JACOBSON: All right. I think we'll go ahead and begin. Welcome to the Revenue Committee. I am Senator Mike Jacobson from North Platte, representing the 42nd District. I serve as vice chair of the committee. The committee will take up the bills in the order posted. This public hearing is your opportunity to be part of the legislative process and to express your position on the proposed legislation before us. If you are planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. When it is your turn to come forward to test-- to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on the bill, there are also yellow sign-in sheets back on the table for each bill. These sheets will include as-- and it will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer-- introducer's opening statement, followed by proponents of the bill, then opponents, and fin-- finally by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer if they wish to give one. We'll be using a three-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you will have one minute remaining. And the red light indicates you need to wrap up your final thought and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard. It is just part of the process, as senators may have bills to introduce in other committees. A few final items to facilitate today's hearings. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may be cause for you to be asked to leave the hearing. Finally, committee posi-- procedures for all committee-- committees state written position comments on a bill to be included in the record must be submitted by 8:00 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included in the committee statement. I will now have the committee members with us today introduce themselves, starting at my left.

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

BOSTAR: Eliot Bostar, District 29.

MURMAN: Dave Murman from Glenvil, District 38: eight counties in the southern part of the state.

DUNGAN: George Dungan, LD 26: northeast Lincoln.

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

JACOBSON: We have our two pages here today. I'm going to let them stand and introduce themselves and tell us a little bit about themselves.

KYM DYKSTRA: I'm Kym. I'm from Blair. I'm a sophomore at UNL. And then Lauren here is from Aurora, Colorado. Obviously, she's [INAUDIBLE]. I'm a poli-sci major. She's, like, ag e--

JACOBSON: Ag economics.

KYM DYKSTRA: Ag economics. And that's us.

JACOBSON: We have that in common. We both were at a, at a banquet in ag economics [INAUDIBLE]. She was there, so. Yes. All right. Also assisting the committee today: to my far left is our legal-- or, no-- excuse me-- is our committee clerk, Linda Schmidt. And so with that, let's start today's committee hearing. And we'll open with LB650. Senator von Gillern, you're welcome to open.

von GILLERN: Good afternoon, Vice Chair Jacobson and members of the Revenue Committee. My name is Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n. And I represent Legislative District 4 in west Omaha and Elkhorn. I'm here today to present LB650, which I carry on behalf of the governor. LB650 seeks to cut spending in discretionary areas in an effort to help in balancing the budget. As you all know, we are constitutionally required to approve a balanced budget by the end of the session, and this bill is one way to work towards that goal. AM690, filed on Friday, March 14, makes some important changes to the bill. My comments today will address the bill as amended by AM690. The positive financial impact of the bill as amended is estimated to be $88 million in the upcoming biennium and $132 million in the following biennium. $88 million goes a long way towards the current projected $292 million deficit projected for the next biennium. I'll take this opportunity to add a little bit of color to that last comment. The shortfall that has been talked about and apparently is buzzing about on social media is a projected shortfall to the upcoming biennium, which begins July 1, 2025. If no action were taken by this Legislature and we rolled the current budget and spending over into the new biennium, it is projected that we would be short $292 million. Our current budget is fully funded, and we have substantial reserves. So, no-- in case you're wondering-- the state is not broke. We're debt-free and by all accounts are in a strong financial position. LB650 will ensure that that strong financial position continues into the future. OK. Got that done. Let me get back to the bill. LB690 [SIC] was drafted using the term LIFO, which is a term familiar to anyone who's taken an accounting class, and refers to last in, first out. Programs that are the newest were at the top of the list of cuts, and those that have been around a while were largely left intact. While that's frustrating to many-- including me-- it's an unfortunate reality of our responsibilities to manage taxpayer dollars to the best of our abilities. As is always the case, there are a number of interested parties that will speak today regarding specific matters related to their businesses or their mission. I've already visited with a number of these folks and will continue to gather information at today's hearing in order to formulate consideration of an additional amendment to better identify the greatest returns for taxpayers. The committee members have a spreadsheet that outlines the specific programs and the impact of the bill and the amendment. I don't plan on mentioning each in my testimony today, and every program as all in the ro-- each and every program is all in the room, have certainly familiarized themselves with the bill. But I'm certainly open to specific questions or concerns, and I'm happy to address those now. Thank you.

JACOBSON: Thank you, Senator von Gillern. Questions? Senator Dungan.

DUNGAN: Thank you, Vice Chair Jacobson. So Senator von Gillern, just to clarify, the sheet that we've been handed out with regards to AM690, it has on the right-hand column parts that say "removes." Does that mean the amendment removes that portion from the original bill?

von GILLERN: Yeah. I know of no world other than this one that deals in double negatives so well, so. That sheet refers to items that have been removed by AM690 from LB650.

DUNGAN: So it's things that have been removed--

von GILLERN: So in other words, they're programs that will remain untouched.

DUNGAN: OK.

von GILLERN: Yes.

DUNGAN: Removes from the removal. Correct?

von GILLERN: Yes.

DUNGAN: OK. Thank you. Much appreciated.

von GILLERN: Thank you.

JACOBSON: Are there questions? All right. Seeing none. Thanks for your open. And--

von GILLERN: Thank you.

JACOBSON: --I trust you'll stay for the close.

von GILLERN: I'm going to stick around.

JACOBSON: All right. Good plan. I'll ask for the first proponent to please step forward. Good afternoon.

NEIL SULLIVAN: Good afternoon, Vice Chair Jacobson, members of the Revenue Committee. My name is Neil Sullivan, N-e-i-l S-u-l-l-i-v-a-n. And I serve as the State Budget Administrator for the Department of Administrative Services Budget Division. I'm here today to testify in support of LB650. And I want to thank Senator von Gillern for sponsoring LB60 [SIC], which was brought on behalf of Governor Pillen. The Legislature-- this legislation has been informally called last in, first out, LIFO. The governor looked at all exemptions, incentives, and tax breaks which were recently added on-- added to the books or expanded. And the idea for eliminating or parsing out these incentives back is to assist with balancing the budget and, and also assisting with property tax relief. And I believe we can and should do both. In Nebraska, property taxes have escalated to a crisis over our 156 years of statehood. In 1867, Nebraska's territorial Legislature created the state property tax. And a century later in 1967, state property tax was removed by a vote of the people. And Nebraska began collecting state sales and use and income taxes to replace lost revenue from property taxes. In 1967, the first year without state property tax levy, property taxes collected were $269 million. In just 57 years, this number has skyrocketed to $5.3 billion. This is a 1,864% increase. This small sample of data proves that Nebraska is experiencing a crisis that must be resolved. Last year in 2024, the amount of property taxes collected dropped for the first time this century. Total collected was a little over $6 million less than in 2023. Since 2000, property taxes collected have increased over 300%, from a total of $1.6 billion to $5.3 billion. This slowing of property taxes collected is in part due to the recent success of the Nebraska Legislature. In 2020, LB243 was passed. This bill placed a cap on school district budgets and removed community college property taxing authority. This has positively impacted every property taxpayer across Nebraska. Additionally, there was some success in LB34, which was passed during the special session in 2024. By frontloading this credit, we guarantee Nebraskans will get this property tax reduction. These recent actions have led to reductions in property taxes collected, which is a huge win. In closing, LB650 is in an effort to find more revenue to help maintain and improve this amount of relief. Nebraska's on the right track to help lower our dependency on property taxes. Taxpayers are seeing relief yearly and paying less on their property tax bills. For Nebraska to be fiscally healthy and responsible, we need to take a DOGE approach and take inventory of our tax dollars, where they're going, and if they're making an impact. Thank you for your time. And I'm happy to answer any questions you may have.

JACOBSON: Thank you. Questions for Mr. Sullivan? All right. Seeing none. Thank you. Next proponent. Welcome.

BRUCE RIEKER: Thank you.

JACOBSON: I see your hair didn't get as wet as mine this morning.

BRUCE RIEKER: I know. It takes a lot of wind to give me a bad hair day. Good afternoon, Vice Chairman Jacobson, members of the Revenue Committee. My name is Bruce Rieker, B-r-u-c-e R-i-e-k-e-r. I'm the Senior Director of State Legislative Affairs for Farm Bureau. Here on behalf of our 56,000 members testifying and are offering conditional support for LB650. Simply put, we're willing to put things on the table as long as there is significant property tax relief delivered through this session as well. We continue to be advocates for structural tax reform. We understand the state's financial condition. As I was reading my testimony, it sounded a lot like farming. Two years ago, we had $8 corn. Now we have $4.50. Property taxes continue to go up, and we have to trim our budgets, things like that. It's-- so we believe that LB650 would help solve part of the problem. If enacted, just so you know, some of the losses that ag would incur would be losses to the Nebraska Advantage Rural Development Act, the Shortline Rail Modernization Act, renewable chemical tax credit, and the biodiesel tax credit. We all support those. And they are-- we believe that they're important to economic development, but we also believe that the greatest return on investment for economic development is to get our property taxes under control. Earlier this year, we testified in front of the Appropriations Committee on the governor's budget with similar testimony. And that-- the reason we support is it calls for $302 million of property tax relief this first year and $370 million the next. And that is why we are generally supportive of the bu-- governor's approach as well. So that concludes my remarks. I'll be happy--

JACOBSON: Thank you.

BRUCE RIEKER: --to take any questions.

JACOBSON: Questions for Mr. Rieker? Yes, Senator Ibach.

IBACH: Thank you very much. Thank you for coming in to testify today. I too, as a rural and as an agriculturalist, am concerned about the same things that Farm Bureau are. Do you think that any of the things that you're concerned about, like the Rural Development Act, the railroads, the biodies-- biodiesel, do you think that any of those, there's-- there could be a counter to those where we would lose revenue or lose population based on exempting those out?

BRUCE RIEKER: Oh, I'm, I'm sure that there are possibilities, if I understand your question right. So maybe-- would you rephrase it so I understand?

IBACH: I just want to know if there's a tradeout. So are we trading out jobs, infrastructure, improvements to railroads? Are we trading out any of those things for, for-- to reduce spending? I mean, would, would those increase spending or would those, would those help our economy if we let them in?

BRUCE RIEKER: Oh, I, I believe they--

IBACH: Is it a tradeout?

BRUCE RIEKER: I believe they would help our economy if we left them in. But we also believe that one of the best ways to grow the agricultural industry is through livestock development. And if we reduce property taxes, it will make the investment that people are making in poultry barns, pork barns, cattle barns, whatever they may be, make them more affordable. Just, just so you-- those of you who don't know, any of those barns that are being built right now cost about $800,000 to $900,000 apiece, which in turn turns out to be about $12,000 to $14,000 worth of property taxes. So we believe that the overall economic development would be greater by creating those sorts of opportunities to help bring more people back to rural Nebraska and-- through investments of making their money through the market. I hope that helped.

IBACH: Yeah. So, so would they qualify for any of the Rural Development Act? I know that we're, we're lowering the threshold for, for those grants, but--

BRUCE RIEKER: Yeah. We're lowering the threshold, but those grants are still available. It's just the amount of funding that is in those. Two years ago, when the state had more money, we pushed for greater funding for a lot of these programs. And as Senator von Gillern said, this is last in, first out. Money's a little bit tight. And so those grant-- none of these programs are being eliminated that I'm aware of. They're being scaled ba-- well, maybe the shortline railroad. But they're being scaled back to where they were prior to 2023.

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

JACOBSON: Are there questions? Yes, Senator Du-- Dungan.

DUNGAN: Thank you, Vice Chair. Thank you for being here, Mr. Rieker. I know this is a difficult, complicated conversation to have. Obviously, a lot of folks here are interested in this. Senator Ibach kind of went down the same road that I was just curious about when I was reading through the bill, and ob-- obviously the number one goal, it sounds like from your testimony, is that continued property tax relief and that we've done a lot in this state. And I think we all, as a Legislature, agree we've done more, I think, than we thought possible in the last three years. We'd like to do more. We're continuing to work through that, right?

BRUCE RIEKER: Mm-hmm.

DUNGAN: Do you know or I guess do you have any idea in terms of the-- and this is where it relates back to Senator Ibach's question-- the trade-off with regards to return on investment that we see from some of these programs for rural or ag communities versus the ultimate property tax savings? Because obviously, when we look at the fiscal note on a lot of these tax credits, it's that static fiscal note. It's not dynamic. We just see the cost. We don't see the benefit or the ret-- return on investment. So do you know-- has Farm Bureau or any of your associates kind of looked at what that trade-off is in terms of the immediate savings we might see compared to the ultimate return on investment that some of these programs would give parts of Nebraska?

BRUCE RIEKER: We've looked at it in generalities, but I can get those numbers. Most of those for programs such as these, if they're-- if they've been in existence for longer than the last two years, we can find those numbers usually through the Department of Revenue, or else the Performance Audit Committee. We can get those numbers on each of these programs to show you what the return is, at least for those programs. And as far as us doing the numbers on what the return on investment would be for making investments in lowering property taxes, you know, we can, we can put that together too. But I don't have any numbers along those lines today that I could just spiel off right now.

DUNGAN: And, and I just-- I don't know either. I would just be curious because, obviously, I think we should be diligent to not waste taxpayer dollars on programs that aren't working. But on ones that do give us a good return on investment, I think it'd be worth taking a second look. So I'd appreciate continuing to have that conversation.

BRUCE RIEKER: Well, well-- and-- I'll say this too: once the state gets back in better shape, you know, we would want to invest in-- you know, see the state, consider reinvesting in these too. But part of this is to balance the budget. But the other part that we believe is incredibly important is that the Legislature has to do more than just balance the budget, because property taxes are going up $285 million per year, and that will only compound the problem for people that are here two years from now.

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

BRUCE RIEKER: You're welcome. Thank you.

JACOBSON: Other questions? Senator--

MURMAN: Murman.

JACOBSON: --Murman. Yes. Senator Murman.

MURMAN: Well.

IBACH: [INAUDIBLE].

JACOBSON: The guy next to me.

MURMAN: I'm a chair once in a while too, and the name doesn't always come right to me. The-- specifically again to the shortline rail, that is true infrastructure. And I know it's needed for both bringing in inputs to-- you know, when you get a little further away from mainline rail in the state and also moving product out. Yeah. I would, I would like to-- too if you could get some specific numbers as to maybe how much of a difference it would make if we don't fund some of these things as much as, as we would like to.

BRUCE RIEKER: So-- you know. And I, I will do that. So also to, to give you a perspective, when the governor's budget calls for $300 million of property tax relief, roughly 25% of that would go to ag. 52% would go to residential property. About 21% goes to commercial. And the re-- remaining 3% goes to centrally assessed properties such as railroads, public utilities, things like that. So if it's $300 million in property tax relief-- let's just say we hit that number. Ag will benefit with-- by $75 million of that. OK? And that would include their homes and their farm sites which are valued either-- well, they're var-- valued at 100% of fair market value. And the barns are taxed as commercial property. Residential, they get roughly $154 million of it. So as we weigh those scales, if that kind of relief can come to fruition, that's part of the mathematical problem that we're doing, is, like, OK. We're willing to put some things on the table. We realize there's a greater gain for everybody. And so we want to keep it in perspective that it's not just the return on investment of that $1. It's how many dollars are we investing in certain things, such as lowering property tax? Does that make sense?

MURMAN: Yeah. I, I totally agree with you. Lowering property taxes is our number one priority. And, and we have to weigh the balance between lower property taxes--

BRUCE RIEKER: And I can give you the chart again.

MURMAN: --things we'd like to.

BRUCE RIEKER: Yeah. But last week we testified-- and we gave the committee the information of what it takes for agricultural property taxes in Nebraska to be competitive with Iowa since that seems to be the measure as-- income taxes or other taxes as far as us, us being competitive. Everything you've done we've appreciated. But we're only about halfway there to be competitive with Iowa.

MURMAN: I agree. I'd even more like to be competitive with Kansas.

BRUCE RIEKER: Oh, heck yes. You know, we were trying to pick one in the middle. But since Iowa's already picked, we'll go with that one.

MURMAN: Sounds good. Thank you.

JACOBSON: Other committee questions? I just got a quick one for you. You started to begin with the, the number of members you have and the fact that, you know, we've got this shortfall. And you also mentioned that your farmer members are going to pay property taxes regardless of what the price of corn is. So when you go from $8 a bushel to $4 a bushel, you'll stay fairly flat. Input costs are nearly the same. What are your cash [INAUDIBLE] members telling you about how they're going to deal with those cuts? Because I'm not sure anybody's going to be bringing them a handout to fix the problem for them. So they're going to actually have to make real cuts, aren't they?

BRUCE RIEKER: Yeah. They're going to have cut spending. There's only two choices. And if your revenue is $4.50 a bushel, there's not a lot you can do about that one. But what you do is you cut your spending. You have-- may have deferred maintenance. You may have machinery that needs replaced, but you're going to fix it. And those are the, the decisions that they're going to have to make, so. This, this is no different for the Legislature than it is for farming.

JACOBSON: And yet every political subdivision will have a higher budget this year than they had last year and a higher budget the next year than they had--

BRUCE RIEKER: Correct.

JACOBSON: --the coming year.

BRUCE RIEKER: Yeah.

JACOBSON: So-- yeah. Kind of a model there. OK. With that-- nothing else. Thank you for your testimony.

BRUCE RIEKER: You're welcome.

JACOBSON: We'll ask for the next proponent.

BRUCE RIEKER: Thank you for your attention to our concerns.

JACOBSON: Futher proponents on LB650? All right. Seeing none. How about any opponents? Could there be any opponents out there?

KENT ROGERT: I'm probably the only one. Senator Jacobson, members of the Revenue Committee. My name is Kent Rogert, K-e-n-t R-o-g-e-r-t. And I'm here today on-- representing AT&T and CTIA, the wireless industry trade association, in regards to LB650 and AM690, and specifically to Section 4 at the bottom on page 6 of the bill. So I'll just tell you a little story about how we got to where we are today. In 2020, some telecom companies started receiving letters from the Department of Revenue saying they were going to owe sales taxes on the gross receipts from revenue generated on certain leases on certain towers. We believe this to be a change in interpretation and policy, resulting in a new Nebraska unique tax. On Senor-- in 2021, Senator Linehan introduced LB182 on behalf of the industry to clarify in statute that these seats would not be subject to tax because they are business inputs. Amended language that year was then amended in LB595 and is what is now the current law in, in Section 77-2701.16, which is at the bottom of page 6. The bill was signed by Governor Ricketts on May 25 of that year. So in-- LB650 seeks to remove this language. We maintain that this does not repeal a newly added exemption but rather adds a new tax that has never been collected in Nebraska. Other states are actually following our [INAUDIBLE] example by providing this exemption as a business input. Those states are including but not limited to Colorado, Minnesota, Tennessee, Mississippi, and Minnesota in this year and last. This would be a tax on a tax. And the end user who actually uses these services is subject to and pay as a sales tax on these. We simply would be passing these costs on to our customers, making broadband services more expensive. This would create a hidden tax on wireless con-- consumers in a state that already ranks near the top nationally for taxes on wireless services. I thank you for your opportunity today. And I'd answer any questions that you might have.

JACOBSON: Questions from the committee? All right. Seeing none. Thank you.

KENT ROGERT: Thank you.

JACOBSON: Next opponent for LB650. How are you?

LUCAS FROESCHL: Hello. Really good. Glad to be here.

JACOBSON: Great.

LUCAS FROESCHL: Excited. Thanks for giving me the opportunity to talk about some of the work we're doing in our hometown, Falls City. Good afternoon, members of the Revenue Committee. I'm Lucas Froeschl, L-u-c-a-s F-r-o-e-s-c-h-l. I'm Director of Falls City EDGE, Economic Development and Growth Enterprise. I'm here representing the Nebraska Economic Developers Association in opposition to LB650. I'm here to talk specifically about the work Falls City has done to ready itself for Nebraska's BioEconomy Initiative and how the reduction or removal of bio-specific programs under this bill will jeopardize our work and positioning to create new markets for the agriculture industry. Falls City EDGE has secured options on over 800 acres along the Union Pacific mainline south of town. We began marketing the site in 2022 to attract corn and soybean feedstock investments like sustainable aviation fuel, biodiesel, and biopolypropylene, plastic raw material components made out of ethanol instead of the industry standard petroleum. In 2024, with the assistance of a USDA grant, our 800-plus-acre site, the Mid-America Rail Campus, was designated as a Biofuel Development Opportunity Zone. The 74-page report and A-rating notes the availability of 600,000 bone-dry tons of corn stover, a feedstock used for sustainable aviation fuel. The BDO Zone Initiative certifies regional readiness for biomanufacturing, creates global connections, and ignites an influx of new energy opportunities for farmers, economic developers, and rural businesses. The designation is designed to attract new manufacturing plants to the areas where they are most likely to succeed, drive investment, and create jobs. We are primed to recruit these businesses to Nebraska, and the Legislature has previously put in place tax credits to incentivize the production or retail of these products in our state. However, LB50 [SIC] repeals or reduces these important programs in Sections 2, 8, 10, and 12 for sustainable aviation fuel; 28 and 29 for renewable chemical production; 32 for biodiesel; and 36, which again references sustainable aviation fuel. Last August, DG Fuels announced a $6.5 billion project to manufacture sustainable aviation fuel in central

Nebraska. In November, Citroniq Chemicals announced a $7.5 billion investment to manufacture biopolypropylene in southeast Nebraska. These projects are poised to be the two largest investments in state history and create new markets for our corn producers. Nebraska is leading the way for the BioEconomy Initiative, and a reduction in these incentives could stall the momentum our efforts have created. Our experience recruiting businesses show that these programs create meaningful interest in Nebraska and give an opportunity to gain new manufacturing, add value for agriculture, opportunity for our rural communities, access to prosperous careers for young adults, and-- perhaps the most important in this specific conversation-- an increased tax base. The bioeconomy tax initiatives are poised to be the return on investment Nebraska and this committee is looking for. Thank you. I'd be happy to answer any questions.

JACOBSON: Thank you. Questions? Senator Dungan.

DUNGAN: Thank you, Vice Chair Jacobson. Thank you for being here today talking about some of the amazing work y'all are doing. You talk about sustainable aviation fuel and my ears perk up. That's been a thing that I've been very interested in since I got to the Legislature. You mentioned in here the DG Fuels announcement with regards to that $6.5 billion project. My understanding is the CEO of DG Fuels was hosting some town halls, I think, back in December of 2024. It's 2025 now.

LUCAS FROESCHL: Correct. Yep.

DUNGAN: And part of that conversation was that, yes, they've sort of made the initial decision to move forward with this but that the, the final investment, I think, the investment decision he said would come maybe in a year or two. And it would depend on sort of the financial landscape of what Nebraska was doing at that point in time with regards to trying to be a good economy for, for biofuel investment. Is it fair to say that any reduction in these kind of tax credits or, or these programs could potentially hamper, I guess, either the growth or even the initial investment decision for places like DG Fuels or other companies who want to locate here in the future?

LUCAS FROESCHL: Yeah. I would agree. I mean, I think it, it goes back, you know, 20 years ago when we had-- you know, when ethanol was an emerging market. You know, it needs a little bit of a boost. It's, it's got to get started somehow, you know, and a reduction of these tax credits is going to limit these billion-dollar investments in our state.

DUNGAN: Thank you. I appreciate it.

JACOBSON: Other questions? All right.

MURMAN: Yeah, I got a quick--

JACOBSON: Senator Murman.

MURMAN: Yeah. Again to DG Fuels and the sustainable aviation fuel, that's, that's something that we can't afford to lose this opportunity for the state of Nebraska to, to be toward the front of that kind of production. And I agree. We don't want to risk losing those possible investments in the state. As you mentioned, the two largest investments ever in the state of Nebraska. Would you agree?

LUCAS FROESCHL: I totally agree. I mean, the feedstock is in our backyard. They want, they want to be here. They want to be in Nebraska. And it's, it's about creating a brand-new market for our farmers.

MURMAN: Yeah. Thank you very much.

LUCAS FROESCHL: Yep.

JACOBSON: Are there questions? All right. Seeing none. Thank you for your testimony. Next opponent.

TREVOR LEE: Lucas is a tough energy to follow.

JACOBSON: Yeah. High energy. You can go ahead.

TREVOR LEE: All right. Well, good afternoon. My name is Trevor Lee, T-r-e-v-o-r L-e-e. I am the current President of the Nebraska Economic Developers Association. I've been on that board for ten years. I'm also the President of the Development Council of Buffalo County. We are here in opposition to LB650 on, on behalf of those organizations. And for the last 14 years, I've been the lead economic developer in communities and counties as small as 50 to over 50,000. So I could speak to some of the programs and their importance to communities in Nebraska, many of which you represent. Specifically, I want to talk about CHIEF, Section 19, Creating High Impact Economic Futures Act. Under this bill, that ends in 2025. And the last in, first out concept, I understand that. CHIEF is one of the last in, but it was a compromise bill for the CDAA with Senator Wayne last year. CDAA, the Community Development Assistance Act-- we'll see some information on that in my handouts. That is a long-standing tax credit incentive dating back to 1985. And it's benefited over 60 communities in Nebraska, hundreds of projects for community improvement. So libraries, swimming pools, senior centers, programming, fire halls. It's got a long, long track record as you'll see in that handout. CHIEF is set-- I think it began January 2025. So if it is set to go away, we would encourage the committee to look at re-- replacing those provisions in Section 19 with the original CDAA provisions at the million dollar. The other thing I want to touch on is good life districts. While we understand that the amendment to the bill would retain good life district promis-- provisions, as a representative of NEDA, I just want to let you know-- to, to point out the potential that we see in projects all across the state for good life districts, not just in our metropolitan areas. And as a representative of Kearney and as you will hear in testimony later today, I want to let you know we are really excited to have an opportunity to participate in that program. We have a very strong application submitted over eight months ago with a developer in the city, and we're ready to get to work. So we want to work with the committee to get the, get the details right on that and move forward. Thank you.

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

JUSTIN BENTAAS: Good afternoon, Vice Chair Jacobson and members of the committee. My name is Justin Bentaas, J-u-s-t-i-n B-e-n-t-a-a-s. And I'm here with Mickelson and Company. We are a consulting firm specializing in infrastructure financing for shortline railroads. Today, I'm testifying opposition to LB650, specifically Sections 22 and 23, which would effectively sunset the shortline modernization tax credit after 2025. In addition to representing Mickelson and Company, I'm here on behalf of the Nebraska Kansas Railroad, Nebraska Central Rail-- Railroad, the Co-op Association, Renewable Fuels Nebraska. So shortline railroads are essential to Nebraska's economy. And these smaller railroads-- not the large Class 1 railroads that dominate national headlines-- provide critical fri-- freight service that keeps rural businesses, agricultural producers, and industries connected to the national and global markets. Nebraska's eight shortline railroads operate 751 miles of track and move over 125,000 carloads annually, which is the equivalent of keeping half a million trucks off our roads and saving the state of Nebraska $21.5 million in pavement damage costs each year. However, shortlines struggle with decades of deferred maintenance inherited from former Class 1 owners. To stay operational, they invest nearly 40% of their revenue into infrastructure upgrades.

But freight railroading is capital intine-- intensive. One example: constructing just one mile of new track costs $2 million. Without financial incentives, many of these necessary investments simply won't happen. So recognizing these challenges, Nebraska passed the shortline modernization tax credit in 2024 as a part of a carefully negotiated tax package. The program ensures that shortlines can make needed investments to modernize and maintain their infrastructures, just as 12 other states have successfully done. This credit covers 50% of qualified maintenance cost, capped at 1,500 per mile. The total credits are limited to $0.5 million for the first year, $1 million afterwards. It's not a handout. They have to invest their money first. $2 of private investment for every $1 of tax credits. So this approach works. 12 other states have implemented it. An Alabama study done by the legislature, done in 20-- I think-- '18, indicated that for every $1 of tax credit, it generates about $8 of overall economic impact. Without this tax credit, you know, we would probably lose out on around $11 million worth of investment into the shortline railroads. These are planned improvements. And after these-- after this tax credit was passed last year, the railroad sat down, looked at their capital improvements, planned, and decided that, you know, they could potentially put in additional $11 million in plan improvements. Strong infrastructure is the backbone of economic growth. Without reliable rail connections, business-- businesses face higher costs, rural communities lose opportunity, and Nebraska becomes less attractive for investment. Thank you.

JACOBSON: Thank you. Questions? Senator Ibach.

IBACH: Thank you very much. I was just looking over some of my notes too from last year. Can you speak maybe a little bit to how shortline railroads save on infrastructure repairs, maybe how the trucking industry--

JUSTIN BENTAAS: Yeah.

IBACH: --maybe we could save some in the trucking industry in that wear and tear on our roads by using rail infrastructure.

JUSTIN BENTAAS: Absolutely. I, I think-- you know, if I'm understanding your question correctly, Senator-- you know, a big benefit of freight rail is just how, you know, efficient it is. So if we want to move one ton of-- or, for every carload-- freight carload that is moved by freight rail, that equals about four semi-trucks. So as we continue to push towards rail, that just takes trucks off the road, which in-- decreases congestion and decreases the amount of wear and tear on the railroads. I did say in my testimony that wear and tear is estimated at about $21 million per year that shortline saved the state of Nebraska when it comes to wear and tear on pavement damage.

IBACH: One follow-up.

JACOBSON: Go ahead.

IBACH: So I know shortlines are, are mostly rural, which--

JUSTIN BENTAAS: Correct.

IBACH: --is kind of my wheelhouse. If you're looking at renovating or-- not really renovating-- at, at, at the structure that's already available, what would be the benefit as far as, I mean, connecting to ethanol plants, connecting to maybe some feed mills or--

JUSTIN BENTAAS: Yeah.

IBACH: --commodity storage.

JUSTIN BENTAAS: Good question. And, and thank you for the follow-up, Senator. Investing in shortline infrastructure would mean better efficiency. So getting commodities to the national freight network in a more efficient matter by increasing speeds. A lot of these shortlines, they, they go 10 miles per hour right now. And in order to increase that speed, we have to invest in that infrastructure. And so that's, that's a big, big component of that. We want to increase. We, we don't want to go 10 miles per hour. We want to go 20, 25, so on and so forth. That's just not feasible right now. You know, in addition, safety is another big one. A decrease in de-- derailments, so on and so forth. Think you had a--

IBACH: And did we use all the funds last year? Do we-- do you use all the matching funds?

JUSTIN BENTAAS: Good question. So this doesn't come into implementation until July 1 of 2025. I can tell you it would be, 100%, and it would be every year afterwards.

IBACH: OK. Thank you very much.

JUSTIN BENTAAS: Yeah. Thank you.

IBACH: Thank you, Vice Chair.

JACOBSON: Other questions from the committee? All right. Seeing none. Thank you.

JUSTIN BENTAAS: Thank you.

JACOBSON: Other opponents? How are you?

DAWN CALDWELL: I am well.

JACOBSON: Great.

DAWN CALDWELL: Thrilled to be here. Good afternoon, Vice Chair Jacobson and members of the Revenue Committee. My name is Dawn Caldwell, D-a-w-n C-a-l-d-w-e-l-l. Executive Director of Renewable Fuels Nebraska. And I'm here to oppose the repeal of the biodiesel tax credit on behalf of Bosselman Enterprises, the Nebraska Petroleum Marketers and Convenience Store Association, and Renewable Fuels Nebraska. Also, I am here to re-- object to the repeal of changes to sales tax pro-- provisions for purchasing agents and contractor tiers on behalf of Renewable Fuels Nebraska. Section 32 of LB650 would reduce the biodiesel tax credit, an important tool that strengthens Nebraska's economy by increasing demand for soybean and corn oil, supporting farmers and helping retailers offer more homegrown environment-- environmentally friendly fuel. This credit encourages biodiesel blending, playing a key role in both agriculture and the trucking industry. Bosselman alone blended over 900,000 gallons last year, and they are aiming to achieve 3 million, while the statewide potential exceeds 50 million gallons. Keeping this credit in place will continue providing economic and environmental benefits for Nebraska. You should have received detailed online comments from both Bosselman Enterprises as well as a group of ag associations. I encourage you to read through those. When it comes to the repeal of Statute Code 77-2706.02 in Section 66, sales tax provisions for purchasing agents and contractor tiers, I'd like to highlight that Nebraska ethanol companies are making significant investments and upgrades to improve efficiency and increase production. However, Nebraska's tiered contractor classifications create unnecessary and burdensome tax complexities that hinder fair competition and economic growth. Nebraska is one of only a few states that maintain these complex categories, placing businesses at a disadvantage. Larger companies and contractors with legal and count-- and accounting expertise better understand the complexities and structure their work accordingly, ensuring that they find a way to use an Option 1 contractor to avoid additional tax burdens. Meanwhile, smaller businesses that primarily work with Option 2 or Option 3 contractors lack the resources to navigate this maze of rules, leaving them with an unfair and excessive tax burden. This issue extends well beyond ethanol. It affects all manufacturing industries in Nebraska. We need a streamlined, transparent tax structure that fosters business growth rather than impeding it. Leaving current statute in place provides much needed clarity for the Department of Revenue and manufacturing companies to create a fairer business environment across the state. I'm glad to try to answer questions. I would also let you know that I have a tax attorney following me that could probably better answer hard, hard questions.

JACOBSON: All right. Thank you. Questions from the committee? Senator Dungan.

DUNGAN: Thank you, Vice Chair. Thank you for being here. I don't think this is a hard question, but feel free to defer if you--

DAWN CALDWELL: Yeah. You bet.

DUNGAN: Can you just speak bri-- I pulled up the, the comment here from, from some of the folks you were talking about with the, the ag groups and then also the COO of Bosselman's. There's a brief discussion in there with regards to sort of the interplay between this-- like, our current tax credits and the federal tax credits. Can you speak just briefly as to what the current status is of some federal tax credits as it pertains to the bioeconomy and what the interplay is here with Nebraska?

DAWN CALDWELL: Could I just say-- unsure and paused would be two words. There's-- so I believe there's a tremendous amount of respect for the biofuels industry at the federal level. There are a lot of things being reviewed right now because that's what President Trump is doing and having his, his staff do. What, what he does put a tremendous amount of weight on is the fact that biofuels raised and produced in Nebraska contribute to our national security. And he's really weighing heavily on that in his decisions in keeping biofuels programs in place. So should we permanently lose, for instance, the biodiesel tax credit at the federal level, that would be a horrible situation for both soy growers and the farmers alike. What can we do throughout rural America to create our own, own industry? Grow it, eventually sunset it. That's-- that would be what we would want to achieve, is take care of our own.

DUNGAN: And is it also fair to say then that there's, I guess, been an expressed desire for a little bit more stability with regards to these kind of tax credits at the state level in order for people to make those upfront and ongoing investments in the economy?

DAWN CALDWELL: Yes. And so-- so I'll use another federal example. If a, if a tax incentive is put in place but it's only in place for two years, it doesn't give you time to get everything in place to realize the opportunities that would come with that. So stability giving enough years out to make business decisions and investment decisions is imperative to the companies as they, as they make their plans.

DUNGAN: Thank you.

DAWN CALDWELL: Thank you.

JACOBSON: Other questions? All right. Seeing none. Thank you. Next opponent. How are you? Go ahead.

JESSE SITZ: I'm good. Vice Chair Jacobson and members of the Revenue Committee. My name is Jesse Sitz, J-e-s-s-e S-i-t-z. And I'm a partner at the law firm of Baird Holm LLP. I practice as a tax attorney at the firm. And I'm appearing today in opposition to the repeal of Section 77-2706.02. This statute had been enacted to deal with purchasing agent appointments for Option 2 and 3 contractors who, in our experience, have been treated much differently for incentive and for, in this particular situation, MME exemption purposes than Option 1 contractors. And I'm going to try to truncate my, my comments, but I, I do want to explain sort of what's the difference between an Option 1, an Option 2, an Option 3 contractor in Nebraska for sales tax purposes. It's really a timing difference. Option 1 contractors remit and collect sales tax when they send the invoice after the pro-- after their property has been a-- annexed to real estate or, or installed. Option 2 contractors pay sales tax as they buy the product. And they don't charge sales tax when they later resell. Option 3 contractors to collect-- pay-- remit sales tax upon removing it from their inventory and do not charge the end user upon installation. So all of these options are really, in, in my mind, designed to give contractors temporal choices. Who-- you know, when do I want to collect and how do I want to collect it? But what we've seen is there, there was a [INAUDIBLE] case that elucidated this in 2012. The Nebraska Supreme

Court said that a-- an ethanol plant in western Nebraska-- Bridgeport, I believe-- had, had claimed we-- we're eligible for the MME exemption, you know, but-- although we used an Option 3 contractor. And the Department of Revenue said, no, no, no. That's not the way this works. And the Supreme Court held for the department, essentially creating a, a big difference between the tax treatment of Option 2s and 3s versus Option 1. And, and I, I bring this up because I think it's important for manufacturing that-- you know, my-- a lot of my clients aren't sophisticated enough to call me about these issues. And it would be great to see equal treatment in good tax policy for the different options of contractors.

JACOBSON: All right. Thank you.

JESSE SITZ: Any questions?

JACOBSON: Question from the committee? Yes, Senator Ibach.

IBACH: Thank you. I was just looking at your chart that you handed out, and you kind of explained the Option 1, 2, and 3. I have several-- not several. I have a few, like, care home facilities, child care facilities that are just starting to build in my district. How would these, do you think, apply to them?

JESSE SITZ: What-- this happens, right? We've had clients that start to build facilities-- and, and you're talking about a different exemption, which is a nonprofit exemption that lists-- and that's, I think, 2704.02. But, but it's similar concept. If they, you know, make the mistake of hiring an Option 2 or a 3 contractor rather than an Option 1, they may not be eligible to have the exemption apply the way that they, I think, believe it would. So I think that's another sort of offshoot of a similar problem to the MME exemption. The, the language in the two statutes are almost exactly the same as far as the preamble. And, and so I think if-- that's another, you know, sort of way that this manifests itself without a lot of folks knowing going into it that it's going to happen.

IBACH: So even though it's not, you know-- it's manufacturing machinery and, and equipment. You're talking about the MME. But these would also apply to some of those nonprofits. So if we were to somehow maybe connect them somehow, we could--

JESSE SITZ: Yeah.

IBACH: --strengthen what we already have in place.

JESSE SITZ: Correct. I think if there's nonprofits, the concern is equally as concerning to them. And they should, you know, maybe look to add-- be added to that, you know, to that bill that is currently being repealed, which we hope it's not.

IBACH: Great. Thank you very much. Thank you, Mr. Chair.

JACOBSON: Other questions? Senator Murman.

MURMAN: Yeah. I think it was mentioned in either yours or the preceding testimony that this option tax system is not in place in all states. So is there a different way of doing it that you think would be more beneficial for manufacturers in Nebraska and may-- and maybe specifically ethanol?

JESSE SITZ: Right. It's, it's a great question. Some-- Texas has some complexities about their contractors, but none of them have sort of these three different options like Nebraska does. And, and I think-- you know, when you go back and look, I think the contractors were saying, you know, we want the ability to pay at different times. But I don't think anybody anticipated that that would backfire in a way that they may not be treated the same for incentive purposes or for exemption purposes. And that's sort of what's happened. And I, and I think-- you know, this is something I think I'd be happy to work with the committee and, you know, whoever wants to explore this. But probably there is a way to-- you know, if folks said, well, this has just become too complicated on the other side than we thought it was going to be and it's affecting our client's ability to get refunds and, and things like that, I-- you know, you could theoretically just have one option and they're all treated the same, and that would sort of solve the problem. But that's not the current legislation we have in place now.

MURMAN: Thank you.

JACOBSON: Are there questions? Seeing none. Thank you for your testimony.

JESSE SITZ: Thank you.

JACOBSON: Next opponent. How are you?

SEAN KELLEY: Well. How are you?

JACOBSON: Good.

SEAN KELLEY: Good afternoon, Vice Chair Jacobson and members of the Revenue Committee. My name is Sean Kelley, S-e-a-n K-e-l-l-e-y. Appearing today as a registered lobbyist for the city of Omaha. The city of Omaha opposes Section 1 of LB650, which seeks to amend Nebraska Revenue Statute-- Revised Statute-- excuse me-- 13-3106 to provide a sunset date for applications involving sports complexes and large public stadiums under the Sports Arena Facility Financing Act. The elimination of the turnback tax financing for these facilities would significantly hinder or altogether eliminate the city's ability to finance these developments that benefit the public good and increase the quality of life for Nebraskans. Additionally, these facilities fuel new development and increase the overall tax revenue for both local municipalities and the state. This legislation could directly impact the city's proposed expansion of facilities at Tranquility Park, located at 120th and Maple Streets in Omaha. Tranquility Park is the largest publicly owned sports complex in the city and hosts over 64% of all youth soccer league play. In 2024, the city announced its plans to expand the facilities at Tranquility Park to include new synthetic turf, multipurpose baseball and softball fields with lighting, parking improvements, upgraded concessions, and asodi-- associated on-site offices. This project was made possible when the Sports Arena Finance-- Financing Act was expanded to include sports complexes. It is estimated that the upgraded soccer fields would draw in over 52,000 attendees annually, resulting in over $36 million in direct visitor spending. Similarly, it is estimated that baseball and softball fields will fill 56,000 hotel room nights, generate more than $42 million for the Nebraska economy. Already the-- al-- already the planned $54 million of improvements of the park has led to a public-private partnership wherein a local developer is committed to developing the hotel space, retail, and restaurants to support opportunities to host local and regional tournaments. And the city intends to pledge the turnback tax revenues generated by this new development to service the debt incurred to construct the new facilities. This revenue, in addition to revenue generated at the park itself and through philanthropy, is critical to financing the project. Without the turnback's-- turnback tax revenue, the city will not have sufficient funds to complete the project and will have to halt development. This will also reduce or eliminate the planned economic development to the east of the park, and the tax revenue that otherwise be generated by this new development will not be realized. A vote to eliminate the turnback tax will effectively re-- reduce future tax revenue available to the state of Nebraska and halt existing development that was planned around this legislation. The city of

Omaha respectfully requests the members of Revenue Committee consider the impacts of eliminating the turnback tax and continue to allow applications for sports complexes under the Sports Arena Facility Financing Act. What I had handed out is also a letter from Omaha City Councilwoman Aimee Melton, who's been working on this project for over a decade. So it gives you some historical perspective. With that, I'm happy to take any questions.

JACOBSON: Thank you. Questions from the committee? All right. Seeing none. Thank you.

SEAN KELLEY: Thank you.

JACOBSON: Next opponent. Welcome.

JIM TIMM: Good afternoon, Vice Chairman Jacobson and members of the Revenue Committee. My name is Jim Timm, J-i-m T-i-m-m. President and Executive Director of the Nebraska Broadcasters Association. We represent the state's FCC licensed, free, over-the-air radio and television stations. While we understand the state's desire to broaden our tax base, there's one section of LB650 that raises concern for local broadcasters that could impact emergency alerting and public safety. LB650 would remove the current exemption on the gross income received for the lease of towers or other structures, including those used in furnishing over-the-air radio and television broadcasting. These tall towers and the related transmission equipment are not optional. They are the technological backbone of how TV and radio stations broadcast. While most stations broadcast from their own towers, some stations lease space on other broadcast towers and transmitter buildings to avoid the costs, specific height, and site location challenges of constructing their own facilities. It's also common for some county 911 communication systems to lease space on broadcast towers for their own communications needs for the same cost-saving and site location reasons. I believe it's safe to say that local governments save more money by leasing tower space than a state sales tax would ultimately collect. Operating a TV or radio station carries significant regulation and obligation, of which public safety alerting is our most critical responsibility. Local broadcasters support the nation's emergency alert system. We're first informers in times of localized emergencies, including supporting Nebraska's AMBER Alert and endangered missing advisory programs. When faced with blizzards, wildfires, tornadoes, flooding, other public emergencies, Nebraskans count on local broadcasters for real-time, often lifesaving information. No one else does what we do-- not TikTok, not X, not

Facebook, not Google. They don't have newsrooms. They don't have journalists. They don't have meteorologists. We take our responsibilities seriously. Maintaining and updating our towers and related technology is a very expensive endeavor. Above and beyond the sales tax itself, having to collect and remit tower lease taxes would require broadcasters to spend additional resources to be compliant. At a time when our industry is already facing financial challenges, taxing tower leases could lead to job cuts, which could lead to reduced local news and weather coverage, hindering our ability to do what our FCC license dictates, and that is to operate in the public interest, convenience, and necessity. We would welcome an amendment to remove the broadcast-specific language from LB650. As currently written, we would ask you to oppose it. Thank you for your consideration. And I'd be happy to answer any questions.

JACOBSON: Thank you. Questions? Senator Sorrentino.

SORRENTINO: Thank you, Vice Chair Jacob-- Mr. Jacob-- thank you for your testimony. Just one question on-- the current exemption on the gross income receive from the lease of towers or other structures. If this bill were to pass, what does that do to the technological services this provides? Is it just merely a transfer of, you know, more cost to the consumers, or-- how would they deal with this?

JIM TIMM: It, it would be an expense to the station that's leasing space on a tower. Because we're free over the air, we have no way of passing the expense on to the consumer. So if you're a station in central or western Nebraska and you're spending $40,000 a year leasing tower space to be on the air, you now have to find a few thousand extra dollars in your budget to pay for that.

SORRENTINO: You don't have the opportunity to pass that on like private-- OK.

JIM TIMM: We don't.

SORRENTINO: Thank you.

JIM TIMM: You're welcome.

JACOBSON: Other questions? Senator Dungan.

DUNGAN: Thank you, Vice Chair Jacobson. Do you-- to jump off what Senator Sorrentino was talking about, do you have any idea or estimate about what the annual cost would be if this were to be repealed in terms of what the actual dollars spent could be by the broadcasters?

JIM TIMM: I don't, and that's simply because we don't collect that kind of contractual data from our members in terms of who they do business with and how much they pay. Anecdotally, I've spoken with a couple of our members who have referenced annual leases in the range of $40,000, $60,000, $70,000. So take that times 5.5% or whatever the county rate might be. And, and again, for-- typically a smaller business, they're having to come up with a few thousand dollars somewhere to make that additional payment.

DUNGAN: Thank you.

JIM TIMM: You're welcome.

JACOBSON: Other questions? All right. Seeing none. Thank you for your testimony.

JIM TIMM: Thank you for your time.

JACOBSON: Next opponent. I was about-- I was looking at a four-way stop sign here and we're going to see who's going to move first.

PHIL ERDMAN: Roundabouts are your solution, Senator Jacobson. Members of the Revenue Committee, I'm Phil Erdman, P-h-i-l E-r-d-m-a-n. I'm the Director of Dealer and Government relations for the Iowa-Nebraska Equipment Dealers Association. Testifying here in opposition to LB650 as introduced, specifically Sections 4 and 6. I'll reiterate what you heard earlier. These two sections are not policy decisions that the Legislature made. To add, it was simply a clarification of a fight that was happening at the Department of Revenue. And so both Section 4 and Section 6-- one dealing with agricultural global positioning systems and the towers associated with them, as well as everyone's favorite, net wrap and twine, were a result of an interpretation from the department that was disagreed with and therefore clarification was provided by the Legislature, which is correct. And as Senator Murman can tell you in Section 6, that law was actually amended by him in 2021, and has been amended five times in the last five years to provide that clarification. So we simply thank Senator von Gillern for his introduction of AM690, which will remove Sections 4 and 6 and maintain a consistent tax policy for ag producers. Happy to answer any questions.

JACOBSON: Questions? All right. Seeing none. Thank you.

PHIL ERDMAN: Thank you.

JACOBSON: Next opponent.

ANNISSA REED: All right. Good afternoon, Vice Chair Jacobson and members of the Revenue Committee. My name is Annissa Reed, A-n-n-i-s-s-a R-e-e-d. And I'm here on behalf of CTIA, the trade association for the wireless industry, to respectfully oppose Section 4 of LB650. Section 4 would subject sales tax and use to wireless tower leases, which historically had not been subject to sales and use taxes. Nebraska is already an expensive place to invest in broadband networks. Unlike Iowa, Kansas, and Missouri-- which exempt wireless network equipment from the sales and use tax-- wireless companies must pay sales and use tax on their network investments in Nebraska. For every million dollars invested in network equipment in Nebraska, providers must pay about $70,000 in sales taxes. This means that investment dollars go further in Iowa, Kansas, and Missouri than they do here. The imposition of a sales tax on lease payments for the use of wireless towers would be an added cost for providing broadband service in Nebraska. Most other states treat towers as real property for sales tax purposes, and as such do not impose sales taxes on wireless tower leases. The provision enacted in 2021 was very narrow. It simply restored the tax treatment of lease payments for wireless towers to the treatment provided under the 1977 revenue ruling but only for equipment primarily used to provide internet access. It was a small step toward aligning Nebraska's tax policy with the Legislature's goal of expanding broadband service to all corners of Nebraska. In short, Section 4 would add costs, reduce investment, and slow broadband expansion at a time when connectivity has never been more important. For these reasons, CTIA urges the committee to oppose Section 4 of LB650. Thank you for your consideration.

JACOBSON: Thank you. Questions? All right. Seeing none. Thank you.

ANNISSA REED: All right. Thank you very much.

JACOBSON: Next opponent.

PATRICK MULHALL: Good afternoon, Vice Chairman Jacobson and members of the Revu-- Revenue Committee. I am Patrick Mulhall, P-a-t-r-i-c-k M-u-l-h-a-l-l. Here on behalf of Wicklow Companies and the Mulhall family to discuss ending applications for sports complexes for turnback tax. Our family business, Mulhalls, has been around since the 1950s and has been built and grown through decades of hard work. John and Maureen Mulhall, shortly after immigrating from Ireland, started their business out of a garage in midtown Omaha and later took a chance by buying property at 120th and Maple in Omaha to open what is still today our garden center. That garden center has grown over the last 50 years but still has the same foundation and values John and Maureen Mulhall built the company with. To continue growing the business, Sean and Dan Mulhall purchased ground a mile away at 120th and Fort Street in Omaha in the early 1980s. Both of these parcels now sit within 600 yards of Tranquility Park, Omaha's largest youth sports complex. The passing of LB39 in May of 2021 created a way to finance the much needed improvements to Tranquility Park to keep families from traveling out of state for tournaments but, more importantly, to attract out-of-towners to Nebraska. Within weeks of the passing of LB39, we started working with the city of Omaha to come up with a plan where our undeveloped ground would help pay for a significant portion of the $55 million and improvements the city was going to make to Tranquility Park. In June of 2023, the park expansion and our development project were announced thanks largely to the turnback tax. Since then, we have spent $5 million in infrastructure costs to create Tranq-- to create Tranquility Commons, which will allow for new restaurants, hotels, retail, commercial, and living spaces. We would have never spent that money had we known there was a chance this bill would or could be changed before the project would be completed. While we are extremely optimistic about our development, it is extremely important to note that any dollars spent at existing retail or restaurant stores will not go towards paying for Tranquility Park's improvements. Every dollar spent by someone from out of state at the neighboring Target or the existing Holiday Inn down the street will not go towards this project. We are now projecting around $30 million to $40 million in sales per year at our development when stabilized, and that is only a fraction of what will be spent by visitors to Tranquility Park. We ask you to please allow the Tranquility Park project to happen as planned. If the turnback tax is repealed, the park expansion project will end, as were-- as will our development, and we will have spent $5 million that should not have been spent. This would not only cost the state tens of millions of dollars in revenue, but it will also prevent more people from visiting our state. Our family took a large chance on Nebraska 50 years ago, and we are doing it again now. We ask you to please reconsider.

JACOBSON: Your light is red. Thank you. Questions from the committee? Yes.

KAUTH: Thank you, Vice Chair Jacobson. Mr. Mulhall, would you like to finish up your--

PATRICK MULHALL: No, that was, that was it.

KAUTH: And, and I do have a question. So you-- you're fairly young.

PATRICK MULHALL: Yes.

KAUTH: So you decided to stay in the state and invest in the state as an entrepreneur, is that correct?

PATRICK MULHALL: I came back to-- when-- when LB39 was passed, I came back to help my family with this project.

KAUTH: OK. Where, where had--

PATRICK MULHALL: I was, I was in Chicago.

KAUTH: You were in Chicago.

PATRICK MULHALL: Yes.

KAUTH: So-- well, thank you for coming back. And my family goes to Mulhall's frequently during the--

PATRICK MULHALL: Thank you.

KAUTH: --Halloween season to get our, our pumpkins. So $5 million is a lot for your-- I mean, you have a nice business, but--

PATRICK MULHALL: Yeah.

KAUTH: --this is a lot.

PATRICK MULHALL: Yes.

KAUTH: So it's a huge investment based on LB39 in 2021.

PATRICK MULHALL: Yes. Correct. That is--

KAUTH: So you've been working on this for a while.

PATRICK MULHALL: Yes.

KAUTH: OK. Thank you.

PATRICK MULHALL: Yep.

JACOBSON: Other questions? All right. Seeing none. Thank you for your testimony.

PATRICK MULHALL: Thank you. Appreciate it.

JACOBSON: Other opponents? It's a low chair, isn't it?

RICH OTTO: It is a little bit. Thank you, Vice Chair Jacobson, members of the Revenue Committee. My name is Rich Otto, R-i-c-h O-t-t-o. And I'm testifying in opposition to LB650 on behalf of the Nebraska Retail Federation, the Nebraska Hospitality Association, and the Nebraska Grocery Industry Association. We're opposed to Section 5, page 19 of the bill, which cuts the sales tax collection allowance for businesses that collect and remit sales tax in the state of Nebraska. This walks back, walks back Senator Moser's LB984 that was passed in 2022. This is up to a $900 annual hit for each business that collects sales tax across the state. The cost of remitting sales tax has several things to it: preparing the returns, documenting sales-exempt items, and training staff and professionals to do this. We understand that and are willing to bear those costs of doing business and remitting the tax. The primary reason for the collection allowance is due to the increasing fees of credit and debit cards and those being charged on the taxable portion of the sale as well. In most cases, many municipalities are up to 7%. When you have state and local option, consumer pays with the card. Again, the typical 3% fee is also charged on the tax. So the merchant then remits the entire portion back to the state and basically eats that 3%. So that was the reason for the sales tax collection allowance. This is focus for small business. This allowance is capped. So basically anyone that has over $1 million in taxable sales, they aren't getting an allowance after that. So if you have-- and, and this is very helpful for restaurants. So if you have a restaurant that does $1 million in sales and then a large retailer that does $100 million in sales right next to it, they are getting the same sales tax collection allowance because of the capping in the formula. Illinois was the first state to mandate banks not to charge interchange fees. That was done recently. Retailers, merchants that collect sales tax would gladly give up the entire allowance if banks did not charge the fee on the tax and if Nebraska followed suit with what Illinois has done. Again, this helps smaller businesses. Restaurants particularly get helped by this. Most restaurants are right at that million-dollar cap in order to be successful. Happy to answer any questions you might have.

JACOBSON: Thank you. Questions? All right. Seeing none. Thank you. Next opponent. How are you?

BURKE HARR: I am well. Vice Chair Jacobson, members of the Revenue Committee. My name is Burke Harr, B-u-r-k-e H-a-r-r. And I am here to-- I'm here on behalf of Cheer Athletic and here to oppose Section 1 of LB650 as it applies to Nebraska Sports Arena Facility Financing Assistance Act. Many testifiers were planning to come today. Due to the inclement weather, they were unable to make it. And I've been asked to read this following testimony. Many testifiers online and in person will tell the committee the state is in desperate need of sports facilities, that we're behind in building them, that building more facility means more kids are participating, and that the sports are a way to get kids off their phones-- which is all important-- and learn to interact with each other and learn basic teamwork skills. Our governor, Jim Pillen, believes this too. He consistently states our number one priority are our kids. Here are some quotes from a press release he posted on March 8, 2025 during the Girls State High School Basketball Tournament. And I quote: truth is, sports matter a ton to us Nebraskans. No, sports don't feed the world or solve society's problems, but they help create people who will. Physically, participating in sports helps girls and boys build strength, endurance, and coordination while promoting overall health, reducing the risk of obesity, diabetes, and other health issues later in life. Mentally, sports boost self-esteem and confidence. When kids master new skills, drain a shot, or contribute to a team, they feel a sense of accomplishment that carries over into other areas of life. It also teaches flexibility. Learning to handle a loss or a setback builds grit and valuable perspective. Data shows that youth sports are a goldmine for those that participate. Student athletes are more likely to excel academically and graduate at a higher rate than nonathletes. They learn teamwork, communication, and leadership skills that are hard to replicate in just about any classroom. They become more disciplined by juggling practice and school work. They form friendships and find role models like coaches who can inspire. Those are the governor's words. He says there's importance there, and I believe that too. I got a little bit of time left. I want to talk about the fiscal note quickly. Says that there's a fiscal note of $800,000 a couple years and a $1.5 million and $1.6 million going forward. The fact is-- I've handed a handout to you. If the governor doesn't like a program, he can veto it because there's a process. So by saying there's a fiscal note, it's in a sense saying, hey, yeah, there are valuable projects out there that the governor doesn't want to say no to, but he wants you to say no to it. He wants you guys to be the bad people on this. So I, I have some concern about that. And then LIFO. If we use LIFO, we're creating all kinds of inefficiencies in future tax incentives that come down the road because nobody is going to be willing to invest in a new tax incentive until it becomes an old tax incentive, because they don't know if a future Legislature will try to rescind that. Instead, what we should be doing is looking at the ROI on those that already have a track record and decide which ones are valuable and which ones are invaluable. And that way we can make a better decision as far as how to help the taxpayers.

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

JENNIFER CREAGER: Vice Chairman Jacobson, members of the Revenue Committee. For the record, my name is Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r. I'm a registered lobbyist for the Greater Omaha Chamber, and I've also been authorized to offer testimony today on behalf of the Nebraska Chamber of Commerce and Industry and the Lincoln Chamber of Commerce. Our organizations are opposed to multiple provisions in the green copy of LB650, particularly the inclusion of the convenience rule provisions, which we worked diligently with this committee-- particular Senator Kauth and Senator Bostar-- for over two de-- two years to enact. However, many of our concerns with LB650 have been relieved with the introduction of AM690 as well as conversations with the chair about additional changes to the bill. We're very grateful to both Senator von Gillern and members of the committee for being responsive to the concerns that we raised. I do want to raise the issue that in many of the provisions of LB650 in the green copy, the Legislature previously approved and the governor signed all of these items. Mr. Mulhall addressed this, but much of the funding has triggered plans and other funding sources of projects and programs that would not be there but for the state's investment. So we would implore you to consider what it does mean to a project or a program when the state signals it is changing its mind on its commitment, particularly when the project is in process. One additional item that I've been thinking about a lot is conversations I've had in this committee and other committees, particularly with Senator Jacobson, in that our economic development programs and incentive programs need to, to be, be developed in a strategic and broad fashion with a targeted end vision in mind. And I agree wholeheartedly with that statement. It was a large driving factor behind the approach that we spearheaded when we developed the ImagiNE Nebraska legislation. We convened a group consisting of DED, the Department of Revenue, the municipalities, and the brightest minds in economic development from across the entire state to learn what was working, what was not, and what should be our goals of a new program. The state commissioned an economic development study from a national consultant to help guide the vision. From that study, we came up with four guiding principles which guided every aspect of our work. It was an admirable process and one that I think should be replicated more often. I'd suggest to the committee that the same type of approach should be utilized when we consider ending programs and incentives. No one at any chamber across the state would argue that economic development programs shouldn't be subject to scrutiny or evaluation to determine if they're still working the way they intended, but we would just ask that those decisions also be made with a larger goal or vision in mind rather than just cherry-picking programs when money is tight. After all, economic development isn't just a nice thing to have. It's a lifeblood for communities across the state, large or small. Thank you for your time today. And I'd like to re-emphasize that the chambers would like to work collaboratively with this committee going forward on this and future economic development reg-- related legislation.

JACOBSON: Thank you. Questions? All right. Seeing none. Thank you for your testimony. Next opponent on LB650. Next opponent. All right. Seeing none. Anyone wishing to speak in a neutral capacity? Mr. Cederberg.

JOHN CEDERBERG: Good afternoon. I-- my name is John, J-o-h-n; Cederberg, C-e-d-e-r-b-e-r-g. I am a CPA, and I'm here just representing myself. I don't think I've ever signed in neutral before. But looking at this voluminous bill it was, no, I'm not all yes; no, I'm not all no. And, yes, I want to focus on just one item in my testimony that came to my attention somewhat by accident, by virtue of a notification from the Department of Revenue. A couple weeks ago, I delivered a detailed letter to committee council, 12 copies of it, which I intend to be in the record for this hearing. The-- I de-- upon reading the existing law, I determined that not only is the definition of an agricultural producer for purposes of this donation grant totally inadequate, but it also probably excludes or likely excludes most of the producers that we have in Nebraska. It looks much more appropriate to people in California and Florida, where you have large corporate producers. As discussed in detail in that letter and with examples, the existing definition just doesn't do the trick. And so I propose in that letter changing the definition to conducting an active agricultural business. My view is that that would not change the scope-- the intended scope of donors eligible for the credit at all. But it would, it would include those small-- smaller producers in and around the three populous counties and elsewhere in the state that I am positive were intended to be included. And so I urge the committee to take a look at that and include that change retroactive or, or a-- as though included in the original bill. As to the deduction-- or, the credit in itself, this is kind of an unfortunate timely deal. The media has been giving a lot of attention to the federal termination of a program that subsidizes the acquisition of locally owned food by schools and food banks for their lunch program and their, and their distributions. If that is not reversed, this would be an opportunity for the state to step in and, to some extent, add a 50% rate to help fill the breach. The other 50% would come from the producers who do the-- who do, do the donations. So I would urge you to give this really, really careful thought. With that, I'd certainly like to address any questions that you might have.

JACOBSON: Thank you for your testimony. Questions from the committee? All right. Seeing none. Thank you for your testimony. Any other neutral testifiers? Anyone that wishes to speak in a neutral capacity on LB650? Seeing none. Senator von Gillern, you're welcome to close.

von GILLERN: All right. Thank you, Vice Chair Jacobson and members of the committee and testifiers for coming out on a horrible day that kept a lot of people home. But hopefully we heard the representative testimony. Just for those who are unable to be here today, might be watching online, I have read all of the online comments that were submitted, and I want to thank folks for those and remind people, particularly on a day like today, that's a great, great tool to be able to use. I encourage the other committee members to do also. Just some quick comments as I go through in response or to-- maybe to reinforce some things that, that were shared this morning-- or, this afternoon. One of the things that was pointed out towards the end of the testimony is, is that using the LIFO as the decision-making process does mean that we're killing programs that in some cases have not even gotten off the ground yet. And that is, that is a challenging, a challenging part of, of using that as our criteria, but, but that is the framework that we're working from at this point. I also want to remind all of us that by using that, that method, we are only returning to the scenario that existed before those bills were enacted. So we're not creating additional taxes. We-- but we are eliminating benefits or programs or incentives that, that all of us-- including myself-- or, many of us-- including myself-- have worked hard to achieve. So this does not come without some heartache and, and headache. The-- and some of the things that are particularly growth oriented, the, the turnback tax is, is one that I have worked, worked hard to achieve. I worked on some sports facilities projects. That's one that I have had conversations with the governor about. It, it concerns me greatly because there are literally dozens of projects that are underway across the state, most of which are related to youth sports. So again, as, as was mentioned, I think that's a, that's a great way to invest our money. Appreciate Mr. Mulhall coming down today. Little trivia: I grew up in that area. Used to ride a bike across that property before-- long before you were born, but. That's another story we can share at a different time. Do want to remind-- there were some comments made about SAF. SAF has been removed via the amendment. The biopropylene I think was the right term. I was trying to take notes. I'm not sure I got all that right. Some of that will take a little bit of additional research to make sure that we've, we've protected some things that need to be protected. The biobased tax exemption is a study in and of itself, the, the Option 1, Option 2, Option 3 contractors. I've lived in that industry and, and have experienced the-- that mostly-- with regards to working with nonprofits, where, where you get a buyer's purchasing agent appointment to where you don't need-- where the contractor can purchase the materials at, at-- with no sales tax because the end user doesn't pay sales tax. So what-- I need to get to, to continue learning more about the Option 1, Option 2, Option 3 contractor scenario to make sure that we're utilizing that properly, especially with regards to nonprofits. The, the broadcasters. Mr. Timm I appreciate being here. Makes a great, great point. And we've had conversations with some folks on this that there is a public service element and then there's a profitability element. And we don't want to do anything that damages the public service element. So-- certainly listening to that. See what else here. Comment was made by one testifier that this is one Legislature undoing what a previous Legislature has done. I think that's always been the case. I'm not sure that that will ever change, that, that whoever comes in in the following years can just about always undo what was done by the previous Legislature. So that's-- while we might find that unfortunate as it pertains to our, to our projects or programs, that's-- I don't know that we can change that. I think-- one of the things that maybe is of greatest concern to me is that, as the-- as representatives of the state, we want to make sure that we convey ourselves as good partners with the business community and with the nonprofit community. And when we make a commitment to do something, we need to be seen as honorable in, in moving that forward. And, and obviously, as was testified today, many, many folks have made commitments and spent, spent real-life money to to advance things that-- based upon our commitment to, to help them in that. So, so we need to weigh all of that in, in going forward. So all that to say there are future conversations to be had on this. I don't think this is going to be resolved in the next few days, but we'll continue to talk with folks. So with that, I'm happy to take any questions.

JACOBSON: Questions from the committee? Senator Kauth.

KAUTH: Thank you, Vice Chair Jacobson. Senator von Gillern, do you see that-- in any of these projects, is there a tipping point where either so much time has elapsed, so much work has been done on the project where we can draw a line and say, OK. If you've gotten this far along, we'll stop there. Is there anything along those lines that can be done?

von GILLERN: And-- I guess it's like a lot of things. Is it my money or your money? You know, if I put a dollar in, it's important to me. And if you put a dollar in, maybe I can find a tipping point, so. I, I don't know that there's an answer that would pertain to every project where we can say, are you halfway down the line? Have, have you invested over $1 million? $1 million is a lot of money to me. It's a lot of money to everybody in the room. What-- at what point do you draw a line and say, if you-- it's less than this, we don't, we don't move forward? I-- but I-- may sound like I'm talking out of both sides of my mouth and are a little bit schizophrenic here, but I want to-- I do want to ensure that we are a good partner in working with, with folks. But, but stopping these programs midway does present some challenges, certainly.

KAUTH: OK. Thank you.

von GILLERN: Good question.

JACOBSON: Senator Sorrentino? No question. Changed your mind. All right. Thank you. Other questions? All right. If not, I just want to thank you for your close. And I do want to mention that there were-- we did receive 1 proponent testimony, written testimony, 69 opponents, 1 neutral. And I believe there were no ADA comments submitted. So with that, that concludes our hearing on LB650. Our next hearing is going to be a combined hearing for LB707, which is Senator von Gillern; and LB510, Senator Holdcroft. So Senator von Gillern's going to sit tight there. He will do an open on LB707. Senator Holdcroft will do his opening on LB510. And then as testifiers come up and testify, if you want to just let us know which particular bill you're speaking to, that would be helpful. All right. You're welcome to open.

von GILLERN: Thank you. Move on to a simpler topic.

JACOBSON: Yes. We hope so.

von GILLERN: Good afternoon, Vice Chair Jacobson again and members of the Revenue Committee again. My name is Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n. And I represent Legislative District 4 in Omaha-- west Omaha and Elkhorn. I'm here today to present LB707 and with it AM615, which was filed last Friday, March 13. LB707 was a shell bill that we knew we would fill in with greater detail as conversations regarding the good life districts continued over the past months, and more specifically the past few weeks, days, and, yes, hours and minutes. It became apparent over this past year that the original good life bill was part of LB-- which was part of LB727 passed and amended by AM1317 in 2024. Excuse me. LB727 was passed in '23, amended by AM1317 in 2024. It was obvious that we needed some additional guardrails added. As a refresher, the good life district program was an incentive to encourage transformational developments in Nebraska. It encouraged new-to-market retail to come to our state in mega-development fashion, and in some ways is modeled after a very successful development in Kansas City, Kansas. The threshold for a good life district is large, requiring $1 billion in development in a metropolitan city, $750 million in a city of the primary class, $500 million, and then $100 million for smaller population centers. In exchange for the-- for cities, investors, and developers taking on this massive risk in financial, private-- private financial development-- investment, the state agreed to halve the state sales tax rate in the good life district with the int-- had-- that's halve-- h-a-l-v-e, for the transcribers-- the state sales tax rate in the good life district with the intent being for the remaining 1/2 of the state sales tax, or 2/3%, to be reinvested for a period of ten years within the district. That savings is collected via a local option sales tax by the city partners. Passed in 2024, LB1317 and then transmitted for cost of infrastructure, facilities, and buildings and other development costs, which are very specifically identified in the original bill and further changes. The original plan passed in 2023 and amended in 2024 still presents an opportunity for a terrific return on investment for the state of Nebraska. In 2023, I was a big fan of the good life districts; and with the implementation of this bill, I will continue to be so. Having a dramatically higher sales tax revenue for decades following the completion of these projects and due to massive private investment will more than offset the investment by the state. My LB707 with AM615 seeks to correct some matters of confusion that arose over the past two years since good life district was passed. Those matters include the following. Lost sales tax area in areas where a good life district was created but there was no means to collect the tax. The resolution to that in the bill requires that a city passes a local occupation tax in order to collect the state sales tax surrendered for the good life district development. Next, confusion between cities and good life district awardees on how the collected sales tax revenue may be expended. Solution: the original bill defines the ways in which the funds may be used already, but LB707 requires the city and the awardee to have a memorandum of understanding regarding these matters. Next, there was a lack of clarity around how a good life district awardee could influence other developol-- other developers intentionally or unintentionally included in their district. Solution: there's language coming which will further amend the bill to ensure that no one developer could negatively stifle another development opportunity, again furthering development potential and increasing sales tax revenue for the state. Next, it was never intended for a public entity to own or operate a good life district. However, the city of Bellevue applied and apparently checked all the boxes and was awarded a good life district designation. A tax-exe-- exempt entity would not collect sales tax on materials used in construction, and under some circumstances not collect sales tax. Again, clearly not the intent of the bill. Solution: LB707 clarifies that a tax-exempt entity cannot be approved in the future and ensures that sales tax will be collected on construction materials at the Bellevue project. Next, the original bill said that if an expansion of a good life district is requested after it was awarded, it shall be granted by the Department of Economic Development. This clause clearly does not give appropriate latitude to DED to award an expansion where state revenue would be expanded but block it where it would damage revenues. Solution: LB707 changes "shall" to "may." Next, some developments considered the use of eminent domain to acquire property to complete their good life district. Solution: LB707 clearly states that eminent domain may not be used to coerce or force the sale of land for a good life district. Next, the original bill notes that good life districts must be transformational in nature and that new-to-market retail is required. Solution: the AM firms up some of the definition-- some of the definitions around transformation and what new-to-market means. Next, good life dist-- districts have been created with no requirement for evidence of land ownership in the district. Solution: LB707 requires that land in a good life district either be owned or under contract to buy. Next, good life applications did not require any evidence of financial ability to complete the project. Solution: LB707 requires that evidence of viability be provided with the application, including financial statements, capital stack, letters of intent, et cetera. This will give DED greater clarity in their approval of an application. Next, a means of termination of a district was needed. Solution: there's a statement in the bill that allows DED to cancel a project designation after it is underway. Unfortunately, with that language, no one will issue bonds since potentially the means of repayment could be pulled at any time. Clarifying language will be coming to address that and will say that an application can only be pulled prior to the start of a project, not after it's in progress. Lastly, the amendment adds an E clause, as there are ongoing urgent matters with various districts that require this additional clarity as soon as possible. OK. So that's what's in the bill and the amendment that's been submitted. Last Friday, I met with each of the senators in affected districts on Fri-- on, on Friday to review the language of the amendment and ask them to review it. As you might imagine, additional clarity is required in some areas, and those conversations continue. To that end, we're working on some additional language that would include the following additional changes. First, revise, clarify, or eliminate the clawback language. Second, clarify the provision for a subdeveloper-- and that's my term, not in the language of the bill-- to a good life district. If a good life district awardee cannot for some reason develop the entirety of the approved area, a separate applicant may be approved to develop a project under those restri-- same restrictions and requirements as a good life district applicant. Thirdly, pull the language that makes a project basically unbondable by DED by allowing DED to pull their, their status, which is what I mentioned momentarily-- a moment ago. Fourth, it requires the Department of Economic Development to promulgate rules regarding the memorandum of understanding process between the developer and the city where they exist. In closing, I'd like to share that over this past six months or so, I've had countless meetings and discussions with senators, the governor, PRO, mayors, and the Attorney General. While there may be a detail or two where the bill needs additional clarity, we're aligned in the direction that this bill and the amendments are headed. I want to thank the development groups, lobbyists, and other interested parties for their patience in the gathering of data and for at least attempting to understand the relatively slow movement of matters here in the Capitol. I'm sure that there are questions, and I'd be happy to address any of those that I can.

JACOBSON: Thank you. Question from the committee? All right. Seeing none. You're very thorough in your open. Thank you. And with that, we will ask for Senator Holdcroft. Please come up and do your open on LB510.

HOLDCROFT: I'll be brief.

JACOBSON: That's kind of a relative term that you're talking about.

HOLDCROFT: Yeah, well. That's true. Good afternoon, Vice Chair Jacobson and members of the Revenue Committee. For the record, my name is Senator Rick Holdcroft, spelled R-i-c-k H-o-l-d-c-r-o-f-t. And I represent District 36, which includes west and south Sarpy County. And I am here today to discuss LB510. So let me first give you a little bit of background on how this came to be. Back on January the 14th, the primary applicant withdrew his application for the good life district in the Gretna district, which kind of threw everyone into a bit of turmoil because there was really no procedure in the statute of what to do in, in such a case. And-- so we scrambled the Department of Economic Development, sent a letter to the city of Gretna asking if there were any others. But, you know-- and, and, and that is working-- we're working through that. But the issue came up with-- you know, what, what additional statutes would avoid this type of issue in the future? And how do we go from here to there? And so within a week-- really only four days-- the city of Gretna brought forward to Senator Sorren-- Sorrentino, myself, and Senator von Gillern an option, which we dropped-- I dropped on January the 21st-- so less than a week. But that was day nine, day nine of the Unicameral. And so we all realized at that time this was not the final solution, that this was something to work with. You know, at least we had a bill that was-- you know, had been submitted. And then on day ten, Senator von Gillern dropped LB707, which has broader implications, looking at all the good life districts and solving a lot more of the problems. So that's how we got to where we are today. And my recommendation for the committee is that we go forward with LB707. We've all worked with Senator von Gillern on this. I think it satisfies the concerns from, from Gretna and, and-- but I, I don't recommend just dropping LB510. I recommend the city hold-- I mean-- the city-- the committee hold it in committee and-- even over until next year. And if it can become some kind of a vehicle for improvements to the good life statutes, then we can use it then. Other than that, I am open to your questions.

JACOBSON: Questions for Senator Holdcroft? Seeing none. Thank you for your work on this and for coordinating with Senator von Gillern and working together on this, so.

HOLDCROFT: And I'll waive my close.

JACOBSON: You'll waive your close. All right. Well, thank you. With that, we're going to again ask for proponents. I would just ask everyone who speaks to please state clearly which bill you're supporting or that you're speaking to as a proponent. And with that, Mr. Younes, it's all yours.

PAUL YOUNES: Thank you. My name is Paul Younes, P-a-u-l Y-o-u-n-e-s. I am in support LB707. I am the President of Younes Hospitality from Kearney, Nebraska. Just a little bit our, our company, myself, my family. And we've been in the business around 50 years. We did a lot of different project in the state. We have projects in Hastings, Grand Island, and Columbus. We have three-- two hotels in Grand Island right now. Soon we'll have five in Grand Island. But the focus right now is on Kearney. We have several hotels in Kearney [INAUDIBLE]. In our area there, we're having ten hotels right now. In Kearney, we're having 16 retail businesses in Kearney. We have two waterpark. We have 11 new businesses coming to the area. We have a brand-new sports complex, 210,000 square feet we'll be opening up. The first week in April, we're having-- similar to [INAUDIBLE], we'll be opening in Kearney next year as well. The reason I mention some of the stuff we have done, we have a history to do our project. We started them and we're finishing them. And we are planning right now for the good life district. We're having another area we're going to develop in Kearney. We're having a lot of businesses we'd like to bring it into the area, and we need the help to get that. We put our application for the good life district back last-- in, in July. And we've been waiting and waiting. The project keep taking longer and longer. I don't know what causing the, the delay for that, but we appreciate if somebody can consider to move the application sooner. Hopefully we could start on our project. We are working with our city. We are working with [INAUDIBLE] together with our application together with the city and the comp-- the city and us together. We have to-- together work on that. All our development is brand new. The land is over there. We have-- everything we're doing, it's brand new. We have no retail-- existing retail. We have over $100 million in our campus. We are not touching that. That's staying as is. We're still going to pay taxes, the full tax on that. But the new-- all the new stuff will be under the new life district. Every single piece, piece of business, every single building we're building will be new, will be generating new taxes for the city and for the state, as well as for the county. If you have any questions, I'd be more than happy to answer any question that anybody has.

JACOBSON: Questions? Senator Ibach.

IBACH: I'll ask one. Thank you, Vice Chair. So you noted that your preliminary work is complete. You've got your drawings, your plan, everything. Can you share a timeline of how you might implement this should you get approval to--

PAUL YOUNES: Thank you. Yeah. If we get the approval, we could start in 30 days or less because we have our plans ready. Everything is ready. We'll have everything-- everybody on line to work with us and help us with the project. I mean, if the project approved next month, we'll be ready to go at the same time, you know. The next mon-- the month after that, we'll be ready to go. We are ready to go.

IBACH: Very good. Thank you. Thank you, Vice Chair.

JACOBSON: Other questions? Yes, Senator Murman.

MURMAN: Yes. I, I want to compliment you for all the development that you've done over the last, what, 50 years or so in central Nebraska.

PAUL YOUNES: Thank you.

MURMAN: Appreciate it. Did you say that the only funding that would be necessary to do the district would be within the district itself?

PAUL YOUNES: Correct. But if we'll get the dist-- if the district-- we get approved for the district, you know, everything in that particular district, everything will be brand new and everything will be a new tax dollar.

MURMAN: Yes. Thank you very much.

JACOBSON: Other committee questions? I too want to just compliment you on the work you've done in Kearney. You've probably had the biggest transformational impact of Kearney of anyone there. Watching you over the years, you've-- have a, a huge operation there right at the entrance of Kearney and had a big impact on the new sports complex. That complex-- sports complex was built. You donated the land, city came in, built the project. How big is that complex?

PAUL YOUNES: It's 210,000 square feet.

JACOBSON: And, and it's going to open here, what, early--

PAUL YOUNES: It's going to open the first week in April.

JACOBSON: OK.

PAUL YOUNES: And that should generate for us, Mr. Jacobson, around 300,000 guests or visitor a year-- above and beyond what we have right now in Kearney.

JACOBSON: And you have basically a convention center there with-- really two convention centers as well.

PAUL YOUNES: We have three convention center. We have-- the Holiday Inn has 24,000 square feet. We have-- the Younes Conference Center South has 60,000; and Younes Conference North, we have around 100,000 square feet of convention space.

JACOBSON: And what you're proposing for the good life district would be land that's adjacent to this. It would be to itself. And it would all be new investment for the good life district. And that would be the only piece that would be part of the good life district. All right. But you've got the infrastructure coming to it today.

PAUL YOUNES: That's correct.

JACOBSON: And, and I'm watching you go through the floods. And then, I think, was it two-year gap? And then went through the pandemic. Clearly, the cooperation you've had with the city and your resilience is a, is a tribute to your management.

PAUL YOUNES: That's-- all the hard work belong to the team. We have a great team. My family was behind us, the city and the county. Everybody worked together to help us to get out of that. Every building we have when they had the flood, everything was underwater.

JACOBSON: I remember seeing that. Well, thank you very much for your testimony.

PAUL YOUNES: Thank you, Mr. Jacobson.

JACOBSON: I'll ask for the next proponent.

PAUL YOUNES: Thank you.

JACOBSON: Welcome to the committee.

BRENDA JENSEN: Yeah. Good afternoon, members of the Revenue Committee. My name is Brenda Jensen, B-r-e-n-d-a J-e-n-s-e-n. And I'm the city manager for the city of Kearney. Testifying as a proponent of AM615 to LB705 [SIC]. My testimony will primary focus on the amendment. I want to provide the committee with some context. And I'm going to follow up a little bit of what Paul was talking about for why we're supporting this measure. In July of 2024, the city of Kearney and in conjunction with private developer Paul Younes with Younes Hospitality, jointly applied to establish a good life district in Kearney. Kearney's proposed district encompasses only undeveloped land near I-80, meaning there would-- there's going to be no immediate sales tax loss to the state of Nebraska. The 200-acre proposed district is comprised of property owned solely by Paul Younes, with the one lot that the city owns that has the sports complex on it. The scale of the proposed project will bring retail, restaurant, and entertainment amenities that will serve as major attractions for visitors traveling along I-80, as well as those from northern Kansas, South Dakota, and eastern Colorado. This development will provide greater Nebraska residents with amenities that would typically require hours of travel to access. Often-- especially if those are living along the western side of the state, they're going across the border, right? This development is truly shovel ready, as Paul spoke to. The concepts align with all of our city's comprehensive plans, zoning regulations. A good portion of the land is actually already annexed within the city, platted and zoned appropriately for the development. So it truly is shovel ready. I know Spaul-- Paul spoke to that, but-- I, I know Paul well enough. He would like to begin construction tomorrow if we could say the green light is ready. Unfortunately, we've been waiting for eight months, so that's our biggest frustration. The Department of Economic Development has not yet approved our application or really given us much guidance at all. We support the reasonable changes that are proposed within AM615, but we're concerned that these changes are going to just prolong the-- or delay-- more time with DED and, and create more significant delay for us on the development side of things. We believe our application met the intent of the original good life program, and it aligns with what's still being proposed in this amendment. Therefore, we ask for your consideration to place a deadline in the state statute to require DED to approve or deny the remaining applications to avoid further delays to the development. Thank you. And I'd be, be happy to answer any questions.

JACOBSON: Questions from the committee? Senator Kauth.

KAUTH: Thank you, Vice Chair Jacobson. Were you given any reason by DED why it's taking so long?

BRENDA JENSEN: We have been told several things, including staff turnover, that they had reviewed the application but did not have time to type up the questions that they had for us. And after that, it's just been, well, they're waiting for guidance. We've probably been told all of those things on three separate occasions. We did finally-- so within the state's guidelines-- within DED's guidelines, once you submit an application, you're supposed to hear within 30 days. We submitted in July. We did not hear anything until December. Within December, we got a list of five questions that we needed to respond-- again, within their guidelines. Once we're given the list of questions, we have 30 days to respond. We responded within two weeks. The questions were-- a couple of them wanted some clarification. How would we define the 20% of travelers that would come from out of states? Or how would we track that data? One of the questions was, what would the name of the good life district be? Another question was we needed to provide a legal description for the boundary of our good life district. So they were fairly simple questions to answer. And again-- so there's another application that's pending. And-- so we're not quite sure what's going on, what the timeline or delay is. And then since then, we've just been told that they're waiting on the responses from the other applicants. But no other clarification. We've heard kind of behind the scenes that they're going to pause and not do anything until the legislative session is over.

KAUTH: Thank you very much. I'm sorry for the delay.

BRENDA JENSEN: Thank you.

JACOBSON: Other questions? Senator Ibach.

IBACH: I just have a quick one. Can you speak a little bit to the growth of Kearney and maybe where you, where you see Kearney going in the next five and ten years and how this would fit into that?

BRENDA JENSEN: Yep. So Kearney has always been a growing community, and we're very blessed and fortunate for that. And a lot of it's been due to people like Paul Younes and other developers within our community that have pride and have done it slowly and kind of on their own, really, to make it happen. Again, it does take partnerships, but this is-- this catapults it, right? So that's how we view this good life district for Kearney. We're still going to grow. I don't doubt that. But this helps it go quickly and much quicker than it could. The type of tourism development-- we're already a very successful convention tourism community. But with the addition of the SportsPlex, we're going to grow sports tourism within our community. And then this just helps enhance that and it helps enhance the quality of life. I like to talk about how we serve anyone who's in Kearney, whether they're there for a day or they live there or own a business there. And what this does is just truly helps enhance that for every single person in Kearney.

IBACH: Thank you very much. Thank you, Vice Chair.

JACOBSON: Other questions? If this were approved, would it be the only good life district outside the metro area?

BRENDA JENSEN: There's one approved in Grand Island.

JACOBSON: In Grand Island.

BRENDA JENSEN: Yep. Correct.

JACOBSON: But it'd be the only one west of Grand Island and--

BRENDA JENSEN: Yep.

JACOBSON: OK.

BRENDA JENSEN: I forgot to mention. I did pass out-- there's a map that shows kind of what the district would look like and some of the specifics too.

JACOBSON: Perfect. Thank you.

BRENDA JENSEN: Thank you.

JACOBSON: Seeing no other questions. Thank you for your testimony. I'd ask for any other proponents to either bill. Ms. Gilbertson. How are you?

KORBY GILBERTSON: Senator Jacobson. Members of the committee. For the record, my name is Korby Gilbertson, spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm here today representing the city of Gretna for one specific reason: to thank Senators von Gillern, Sorrentino, and Holdcroft for their dedication to this, and especially Senator Holdcroft for dropping LB510. I always say that if you ask a senator do-- to do something, you should get in the chair and thank them. So that's why I'm here. And there will be more testimony from other folks regarding the specifics.

JACOBSON: All right. Questions? All right. Seeing none.

KORBY GILBERTSON: Thank you.

JACOBSON: Thank you for your testimony. And you were speaking in, in favor of--

KORBY GILBERTSON: LB510.

JACOBSON: LB510. OK. Other proponents for either bill? All right. Seeing none. Are there any opponents? Go ahead.

RUSTY HIKE: Good aft-- sorry. Good afternoon, Vice Chair Jacobson and members of the Revenue Committee. My name is Rusty Hike, spelled R-u-s-t-y H-i-k-e. And I am the mayor of Bellevue. I appear before you today in opposition to LB707, in particular to AM615's changes. I ask that this testimony be made part of the public record on this bill. I am testifying specifically against the sections of this amendment that would negatively affect Bellevue, Bellevue's indoor water park and entertainment district plans created under the Good Life Act passed by the Legislature in 2023. Our main issue with the amendment is that it eliminates the city of Bellevue's ability to fund the district using certain local taxes. After the state approved our good life district project, the city of Bellevue invested $40 million into the project. If this amendment is adopted, we expect an increase in the project cost of over $2 million. Section 9 in particular harms the city's plan to use the good life district to finance the cost of the district's construction. Under current law, the city could levy either an occupation tax or a local option sales tax. Bellevue's op-- occupation taxes to make up any difference necessary to fund the project based on existing ability to charge a rate anywhere between the difference between the good life district tax rate and the general city tax rate. The provision-- the provisions in AM615 changed that occupation tax cap to a flat 2.75%, endangering the tax receipts the city would require and have projected we need to fund the project. Also of concern, Section 4 allows the Department of Economic Development to terminate a good life district and would require the city to remit reduced taxes collected for the good life district back to the state. Based on the projections that we have prepared, when phase one is complete, this could have as much as a $12 million hit to, to the

Bellevue taxpayers because the tax collected on this project would be remitted back to the state. In sum, AM615 to LB707 undermines the $40 million investment Bellevue has made under existing law and jeopardizes the tax revenue source to construct the district by remitting additional revenue away from the project and into the state's General Fund. My team and city administration and our city council have acted in good faith and in reliance on the actions by the Legislature and approval of the Department of Economic Development in moving forward on this 515-acre, billion-dollar project. Thus, I respectfully urge the committee to reject Sections 9 and 4 of this amendment. Thank you for your time. And I'd be happy to answer any questions.

JACOBSON: Thank you. Questions from the committee? Senator Dungan.

DUNGAN: Thank you. Thank you, Mayor, for being here. Am I correct that the groundbreaking for the water park is tomorrow?

RUSTY HIKE: It's tomorrow, and the ground is already broken. We've, we've, we've removed a lot of trees, and they're moving a lot of dirt for the last two weeks.

DUNGAN: Well, I know it's been a big project. I just-- I'm guessing you weren't anticipating a blizzard the day before you start--

RUSTY HIKE: We weren't, but, you know. Another week, who knows? It might be another blizzard, so.

DUNGAN: That's what it feels. Well, I know a lot of work's gone into this. I appreciate you coming and talking a little bit more about the specifics. And I'm sure we'll continue to have that conversation, but thank you being-- for being here today.

RUSTY HIKE: Yep. Thank you.

JACOBSON: Are there questions? All right. Seeing none. Thank you for your testimony.

RUSTY HIKE: OK. Thank you.

JACOBSON: Other opponents? All right. Seeing none. Anyone wishing to speak in a neutral capacity? Mr. Hilgers. AG Hilgers. Welcome to the committee.

MIKE HILGERS: Thank you, Mr. Vice Chairman. I don't think I've ever been here before. Mike Hilgers, M-i-k-e H-i-l-g-e-r-s. I currently serve as Nebraska Attorney General. I'm here in neutral-- to testify in the neutral capacity on LB707 and in, and in fact-- in [INAUDIBLE], we-- my office has really no position on the bill. The reason I'm here is to urge the committee's adoption of the outline of an amendment which is being passed around to you. So I want to make three points. The first is, why is the Attorney General here in front of the Revenue Committee? So I want to explain that. Number two, I want to make a process point. And then number three, a policy point that is contained in the outline that we're providing to you. The reason why we're involved really stems from what Senator Holdcroft mentioned: some of the legal questions that stemmed from the city of Gretna's good life district that was approved. As Senator Holdcroft mentioned, there was a request to terminate the-- that request has not been acted upon. DED is our-- one of our-- one of our clients, one of our many clients. And so we were involved addressing a number of various legal issues. Our involvement on the legal issues gave us some direct contact to the stakeholders, the city of Gretna, the original applicant, as well as another developer in that particular district, and we were engaged to see if we could sort through and find opportunities to resolve some of the outstanding questions that they had and maybe some of the disagreement that they had as to the future of that particular project. It was clear that all three really wanted something transformational to be done for the city-- or, for the state of Nebraska and were wanting-- willing to bet on Gretna and in that community and thought that there was a huge opportunity to be successful. So that's why we got involved, to see if there's some way sort of to, to sort through some of those questions and see if we could come-- common ground. On process, we've had a number of great conversations. And I can't thank enough the, the stakeholders in their teams who were involved: city of Gretna and the mayor [INAUDIBLE] and their representation, Korby Gilbertson, the Woodsonia individuals, as well as their representation, the Edwards [PHONETIC] firm, as well as the applicant, Rod Yates, and his team. We had a lot of conversations, a lot of candid conversations, good conversations, ultimately because I think all of them want something transformational in the state of Nebraska, believed in the city, believed in that area, believed in their projects. We were able to get to what-- I think is an agreed upon framework that I'm presenting to you today. And those two policy points are, I think, good governance ones. I think they will unlock value in Gretna, but I think are valuable for they-- all of the projects. The first-- and both of which were alluded to by Senator von

Gillern in his opening. The first is basically a mechanism by which an, an applicant could develop land-- of a, of a good life differ-- district could develop land that they own or legally control in the district. But if they don't own or legally control all of the area in the district and someone else has land that they own outside of their area, they could also develop that. So that's sort of-- this project area concept is in-- is the first piece. The second piece is the development of a memorandum of understanding between the city or village, the state, and the developer that would, that would have to cover a few different things that I think are, again, good governance. They would have to settle on a trustee bank as an example, agree upon the state collection-- collecting the local option sales tax or the local occupancy tax for the project, handle the remittances, and ensure that there's transparency when it comes to taxpayer funds, and that the city's interest and the taxpayers' interest are protected. There's a number of other items within the bill-- or, the proposal-- this is actually not in bill language-- that are items that the city and the state and the developers could negotiate, but they're not-- they are not mandatory. I've been working really from the beginning with Senator von Gillern. I'm really grateful for his leadership throughout, as well as the Governor's Office. And while thi-- may I con-- Senator von-- Jacobson, I--

JACOBSON: Please [INAUDIBLE].

MIKE HILGERS: --may I just briefly finish? Thank you, sir. This is not in bill form, although it's clo-- close. I think it would be easily incorporated into a committee amendment that the committee might consider that Senator von Gillern referenced. I-- in addition to the outline, the last thing I'll say is I've included three letters from each of the stakeholders that I referenced in support of this concept. With that, I'm happy to answer any questions that the committee might have.

JACOBSON: Thank you. Questions for AG Hilgers? Yes, Senator Bostar.

BOSTAR: Thank you, Vice Chair Jacobson. Thank you, AG Hilgers, for being here. The amendment seems focused on the one project, but it would apply to all good life--

MIKE HILGERS: As-- correct, Senator. It is not meant to be tailored just to the city of Gretna.

BOSTAR: OK. Thank you.

MIKE HILGERS: You're welcome.

JACOBSON: Are there questions? All right. Seeing none. I appreciate you bringing this. I'm, I'm intrigued and will be curious after I read through it with-- probably have more questions at that time, but.

MIKE HILGERS: We are available.

JACOBSON: I figured that. Well, thank you very much. Any other quest-- committee questions? If not, thank you for being here--

MIKE HILGERS: Thank you, Mr. Vice Chair.

JACOBSON: --and for your testimony. Any other neutral testimony? How are you?

LAURA McALOON: Hello, Chair. Good afternoon, senators. I'm Laura McAloon, L-a-u-r-a M-c-A-l-o-o-n. I am the City Administrator for the city of Grand Island. Excuse me. And I'm here to testify on behalf of the city today. As was mentioned earlier in the hearing, Grand Island--

JACOBSON: Which bill are you speaking to?

LAURA McALOON: I-- excuse me. LB707. Speaking as neutral. Grand Island was the second good life district approved in the state. We have moved as quickly as possible in order to implement this visionary concept. It is unique in Grand Island from some of, some of the other districts. You have a brief description in the handout of the size of the district. It's 875 acres. Approximately 50% of that is our highest retail corridor on Highway 281. And then the balance is undeveloped land that is actually owned by the city of Grand Island. Grand Island reached out to Woodsonia Real Estate-- who is currently undertaking a, a mall redevelopment within the boundaries of the good life district-- and suggested that they apply for this good life district because we had 400 acres of prime property that needed to be developed. And we had a master plan for that. We had a very preliminary master plan. Since the good life district was approved in June of 2024, the city council immediately called a special election. That election was held in August of '24. Over 66% of our citizens voted in favor of creating the economic development program. This program, this idea, the transformational project that was envisioned has huge support in the city of Grand Island. I do know a number of business leaders submitted written comments. So you can see the support they have for the project. We, we engaged in a robust master planning process, and

Woodsonia was a full participant in that process. Over 200 citizens came to the public hearings, which you know is unusual. But we had great turnout from our citizens because they're so interested in this project. It is designed to trigger sports tourism, to take our existing veterans sports complex and expand it to a 70-acre complex. That's what's in the, the graphic that's depicted for you, is the outcome of that master planning process. We're looking at over $200 million in increased revenue to the state, including about $111 million just in out-of-state revenue alone. This, this has been thoroughly researched and vetted. We are neutral on the bill because we appreciate all the work that Senator von Gillern and others are doing to make it, make it work. Our-- any concerns we have are just that we are moving quickly with our advisors and with Woodsonia to put together a financing plan. Lack of certainty about the terms of the district, the, the viability of that tax revenue stream that we implemented, that causes problems in the ability to be able to issue that debt and for the city to commit to it. So we appreciate the efforts. I'm happy to take any questions.

JACOBSON: Thank you. Questions from the committee? Seeing none. I, I share your concerns that-- and I think the committee does that we need to get certainty here. We think there were mistakes made when the bill was first passed. But we need to now get it clarified with as little disruption as possible and then have something that people can count on going forward, so.

LAURA McALOON: We, we fully believe that if we can move forward with a financing plan we would be moving dirt this year.

JACOBSON: Thank you. Thanks for your testimony.

LAURA McALOON: Thank you.

JACOBSON: All right. Any other neutral testifiers? Seeing none. I'm going to ask Senator von Gillern to come up and do the close. The close.

von GILLERN: All right. Thank you for the folks that came to testify today. Appreciate that. I just want to recap a few of my comments. One of the things I said in my opening is that I was a fan of good life districts, and I'm still a fan of good life districts. The concept here, if we get it right-- and I believe that this bill and the amendments will get it right-- means that we sacrifice something today that we don't already have for something far greater later on. We're giving up a portion of tax revenue that we are not achieving today for a much larger return in the future. So it's, it's definitely a return-on-investment conversation. The-- just reviewing my comments here. I can't speculate as to the timing, Senator Kauth, on the approval of applications, but I do know that it's important that any applications that are approved going forward are-- we do it properly. And I know that there is some concern-- there was legitimate concern over granting an application before some of these remedies were in place. So again, I, I have had no direct conversations with anyone from DED to that effect, but, but again, we want to-- we wanted to get things right before we moved forward on anything further. That was my position, not-- again, not stating that on behalf of DED. Mayor Hike that spoke on behalf of Bellevue, I find the Bellevue scenario pretty interesting, and I'm-- and I have pushed back on DED as to how a tax-exempt entity was awarded a project that is supposed to increase tax revenue for the state of Nebraska. I'm not sure I got an answer that I'm completely satisfied with other than they apparently met the requirements of the application at the time that the application was submitted. So I can't argue with that. What I, what I can argue with is, is that the state should not give up tax revenue on projects that, again, fall under a program that are intended to increase tax revenue. The-- I, I don't want to speak on behalf of Mayor Hike, but I've done the numbers in my head before. If the, the pool complex is built to where the ma-- construction materials are tax exempt, materials might run 60% to 70% of the value of the project. If you take that times 40 million and then times the 2.75% sales tax rate-- or, in this case, it would be the full 5.5% on the materials-- you get about $2 million. So I don't think the state should be subsidizing the construction of a pool complex that is being built with the complete intent of increasing tax revenue for the state of Nebraska. It's working in the exact opposite direction. So my bill and the amendment would correct that. Let me see what else. The language that the Attorney General shared I, I, I received late last week. Reviewed that very carefully. And frankly, reviewed it very critically to make sure that it was not geared towards one single district. And I could not find anything in there that was, that was only applicable to the Gretna project. So I had-- I reviewed it with a critical eye and, frankly, a little bit of a suspicious eye. And, and with-- even with that, I, I could not find anything in there that, that was uniquely applicable to Gretna. I think it applies to all of the districts. And frankly, a little bit of-- is re-- is redundant to what we already have in the amendment, so we'll have to work through that language. So I think those are all my comments. If anybody has any questions, happy to address them.

JACOBSON: Questions from the committee? Senator Bostar.

BOSTAR: Thank you, Vice Chair Jacobson. Thank you. How many-- the, the number of good life districts says capped in the state of Nebraska?

von GILLERN: Correct, at five.

BOSTAR: How many are currently approved?

von GILLERN: There are four approved. And there are two app-- my understanding is there are two applications in that are awaiting review and approval.

BOSTAR: So the state-- assuming that we stay at five, the state will have to make a decision and choose to accept some and maybe not others.

von GILLERN: Yes.

BOSTAR: I thought it was encouraging that almost everyone came up in support of the bill. One of the--

von GILLERN: Me too.

BOSTAR: One of the letters-- yeah. That's great. One of the letters submitted is related to one of the projects. And I was just looking at it because, interestingly, the letters are mostly opponents, but everyone that showed up here was, was a proponent. So that was just fascinating. And the letter from a Curt Hofer talks about the critical-- how, how this bill would destroy their project, if I'm summarizing correctly. The-- this project's already approved, or are they pending approval?

von GILLERN: That project is already approved. In fact, it was the first one approved.

BOSTAR: So I thought. And so I'm-- can you-- do you have a sense of-- for the project that's already approved and through the process-- and they're not waiting on approval since they have it. What, what would your bill do that would make it so that the project that they applied for got approved wouldn't work anymore?

von GILLERN: The project that they originally approved, I'm told that they could still do-- they were hoping to expand the, the project and had submitted an application to expand the project, and the language in my bill would not allow them, bas-- would not allow them to do that in a way that is workable for their project.

BOSTAR: Oh, so the, the existing project that they first applied for and got approval for wouldn't be in danger. It's, it's a second application and the second project that they want.

von GILLERN: That's what I--

BOSTAR: That's what would be at risk.

von GILLERN: That's what I've been told. That's my understanding of the-- of their position.

BOSTAR: I understand. That makes more sense then. OK. Thank you very much.

von GILLERN: Thank you.

JACOBSON: Other questions? If not, I really want to publicly thank you for all the time you put into this. I don't think anybody really realizes how much personal time you spent trying to get the parties together and work through the processes and work with everybody in the process to come up with what we have today. So thank you for that. I do want to mention that we had-- for LB510, we had 1 proponent and 1 opponent letter with no other letters. And I would tell you that LB707, 0 proponent letters, 8 opponent letters, and 0 neutral testifi-- or, letters that were submitted. So with that, that, that concludes our hearing on LB707 and LB510. And with that, I'll turn the chairmanship back over to Senator von Gillern.

von GILLERN: Let's take a five-minute recess.

JACOBSON: All right. Great. Great work.

[BREAK]

von GILLERN: All right. If I could get everyone's attention, please. If I could clear the room. Check, check. All right. We will open testimony-- open the hearing on LB157. Senator Conrad's unable to be here today. We spoke with the Clerk, and Senator Dungan and-- is going to open on behalf of Senator Conrad but obviously not going to take questions or to close. So Senator Dungan, thank you for doing that.

DUNGAN: Thank you, Chair von Gillern. I know Senator Conrad really wishes she could be here today. And so I will be reading her opening. And I'm sure she'd be happy to answer any questions after the hearing as well, so. Good afternoon, Senator von Gillern and members of the Revenue Committee. For the record, my name is George Dungan, G-e-o-r-g-e D-u-n-g-a-n. From Legislative District 26. And I am reading an introduction on behalf of Danielle Conrad, D-a-n-i-e-l-l-e C-o-n-r-a-d, who represents the Fightin' 46-- she would like me to say-- in north Lincoln here on LB157. LB157 would adopt the Child Tax Credit Act starting in tax year 2026 and provides any taxpayer with a qualifying child a refundable income tax credit. A qualifying child means a child who is six years of age or younger at the end of the taxable year, is claimed as a dependent on the taxpayer's federal income tax return, and has been issued either a Social Security number or an individual taxpayer ID. The refundable tax credits shall be in the amounts as follows: for married, filing jointly, $1,000 per qualifying child, except the credit is reduced by 5% for each $2,000 of federal-- if federal AGI exceeds $110,000; for head of household, $1,000 per child, except reduced, but not below zero by 5% if the federal AGI exceeds $91,500; and any other filing status would be $1,000 per qualifying child, except that the credit is reduced by 5% for each $1,000 if federal AGI exceeds $75,000. Starting in taxable year 2027, the Department of Revenue shall make adjustments for inflation by the same percentage used to adjust individual income tax brackets. The bill would add that in bankruptcy and in the collection of a money judgment, the full amount of any tax credit refund received under this act is to be exempt from attachment, garnishment, or other legal or equitable process, and from all claims of creditors. The child tax credit is a proven way to lift families out of poverty. In Nebraska, it would impact 98,500 families, 325,000 individuals, and 154,500 children. That's from the Institute on Taxation and Economic Policy using Nebraska data. According to NCSL, 16 states have enacted a child tax credit in addition to the federal credit. Those are California, Colorado, Illinois, Maine, Maryland, Massachusetts, Minnesota, New Jersey, New Mexico, New York, Oregon, and Vermont that have all made the child tax credit refundable. Arizona, California, Colorado, Idaho, Maine, Maryland, Massachusetts, Minnesota, New Jersey, New Mexico, Utah, and Vermont established a fixed limit for the tax credit, ranging from $25 to $3,200 per qualifying child. The tax credit would help hardworking Nebraska families afford necessities like food, child care, utilities, clothing, or rent. The credit would also put more money in the pockets of hardworking Nebraskans, thus increasing their purchasing power and their ability to contribute to their local economies. This is the third time that Senator Conrad has introduced this bill since serving again, and she will continue to do so, as she thinks we need to invest more in families and children. Thank you.

von GILLERN: Thank you, Senator Dungan, for your opening. And we will invite up our first proponent. Good afternoon.

JOEY ADLER RUANE: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Joey Adler Ruane, J-o-e-y A-d-l-e-r R-u-a-n-e. Appearing before you as a registered lobbyist for OpenSky Policy Institute in support of LB157. I will be reading some of the testimony that, that they were planning on sharing in person, but unfortunately couldn't make it down today. State-level child tax credits are an evidence-based way to support families with young children, especially those on the lower end of the income spectrum and thus largely excluded from tax cuts enacted by the Legislature in recent years. First, I know OpenSky has come before this committee multiple times this session opposed to bills because of their cost given the state's current financial status. That remains a concern. However, the depth of research supporting child tax credits and their scalability tips us over into support in this case since this tax credit is a powerful investment the state can make in Nebraska families and therefore our economy. While state-level CTCs are relatively new, the federal one is not, having been passed with bipartisan support as part of the 1997 Taxpayer Relief Act. Starting at $400 per child under 17 in the first year, the federal credit peaked with the American Rescue Plan Act of 2021, which increased it temporarily to $3,600 per child under 6 and $3,000 per child under 17, with benefits phasing out for joint filers earning more than $150,000. While that boost ended for the 2022 tax year, evidence supporting its effectiveness at lifting children out of poverty has been robust, leading states to take action to establish their own credit programs. In 2025, 15 states will provide a child tax credit to families with young children, up from 14 in 2024 and 9 in 2023. Several of the early adopting states also expanded their existing programs for 2025. Modeling from the Institute on Taxation and Economic Policy estimates that 9,000-- 98,500 Nebraska households would benefit from a state-level child tax credit program, including nearly 326,000 people and nearly 155,000 children, or 35% of all kids in the state. Modeling also estimates that the families who receive this credit have an average income of $57,600-- $57,600 a year. Evidence indicates that the households who would receive this credit would spend the additional income supporting their families. Families have directed their child tax credit towards rent, food, and school activities, enabling families to make needed investments in their own health, security, and well-being. We know this committee is interested in finding ways to put tax dollars back in the hands of taxpayers, as evidenced by the passage of the child care tax credit in 2023. Unfortunately, demand for that credit has generally exceeded the amount of the credit, and many otherwise eligible folks have been unable to access that funding. This proposal would help those families, giving them the freedom to manage their finances according to their unique circumstances without undue interference or control from the state. Data shows children who receive additional monetary support have better childhood nutrition, as well as higher school enrollment, test scores, high school graduation rates, rates of college entry, and earnings into young adulthood, therefore suggesting this tax credit will have a good return on investment for Nebraska. Because of that and the substantial body of evidence supporting a state-level CTC and the impacts on child poverty, we would encourage the committee to advance LB157. Happy to try and answer any questions you might have.

von GILLERN: Thank you for your testimony. Questions from the committee members? Senator Bostar.

BOSTAR: Thank you, Chair von Gillern. Thank you, sir, for being here. You said there were 14 or-- 14 states that have adopted something along these lines, is that correct?

JOEY ADLER RUANE: I believe so, yes.

BOSTAR: It was 14 or 15. [INAUDIBLE]. Either way. Do you have a list of the states?

JOEY ADLER RUANE: I am sure we can get that to you.

BOSTAR: If you could.

JOEY ADLER RUANE: Yes.

BOSTAR: Thank you.

von GILLERN: Other questions? Seeing none. Thanks for being here.

JOEY ADLER RUANE: Thank you.

von GILLERN: You're wrapping us up. Any other proponents? Seeing none. Are there any opponents? Seeing none. Any neutral testifiers? Seeing none. Senator Dungan waived the close, so that'll complete our hearing on LB157. We had comments-- online comments. Thank you. We had 42 proponents, 1 opponent, and 0 neutral online comment. That will end our hearings for the day. Thanks, everybody.