

von GILLERN: All right, folks. It's 1.30, and we'll get rolling right on time. Welcome to the Revenue Committee. I'm Senator Brad von Gillern from Elkhorn, representing the 4th Legislative District, and I serve as chair of this committee. We'll take up bills in the order posted. This public hearing is your opportunity to be a part of the legislative process and to express your position on the proposed legislation before us. If you're 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's your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but you would like to indicate your position on a bill, there are also yellow sign-in sheets back on the table for each bill. These sheets 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'll begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally by anyone speaking in the neutral capacity. We'll 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 have one minute remaining, and then the red light indicates you need to wrap up your final thoughts and stop. Questions from the committee may follow. Also, committee members may come and go during a hearing. This has nothing to do with the importance of the bills being heard, it is just a part of the process, as senators may have bills to introduce in other committees. A few final items to facilitate today's hearing are, 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 procedures for all committees state that written position statements 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

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the committee statement. I'll now have the committee members with us today introduce themselves, starting at my far left.

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

KAUTH: Kathleen Kauth, LD 31: Millard.

BOSTAR: Eliot Bostar, District 29.

JACOBSON: Senator Mike Jacobson, District 42: Lincoln, McPherson, Hooker, Thomas, Logan, and three quarters of Perkins County.

MURMAN: Dave Murman, District 38: most of eight counties in the southern tier. The big towns in the district are McCook and Holdrege.

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

von GILLERN: And lastly, introducing himself is--

DUNGAN: George Dungan, Legislative District 26: northeast Lincoln.

von GILLERN: Just under the wire. Also assisting the committee today to my right is our legal counsel, Sovida Tran. And to my left is legal counsel, Charles Hamilton. To the far left is committee clerk, Linda Schmidt. Our pages for the committee today will stand and introduce themselves.

ELIAS REIMAN: My name is Elias. I'm a junior at UNL studying psychology, trying to go to law school.

JESSICA CARROLL: My name is Jessica Carroll from La Vista, Nebraska, and I'm a senior political science major.

von GILLERN: Thanks for your help today. We appreciate that, especially having a psyche major in the room. Never know when that might come in handy. With that, we'll begin today's hearings with LB834 and we'll welcome up Senator Kauth.

KAUTH: Good afternoon, committee. My name is Kathleen Kauth, K-A-T-H-E-E-N K-A-U-T-H, and I'm here to introduce LB834. And a little background on this. Every time I meet with agencies or, or groups or businesses, I ask them, what are-- what is the red tape that

we can get rid of? What can we cut, what can we improve? And not very many people take me up on it, and Mr. Cannon finally did, he brought me one idea. I said this is great, go back and get me more. So this bill is a compilation of a bunch of different things that we can do to cut some red tape, make the processes work more efficiently, and just get rid of some of the, the clutter in our statutes. It contains seven ideas that NACO has brought to increase county efficiency and modernize procedures. The initial provision would eliminate a five dollar annual mobile home park permit fee that park owners are required to pay the county treasurers. When this isn't paid, county treasurers quickly spend more in time and county resources to attempt collection than the actual fee. Section 21 would eliminate the fee. This would not affect the mobile home reports that are filed with the county assessor or the annual application for a license from the Department of Water, Energy, and Environment. And then briefly, the rest of the issues. Sections 1 and 2 would specifically authorize county assessors to appoint a deputy. Counties with populations over 200,000 are required to appoint two chief deputies. There are inferences that assessors in smaller counties can appoint deputies, but this will give clear statutory authority to do so should one be needed. Section 4 would allow county boards to request an emergency assessor's exam for a deputy assessor. There's already authority to request an emergency exam for full-time assessor. Requests for a deputy assessor's exam would be infrequent, and a property tax administrator would determine whether or not to grant a request. Section 12 and in 11 other sections, we would harmonize population references to counties over 100,000 and 150,000. This is for consistency within and between statutes. Section 15 would remove a phrase from legislation adopted last year on recreational trail easements. When parts of the bill were rewrite-- rewritten on Select File, a requirement to indicate recreational trail tax credits that were not reimbursed by the state on tax lists was inadvertently left in. Since the credit doesn't exist in that form in the version of the bill that was adopted, every county would always have a zero in this column, so it can be removed. Section 16 would clarify language on tax statements that was adapted in LB34 during the 2024 Special Session that requires listing the cost of public safety services for all political subdivisions on tax statements. This would limit the requirements to counties and cities since they are the taxing entities primarily taxed with public safety. Section 17 and 18 mirrors a bill introduced by Senator Bostar in 2022. LB850 came out of committee 8-0

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and simply ran out of time. It would allow delinquent taxes on mobile homes, cabin trailers and manufactured homes to be extinguished after 15 years. The taxation of these homes is convoluted. They're considered real property for some aspects of taxation, but are currently treated as personal property when taxes are delinquent. Nebraska's Constitution allows delinquent real estate taxes to be extinguished after 15 years. Section 77-1862 permits delinquent real estate taxes to be extinguished after 15 years, except for mobile homes, cabin trailers, and manufactured homes. This bill would harmonize the treatment of these entities so that taxes could be extinguished after 15 years in the same way as other real property. These are all common-sense ideas to streamline and modernize county government. I'd appreciate your support of this bill. And if you have any questions about the details, Jon Cannon will be following me.

von GILLERN: Thank you, Senator Kauth. Questions from committee members? Senator Jacobson.

JACOBSON: I guess my only question is, when it comes to appointing a deputy county assessor, it seems like if you're going to have that title associated with it, it's more money. And so I'm trying to figure out how we're-- does it have to be a deputy county assessor or are there other people in the office that can really provide the support to the assessor?

KAUTH: I'm going to have you ask Mr. Cannon that question--

JACOBSON: I will do that.

KAUTH: --because it will be about cost for that, that employment, correct?

JACOBSON: All right, thank you.

KAUTH: OK.

von GILLERN: Other questions? I'll just ask real quick, did you work with any other organizations or did you have other-- I know you've been, you've been working this topic really hard, and I appreciate your effort. Every time I've been with you and you've been with the group. So tell me what regulations that, that we can work with.

KAUTH: I've, I've worked with the State Chamber talking about an education one, so that would-- that we'll, hopefully, we can actually make changes without needing legislation to make changes within the regulations. And if not, I'll bring a bill next year to deal with an education issue. But again, every group that I meet with, I ask this question. I think it's a good habit for all of us to get into that, OK, give me the things we can cut and get rid of to simplify because we can't tax our way out of spending problems. We can't, we can't magically create money, but this helps tighten things up.

von GILLERN: Very good, thank you. Seeing no other questions? I presume you'll stay to close?

KAUTH: I will stay to close.

von GILLERN: Thank you. We'll invite up our first proponent. Welcome first proponent-- first testifier at the first Revenue hearing.

JON CANNON: Officially.

von GILLERN: Officially, yeah. Mr. Cannon.

JON CANNON: I think this is the first time that's ever happened to me. Chair von Gillern, distinguished members of the Revenue Committee--

von GILLERN: Nice to see that you're for something. We won't count that against your time.

JON CANNON: My name is Jon Cannon, J-O-N C-A-N-N-O-N, I'm the Executive Director of the Nebraska Association of County Officials, also known as NACO, here to testify in support of LB834. First, I'd like to thank Senator Kauth for bringing this bill. Originally, we, we just brought it as a bill to eliminate the mobile home park permit fees. And when we presented it to her, she said, that's great. What more do you have? Almost exactly like she said. And we said, well, there's, there's plenty of things, actually, things that we've had kicking around for a good long while. And, and she said, bring them to me and, you know, let's put them into a bill that would be germane for, you know, one particular committee. And so there's a lot of stuff that we've had hanging around for a long, long time that we wanted to do. And like she had said, you know, with LB850 a couple of years ago, it came out 8-0, but it just didn't get heard. And so, you know, to the extent that we could put more into a bill that would really truly

just be a cleanup, we thought that was, you know, probably a good use of our time. And so I certainly appreciate her being the instigator of that because we were, were just concerned about the mobile home park permit fees. I really couldn't go through the individual sections of this bill any better than she did, and so I will point out that on the mobile home park permit fees, if you look at the fiscal note, it talks about how there were \$1,500 collected statewide as an average. That's not per county. That's \$1,500 statewide collected in the last two years. Frankly, county treasurers spend more time and therefore more taxpayer dollars trying to track these things down when, when the permit fee has not been collected than, than we're collecting anyway. And so we thought-- and the way I tried to pitch it to Senator Kauth was, you know, we're going to ask for less money. And she immediately saw right through me and she said, OK, what are we talking about here? And after I explained it to her, that's what she said, you know, let's try and find some more efficiencies. One of the other efficiencies that's, that's kind of somewhat glaring is the population references we use for what, what I think a lot of people in this, in this building refer to as the "big three" counties. And in the statutes, you'll see it's replete with references to counties with a population over 100,000, counties with population over 150,000. In actuality, in Nebraska Revised Statute Section 77-1502, both 100,00 and 150,00 are used as references within the exact same statute. Different subsections, but the exact the same statute. That seems a little weird, so we figured we'd take the opportunity to clean that up as well and harmonize it. I'm nearly out of time, and so I'm happy to take any questions you may have. So thank you very much.

von GILLERN: Thank you. Does Senator Jacobson have a question?

JACOBSON: Yes, I do have a question. In fact, I've got a couple of questions. In fact, you gave me one new one, I'm going to ask you that first, which is, so you had a very small fee that wasn't worth going after to collect. What was the fee used for? Why did that, why was that fee first introduced and who was that going to?

JON CANNON: Yeah, that was-- so that was essentially a cost of government fee. And back in--

JACOBSON: Oh, that's all, that's a very-- that didn't even scratch the surface, but go ahead.

JON CANNON: You know, the fee's been around for, I mean, ever since we've had the statute that says you have to file a permit. And so back in, you know, whenever the statute was first enacted, they probably said, well, you know \$5 is an adequate fee to cover the costs for processing the, the paperwork. As, as we have, have found in researching a lot of the fees that we have, and there will be more to come on other bills, we've got some fees that have been around for 80 years and never been updated. Just as a for instance, one of the ones I can think of off the top of my head is a distress warrant fee that we have for sheriffs when they go out and they're serving a distress warrant. \$2 enacted back in the 60s, and it hasn't changed since. And \$2 doesn't even cover the cost of turning on the car, so this is essentially to just catch everything up to--

JACOBSON: Well, I raise the question because I, I guess I would rather that, I, I'm a believer that to the point that we can have fee for services, I would see that rather than every taxpayer paying for things they never even use. That, that if it's a marriage license that they pay for the cost of issuing that license. If there's, you know, a service that we ought to get paid for doing that as a fee. And so I, I, I know that your fees have not been updated for years, that they can't be without Legislature's approval. So it would seem to me that we ought to take a look at the fees and which ones make sense. Some of them we ought to keep and raise the cost to real-world standards and some we probably should eliminate. But, but at the end of the day I'm hopeful that we don't just eliminate all the fees that we probably-- and then pay for the cost of, of, of those services with taxpayer dollars. I'd rather that the users pay the fee and we charge the taxpayer less, but.

JON CANNON: Sure. And if I could address that real quick, Senator, with the mobile home park permit fees, you know, I mean, there's, there's something we have to do when we're processing this sort of thing. That is a cost on government. Something very, very similar for mobile home parks is already being filed with at least two other agencies that we know of. And so the whole thing seems very, very redundant. And for us to charge a fee for it just seems like, and it's--

JACOBSON: I have no problem with that. So my other, my first question, of course, went back to if we're going to hire a deputy, I mean, I guess I go to the county assessor's office and I see more than one

person working there. So I'm thinking that they're working collaborative, collaboratively on getting things done. So does the designation of deputy just mean keep doing what we've asked you to do, but we're gonna pay more money for it? Or in other words, how much does having that deputy title cost us?

JON CANNON: It's going to depend on the individual county when they are, when they're determining salaries. And counties are obligated to set salaries for elected officials no less- on or before January 15th of each election year, which they just did last Friday, I think.

JACOBSON: I, I had a big sigh when I saw that, just so you know. But yes, go ahead.

JON CANNON: Maybe I'm going to try and get out of this question as quickly as I can then. You know, and generally speaking, the county boards have pretty broad latitude as far as what they, what they set those salaries at. And so when it comes to, you know, you were a clerk in the assessor's office before, now you're the, quote-unquote, deputy assessor. My expectation is that county boards are going to say, we're going to pay you for the same amount of work. And whereas before it may have been something that was more discretionary and it was solely under, you now, the Julie Stengers prerogative to determine what she was paying each the clerks, yeah now with the deputy-- there is still-- the prerogative belongs more to the board, but I-- and, and perhaps I'm using the wrong example. My expectation is the Lincoln County Board is not going to jack that salary up just because there's a title change.

JACOBSON: And that, that's really what I'm after. I'm hoping that this change, if you need more staffing and you need more support, that you designate somebody to do that work. But I'm just hopeful that we're not going to create a new, new title that's just going to cost us more money and they keep doing what they've been doing before with a new title.

JON CANNON: Yeah, and, and Johnson County Assessor Terry Keebler, past-past president of NACO, you know, he's going to be behind me to testify as to this portion of the bill. He'll probably be able to answer that with a bit more thoroughness than I can. But generally speaking, my, my expectation is that, you know, it's not going to be much in terms of dollars, but there are times that only the assessor

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can act on certain things. And if you don't have a deputy assessor, that that's going to be problematic then with [INAUDIBLE].

JACOBSON: That was my other question. Are there, there times when the, the assessor's not there that you need signatories and the deputy assessor with that title can go ahead and stand in that, that capacity?

JON CANNON: Yes, sir. There are.

JACOBSON: OK, thank you.

von GILLERN: Other questions from committee? Seeing none, thank you, Mr. Cannon.

JON CANNON: Thank you very much.

von GILLERN: Next proponent.

VALERY BELL: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Valery Bell, I'm the Box Butte County Treasurer and I'm testifying on behalf of the Nebraska Association of County Treasurers and NACO in support of LB834. I'm going to speak--

von GILLERN: Can I get you to spell your name, please?

VALERY BELL: Oh. V-A-L-L-E-R-Y B-E-L-L.

von GILLERN: Thank you.

VALERY BELL: I'm going to speak to 2 sections of this bill that specifically impact county treasurers. First, we support the elimination of the current \$5 permit fee. In practice, counties are spending more money to collect this fee than the fee itself generates. By the time we print notices, apply postage, and mail them, the administrative cost exceeds the \$5 that we are collecting on this permit. Additionally, mobile home park operators are already required to pay other fees and fill out other applications through DHHS, making the current process unnecessarily cumbersome. Second, we support the section that allows mobile home taxes to be extinguished after 15 years like we currently do with personal property taxes. There is no mechanism for county treasurers to remove unpaid mobile home taxes from the county's records as of this time. And county, county

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treasurers are statutorily required to repeat the same collection process year after year, even when it produces the same result, which is no collection. In many of these cases, the mobile home has long since been removed and is no longer being assessed. Yet counties must continue to collect-- must continue collection efforts on that property that aren't there. That's what I have for you today. Does anybody have any questions?

von GILLERN: Thank you. Any questions for the committee? Seeing none, thanks for being here today.

VALERY BELL: Thank you.

von GILLERN: Next proponent.

TERRY KEEBLER: Good afternoon.

von GILLERN: Good afternoon.

TERRY KEEBLER: I'm Terry Keebler, T-E-R-R-Y K-E-E-B-L-E-R, I'm Johnson County Assessor, here testifying in support of LB834 for NACO. So I'm mainly here for Sections 2 and 4, the deputy assessor and then the deputy assessor emergency exam. Also, I think the one for the not having to fill out a line on the tax roll for the recreational trails easement that won't ever be there. So kind of to Senator Jacobson's questions earlier on deputy assessor, we already have the-- we have been appointing the deputies, it just hasn't been explicitly stated in statute. The assessor and any deputy assessor is required to pass the exam to have a certificate for assessment. And the main reason we want the deputy is for those instances where we have to file a report with the state, it has to be signed by a certificate holder. So that's where we get into needing a deputy. For those smaller counties that don't have deputies, the Section 4, talking about the emergency exam, the state currently has exams four times a year, every three months: February, May, August, November. If something comes up in between, there's currently an ability for the county board to petition for an emergency exam for a new assessor, if an assessor dies or gets recalled or whatever and there's not someone in the county with the license. So for those smaller counties don't have a deputy, this would be the ability for the county board to petition to have the emergency exam if the assessor was incapacitated for a long period of time and

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needed someone to fill out paperwork. So with that, I would answer any other questions.

von GILLERN: Thank you. Questions from the committee. Seeing none, thank you, Mr. Keebler.

TERRY KEEBLER: Thank you.

von GILLERN: Any other proponents for LB834? Seeing none, any opponents? Seeing none, anyone who would like to testify in a neutral position? Seeing none, Senator Kauth, if you'd like to close. When you come up, I will note that there were two-- three online comments. Two proponents, one neutral, zero opponents. Senator Kauth.

KAUTH: Thank you. I thank, I thank you for your questions. And I think, Senator Jacobson, the point about the deputy maybe costing more is a question that should be asked. But this is not a "shall," this is a "may." It just gives them the ability to do it and they would have to make that decision on their own whether or not they would need that second signatory. So I appreciate everybody's attention. Thank you. Easy bill, say yes.

von GILLERN: Any questions for Senator Kauth? Seeing none, thank you. That will close our hearing on LB834 and we will open our hearing on LB770. Is Senator DeKay to be found? Welcome, Senator DeKay.

DeKAY: Good afternoon, Chairman von Gillern and members of the Revenue Committee. For the record, my name is Senator Barry DeKay, B-A-R-R-Y D-E-K-A-Y, I represent District 40 in northeast Nebraska, and I am here today to introduce LB770. LB770 is an update bill to a piece of legislation I brought last year, LB50. The bill does two things. First, LB770 would clarify the commission that the counties receive for distributing nameplate capacity taxes. In 2024, the funding model for the community colleges changed and an unintended consequence was that nameplate capacity taxes were taken away from the community colleges. Nameplate capacity taxes are collected from private renewable energy companies that construct renewable energy infrastructure in Nebraska. The amount of taxes is based upon the kilowatt hours of electricity they produce. Nameplate capacity taxes were created to replace personal property taxes which spiked and depreciated. Nameplate capacity taxes provide a more consistent revenue stream for taxing entities and make it easier for renewable

energy companies to account for their project planning and budgeting processes. Last year, I introduced LB50 to try to restore the lost funding and try to make the community colleges whole again by allocating 5% of the nameplate capacity taxes to the community college area where the renewable energy generation facility is located. These taxes are collected by the state and sent to the counties for distribution, with 5% for the community colleges coming off the top and the rest to be, be distributed to the local taxing entities. Counties have historically retained a commission on the distribution of property taxes because they perform the entire property tax process for the other taxing entities including valuing property and hearing protests, sending tax statements, collecting and distributing taxes, and pursuing delinquencies. When the funding model changed, the Department of Revenue questioned whether nameplate capacity taxes should be treated as an ad valium [SIC] taxes or follow the same commission process. LB770 would make it clear that counties continue to receive a 1% commission on nameplate capacity tax for their role before distributing the 5% to the community colleges and the remainder to other taxing entities. In simpler terms, this bill is just putting existing practices into statute. The handouts I provided, which are directly from last year's session during debate on LB50, broadly outlined the nameplate capacity tax process and illustrate that this commission was factored in with the passage of LB50. I would note that 1% county commission happens at step three, and the 5% of community college's distribution happens at step Four. The distributions to all other political subdivisions happens at step five. The other part of this bill, Section 1, codifies existing practice. Historically counties have received a 2% collection fee on the distributions made to reclamation districts and county agriculture societies. Given the need to clarify the commission on nameplate capacity taxes, the state auditor has suggested recently that it would be helpful to put these commissions into statute as well. I would note that there is no fiscal impact to the state. This is just putting existing practices into statute. With that, I'm happy to try to answer any questions. Otherwise, Jon Cannon from NACO will follow me and can answer questions as well. Thank you.

von GILLERN: Thank you. Questions from committee members? Senator Kauth.

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KAUTH: Thank you, Chair von Gillern. Senator DeKay, so we took over paying for the community colleges at the state level, correct?

DeKAY: Yeah.

KAUTH: So would this 5% be additional revenue for them or should it go to the state?

DeKAY: When it took over, this 5% kind of went away. This last year we put it back in. So basically, in a community college in my district, which is Northeast Community College, from where we were at in 2023 or 2022-- I can't remember for sure-- they lost that first year when we re-distributed how we were paid for community colleges, they lost about \$750,000 of revenue that they had been getting. This just puts back that \$750,000 that they were receiving before that. And NACO or county-- counties are aware of it, and the first year they got a windfall because they were able to claim-- get that \$750,000. Now it just goes back and puts it up to where it was before and where it was last year.

KAUTH: So this will be ongoing 5% every year. So shouldn't that money, though, if the state is now responsible for paying for community colleges, shouldn't that money go to the state to help pay for it, instead of being an additional fee?

DeKAY: Well, what the state-- but when the state redistributed that money, that \$750,000 was originally taking out-- taken out. So this put it back last year, and it's just an ongoing practice that this would, in lack of better terms, plug the hole, of that lost \$750.000. To put it to where it was originally.

KAUTH: OK.

DeKAY: But this isn't, this isn't taking another \$750,000 on top. Community colleges had, had to absorb that \$750,000 loss that first year. This just helps codify and put it back into practice of what we had been done before.

KAUTH: OK, thank you.

von GILLERN: Senator Sorrentino.

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SORRENTINO: Thank you, Chair von Gillern. On the handout that you have, there's the various lines going to all the fire districts and NRD, et cetera. On illustration four, you still show 5% of the remaining nameplate going to Northeast Community College at the very bottom. And then based on the illustration, there is two, four, six, eight more. Those eight are receiving their funds, the arrow goes right from Wayne County, correct?

DeKAY: Yeah, I--

SORRENTINO: I don't know if you have that in front of you or not.

DeKAY: I don't have that in front of me. I gave you my copy. I'm just kidding.

SORRENTINO: Right.

DeKAY: No, they-- those are where we have the-- for Wayne County, that's where that money was taken to and going-- so the community colleges are absorbing, getting that money. So 1% off the top goes to the Wayne County for handling the distribution. The next 5% are-- or of the 99% of the money left goes to the community colleges. And then the other 94% is distribute-- distributed equally through--

SORRENTINO: To those other 8 boxes?

DeKAY: Yeah.

SORRENTINO: OK, thank you.

von GILLERN: Other questions? Senator Jacobson.

JACOBSON: If I'm not mistaken, I remember the debate, I think it was a year ago when we were talking about how the community colleges came up short. And as I understand it, when the state took over the funding for the operating expenses for the community college, the \$750,000 wasn't contemplated. So that wasn't part of what the state's reimbursing, but they were expecting they were going to still get their \$750 and it, it, it ceased to exist. So are the dollars from the capacity tax. I also remember a testifier last year that, if I'm not mistaken, most all the wind projects are in Wayne County or whatever county this is.

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DeKAY: Yeah, I mean, there's 38 counties that got wind projects in them, and it's in the districts for your community colleges. So my dis-- the community college for Northeast is about 20 counties. So there are entities involved, north of O'Neill has wind farms. So there's, like I say-- but there's only, if I remember correctly, there is only like 11 counties that have a significant accumulation of nameplate capacity tax that's above \$200,000 so.

JACOBSON: All right. I, I, I was recalling that there was some concern that, that why was the community college getting the money, because it wasn't equally distributed the projects across their footprint. And I think that went away. I think we're-- I think everybody's OK at this point, at least.

DeKAY: Right.

JACOBSON: And so this is really just how do we codify what we're practicing now.

DeKAY: Absolutely.

JACOBSON: All right, thank you.

von GILLERN: Other questions? Seeing none, Senator, will you stay for your close?

DeKAY: Yes.

von GILLERN: Thank you. We'll invite up our first proponent.

JON CANNON: Good afternoon, Chairman von Gillern, distinguished members of the Revenue Committee. My name is Jon Cannon, J-O-N C-A-N-N-O-N, I'm the Executive Director of the Nebraska Association of County Officials, also known as NACO, here to testify today in support of LB770. I want to thank Senator DeKay for having brought this bill. We approached him and said, well, you know, here's a little thing about on the heels of LB50, and he was more than willing to work with us and work through it. He asked a lot of questions to make sure he, he really understood the kind of the gravity of the situation. I won't bore you with the entire history of the nameplate capacity tax from LB1048 back in 2010, I think. But suffice to say what the Legislature had done then was they had exempted the personal property associated with a renewable energy generation facility from the property tax,

from the personal property tax, and they replaced it with an excise tax. And they essentially took the amount of, of taxes that you would be expected to pay over time, it would be allotted first, and it would be zero after year eight-- or after year seven, pardon me. And they said, well, let's combine all that. We'll stretch that over the expected life of the whole project. And that's where the excise tax-- how the excise was, was calculated. And so, therefore, the nameplate capacity tax was supposed to be distributed how other property taxes were distributed. And so one of the questions that the counties had asked of the Department of Revenue and the State Auditor had been, you know, does the-- if this isn't a property tax, does that commission still apply? And the reason that we take a commission is because, as Senator DeKay had mentioned, we are the entirety-- we're 20% of the load, but we're the entirety of the property tax process. We set values, we send out the notices, we hear protests on values, we, we certify those values to all the political subdivisions, we send out-- we roll over the tax statement, send out tax statements, collect, distribute, all that good stuff. And for that, we've received that 1%. Because otherwise the school districts would have to have an assessor, the cities would have to have an assessor, and that doesn't make sense. So when you look at how that commission had worked, it wasn't technically a property tax. It was an excise tax. But the assurance that we got was this is replacing a property tax, and so therefore that commission is still in place. With LB50, we changed that just a little bit so that we're taking 5% off the top and then distributing an excise tax. And, and the Department of Revenue did not-- I want to be very, very clear, they did not give us a declarative statement that, no, you no longer get to, to collect commission. But they questioned it. They said, we're no longer sure that that applies because this isn't going exactly "according to Hoyle," how things had gone. And so therefore, we have questions about it. We said, OK, the Bat Signal has gone up. It is time for us to clarify this through legislation. We approached Senator DeKay, and he was more than gracious enough to bring this, this for us. And so that's the brief history, that's why we're here. And I'm happy to take any questions you may have.

von GILLERN: Thank you. Questions? Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Thank you for being here, Mr. Cannon. So just to clarify, LB770 before us doesn't have to do with the 5% to community colleges. We-- that was all in LB50. This is just

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clarifying the commission to the reclamation district and the agricultural society, correct? So this bill has to do the 1% commission.

JON CANNON: So there are, there are two parts of this. The first part is the 2% that goes to ag societies' reclamation districts, which we'd always done traditionally by virtue of the fact that they are-- they use our levying authority to receive funds. And so that commission goes to them. Never-- it had never been explicit, and so we said we should take the time to make that explicit, since we're talking about commissions. The second part of it is to clarify that that 1% commission for the distribution of an excise tax, which was designed to replace a property tax, is still in place as if it were a property tax.

DUNGAN: And so both of those have to do with the 1% and the 2%. The 5% being taken to go to the community colleges, that was already done in LB50, correct?

JON CANNON: Yes, sir.

DUNGAN: This doesn't change anything with that.

JON CANNON: No, sir.

DUNGAN: OK.

JON CANNON: We get, we get 1% of what they're receiving.

DUNGAN: Got it. I just-- there were questions about that earlier during the introducer's testimony, so I just want to clarify, because I'm looking through the actual language of the bill, LB770 is the commissions.

JON CANNON: Yes, sir.

DUNGAN: OK, thank you.

von GILLERN: Other questions? I just have a quick, quick question. And I don't-- if this sounds sarcastic, forgive me. It's pretty early in the season. All the things you rattled off, set values, contested values, all those other things really don't apply to the nameplate capacity tax?

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JON CANNON: No sir, they do not.

von GILLERN: OK. All right. Thank you for clarity.

JON CANNON: Yes, sir.

von GILLERN: All right. Thank you, Mr. Cannon.

JON CANNON: Thank you very much.

von GILLERN: Other proponents? Seeing none, are there any opponents to LB770? Almost. Anyone that would like to testify in a neutral position? You, you made him look.

COURTNEY WITTSTRUCK: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Courtney Wittstruck, C-O-U-R-T-N-E-Y W-I-T-T-S-T-R-U-C-K, and I represent the Nebraska Community College Association. I wasn't intending to testify today, but I thought some questions arose that I might be able to help with. But just before I get to all of your questions, I'll try to answer the ones that you've already asked. First of all, we knew about this bill. It wasn't a surprise, obviously, with Jon and Senator DeKay and all of those folks, we, we knew it was coming and we have no problem with it. And the reason being is, I don't know what he passed around, but I imagine it's probably the graphic I made last year for LB50 where it has little arrows and it shows how the money flows. So yeah, exactly that. So you see that when we were looking at LB50 last year, we thought the money would continue to go to 1% commission first, to counties, and then distribution after that as listed on the sheet. But like Mr. Cannon said, the Department of Revenue ended up kind of looking at it a little differently, and so he wanted to codify that 1%. So we don't have an issue with it. Technically, there's a fiscal note with it, but the, the reason there's fiscal note is because we received a little, honestly, it's like \$6,000 total, but we received the little extra because we got the 5% off the top and then they took the 1%, rather than taking the 1% off the top and then the 5%. So but I just liken that to last year when the counties got, you know, our share of the nameplate compacts-- capacity tax, which is like over \$700,000 and setting that right. So they got a one-year windfall. Our windfall, unfortunately, was only \$6,000. But this is just setting that right and codifying it. A couple of the questions. As far as the 5%, and I didn't come with all of my LB50 numbers and sheets and

everything like I did last year during the testimony, since I wasn't sure we'd be getting into it, but it was something that with the speed of the, the funding model change in 2023, it happened very, very quickly. We weren't aware that that was coming. So we had to go through the process very fast. That was something that both the Governor's Office missed, we missed. And the way you know that is because A, Kenny Zoeller testified last year to that effect. But also if you look at our fiscal note for that funding model change, we didn't include that on there because we had no idea that that would be a loss until the new funding model went into effect and then our colleges saw, oh no, there's a line item of a lot of money for our colleges that is now not coming in. So that's why we brought LB50. With that funding model change, they just could not run the funds the same way that they had in the past for the nameplate capacity tax. And I see my yellow light is on, red is about to come. Is there-- are there any other questions that I could answer for you all that I didn't already?

von GILLERN: Questions from the committee? Senator Bostar.

BOSTAR: Thank you, Chair. Thank you for being here. So who's losing the money? So if we ensure that the 1% commission goes to the county, where's that coming from?

COURTNEY WITTSTRUCK: It's technically coming from ours. So what happened at this--

BOSTAR: So it would come out of the community college?

COURTNEY WITTSTRUCK: Yeah, but that's exactly what we expected to happen after LB-- after LB50 passed.

BOSTAR: So it would have a actual financial impact?

COURTNEY WITTSTRUCK: It-- no, but we had to, we had to submit it because it will technically be \$6,000 less because they're taking their 1% before.

BOSTAR: I understand, but, but the 1% is not \$6,000.

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COURTNEY WITTSTRUCK: It was the difference for us. So we calculated what we would get-- what we had by taking the 5% first and then their 1%.

BOSTAR: Let's say we don't pass this at all and you keep the 1%. The 1% is not \$6,000. It's the order of operations that's resulting in the \$6,000.

COURTNEY WITTSTRUCK: Right. We wouldn't keep the 1%. Correct. It's only the difference between them taking their 1% first or us taking our 5% first.

BOSTAR: And so this bill just is the order that it happens?

COURTNEY WITTSTRUCK: Yeah. And there's no fiscal note for the state because it comes from nameplate capacity tax money. It only come-- it comes from the, the money that the nameplate capacity tax collects.

BOSTAR: What's the value of the 1%?

COURTNEY WITTSTRUCK: I didn't calculate that. I'm sure I know someone behind me that did.

BOSTAR: OK.

COURTNEY WITTSTRUCK: But I know that for us technically the fiscal note of the order of operations would cost us \$6,000.

BOSTAR: I get that, that part I understand. OK, thank you. Thank you.

von GILLERN: Any other questions? Seeing none, thank you.

COURTNEY WITTSTRUCK: Thank you.

von GILLERN: Any other pro-- neutral testimony? Seeing none, Senator DeKay, would you like to close? Yeah, and there was no online testimony from this bill.

DeKAY: OK, thank you again. LB770 would clarify that the commissions that counties receive for distributing nameplate capacity taxes and codifying long-standing commissions on distributions to reclamation districts and agricultural society. I'm just reiterating, this bill is

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just putting existing practices into statute. With that, I would be happy to try to answer any questions for you. Thank you.

von GILLERN: Thank you. Any questions from the committee? Seeing none, thank you, Senator DeKay. We'll close our hearing on LB770, and we will open on LB868, also Senator DeKay. Welcome.

DeKAY: OK, good afternoon again, Chairman von Gillern and members of the Revenue Committee. For the record, my name is Senator Barry DeKay, B-A-R-R-Y D-E-K-A-Y, and I represent District 40 in northeast Nebraska. I'm here today to introduce LB886, a proposal which would establish a process for exempting homicide victims from the provision of the inheritance tax. What I propose here today in LB886 comes at the request of a family that was involved in the 2022 Cedar County quadruple murders which happened in my district. On top of such a horrific event which resulted in unexpected loss of loved ones, the family then had to grapple with managing the estates including figuring out how to pay inheritance tax. I brought this bill so that the family who reached out to me can have a chance for their story to be told, since both LB468 by Senator Clements and LR13CA by Senator Hallstrom failed to pass in the 2025 Legislative Session. LB886 proposes that if a descendant was the victim of a homicide, that any interest in the property pass-- passing from such a descendant shall be exempt from any inheritance tax imposed. Homicide is defined as either murder in the first degree, murder in a second degree, manslaughter, or a motor vehicle homicide. The determination for ascertaining whether the descendant was the victim of a homicide will depend on whether, one, the person causing the descendant's death is convicted in court, or two, in the absence of a conviction, a court determining by preponderance of evidence that the descendant was the victim of a homicide. In terms of process, a descendant would first have to die in circumstances resembling a homicide. An application for the homicide exemption would then need to be filed with the Department of Revenue within 12 months of the descendant's death. This stops the one-year clock for when an inheritance tax becomes due while the court either works to either, one, convict a person who has committed the homicide or, two, determine whether the descendant was the victim of a homicide. If the murderer is convicted or a court finds that the descendant was the victim of the homicide, then an exemption is granted. If no person is convicted of murder or the court finds that the descendant is not a victim of homicide, then the one-year window to pay the inheritance tax restarts beginning from the date of that

court decision. I also want to point out that under Section 30-2354, a surviving spouse, heir, or devisee who feloniously and intentionally kills or aids and abets and the killing of a descendant is excluded from receiving any benefits from things like inheritance, life insurance, and beneficiary designations. This existing law ensures murderers cannot benefit from their crime. This bill would have a very limited impact on county inheritance tax revenue. As you can see from the spreadsheet I handed out, Nebraska averages approximately 60 homicide and manslaughter cases per year according to data from the U.S. Centers for Disease Control and the Nebraska Crime Commission. However, not everyone who becomes the victim of a homicide will have sufficient assets available to pass on to this beneficiary. The homicide exemption would really only apply in cases where the value of the property being passed on exceeds the current exemption thresholds for class 1, class 2, and class 3 beneficiaries. Ultimately, LB868 represents an incremental step to reduce the inheritance tax in Nebraska. If this bill passes, there are only approximately 60 descendants a year whose estates would be exempted. Of course, we can't predict who will die and when, so how many exemptions would be needed each year will vary. In my mind, it would be the fairer to have inheritance tax reduced or limited for everyone. I acknowledge that, which is why I have supported the various measures by Senator Clements to reduce statewide inheritance taxes like through LB468. What LB868 represents is just another option for this committee to consider in the event that those broader bills fall through so that at least some forward progress, albeit very small, can be made toward reducing inheritance tax in the state. With that, I would be happy to try to answer any questions. Thank you.

von GILLERN: Thank you, Sergeant DeKay. Any questions from the committee members? Senator Sorrentino.

SORRENTINO: Thank you, Senator von Gillern. I know there are-- I think we're one of five states that still have an inheritance tax, or maybe there's six altogether. Do you know in those other states is this sort of an exemption common? When I read this bill, I thought, well, that's interesting, but--

DeKAY: Do I know of any states that have an exemption like this?

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SORRENTINO: Yeah, there's only like five states who even have inheritance taxes.

DeKAY: Right.

SORRENTINO: But do they have a similar exemption for this?

DeKAY: I would have to look into that and get back to you. I don't know off the top of my head if anybody does.

SORRENTINO: I obviously have sympathy for anybody whose loved one is a victim of a murder, but people die in car accidents and cancer. I'm just trying to understand the logical nexus between how somebody dies and paying inheritance tax.

DeKAY: Well, for, for me, in simple terms--

SORRENTINO: I'm not against the bill.

DeKAY: No, I appreciate that. But for me in simple terms, people that are family members of victims of a homicide are dealing with a heck of a lot in a short amount of time. The shock of the events and everything else, and just, just there's more complexity to what they have to deal with in a very near future after a crime like that is committed.

SORRENTINO: OK, thank you.

von GILLERN: Thank you. Seeing no other questions, will you stay to close?

DeKAY: Yes, I will.

von GILLERN: Thank you. We'll invite up our first proponent. Do we have any proponents for LB868? Good afternoon.

GAIL CURRY: Good afternoon, Revenue Committee members. My name is Gail Curry, G-A-I-L C-U-R-R-Y. I'm here along with my sister, Jill Olesen, to speak in support of LB868. Thanks to Senator DeKay for bringing this bill forward for us. This bill was born out of a loss that changed our lives forever. Our mother, Jan Twiford, our father, Gene Twiford, and our sister, Dana Twiford, were murdered in their home. In a matter of moments, our family was gone and our lives were divided into before and after August 4th, 2022. In the weeks and months that

followed, we were trying to survive profound grief while also navigating a criminal investigation and the legal responsibilities that come with death. During that time, we were required to move forward with probate and pay inheritance tax, something that felt not overwhelming, but deeply wrong under the circumstances. We later learned that these tax dollars go to the county and may be used for expenses tied to those individuals responsible for our family's deaths. While we respect the justice system and understand its necessity, asking victims to financially contribute in the ways adds another layer of harm to already an unbearable situation. LB868 is not about-- about avoiding responsibility or creating a broad exemption. This carefully written implies only when a death is determined to be a homicide, either through a criminal conviction or by a court's determination based on evidence. It simply allows families time and protection while the truth is being established. Families affected by homicide are already carrying unimaginable emotional, mental and practical burdens. This bill ensures families are not forced into a financial position that deepens their pain or adds to their trauma. We are here today because we do not want another family to experience what we did. Not just the loss of our loved ones, but the added injustice that followed. LB868 honors victims, supports survivors, and reflects the compassion and fairness we believe Nebraska stands for. We respectfully ask for your support of LB868. Thank you for listening and for considering the voices of victims and their families.

von GILLERN: Thank you for being here today. Thank you for sharing your story, and please accept our sympathies and condolences. Are there any questions-- questions from the committee members? Senator Sorrentino.

SORRENTINO: Chair von Gillern, thank you. Sorry for your loss.

GAIL CURRY: Thank you.

SORRENTINO: I now understand the question that I asked of Senator DeKay, DeKay the money going to the county who supports it. I get it. Thank you.

GAIL CURRY: You're welcome. Thank you.

von GILLERN: Any other questions? Again, thank you for being here today.

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GAIL CURRY: Thank you.

von GILLERN: Appreciate it. Any other proponents?

JASON WITMER: Good afternoon. My name is Jason Whitmer, J-A-S-O-N W-I-T-M-E-R. I'm here on behalf of the ACLU of Nebraska in support of LB868. I'm just gonna be very short. Usually as when we come up here, we are speaking on the other side of the crime, the crime, talking about evidence-based, evidence-based reform. The overincarceration, the overdisparities, et cetera, things that have not shown to make our system better. Also, what does not make our systems better is the burden putting on the victim, the person who has been impacted by this crime. I myself have lost my mother to domestic violence, which is my first memory. And I can't speak of what the financial burden is, but I can speak of the decades of my family going through it. Not just my memories, but my grandmother, the mother of my mother. It's just something unimaginable. Having children, you think nobody could be worse-- it could not be worse to lose your parents until you have children. The, the financial harm, the emotional harm, has crossed the decades, it has splintered the family. And one of the things that I think our state, who are looking out for our, our fellow Nebraskans should think about when it's inherited tax is when we have an event that we cannot plan for. Not all-- I understand not all health things can be planned for, heart attacks can be sudden, but there's nothing that can compare to the impact of a violent crime. And trying to deal with that on top of financial burdens, on top of maybe bureaucracy loop, loopholes you have to jump through, et cetera. So with that being said, we at ACLU and myself are in support of LB868, and I thank you, Senator, for bringing this.

von GILLERN: Thank you. Any questions from the committee? Seeing none, again, thank you for being here today and sharing your story. Any other proponents? Seeing none, are there any opponents?

JON CANNON: Good afternoon, Chairman von Gillern, distinguished members of the Revenue Committee. My name is Jon Cannon, J-O-N C-A-N-N-O-N, I'm the Executive Director of the Nebraska Association of County Officials, also known as NACO, here to testify today in opposition, conditional opposition to LB868. We appreciate Senator DeKay's point and generally approve the premise of this bill. Certainly, you know, the testimony that we've already received from proponents of this is compelling and we would not want to dissuade you

from having listened to it, nor would we want to lessen the impact of it. However, our position comes from making this work and, frankly, there's a lot of questions that if addressed adequately could move us to neutral. And so first things first on page 2, line 23, after the word "conviction," we would recommend inserting "before inheritance taxes become due," just from a, a planning standpoint. And this really kind of reflects the need to clarify when this exemption would occur. There are a number of questions that I, I think need to be addressed that are not addressed by the bill as written. For instance, what if a case is pending and charges have not yet been brought? What happens then, you know, when the estate has been wrapped up? What if, you know, what if you are convicted of a lesser included offense? So the charge is for homicide, but the conviction is for manslaughter. What happens at that point? The county attorney has to sign off on the inheritance tax filing, the same county attorney that is prosecuting the case. I, I think that's something that-- I have full complete faith in all of our county attorneys across the state, but I think it's something that probably should be addressed. And further, there's no process for us to determine, as counties, when something has been filed with the department as is provided in this bill. And so there are a number of things that procedurally, I think, need to be addressed before the bill is really ready to go. And I need to stress that addressing this moves us to neutral. We'd be happy to work with the committee and with Senator DeKay and any other stakeholders on this. I'm happy to take your questions.

von GILLERN: Thank you. Questions from the committee? Seeing none, thank you, Mr. Cannon.

JON CANNON: Thank you very much.

von GILLERN: Any other opponents? Seeing none, anyone who would like to testify in the neutral position? Seeing none, Senator Dekay, would you like to close? And as you come forward, we received 12-- for online comments, we received 12 proponents, 6 opponents, and 3 neutral testimonies. Senator DeKay.

DeKAY: Thank you again, Chairman von Gillern and members of the Revenue Committee. I would just like to touch on what was said here today. I acknowledge that this is a piecemeal approach towards the inheritance tax. There are people who would say the fairest way to eliminate or reduce the inheritance tax is to do it for everyone, not

just carving out exemptions here and there. I would 100% agree with them. At the same time, the Legislature has not made much progress on reducing the inheritance tax since it was passed, passed a bill on this topic in 2022. My bill, LB886, LB886 proposes a limited option that can at least help a few people and families who end up dealing with an unexpected tragic situation that no one wants to experience. It does so in a way that I think the counties can manage given that only approximately 60 people die from homicides in this state each year. And even then, not every victim will have access to pass on the exceeds of the current exemption thresholds. Senator Sorrentino asked a question if there's any other states that had any similar legislation. One state, Pennsylvania, does have similar tax exemption for people lost in military service. That's as close as I can. And that's still the only information I have available at this time on that. Addressing one part that Mr. Cannon recognized as a potential problem, when he addressed the part of manslaughter. In my opening, I mentioned manslaughter as a tool for the tax exemption, so I think we will-- we can work with that, but I think that's already in place that manslaughter would be appropriate use of the, the exemption in place. So with that, thank you, I'll try to answer any questions.

von GILLERN: Great. Any questions from the committee? Seeing none, thank you, Senator DeKay. And that will close out our Revenue hearing for the day. Thanks everybody.