supported the bill last year, because it had more expansions and rights and protections last year. And it did includes the-- those restrictions that I did not care for but was willing to support in the interest of compromise and getting-- moving the ball forward.

HALLSTROM: So if we fill in the gaps and fill in some loose ends, that's not defying the will of the voters?

ARCH: Time, Senator.

HALLSTROM: Thank you.

ARCH: Senator John Cavanaugh, you are recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. I'll answer Senator Hallstrom's question. I, I-- again, Senator Hallstrom, we've had this conversation, I think, on a number of bills. I think there are ways in which we can make amendments to the-- what the voters approved and, and, you could say, fill in the gaps, and it is respectful and faithful to what voters passed. And I think there are ways in which we can do it and it would be disrespectful and unfaithful to what the voters passed. And I-- my attempt here-- again, we're not amending the ballot language, but we are adopting it and adding to it in a, in a way to be faithful and to give access-- increase access that the voters voted for. This was supported by the folks who brought the ballot initiative. This was supported by the families who are seeking care and service. So I do think that this is a positive change to that, but I'm-- I, I-- well, I'll, I'll talk about that another time. So what I did want to talk about is I appreciate the genuine conversation folks are having on this bill. I think this is really important. And this is something we, we need to address. And we need to move forward in this state in making our cannabis-- medical cannabis program function. And I will say again, when-- to make-- if you do not want a recreational program, we must make our medical program function. Because right now, what we have, the law in the state of Nebraska is someone can go to Missouri-- which is very close-- get a medical recommendation from a doctor who they have no real relationship with, and they can get that recommendation, buy 5 ounces of cannabis in any form, and bring it into Nebraska, and they are in compliance with the law. And that's not an ideal system, but it's the system we have. My concern has always been not for the folks who are able-bodied and can go and do that and have those resources to go to Missouri to do that. My concern is specifically for the, the older folks who are less mobile, for the kids in particular who have these serious, unusual disorders that could be helped by this, who can't travel, who can't go to these other states and get cannabis, and who need this pa-- particular type of re-- they need the relationship with their medical professional. So that's what this is. And so the folks who have expressed their concerns-- and I think-- I wrote down Senator Storer had concerns about, well, making sure people have access to recourse in the courts if there's some bad actors. I-- that-- good comment. That's exactly what this bill does. So this bill, AM2602, AM2195, LB933, is a limited protection if doctors follow the law, follow the standard of care. They can still be sued for malpractice and for negligence. So folks can still, still have recourse abou-- against them. Doctors can still be held responsible, liable, for violating the law and violating the standard of care. So I, I think those comments-- I appreciate them. This bill answers those questions. So if your concern is about this bill not protecting patients, I think you need to read AM2602 again. And folks who think this is too broad and not specific enough-- again, 17 states have medical cannabis-only programs. A whole lot of other states have recreational as well, but the 17 states that have medical only, 16 of them have this sort of provision in their law that ensures doctors are, are protected from their doctor's license being suspended or, or revoked solely for the act of recommending. So solely for the act of recommending. They can still be held responsible for the act of recommending if it violates some other standard. And so-- and this is the most restrictive version of this in the country. 16 other states have it. We are the most-- this would be the most restrictive version. So lesson to be learned from the folks here who are upset about the ballot initiative. We had medical cannabis bills that had restrictions on delivery mechanism. We had restrictions on doctors. We had restrictions on all kinds of things. This Legislature failed to pass it, and the voters took it up and passed it by the ballot initiative. And now we are here with a more permissive program than a-- all of the folks who don't like this have. So here we are offering a very restrictive program, very restrictive provision, and I would encourage if you want a restrictive program to adopt AM2602. So I appreciate the questions. I'll continue taking questions as long as folks want to ask them or as long as we're here tonight. Thank you, Mr. President.

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

ANDERSEN: Thank you, Mr. President. A lot of people are going to portray this as a medical marijuana issue, but it's really about public safety. It's about accountability, responsibility, and transparency. And I'd like to see if Senator Cavanaugh would yield to a couple questions.

ARCH: Senator John Cavanaugh, will you yield?

J. CAVANAUGH: Yes.

ANDERSEN: OK. Some of this has already been-- is plowed earth, but doctors have malpractice insurance, right?

J. CAVANAUGH: Yes.

ANDERSEN: So malpractice insurance is designed to minimize and manage the risk for the doctors, right?

J. CAVANAUGH: Well, yeah. I mean, the financial risk, yeah.

ANDERSEN: Right. So if they do something wrong and they have insurance, that will pay the bill or whatever damages, right? That's what malpractice is for, right?

J. CAVANAUGH: Right.

ANDERSEN: OK. So if they have malpractice insurance, why do they need to have blanket immunity?

J. CAVANAUGH: Well, this bill doesn't provide blanket immunity.

ANDERSEN: Well, I-- if you read the definition of Section 2 of your amendment, it says, a health care practitioner shall not be subject to arrest, prosecution, or penalty in any manner or denied any right or privilege, including but not limited to civil penalty or disciplinary action by the Department of Health and Human Services or by any other occupational or professional licensing board. So to me, that sounds-- and I'm not a doctor and I'm not a lawyer-- but that certainly sounds to me like blanket immunity for any bad actions. They're not going to be punished or held accountable by anybody.

J. CAVANAUGH: Well, well, first, are you reading AM2602?

ANDERSEN: I'm reading AM2192.

J. CAVANAUGH: OK. Well, 20-- AM2602 is the, the men-- amendment I would certainly suggest reading. But the thing, in any respect, you need to read is, solely for the act of recommending. So there are other-- the, the act of recommending is the thing that they're provided immunity for. If they violate other thing-- other standards in doing that-- including doing that-- so recommending to somebody who just comes in and is, you know, trying-- which I'm sure happens, people pretending to have an ailment so they can get opioids or cannabis. Happens. So if they do not follow the standard, then they can be held liable for not following the standard. But just for the act of writing the recommendation is the thing that is provided immunity, not making a recommendation when a recommendation is not appropriate.

ANDERSEN: OK. So it sounds like you're kind of lawyering me here. Like, you kind of mention words. But it still says the same thing about they, they cannot be prosecuted, held accountable, any penalty based on their action, right?

J. CAVANAUGH: The action of making the recommendation.

ANDERSEN: That's-- well, that's the action we're talking about, right?

J. CAVANAUGH: Right. But they have to do that action still-- nothing in this section shall prohibit health care practitioner from being subject to civil penalty or disciplinary action for malpractice, professional negligence as defined under 44-2810. So they still have to follow professional responsibility, the professional standard, and they have to follow the, the ballot initiative language in terms of the balancing of the benefits and the harms. And they have to follow their own professional training in terms of what's appropriate.

ANDERSEN: And that's interesting. One of the comments made earlier-- I, I, I don't remember who said it, but somebody talked about the, the standards of care, have-- maybe it was Senator Hansen-- that you'd still have to adhere to the standards of care, right? But by any doctor, that's very subjective, the standard of care.

J. CAVANAUGH: Well, I'm not a doctor, so I guess I couldn't tell you specifically, but I do think that doctors hold themselves to a very high standard and that there is a professional standard of care that is adhered to. And of course, when they are held liable or, or prosecuted or sued, that is what the case is about, is whether they've followed the standard of care.

ANDERSEN: OK. But that is a subjective standard, because not one case fits everything. So there is some judgment by a doctor. That's why they have the--

J. CAVANAUGH: The, the law itself spe-- specifically says their judgment.

ANDERSEN: OK.

J. CAVANAUGH: That, that is what the ballot initiative says.

ANDERSEN: OK. When they get granted immunity, doesn't that literally strip the rights of the patients? I mean, they have no-- literally no recourse for any bad actions or, or, or inappropriate conduct by the doctor in the recommendation.

J. CAVANAUGH: Excellent question. Actually, no, that's what paragraph 2 says, is that they still can be held civilly liable for violating do-- or, for malpractice or for professional negligence. So that's exactly what that is saying, is that the patient still has recourse.

ANDERSEN: OK. Can you tell me what other professions grant blanket immunity?

J. CAVANAUGH: Well, again, this is not a blanket immunity. This is an immunity for the act of filing a recommendation. They still have to do all these other things. It would be like saying that a architect has immunity for the act of stamping plans. They still have to sign off that the plans meet all of the other engineering requirements and standards.

ARCH: Time, Senator. Mr. Clerk.

CLERK: Mr. President, items for the record. Amendments to be printed from Senator Clements to LB1072; Senator Dover to LB1114; Senator Ibach, LB921; Senator Storm, LB933; Senator Machaela Cavanaugh to LB1072. Priority motion: Senator Hughes would move to adjourn the body until March-- Thursday, March 19 at 9:00 a.m.

ARCH: Members, you've heard the motion. All those in favor say aye. Opposed, nay. We are adjourned.