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Revenue Committee January 29, 2026
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von GILLERN: All right, it's 1:30. We will begin our hearing. Welcome to the Revenue Committee. I'm Senator Brad von Gillern from Elkhorn, representing the 4th Legislative District. I serve as the Chair of this committee. The committee will take up the bills in the order posted, and 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 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 will 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 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 lot on the table will be green. When the yellow light comes on, you-- on, you 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 bills being heard, it's just a part of the process. The 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 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 on the official hearing record, but only those testifying in person before the committee will be included on

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

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

MURMAN: Dave Murman from Glenvil. I represent District 38, eight counties along the southern border.

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

von GILLERN: As I noted, we have members of the committee presenting bills in other committees. So once again, that has nothing to do with the bills being presented today, and they'll, they'll be in and out during the course of the hearing today. Also assisting the committee today to my right is our legal counsel, Sovida Tran, and to my left is our legal counsel, Charles Hamilton. To the far left is committee clerk, Linda Schmidt. Our pages for the committee will stand and introduce themselves.

ELIAS REIMAN: My name is Elias. At UNL studying psychology [INAUDIBLE] law school.

JESSICA CARROLL: Jessica Carroll, senior political science student at UNL.

von GILLERN: Thank you for your help today. With that, we'll begin our hearing with LB756. Welcome, Senator Wordekemper.

WORDEKEMPER: Good afternoon, Chairman von Gillern and members of the Revenue Committee. I am Senator Dave Wordekemper, D-a-v-e W-o-r-d-e-k-e-m-p-e-r, and I have the honor of representing Legislative District 15. I'm here today to introduce LB756, which extends motor vehicle and mobile home tax exemptions to surviving spouses of disabled or blind veterans. This bill was brought to my attention this past summer during a meeting with a constituent and members of our local VFW auxiliary. These individuals were thrilled to see Senator Rountree's LB547 pass last year as part of the Revenue Committee's package. However, they expressed concerns that many deserving surviving spouses would not receive this benefit due to the death of their veteran spouse who would have qualified if they were still living. LB756 is straightforward. It allows a surviving spouse

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who has not remarried to continue receiving the motor vehicle or mobile home tax exemption and their disabled or blind veteran spouse earned through honorable service and service-connected disability. The veteran must have qualified for these exemptions at the time of their death. I acknowledge that this bill carries a fiscal note and would reduce revenue to counties. Although the Fiscal Office and NACO have largely different numbers, I acknowledge there is a fiscal note. Nonetheless, I of course understand the fiscal challenges we face this session and recognize that this may be difficult to advance this year. If there's any way we can find support-- find ways to support our veterans and their families this session, I certainly want to explore it. But if not, this bill establishes a framework for addressing this gap when the opportunity arises. These surviving spouses have already sacrificed alongside their veteran partners. They've endured deployments, relocated for military assignments, and cared for veterans with service-disconnect-- service-connected disabilities. When we recognize a veteran's service through tax exemptions, we should ensure that recognition continues for the spouse who shared in that service and is-- and its consequences. While the timing may not be right this session, the principle remains around-- remains sound and worthy of consideration when circumstances allow. Happy to answer any questions the committee may have. Thank you for your consideration.

von GILLERN: Thank you, Senator Wordekemper. Questions from the committee members? Seeing none, are you able to stay to close?

WORDEKEMPER: I will.

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

MELISSA ALLEN: Good afternoon, senators and esteemed committee members. My name is Melissa Allen, M-e-l-i-s-s-a, Allen, A-l-l-e-n, I am the legislative liaison for the Nebraska Veterans Council and the state legislative director for DAV Department of Nebraska. And also for this bill, more importantly, I also serve as a department service officer. And so I see this every, every day, the surviving spouses that need assistance. So I'm here to voice my strong support in LB756, which aims to extend the motor vehicle tax exemption to surviving spouses. Working closely with the surviving spouses on a daily basis, I assist them in obtaining any benefits they might qualify for. And

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most importantly, DIC benefits through the federal Department of Veteran Affairs. And through this experience, I've witnessed firsthand the financial challenges that these spouses face, especially right after losing a loved one. This would provide additional much-needed relief by ensuring that the surviving spouses who have not remarried can continue to benefit from the same tax exemptions their spouses would have received. It's not just a financial benefit. I think as the state of Nebraska, it's recognition of their sacrifices and the important role that they play in our veteran community. I would also like to extend my sincere gratitude for Senator Wordekemper for supporting the veterans and their families in our community. It is truly important. In this conclusion, I wholeheartedly support bill LB756 and encourage its swift passage. Thank you for your time and attention to the matter. I will entertain any questions.

von GILLERN: Thank you for your testimony. Questions from the committee? Seeing none, thank you, Ms. Allen, for being here.

MELISSA ALLEN: Thank you.

von GILLERN: Next proponent. Good afternoon.

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 in support of LB756. I appreciate Senator Wordekemper bringing this bill. For the motor vehicle exemption that we have in statute, there's-- actually, it's one of those things where it's a little bit interesting. It looks a lot like the homestead, and it's been administered similarly to the homestead, although the application goes to the treasurer instead of the assessor. But it actually predates the homestead exemption that we currently have in place. But the premise obviously is the same. There's a class of individuals that to whom we want to give an exemption from, from a particular form of tax. Veterans are one of those classes of people that, that we've decided because of their, their unique situations that they typically encounter, are more than likely to have a large number of them that are going to be on a fixed income. So therefore, the Legislature decided a long time ago that it was appropriate to give them an exemption from motor vehicle taxation. We will certainly recognize the fiscal note as a concern. But good

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policy is good policy, and therefore we'd like to register our support. And I'm happy to take any questions you may have.

VON GILLERN: Thank you. Questions from the committee members? Seeing none, thank you for being here.

JON CANNON: Thank you very much.

VON GILLERN: Next proponent. Are there any other proponents who want to speak on LB756? Seeing none, are there any opponents? Anyone who'd like to speak in opposition to LB756? Seeing none, is there anyone who'd like to testify in a neutral capacity? Seeing none, Senator Wordekemper, would you like to close? And when you come up, we've got 2 proponent and 0 opponent and 0 neutral testimonies, position comments on the hearing record.

WORDEKEMPER: Thank you, Chair von Gillern and members of the committee. I urge the importance of this, and I appreciate your consideration in this bill. And I, I didn't really realize this was an issue until I met with the, the auxiliary. And some of these wives have lost their husbands and they were getting this exemption, and now they're, you know, they have to apply or pay the tax on the license so. And this is only for one vehicle so I think for those that are maybe on a fixed income at that time, I think this would just be a small thing that would really help them. And I appreciate it, and I'll work with the committee if you got any questions on that. And I will get you that information, so I appreciate it.

VON GILLERN: Thank you. Any questions? Senator Ibach.

IBACH: Thank you very much, Mr. Chair. I just want to say thank you for bringing this. My mom would have been a candidate. And so I kind of understand why and how you brought this. And I just appreciate it. It's, it's a, it's a good bill.

WORDEKEMPER: Thank you.

VON GILLERN: Any other questions? I just have a quick question. Do you have any-- did you visit with the Fiscal Office? I think they estimated 10,000 potential candidates. Do you know where that number came from? Did they work with the veterans' organizations to arrive at that?

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WORDEKEMPER: I do not. I received this later yesterday and I haven't dug into it a whole lot, but I can certainly give you an update on that, if need be.

von GILLERN: It might be helpful to, to do some homework on. Find out that number, whether that's-- you feel that's truly accurate or not. That might be helpful.

WORDEKEMPER: OK, I will check on that. Thank you.

von GILLERN: Thank you. Seeing no other questions, thank you, Senator Wordekemper. That will close our hearing on LB756, and we'll open on LB882. And we will welcome up Senator Andersen. Yeah, good job. You're welcome to open.

ANDERSEN: Thank you. Before we get started, this handout is a matrix that my LA put together. It really gets into some of the different configurations. Not all of them are saying for 100% of disabilities. Some are service-related and everything else. So for ease of understanding all of it, did the matrix. I thought it would be helpful to to hand it out. Good afternoon, Chairman von Gillern and members of the Revenue Committee. I am Senator Bob Andersen, B-o-b A-n-d-e-r-s-e-n, and I represent District 49, which includes northwest Sarpy County and Omaha. I'm introducing LB882, which is an administrative change to the reapplication requirements for the Homestead Property Tax Exemption by 100% permanently disabled veterans and surviving spouses. Currently, veterans with a 100% service-connected permanent disability rating are required to reapply for the exemption every five years, and any surviving spouses must reapply every-- each year. Currently there are over 8,100 permanently dis-- disabled veterans and over 1,000 surviving spouses receiving homestead exemption. LB882 will remove the reapplication requirement for the homestead exemption for veterans with a total 100% permanent disability VA rating, as well as their surviving spouses and the surviving spouses of those who were killed on active duty. The bill continues the stipulation that if the surviving spouse remarries before age of 57, they will forfeit their ability to claim the homestead exemption. It is the responsibility of the qualifying surviving spouse to alert the county, the county assessor when they remarry. I'm also bringing in AM1807 to rectify an oversight on the initial draft. The surviving spouse of a veteran who died because of a service-connected disability will be exempt from having to refile each

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year. It will also apply to the spouse of a veteran whose death while on active duty was deemed service-connected will also be exempt from having to refile each year. Additionally, this administrative-- this amendment requires those who qualify with the temporary 100% disability rating to recertify the status of that rating each year rather than every five years. We've gone into a lot, into a lot of detail, and I'm happy to answer any questions on the specific situation. LB882 is simply an administrative bill. It will eliminate the redundant reapplication process for some of our bravest Nebraskans, our permanently disabled veterans. This will give our veterans peace of mind, knowing that they and their spouse will be protected and not lose their, their homestead exemption due to an administrative oversight. One comment on the fiscal note. There was a fiscal note stating that the OCIO, one-time charge of \$8,800, and that was simply to modify their software. But I would, would think that over time, without having to have the annual re-applications, long-term, you'll save more money by not having to all those re-applications. So that will be offset over time. I thank you for all your time and attention and I'm happy to answer any questions that you might have.

von GILLERN: Thank you, Senator Andersen. Questions from the committee members? Just for clarity, and I, I have to thank you for adding that clarity, this does not add anyone to the rolls?

ANDERSEN: No, sir.

von GILLERN: It just changes the recertification time period?

ANDERSEN: Other than modification of the software, there's no fiscal note to it.

von GILLERN: Right, got it. Thank you. Seeing no questions, will you stay to close?

ANDERSEN: Yes, sir.

von GILLERN: Thank you.

ANDERSEN: Thanks.

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von GILLERN: We'll invite up our first proponent testimony. Is there anyone who would like to testify as a proponent of LB882? Seeing none, is there anyone would like to testify on an opponent? Welcome back.

JON CANNON: Thank you, 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 respectful opposition to LB882. Appreciate Senator Andersen bringing this bill. Always a good time to talk about the homestead exemption. It's one of the more, the only time that people are happy to go into the assessor's office to, frankly. I have not yet seen the amendment, so my comments will be confined strictly to the, to the green copy. NACO had supported LB4 in 2023, which had gone-- been amended into LB727. We were the ones that had suggested, and we were able to get that into the final version of the bill, going from an application every five years to an application in every year divisible by five. You know, certainly, I think our bona fides as far as our interest in making the process a little bit easier for our veterans can really can't be disputed, and so I just want to get into a little brief history of this program. I promise I will make it brief. This is targeted property tax relief, and what we've done with the homestead exemption program is we've decided there are classes of people that we want to make sure we don't tax out of their homes. And typically those are folks that on average are going to be on a fixed income. And so the original program, we, you know, it's people over age 65 were the intended recipients. We added people that are disabled veterans and also totally disabled individuals. Again, recognizing that is the class-- those are the classes of people most likely to be on a fixed income and we don't want to tax them out of their homes. By confining this to the disabled veterans with 100% service-connected disability, we've, we've given them certainly, you know, I believe there's no income limits, there's no valuation limits for that class. And we're expanding it to include spouses and one other tranche of individuals. But if the issue is we want to make it so they, they apply once and they never have to apply again, you could say that about every other class of individual that's, that's covered by the homestead exemption. And so it seems that if we're in for a penny, in for a pound, and we're not with this bill, you know, frankly, the administrative convenience of applying only once every five years seems to be a pretty large consideration that's being given to our veterans. We just

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passed this a couple of years ago. We've only gone through the first cycle where people were applying in that year that was divisible by five. If you ask me in 2031 how we feel about how that process has gone and how many veterans were able to-- were not able to make the deadline for the exemption application, we may have a different opinion. But we would certainly like to see this-- the change that we made a few years ago, we'd like to see it go through at least one more time before we can draw any conclusions. With that, I'm happy to take any questions you may have.

von GILLERN: Thank you. Questions from the committee? Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Thanks for being here, Mr. Cannon. I guess I understand your, your objection to this. I appreciate Senator Andersen's work on this. He and I had a bill last year that was very similar where we both tried to expand this homestead exemption to veterans who were more-- less than 100% disabled. I've talked to a lot of constituents who are 90% disabled, 80% disabled who don't get any benefit, and to me, that's problematic. This bill seems like a pretty easy, I guess, simple thing to change. And I-- it seems to me like it would, and you kind of alluded to this in your testimony, alleviate a lot of the administrative burden for counties who currently have to go through a lot of the process of reviewing these applications annually, many of which I'd imagine are not changing over a period of time, given the 100% disabled status. I'm trying to better understand the objection other than this just went into effect recently. Let's wait and see how it goes. Is there any other objection that you have or is it more or less just that we're modifying a program that's relatively new and you want to wait and see the benefit of that current program?

JON CANNON: Well, there's, there will be a testifier behind me, the Johnson County assessor, who can talk about the administrative issues that go into this. For the homestead exemption, the Constitution requires that homestead property that's eligible for exemption shall be owned and occupied by the person that's receiving the exemption. With that occupancy requirement, that's, that's something that the assessor has to keep tabs on. And yeah, it's, it is an administrative burden. And so you're relieving the assessor of the administrative burden as well, but it is a necessary check, I think. And again, as all of you know, counties are made whole. All political subdivisions are made whole through the homestead exemption program. So it's not

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like we're out money. And you are correct, you correctly identified, senator, that it does relieve an administrative burden. But, oh, by the way, there are certain things that we have to do as a necessary check on the system, and since we're playing with house money, we think that it's appropriate for us to continue to do so.

DUNGAN: Thank you.

JON CANNON: Yes, sir. Thank you.

von GILLERN: Senator Sorrentino.

SORRENTINO: Thank you, Senator, Chairman von Gillern. John, I just, I'm not sure if I have this right, but an unmarried surviving spouse, and the spouse who's passed away was 100% disabled. He or she now is in that house and has the exemption. Does the exemption stay with the property or follow the spouse if there is a-- remains unmarried but goes to another house?

JON CANNON: So there-- we have a provision in the homestead statutes, Senator, that provides for transfers during the calendar year. That's actually a different set of statutes than what we're dealing with here. So a surviving spouse, an unmarried surviving spouse of a veteran would be able to transfer that homestead exemption to their new property. But again, those are separate statutes that we deal with there.

SORRENTINO: OK, but irregardless of the cost of the two properties, it wouldn't matter?

JON CANNON: Yes, sir.

SORRENTINO: Those two. OK, thank you.

JON CANNON: Yes, sir.

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

JON CANNON: Thank you very much.

von GILLERN: Next opponent. Good afternoon.

TERRY KEEBLER: Good afternoon, Senator von Gillern, members of the committee. My name is Terry Keebler, T-e-r-r-y K-e-e-b-l-e-r, I am

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Johnson County assessor here testifying against LB882 for NACO. So this is, to me, not the best policy just because things do change. Their 100% disability may not, but they are certifying once every five years that they own the property, they live there. And so it's a one-page form, once every five years, to get 100% exemption. That doesn't seem like an excessive burden to verify once every 5 years. The other part of the bill is expanding that to the unremarried spouses. That one may be a good policy, that they're not applying every year. That we just went through. They can start applying February 2nd. We had a webinar with Department of Revenue, I believe Tuesday, where they told us to go into the, the program and submit all of the four Vs, the veterans, 100% permanently disabled. So as far as our burden on re-upping these is just a matter of clicking a button for all of them. For Johnson County, that's six veterans. I can imagine it would be a lot more. So this is helping that we don't have as much paperwork. This is the first year that we've dealt with this without having them reapply. So the spouses that are applying every year. They're basically certifying that they haven't remarried. With that, I would take any questions.

von GILLERN: Thank you. Questions from the committee? Just a quick question. The-- if someone were to, if their circumstances were to change, we'll just use remarriage as an example, if they did not self-report that, would that not be a-- would that be a fraudulent situation? What would that, how would you define that? I mean, there, there are high motivations for someone to, to make sure that they are conveying their status accurately to your office, correct?

TERRY KEEBLER: Right. When they're recertifying, they're, they're signing under penalty of perjury that this is true. That's true for all of the homestead exemptions. But if they're not having to reapply and they get remarried and they don't qualify anymore, I think the way it's drafted, they should do their best effort to report to the assessor.

von GILLERN: OK. Thank you. Senator Murman.

MURMAN: So, if I understand this correctly, they have to, whether it's a veteran themselves, disabled veteran, or a spouse of a disabled veteran, they have to re-certify every 5 years, both that they're

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still single and that they still live in the original, or I guess the owner-occupied.

TERRY KEEBLER: Currently, it's only the 100% veteran that is eligible for the every 5 years. The unremarried spouse has to apply every year. So that would be one change possibly through this bill that would relieve a little bit of the burden. But doesn't seem outrageous to have to apply once every 5 years for a complete exemption from homestead.

MURMAN: Yes, thank you.

von GILLERN: Seeing no other questions. Thank you, Mr. Keebler. Any other opponent testimony? Seeing none, is there anyone who would like to testify in a neutral position? Seeing none, Senator Andersen, would you like to close? As you come forward, we had 1 proponent letter, 0 opponent, and 1 neutral letter.

ANDERSEN: Thank you, Mr. Chairman, I'd like to address some of the comments made during the testifiers. One of the comments by NACO talked about the homestead exemption, and we should be clear, there's multiple different criteria for homestead exemptions. There is one that, based on your age and the valuation of your income, you can qualify for a homestead exemption. And that's not what we're talking about. That has-- this bill has no effect on that. This is strictly the homestead exemption by permanently disabled veterans. So kind of an apples and oranges thing. The whole reason that this was brought to me to begin with was because a surviving spouse of a permanently 100% disabled Iraqi veteran died. She was over the age of 57. That's with the criteria. If they remarry before the age 57, then they lose the, the opportunity for the homestead exemption. If they remarry after 57, then so be it. She was not remarried. Her husband passed away, so obviously his status as 100% disabled and dying due to service-connected-- related issues, that's not going to change. But she didn't realize what she needed to do. After he passed, there was a lot of paperwork, as we can all imagine, that you have to figure out where everything is, the investments, insurance and all those things. And she didn't realize that she had to actually reapply for the homestead exemption even though she was qualified. Now the-- it was brought to me by a county commissioner saying, hey, this is something we could have easily avoided, and that's what the-- that's what the whole catalyst was. Now they helped in the one year to backdate her

time so she, she could then file the paperwork. And I agreed to bring the bill. So this is really more to protect those people that don't-- didn't know and haven't been used to filing the paperwork and saying this is what you have to do. You don't have to-- her husband is not coming back, 100% permanently disabled people don't get better with time. It doesn't, it doesn't change, and this would actually take a lot of some of the burden off of the counties. And that's what I'm kind of surprised that both NACO and Johnson County are in opposition because actually, you know, this makes their job easier. Right? There are less things that they have to go do, less paperwork they have to refile. And actually you think over time they can reduce their administrative staff because this burden is no longer present should the bill be passed. The owner-occupied question, this bill does not address that, that's not changing in statute. Mr. Keebler is correct on if the, the homestead exemption does follow the person. And it is in statute that they are legally responsible if they, if their status changes, they have to report it to the county. It's their responsibility. They would be, would be punished if it was determined that they were fraudulent and not reporting it. I think that answers all those questions. So thank you, Chair von Gillern, members of the Revenue Committee. I thank those who testified, even in opposition. I appreciate them coming forward and spending their time. This bill is, as I've said, it's administrative in nature. There should be no fiscal note, but as I said, the one-time fiscal note of \$8,800 to change their software should be easily offset by the administrative burden being lowered by the, the counties. So I thank you for your time, and I look forward to working with you to bring this out to committee. I'd answer any [INAUDIBLE] questions you may have.

von GILLERN: Thank you. Questions from the committee? Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Thank you, Senator Andersen, for your work on this. As I mentioned earlier, you and I had similar--

ANDERSEN: Yes.

DUNGAN: --concepts last year to expand this. Two things I wanted to mention real quick. One, you touched on it in your closing. There's a statute already in place for violations of the homestead exemption. And if people don't report it, then there's not just the back pay

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taxes due, but there's also a penalty and they can have a lien on that property, correct?

ANDERSEN: Yes.

DUNGAN: So that seems like that's addressed. Tee this up for you, pretty easy thing. If we had the money to do it, and I understand money's very tight right now, would you still be open to the possibility of expanding this homestead exemption to veterans that are less than 100% disabled, and what would the benefit of that you think be?

ANDERSEN: Absolutely. I think it shows the value of the veterans for not only what they have done in their service and the sacrifice for the sake of this country and for the state of Nebraska. I think it also shows the, the quality of the people we're trying to keep in the state here. It encourages them to stay here. And I don't say this because I'm a veteran, but the reality is they're, they're very well educated, they're disciplined, they have good leadership, they show up to work. They have families. There's a lot of very positive attributes to keeping veterans within Nebraska, so absolutely. My position from last year hasn't changed. I think if we can, if we can lower it down, I think it's a great thing for us to do.

DUNGAN: Yeah, and I'm definitely committed to trying to find money for that moving forward with you as well. But I appreciate all your work on this. Thank you.

ANDERSEN: Thanks.

von GILLERN: Thank you. Not to exacerbate that question. Do you remember what the fiscal note was on that last year?

ANDERSEN: On what Senator Dungan [INAUDIBLE]? His was different. His, I think it was \$21 million. Mine was, mine just took it down to 70% disability and it was, I think, \$19 million and change.

von GILLERN: And do you know what we spend annually here in our budget on the homestead exemption currently?

ANDERSEN: I think it's over \$100 million.

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von GILLERN: It's about 120, if I remember it, this last session, this last biennium. So, very good. All right, thank you for bringing the bill. Thank you for your testimony. That will close our hearing on LB882, and we will open on LB1067. I saw Senator Hallstrom sneak in the back door. The last two hearings took about 15 minutes each, so don't screw up our trend.

HALLSTROM: I was ten minutes away six minutes ago, so I appreciate the opportunity. Senator von Gillern, members of the Revenue Committee, my name is Bob Hallstrom, B-o-b H-a-l-l-s-t-r-o-m, senator from Legislative District 1, here before you today to present LB1067 for your consideration. LB1067 proposes to increase the documentary stamp tax, which is currently assessed on most real estate transactions at a rate of \$2.32 per \$1,000 of sales price to \$382 per \$1,000 of sale price. The documentary stamp sales tax associated with the real estate transaction is almost always paid by the seller. The proceeds from the proposed \$1.50 increase in the documentary stamp tax would be divided equally, 75 cents each, between the Rural Workforce Housing Investment Fund and the Middle Income Workforce Housing Investment Fund. The fiscal note for LB1067 estimates that the first year, each of those funds would get approximately \$12 million from the proposed documentary stamp tax increase. The bill would also delete language under existing law authorizing funds to be transferred from the Affordable Housing Trust Fund to the General Fund and the other funds receiving proceeds from the documentary stamp tax. The bill would further, and I think this is an important part, further expressly provide that the proceeds from the documentary stamp tax are only to be used to credit the funds designated under Section 76-903. There is an exception for cases where the Rural Workforce Housing Fund or the Middle Income Workforce Housing Fund were to be terminated, that those funds would lapse at that time. Otherwise, they're only to be credited to the funds designated under that section of law and not to be used for any other purpose. By way of background, I've talked in my testimony here to the purposes behind the Rural Workforce Investment Fund and the Middle Income Workforce Investment Fund. Rural was created in 2017, Middle Income in 2020. They're both set up with caps on the maximum value that can be applied for single-family residence or multi-family units, and they also both have a matching local contribution requirement for the programs. At the bottom of page 2 of my testimony, I've just recapped the historical contributions or investments that have been made in the respective funds. \$7 million

for rural workforce housing in 2017, which actually came from excess funds in the affordability-- Affordable Housing Trust Fund. And then in 2021 and 2024, respectively, that was \$10 million, and it should be \$12.5 million for each of the funds. And the return on investment for the state has been astonishing. The reports that we have back that have been prepared by economic development show that the initial \$7 million investment in the rural workforce housing fund in 2017, which was matched dollar for dollar at that time by local contributions, parlayed into more than \$100 million in investments in single and multifamily residences across the state with over 1,000 new housing units being built. Unfortunately, with the fiscal woes that you're all aware that we've had the past few years, despite the introduction of legislation to provide more investment by the state in the rural and middle income housing funds, we haven't put any more money in since 2024. As a result, last session I introduced LR201. We had an informal process and meetings with interested parties. And the primary objective was to find something other than going back to the well with the Appropriations Committee and the Legislature in general to find more state appropriations but rather to find a reliable, consistent fund that we could use for these two important programs. And as a result of those meetings, while not everybody may be on the same page, I determined to go forward with the documentary stamp tax increase. And again, I think you'll find there'll be a number of supporters here today. Even though there are opponents, there are those who are reasoned souls who are going to be supportive of the bill today. I'd also note in 2022, the Strategic Housing Council identified Nebraska as being in a housing crisis, cited the need for 35,000 new affordable dwellings in the state over the next five years. And as a result, I believe we must continue to make an investment in housing. I've been made aware by Mr. Cannon from the county officials that they have not gotten an increase in their share of the documentary stamp tax for many, many years. I would not object to conversations taking place as to whether or not there is an entitlement to some other fee. Mr. Cannon may come up here and supplement what I'm about to say, but my understanding is that in 1968, when the documentary stamp tax was initially put into play, they received a 25% share of whatever funds were derived from the documentary stamp tax. And at that time, the documentary stamp tax is \$1.10 per \$1,000 of value. When the value or when the documentary stamp tax increased to \$1.50 per \$1,000, their share went up to 33.5%. That was in 1985. And then the last change was in 1992, when the documentary stamp tax was increased to \$1.75 per

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\$1,000. They were dislocated from the percentage basis, and they went with a flat fee of 50 cents. I don't know for, for a fact, but I would speculate that that's probably based on the growing value of houses rather than tying it to a percentage. They simply said, let's go with a flat fee. Since that time, and there's been many years that have passed since that time, the documentary stamp tax in two different increases has gone up to \$2.32, most recently Senator Bostar's bill on housing for, for trafficking victims. I think it's important for the committee to know what other states are, are doing for many, many years. When I was interested in this matter, I was led to believe that Nebraska was either the top or the second-highest state in terms of documentary stamp taxes. When we looked at what's happening across the county, the current documentary stamp tax is lower than 20 other states. Those range from 0.25 to 2.5. And even with the changes that we're proposing under LB1067, Nebraska's documentary stamp tax will still be less than 14 states in total. And I would also add that in most, most states, they do not, excuse me, do not apply the documentary stamp tax proceeds to housing-related projects, but rather they go directly into either the state general fund or county funds. And in conclusion, Nebraska has a housing crisis for which an immediate reliable funding source is needed. Without question, allocating resources to enhance our housing supply promotes both workforce development and the growth of our communities across the state. While some may question if we can afford to address our housing needs, I would submit that we cannot afford not to do so. And I would respectfully request that the committee advance the bill, and would be more than happy to address any questions. And I, I am going to thank in advance, and I'll thank them after the fact, for those who come up in support. We've had a lot of groups that have been very supportive of the bigger cause, which is addressing our housing crisis.

von GILLERN: Thank you, Senator Hallstrom. Questions from the committee members? Senator Sorrentino.

SORRENTINO: Thank you, Chairman von Gillern. Thank you. This is inexact science, but if we're talking about a \$300,000 home right now, a \$1.15 increase would be an additional \$450 on the transaction, and we could be certainly talking about more expensive homes, but using that as a gage. If you had to guess, in your legal practice, you've probably done hundreds of closings. Typically this cost is borne by the seller, but it can be negotiated. Let's assume it's by the seller.

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In an average lifetime in your practice, do people sell their home once, three times, four times?

HALLSTROM: Probably a maximum of three or four.

SORRENTINO: Maybe three or 4.

HALLSTROM: Yes. That'd be speculation.

SORRENTINO: OK, so if it was three times and into the future, they'd be paying another \$1,400 in taxes to do this. Having been-- I've been around a few closings, bet you've been around more. When we look at a closing statement, this is just a one-item. It's documentary stamp tax on that closing. There's a lot of other things involved in there. The opposition to this bill and reading it seems to come from, hey, it's already expensive enough to buy house, you're just heaping on even more expenses. Are there things in that closing statement that you want to address that says, hey, you know, there's some things in here that maybe are questionable, we should be focusing on those too? Or do you want to stick to just the documentary stamp tax in the testimony?

HALLSTROM: Thank you, Senator Sorrentino. I think I'll latch on to a couple of things. Number one is yes, I've done a multitude of closings. Fewer commercial, but quite a few really big-dollar agricultural closings and many, many residential closings. I would note in connection with what you indicated about higher-dollar-value houses, keep in mind that even though we do have a cost-of-living-type of index, right now we're in the \$350,000, if I remember what the bill allows. I've got, got another bill I think that goes up to \$350 or \$375. So you're not going to be talking \$600,000 for purposes of computing how much the documentary stamp tax might be. So you've got a, a cap on what the documentary stamp tax is. I can tell you with a great degree of certainty, I don't ever recall having one person ask me what is-- I tell them up front, they're responsible for the documentary stamp tax. But when they get their closing statement, I don't recall people saying, what is that documentary stamp tax and why is it so gosh darn high? It's an item on a closing statement. It is paid by the seller and it's, it's invisible for the most part to people. I think the second thing is when you look at the panoply of expenses that you have, one of the things that's occurred over time, and this is not the realtor's fault or the attorney's fault, federal law has changed to make real estate closings much more complicated

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than they used to be. I used to do all of my closings or the realtor did the closing. For purposes of this discussion, try this on for size. Many years ago, let's just say if an average commission was 6%, it may be 3, it may be 5. If it's 6%, commission is 6% and the realtor is conducting the closing. OK? Gets more difficult, guess who does them now? Title insurance companies. And kudos to them for developing the expertise and doing the closings. And they charge a fee, which they should, for their services. But I'm gonna tell you that the commissions, I have not seen the commissions go down in light of not having to do the real estate closings, if I do somebody's work for estate planning and the usual work is a will and a trust and a bill of sale and, and a warranty deed and oh, we do a power of attorney for medical and health care, medical and financial. If they've already got a medical health care, I don't charge the same fee. I charge them less because I'm not giving them as much service. Now, not saying they should do that, but if they're worried about the cost of \$250 or \$350 as putting a, a house out of affordability, I don't buy that argument. And I'm going to tell you, I've got a lot of friends who are realtors, and one of them is my wife. So I'm very careful.

SORRENTINO: Used to be [INAUDIBLE].

HALLSTROM: Yeah, very, very careful in what I do. But I also know that in cases where some of these last-minute expenses come up, you know, maybe it's a BA loan and they've got some expenses for repairs that there were unanticipated. I've seen, I've see realtors who have said, you know, if \$450 is gonna stop this from happening, I'll take \$450 less on my commission and we'll get this darn deal done. And kudos to them for doing that. But I think the amount of money that we're talking here, I think one of the statistics that I got from the realtors that I heard the other day at a homebuilders meeting was that \$1,000 of increased expenses takes 12,000 people out of the home market. Well, you know what else takes people out of home market? Not building a house for them to buy. And that's what I think this is. The overriding importance is doing the funding to address our housing crisis.

SORRENTINO: Thank you.

HALLSTROM: Thank you

von GILLERN: Further questions? Senator Jacobson.

JACOBSON: I just have one where you-- some of the things you've reiterated here and Senator Sorrentino laid it out that although it's not automatic, but generally speaking, the doc stamps are 100% paid by the seller. OK? So I hear often, well, this is going to increase the cost of a house, but I don't-- I can't think of one instance where someone's selling their home and they're saying, wow, I've got to pay that doc stamp fee. So I'm going to have to list that house higher, OK? I've never seen that. They generally find out what that closing cost is going to be after they've sold the house, and they're sitting down the first time looking at the settlement statement. And so I do see this as somewhat transparent. I suppose you could argue that banks ought to be complaining because if they're needing every nickel out of the closing, this is some of the money that's coming out that banks would have applied to the loan. But I, I think that you've got to take the broader view on this and, and we are with the bill, I think, that this is how do we build more houses?

HALLSTROM: Exactly. And I would say, Senator, probably the only time that comes to mind, obviously, everything's a matter of negotiation, but the only time that comes to mind where the seller is not paying is you may have a situation where a parent is selling a house for a reduced price and they said, you know, if I'm going to give you a sweetheart deal on the sale of the house, you pick up-- you pick up the attorney's fees. You pick all of the title insurance instead of customary half and half and you pick up the documentary stamp tax.

JACOBSON: I didn't say anything about attorney's fees.

HALLSTROM: Yes.

von GILLERN: Other questions? Seeing none, will you stay to close?

HALLSTROM: I will stay to close.

von GILLERN: OK, thank you.

HALLSTROM: Thank you.

von GILLERN: We'll invite up our first proponent. Good afternoon.

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MATT WILLIAMS: Good afternoon, Chairman and members of the committee. My name is Matt Williams, M-a-t-t W-i-l-l-i-a-m-s, and I'm here today representing the Nebraska State Chamber in favor and support of LB1067. Most in our state and all of you certainly recognize that housing is one of our most significant issues that we continue to address. Businesses can't grow, we can't spread our tax base if we don't have workers. When you talk about workforce, you certainly have to talk about housing and child care. In 2017, this Legislature passed LB518, the Rural Workforce Housing Grant Program. And a few years later, we followed up with the middle income program. These two programs have been immensely successful, addressing the housing issue across our state north to south, east to west. We have built in excess of 2,400 housing units. There's been over \$100 million in private investment and \$70 million approximately in public funds going into this program. And as we just talked, this has created sales tax. Most of this property is on the property tax roll, so we're creating that. The home builders that have participated have sold the materials going into all these houses and, in many of the cases, the realtors have procured a, a fee for the commission of selling these properties also. We need to find a way to continue this program, and funding has always been the issue. Initially, when LB517 was passed, we were able to, I will use the term loosely, borrow money from the Affordable Housing Trust Fund. It was determined at that time that there was a significant surplus in that fund, and we were able capture \$7 or \$8 million and bring that in to do that. Since that time, we were to fund it for a while with General Fund dollars, but you understand the necessity of finding a safe and secure place to fund this long-term. The need for housing is not going away. It is there today, and it will stay there. Right now, we're asking for a small increase in the doc stamp of \$1.50. And as Senator Hallstrom mentioned, this would increase about \$10 million in both the rural housing and the middle income housing fund to do that. One of the other important factors is the revenue cannot be diverted from the General Fund under this bill-- or to the General Fund, excuse me. I think that is an important provision of this and the State Chamber totally supports that. With that, LB1067 represents a rare case where we can narrowly target a revenue adjustment. And make these funds available for a very important program. With that in mind, I would close just simply by saying this is a problem that doesn't go away. We need to find a way to ensure the long-term success of that. And the State Chamber fully

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supports the expansion and the moving forward of LB1067. Thank you, Mr. Chairman.

von GILLERN: Thank you for your testimony, Mr. Williams. Any questions from the committee members? Do you recall who carried those incredibly successful housing bills when they were brought?

MATT WILLIAMS: I was very fortunate to be able to introduce LB518 when it was passed in 2017.

von GILLERN: Thanks for doing that. Thanks for being here today.

MATT WILLIAMS: Thank you.

von GILLERN: Appreciate it. Next proponent. Come on up, don't be afraid.

CAROL BODEEN: Good afternoon, Chairperson von Gillern and members of the Revenue Committee. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n, I'm the director of policy and outreach for the Nebraska Housing Developers Association. We're a membership organization with over 75 members from across Nebraska, and our mission is to champion affordable housing. I come in support of Senator Hallstrom's efforts to increase the documentary stamp to provide sustainable funding for the Rural Workforce and Middle Income Housing Funds. We thank him for his efforts to bring us together in the interim to work on ways to increase and improve upon these programs and the Ways in which they are funded. Attempting to come up with a way to prevent dollars from being transferred out of the Affordable Housing Trust Fund to be used for other purposes is especially appreciated. You have to admit that we are persistent, as we keep showing up every year to say that the current housing market throughout our state is making it difficult for workers of all income levels to find the appropriate housing for their situation. Investment in Nebraska's housing development is essential. The demand for housing in Nebraska has far outpaced supply, and this has led to a rapid increase in housing costs, making homeownership a difficult accomplishment for many young professionals and moderate-income wage earners. A shortage of housing units has increased both the cost of rent and home purchase prices of the available houses and apartments in the state. In recent years, the construction of new affordable housing stock has been especially challenging with drastically increased supply cost, higher interest

rates, and a lack of land which is ready to develop. With the required 25% community investment match in these programs, partnerships within the local economies are insured. The creation of affordable and workforce housing attracts workers to areas with job opportunities, leading to economic development and business growth. As housing projects break ground, local contractors, construction workers and businesses benefit from the influx of construction activity. Without these housing options, workers may be forced to either relocate to other areas or choose to take jobs elsewhere. There have been no new appropriations for either of the workforce housing funds since 2022. In 2023, the Legislature approved appropriations of \$20 million to each of those funds. However, this fell prey to a line item veto from the Governor. During the 2024 session, a \$25 million transfer out of the affordable housing trust fund resulted in \$12.5 million to each. And then as a result of last session's budget balancing efforts, another \$8 million is scheduled to be transferred out of the Affordable Housing Trust Fund. Without new funding there will be no money in the pipeline for either of the workforce housing development programs and a reduced amount available in the trust fund for this upcoming application cycle. The documentary stamp tax is a closing cost assessed to the seller of our property and, yes, it does reduce the net proceeds of the transaction to the seller. However, for almost 30 years, the doc stamp has served as a vehicle that pays it forward, results in future investment, and provides homes in our communities where they are greatly needed. With that, I'll close and thank you for any-- if you have any questions.

von GILLERN: Questions from the committee? Seeing none, thanks for your testimony.

CAROL BODEEN: All right, thank you.

von GILLERN: Next proponent. Good afternoon.

BUEY RAY TUT: Good afternoon, Chairperson von Gillern and members of the Revenue Committee. My name is Buey Ray Tut, that's B-u-e-y R-a-y T-u-t, and I serve as the CEO of Spark, a non-profit organization based in Omaha, Nebraska, focused on revitalizing disinvested neighborhoods. While our roots are in Omaha, Spark's impact is growing statewide. This year, we'll be hosting three developer academy across Nebraska in Fremont, Norfolk and of course Omaha to help train and equip local developers across the state. I'm here today to testify in

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support of LB1067, which strengthens Nebraska's housing investment ecosystem dedicated-- or dedicating additional doc stamp revenues to Rural and the Middle Income Workforce Housing Funds. Housing development doesn't happen in isolation. It depends on well-structured systems of financing tools, incentives, and public-private partnerships. The funds supported by LB1067 from the foundation-- from foundation of what-- of that system. These funds allow organizations like Spark to close critical financing gaps in housing projects that additional lenders often can't or unable to support. Importantly, the workforce housing funds are amongst the most effective housing tools in the state because they revolve. When, when a home is built through these programs, is sold, these funds return local-- to the local program and are reinvested into new housing developments. This means very-- every dollar stretches further, continuing, continuing to generate new housing over time. Since 2020, Spark has used the Middle Workforce [SIC] Income Housing Fund to help finance 35 units that are built under construction or approved, representing \$6.97 million in loans approved and \$11.6 million in total project costs. These numbers will only continue to grow, multiplying the program's impact in Omaha and beyond. By adjusting the distribution of documentary stamp tax, LB1067 ensures that large shares of Nebraska real estate transactions' revenue directly supports the creation of workforce housing. This approach reflects what we see on the ground every single day. And I did promise my son that if this hearing goes well, we'll go to the zoo. So it's really up to you guys on how well this went so far, so. But I'll open it up for any questions you may have for me.

von GILLERN: Thank you for your testimony. That's not fair. Questions from the committee members? Seeing none, thanks for being here. Tell him it went great.

BUEY RAY TUT: All right. Sounds good. Thank you.

von GILLERN: Next proponent.

SHANNON HARNER: Good afternoon. My name is Shannon, S-h-a-n-n-o-n, Harner, H-a-r-n-e-r, and I'm the executive director at the Nebraska Investment Finance Authority. Appreciate the opportunity to speak in favor of this bill. LB1067 makes a targeted adjustment to the documentary stamp tax, and it's a housing-dedicated investment, which I appreciate. And it's tied to real estate transaction. And as you've heard, it's really designed to address what we know is an existing and

growing problem, which is a shortage of housing, especially in the, in the mid and lower ends of our market. We don't have enough attainable entry-level homes for working families, for first-time homebuyers, and for moderate-income households. We understand that the seller impact exists, but it's modest and it's predictable. And we recognize that this increase, you know, is on a \$200,000 house sale, \$300. On a \$400,000 house sale, \$600. In most transactions, that's a small amount compared with the typical negotiated items, including your real estate commission and broker fee, warranty, repairs, concessions, inspection-required repairs, and other closing costs that are often much higher. Importantly, this proposal creates an ongoing benefit and it supports the entire housing market. The first two allocations of the Rural Workforce Housing Fund equaled approximately \$17 million, and they have resulted in the completion of over 1,400 units. Those funds continue to revolve, and the price per unit will continue to come down as those funds continue revolve. If we continue to add reliable funding year over year, and we revolve that funding, the per-unit costs will continue to come down over time regarding the investment of the state in these funds. And that's an important thing to note. So while alone, you know, the annual amount of housing that these funds can create might not seem high, it's the overall impact that creates the best, the best result over time. Nebraska needs to create inventory to create-- to create entry-level housing. And without LB1067, there's no likely dependable source of state funding. There's no position to fill this gap at scale due to our budget deficits and our spending priorities. So one-time appropriations and temporary programs don't create the stable pipeline that communities need to plan, build, and preserve attainable housing year after year. This creates a durable, dedicated state role in addressing the inter-level shorting-- shortage of housing. And in closing, we ask that this modest additional seller-paid closing, often a few hundred dollars in exchange for a dedicated long-term investment in workforce and entry-level housing, be moved forward to the floor. The long-run benefit is a healthier housing market with more attainable homes and a stronger path to homeownership. Thank you, and I'm happy to answer any questions.

von GILLERN: Thank you for testimony. Questions from the committee members? Seeing none, thank you for being here. Next proponent.

FRED HOPPE: Senator von Gillern, members of the committee, my name is Fred Hoppe, F-r-e-d H-o-p-p-e. I'm a principal of Hoppe Development.

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We build affordable housing and workforce housing across the state from Omaha to Lexington at this point, which, the last one was not too good. But anyway, we build workforce housing. We've used the Rural Workforce Housing Act money. With it, we've built 223 units. And average amount of workforce housing in that for just under \$14,000 a unit. For an average unit cost of \$183,500 approximately. We have created out of our 223 units, that's \$40 million, almost \$41 million worth of housing at a benefit from the rural workforce of \$3 million approximately. I think the rural workforce is a tremendous bang for the buck that the state puts into the projects. Now, the money that's in the rural workforce is on a match of 1-4-- or actually, I think it's 25% match. So maybe that's 1-3, I'm not totally sure on my math. But the advantage is tremendous. The money that is matched comes from the communities. Our communities in which we build, we built 41 in Beatrice, quite a few-- 140--some in Fremont. Pender, we built 4 units in Pender. Scribner, Fremont, Lexington. Make a long story short, the money gets out to us quick. It comes out from DED in 90 days, goes into the fund. Then we get our money from the fund. It is matching grants. I also represent or am a member, a board member of Nebraska Housing Resource. We do middle-income housing through Nebraska Housing Resource. I, I didn't run the numbers of how many units we produced there all on a revolving basis. Anyway, the last comment is the, the doc stamp affects a seller's yield, not the cost of the unit. Not the cost of the sale or the price of the sale, it affects what a seller takes home. But it's modest in this case. I would answer any questions because you might have them on how the project, how rural workforce or middle income works. I'm a user.

von GILLERN: Thank you. Questions from the committee members? I'll just ask, ask a quick question. Middle-- how is middle income, what is the current definition of middle-income housing value?

FRED HOPPE: The middle-income housing values are \$330,000 in assessed value. So that \$330,000 would include the value of the lot.

von GILLERN: OK.

FRED HOPPE: Actually that definition makes it kind of difficult to use in Lincoln because lots are more expensive than Omaha.

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VON GILLERN: And your \$183,000 of workforce housing, was that-- did that include lot in the infrastructure also or not?

FRED HOPPE: You know, that was, that would include the ground because that was our total project cost divided by the number of units.

VON GILLERN: OK, that wasn't the sale price?

FRED HOPPE: So that would not be the sale price.

VON GILLERN: OK. All right.

FRED HOPPE: But it was total cost.

VON GILLERN: And my last question, and I think you're aware I was a contractor. As a contractor, we always built all of our costs into our sale price. And if we had a cost that included a fee, whether it was a permit, a doc stamp, we built it into the price of the home.

FRED HOPPE: You bet. We do too.

VON GILLERN: So to say that it does not affect the price of the home is--

FRED HOPPE: Well, you got to have--

VON GILLERN: --may or may not be accurate.

FRED HOPPE: --you've got to have your margin. That's for sure.

VON GILLERN: Great. Thanks for being here. Appreciate it.

FRED HOPPE: You bet. Is there any other questions?

VON GILLERN: Seeing none, thank you. Next proponent. Good afternoon.

RYAN McINTOSH: Good afternoon, Chair von Gillern, members of the committee. My name is Ryan McIntosh, R-y-a-n M-c-I-n-t-o-s-h, and I appear before you today as the registered lobbyist for the Nebraska Bankers Association to testify in support of LB1067. I'll keep it very brief, as Matt Williams provided us a distinct history of the program and touted the outstanding succ-- success of both the Rural Workforce and Middle Income Workforce Housing programs. Ms. Bodeen also succinctly stated the budget challenges we've had with the program

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beginning with the 2023 veto of the \$20 million appropriation by this Legislature. Since the inceptions of both programs, funding has been an ongoing issue. A long-term sustainable funding source for both programs is necessary. As Ms. Harner said, this is a modest and predictable increase to a seller's cost in housing. It is marginal compared to the massive significant increase in housing prices over the last 10 years that we've seen, as our housing stock has not kept up as it needs to be. The only way we can slow the rise of housing costs is to increase the stock and this investment is needed. With that, we respectfully request the committee to advance LB1067. Thank you.

von GILLERN: Thank you. Questions from the committee? Seeing none, thank you for being here--

RYAN McINTOSH: Thank you.

von GILLERN: --Mr. McIntosh. Next proponent.

DAWSON BRUNSWICK: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Dawson Brunswick, spelled D-a-w-s-o-n B-r-u-n-s-w-i-c-k. My day job is as the president of the Columbus Area Chamber of Commerce. I'm also here today on behalf of the Nebraska Economic Developers Association. The main focus from the Economic Developers Association, you guys heard plenty of testimony, is preserving the economic development tools that we have for our communities. And the rural workforce housing and the middle income housing have been very vital in providing very minimal strings attached to supporting housing efforts, both in rural Nebraska as well as metro Nebraska. I want to just give a quick moment from the Columbus side to share some success stories because we have seen a very positive increased trend in housing because of the Rural Workforce Housing Fund. Columbus has received four rounds of funding through this program, 2017 funds, the 2021 funds, the second round of those, and then the most recent funds. From that, we've been able to leverage hundreds of units. From 2025, so starting last year through 2028, we have over 1,400 housing units coming online and over a 1,000 of those have some sort of Rural Workforce Housing funds attached. So we are seeing these funds be used to get projects across the finish line, help them through their rising cost escalations that they're doing with those contractors, and it's really been able to help Columbus go from being an 127 to 129 annual housing deficit to being

very promising going into our 2026 housing study. I will say for the first time in my nearly five years in the job, we are now switching from talking about finding workforce and finding the housing and childcare for those workforce members to really be out looking for jobs, helping our current companies expand and recruit new companies. So these tools do work. I like to think Columbus is a shining example for that on how it can work statewide, and appreciate the committee's support in finding a non-General Fund source to support this project and these programs moving forward.

von GILLERN: OK, thank you. Questions from committee? Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Thank you for being here. It sounds like you guys have a lot of really good examples of successes. I appreciate that. Zooming out just a little bit, and maybe this was also a question for Mr. Hoppe, and we can talk about it before. One of the complaints that I've heard about the Affordable Housing Trust Fund, for example, is that there are from time to time, too many hoops to jump through to actually access the money. In your experience with the chamber and sort of working on these projects, are there any suggestions or ideas that you would have to allow this money to be more accessible to developers who are trying to make some of this housing happen, but they're having access-- accessing the money?

DAWSON BRUNSWICK: Yeah, Senator Dungan, I appreciate that question. I've never had the pleasure of working on an Affordable Housing Trust Fund project. But with the Rural Workforce Housing funds, our chamber has a little over \$2.2 million in those on our books that we lend out. And really the ability to-- the state was very mindful of the restrictions the Affordable Housing Trust Fund had, and there are minimal and it's really the evaluation cap at the end of the project that comes back to it. So we've heard no complaints from the people working on our funds. We've been fortunate to have a overage of people requesting them. The way we do it is that they are a revolving loan fund, so they are never-- they're not grants. They will stay on our books forever, that we are continuing to lend out to support future housing projects. We've had several of the initial funds that went to our partners at NeighborWorks Northeast Nebraska that they have now re-loaned those funds to additional projects. So we think that revolving loan model works, and they lend out from 2% to 3% and they're meant to be complimentary to our local banking institutions.

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DUNGAN: That's great. Well, I appreciate all your work and hope we can continue to make it as easy as possible for you. Thank you.

DAWSON BRUNSWICK: We appreciate that.

von GILLERN: Thank you. Other questions? Seeing none. Thanks for testimony.

DAWSON BRUNSWICK: Thank you all.

von GILLERN: Next proponent.

MOSAH GOODMAN: Chairman von Gillner-- Gillern and members of the Revenue Committee, my name is Mosah Goodman, M-o-s-a-h G-o-o-d-m-a-n. I'm appearing before you today as chief strategy and administrative officer of Lutheran Family Services and as a provider of attainable housing. I'm here to support LB1067 and its proposal to increase the document stamp tax by \$1.50. According to the projections we've seen, this could increase available resources by nearly \$28 million. Lutheran Family Services is a 134-year-old organization that delivers services across Nebraska from Omaha to Scotts Bluff. Over 95% of our clients served are either covered through Medicaid or region funding. As you know, this population lives at or below the poverty line, and currently, our average client household income is less than \$25,000 annually for those who reported in our survey. We work directly with many of those at the greatest risk of being unhoused. A key part of our portfolio and service to communities is developing safe, affordable housing for all Nebraskans, including the missing middle and rural communities. We're grateful for the Legislature's commitment to housing for the people of the great state of Nebraska by continuing to explore ways to remove barriers to safe and attainable homes. We can help. LFS currently has more than six residential projects, either existing or in the pipeline, totaling hundreds of units. Dana Village in Blair, Nebraska is a great example of our commitment to finding solutions. Under our ownership, the former Dana College campus in Blair now provides housing and wraparound support for youth aging out of foster care and eligible residents with more growth to come. LB1067 is also good for business, good for citizens, and good for the state of Nebraska as a whole. It increases funding for projects that address the housing crisis in our state. Increasing fees on the doc stamp will generate millions of dollars that will go into housing projects that truly make a difference in the lives of your constituents and those we

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serve. Thank you for this opportunity and for your time. Happy to take any questions.

von GILLERN: Thank you. Any questions? Seeing none, just a quick comment. Love what you did in Blair. That's just a fantastic reuse of a challenging existing campus and facility. But thanks, thanks for what you've done there.

MOSAH GOODMAN: Appreciate it very much. We're just getting started.

von GILLERN: Very good. Thank you.

MOSAH GOODMAN: Thank you.

von GILLERN: Next proponent. Good afternoon.

SHANNON LANDAUER: Good afternoon. Senator von Gillern and Revenue Committee members. Thanks for having us today. I'm Shannon Landauer, executive director of the Hastings Economic Development Corporation and Hastings Chamber of Commerce. S-h-a-n-n-o-n, Landauer is L-a-n-d-a-u-e-r. At Hastings Economic Development Corporation, we've received three rounds of Rural Workforce Housing funding. Our total now with our local match and grant funds has exceeded \$5 million and that is in a rural revolving loan fund that is not granted. Those funds have gone into apartment and duplex projects, as well as some town homes, both rental and ownership opportunities and has been a mix of greenfield sites and redevelopment properties. We have had, if you're familiar with Hastings, this has helped to redevelop our old shopping mall site into a mixed use development that houses Department of Health and Human Services office jobs, two housing facilities, we have restaurants and entertainment out there. We are also in the process of transitioning our middle school building into housing. That's been quite the dilapidated project and would exceed a million dollars in cost to our city if not for this redevelopment. We're excited to get the building back on the tax rolls-- or onto the tax rolls, and not just see it torn down. Over 500 units have been developed with this fund that we've had, 500-- or \$50 million in investment. And again, value increases, we've brought new developers to the market. You've heard that story. This came at a really critical time for Hastings. We had a year that there were 20 building permits for the community in total. This has really helped to spur development. We don't work with the trust funds or middle income funds

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at HEDC, but we have some partners that have. And they've been, again, are a nice part of bringing partners like Hoppe Development to our market. One thing that we haven't heard much about today, but Hastings is really taking a hard look at, is looking at infill sites that we're gonna have available. Our housing stock is aging. And considering the Naval Ammunition Depot and how quickly houses went up, we're hitting 75-year-old homes on very small lots. We're excited to have this fund to help bring developers to take a look at some starter homes that are gonna hit at different entry points. So again, at HEDC and the chamber, Hastings really encourages support of anything that'll help fund the Rural Workforce Housing Program. It's been a great success for us in the community.

VON GILLERN: Thank you for testimony. Any questions? Senator Murman.

MURMAN: Just a quick comment. I've seen a lot of what you've done, and appreciate everything you're doing around Hastings.

SHANNON LANDAUER: Thank you.

VON GILLERN: Thank you. Any other questions? Seeing none, thank you. Next proponent.

ZEKE ROUSE: Chairperson von Gillern and members of the Revenue Committee, good afternoon. My name is Zeke Rouse, that's Z-e-k-e R-o-u-s-e. While I'm a policy analyst and lobbyist at Spark, I'm sharing a success story today from a community partner, Jessica Scheuerman, J-e-s-s-i-c-a S-c-h-e-u-e-r-m-a-n, and she is the executive director of Partners for Liveable Omaha, a nonprofit dedicated to advancing innovative community-driven approaches to housing, design and neighborhood revitalization. I'm here today to voice our strong support of LB1067 and to underscore the essential role that the Middle Income Workforce Housing Fund plays in making our work and regional programs like OurStory Small Houses possible. OurStory is a multi-year initiative that partners architects, educators, college students, builders, and local governments to create new aging-ready housing models for Nebraska's workforce and seniors. Through a partnership with Spark, which provided funding from the middle workforce housing fund, we were able to quickly move this program from concept to construction. This year we began construction on two demonstration houses serving as proof of concept projects for builders and developers statewide. Spark's Middle Workforce Housing

Fund investment has a ripple effect which allowed us to create the comprehensive OurStory small houses system, a catalog of energy-efficient accessible and prefabricated small home designs that will be available at no cost to municipalities builders and developers across the state, train and mentor 34 architecture students who represent urban and rural communities across Nebraska, and establish an architectural internship program that pipelines our field-tested work from the College of Architecture to communities across the state. These demonstration projects are not side elements of our work, they are the glue that holds the OurStory program together. Without the construction component funded through the Middle Workforce Housing Fund, the design mentorship and partnership ecosystem that OurStory sustains simply wouldn't exist. The engagement with the construction process is where students gain real life skills, where builders test new methods, and where communities see what's possible and become empowered to build more small housing. Each project supported through this fund multiplies impact. Emerging professionals receive mentorship and practical experience in modern construction methods, developers and builders gain access to vetted financially-viable designs that lower costs and expand access to affordable homes, and communities benefit from homes that are accessible, energy-efficient, and designed for people to age in place, a need that will only grow as one in five Nebraskans reaches retirement age by 2030. Our story demonstrates what happens when the Middle Workforce Housing Fund enables nonprofit innovation. I urge you to support LB1067 to continue and strengthen investments through the Middle Income Workforce Housing Fund. This program doesn't just build houses, it builds Nebraska's future. Thank you for your time and consideration.

von GILLERN: Thank you for your testimony. Questions from committee members? Seeing none, thank you for being here.

ZEKE ROUSE: Thank you.

von GILLERN: Next proponent.

AUDRA ESPINOZA: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Audra Espinoza, A-u-d-r-a E-s-p-i-n-o-z-a, I am a senior policy manager at the Center for Rural Affairs, a nonprofit organization based in Lyons, Nebraska. For more than 50 years, the Center has partnered with rural Nebraskans to strengthen communities and support long-term economic vitality. I urge

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this committee to support LB1067. The \$1.50 increase to the doc stamp tax supports increasing funding for two crucial programs without impacting the General Fund. Nebraska has a strong track record of investing in housing as a tool for community development and economic growth. The Middle Income Workforce Housing Fund and the Rural Workforce housing fund have helped develop communities across the state-- have helped communities across the state attract employers, retain workers, and stabilize neighborhoods. These programs recognize a simple reality: communities cannot grow or sustain themselves without housing. Today, Nebraska faces a housing shortage that affects households at every income level, but especially low, moderate, and middle-income workforce families. In many communities, the challenge is not demand, but a lack of available and attainable housing. According to the Nebraska Chamber, despite adding over 8,800 units statewide in 2024, the Nebraska Investment Finance Authority estimates the deficit of more than 120,000 housing units across the state. The Center for Rural Affairs works directly in this gap. As a CDFI, we provide flexible financing for housing development in rural Nebraska. In 2025, the center was awarded \$2 million from the Rural Workforce Housing Fund, and we are in active discussion with housing developers and community partners in Schuyler, York, and Madison. We expect to fully deploy those funds well ahead of the contract end date and revolve the funds 12 to 17 months after initial deployment. As funds revolve, we will re-lend them in eligible communities statewide. Investments in the Rural Workforce Housing Fund create a ripple effect. As borrowers repay loans, funds become available for new projects, creating an ongoing flow of new housing across greater Nebraska. Communities with affordable housing are far more successful at attracting and retaining workers and supporting local economic growth. Brain drain-- brain drain will not resolve on its own. It requires intentional efforts to draw and keep talent across the state. For rural communities to recruit and retain essential workers, such as teachers, healthcare workers, first responders, and skilled trades people, a stable and adequate housing supply is critical. LB1067 builds on Nebraska's proven housing strategy by providing ongoing funding for the Middle Income Workforce Housing Fund and the Rural Workforce Housing Fund. This modest adjustment to the doc stamp tax will help ensure stable, predictable funding for housing that supports workforce stability and community growth. Thank you for this opportunity to testify. I welcome any questions.

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von GILLERN: Thank you for being here. Questions from the committee members? Seeing none, thank you for your testimony.

AUDRA ESPINOZA: Thank you so much.

von GILLERN: Next proponent.

DEXTER SCHRODT: Good afternoon, Chair von Gillern, members of the Revenue Committee. My name is Dexter Schrod, D-e-x-t-e-r S-c-h-r-o-d-t, president and CEO of the Nebraska Independent Community Bankers Association, here to testify in support of LB1067. You heard a lot of the testimony today. They give you the facts and the figures, you know, the real world use-case in the communities and the return on investment that the state sees with its dollars. And I'd just like to just jump on top of that. And for the urban members on this committee, I don't mean to exclude you, but when I have the, the privilege of going out and visiting our community banks across the state, and for urban banks, it's more difficult to see where these developments are occurring. But in districts like Senator Jacobson, Murman, and Ibach, it is very telling when you drive into a town, headed, headed to the bank on Main Street on the highway. You see the new housing developments. And I can tell you in the visits I made this year, I really started to know that-- notice that because we've-- in the biggest round of funding, it's only been two years since the \$22 million was given out. So we're just now seeing the completion of a lot of those projects. And I can assure you, as I travel the state, I really do see the, the real-world impacts of the investment the state makes here in rural workforce housing. And again, that's not to say that we're not in middle income, it's just a lot harder to tell in Lincoln and Omaha where the housing developments are. So I do believe that the, the real-world houses are in the ground, we're able to see the return on investment right then and there, and it's allowed our, our rural communities to really grow. And that's why it's disappointing to hear that the, the counties might be opposing this bill just because they feel they haven't had an increase in the doc stamp tax. But let's not forget that all those houses in the ground, that's additional property tax revenue going to the county. And like Senator Ballard was in here saying yesterday, one way to address property taxes is to broaden the base. You know, if we have more people paying onto the property tax rolls, it's my hope anyway that they could be reduced and the counties could have sufficient funding in order to operate. So I hope that we don't let that stand in the way

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of progress and investment, and especially investment that we see right before our eyes is paying off for the state. So I do encourage the committee to advance LB1067, and I thank you for your time.

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

DEXTER SCHRODT: Thank you.

von GILLERN: Next proponent. Are there any other proponents for LB1067? Seeing none, first opponent testimony. Is there anyone who would like to speak in opposition? Seeing none is-- oh, OK.

IBACH: Nice try.

von GILLERN: Don't be shy. Are there are any other opponent testimonies planned? OK.

CHARLES CHADWICK: Sorry for the delay there. Chairman von Gillern and members of the Revenue Committee, my name is Charles Chadwick, C-h-a-r-l-e-s C-h-a-d-w-i-c-k, and I am here on behalf of the Nebraska Realtors Association, representing more than 5,100 realtors across the state of Nebraska in opposition of LB1067. In addition, Lincoln, Omaha, and State Home Builders Associations and the Welcome Home Coalition have asked me, asked to be included as they agree with our position to oppose LB1067. LB1067 raises the Nebraska transfer tax by \$1.50, increasing the rate to \$3.82 per \$1,000 of property taxes of property sale price. This tax was just raised last year in 2025 and this proposal would once again increase the cost of transferring property here in the state of Nebraska. Since 1917, the Nebraska Realtors Association has served as the voice for real estate in Nebraska and has worked to protect and advance the American dream of home ownership. Today, it has been suggested that this tax is so small or modest, as I've heard it many times, that will not impact the home-buying or selling process or cost factors. I would ask this committee to consider that in 2025, National Association of Home Builders study did find that for every \$1,000 increase of home costs, 1,214 Nebraska home-- households are priced out of the market. While this bill may appear modest on paper, the real-world impacts are meaningful. I would like to address a comment that was suggested earlier that, again, sellers do not see or understand what the property tax and transfer tax would be or see it until after a

closing. I can assure you that as a licensed real estate professional in Nebraska, we are required to deliver a net seller proceeds at the time of a listing agreement. When an offer is accepted, an updated proceeds development and line item proceed report is also required for us to be delivered and signed off on. So the sellers do know, in fact, what that stamp is and are looking at every single line item of that closing statement and those proceeds that they'll be receiving. If adopted, this tax increase would also result in a middle class Nebraska homeowner paying approximately \$1,146 on a \$300,000 home, eating into their equity, increasing closing costs and limiting options as familiar-- as families look to their next home. This is especially harmful to elderly Nebraskans who rely on their equity they have built over decades as they seek to retire, downsize or transition into senior care. Nebraska is currently facing a housing supply crisis and increasing taxes on homeowners at this point only exacerbate that problem. Policies that raise transaction costs discourage mobility, reduce inventory, and ultimately provide additional pressure on prices. I would also like to address the assertion that this increase would move Nebraska to the middle compared to other states with the transfer tax. Taxes owed at the closing table vary significantly from state to state. We appreciate the intent to provide additional funding for housing, but we do not believe the solution to our housing supply crisis is raising taxes on Nebraskans. Instead, we encourage this Legislature to focus on policies that increase supply by reducing regulatory burdens and lowering the taxes and fees associated with home construction and homeownership. In 2022, a study from the University of Nebraska Omaha examined the cost of government-related fees on a new single-family home construction, and that regulatory cost made up of 32.8% of the cost of construction, well above the national average of 21.5%.

von GILLERN: Could I just get a wrap up of your comments?

CHARLES CHADWICK: Please.

von GILLERN: OK. Thank you. Go ahead.

CHARLES CHADWICK: Do you want I can wrap up? Or I can, again, I can--

von GILLERN: I think you're going to get a question. So Senator Jacobson.

JACOBSON: I just want to clarify a point you just made a little bit ago. So you're telling me that, that you're disclosing to the seller once they get an offer to sell their home what the document-- documentary stamps are going to be-- the cost is going to be?

CHARLES CHADWICK: We are disclosing it in multiple areas, first being when we go to discuss what we could list your home for--

JACOBSON: Right.

CHARLES CHADWICK: --what you owe, whatever it might be, we are required at that time prior to and up to signing a listing agreement, what your net proceeds will be, which the doc stamp is included in that line item.

JACOBSON: And you're telling me every realtor does that?

CHARLES CHADWICK: Every realtor is required to.

JACOBSON: Really, that's [INAUDIBLE].

CHARLES CHADWICK: We get audited with the Nebraska Real Estate Commission. When we accept an offer, we then give an updated net shell-- seller sheet. Because again, those proceeds are either, one, what are we walking away from? Or two, if they're in a home sale contingency factor where they're purchasing their next home and they need those proceeds, something could put them out of that ability to buy that next home.

JACOBSON: And from your experience, how many cust-- how many potential people are, people are signing listing agreements with you have raised the price of the listing price because specifically the documentation and stamp fee?

CHARLES CHADWICK: I do not see that they're raising the price of their home specifically because of the doc stamp.

JACOBSON: And how many walked away from the deal then?

CHARLES CHADWICK: I will sit here and say that again, I think there was a statement earlier to the fact that commissions may not have to be adjusted. But when they look at that, they're looking at every line item, including that. I can submit to this thing-- commissions can be

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negotiated, taxes cannot. So certainly there is negotiations being going on because of that, along with the other line items.

JACOBSON: But I, I guess I'm-- I, I subscribe to the idea that you can't sell from an empty wagon. And I think we can all agree that there is a severe shortage of houses for sale. And which means you got to build more, it would seem to be, to increase the stock. We've got dilapidated housing stock that's got to be replaced. And we got to figure out ways to be able to encourage builders to build affordable housing so that realtors have something to sell. So, I, I'm literally perplexed that you would literally say I don't want more houses built because we're concerned about the documentary state-- stamp fee.

CHARLES CHADWICK: We're in 100% agreement we've got to increase the supply of homes being built. And this is, again, what we talked about in our study being it is very difficult, especially in the Omaha metro area, where 32.8% of the cost of new construction are government-related fees in comparison to 21% across the country.

JACOBSON: And the other fees--

CHARLES CHADWICK: And it's because of every fee that, again, we see a modest fee this year, last year, coming up next year, that the average new construction price of a home in Omaha is \$463,000, pricing most people out of that home. Existing homeowners can't step up to that. And then we're saying here by increasing the doc stamp fee, not only can you not afford to purchase that, but when you go to sell your home, I'm actually going to take more of your equity from your home, put you in an even more exhausted position.

JACOBSON: Which of those other governmental fees go to help encourage construction of new housing?

CHARLES CHADWICK: Well, I think every sale in Nebraska generates over \$100,000 of economic impact. So I think there's a lot of different components that put that into there to encourage new builds that are going on.

JACOBSON: So there's other governmental fees that actually encourage development of housing?

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CHARLES CHADWICK: Well, I think-- well, I think there are government taxes and fees that are all into there, on tops of, again--

JACOBSON: That are encouraging more construction.

CHARLES CHADWICK: They're encouraging more instruction. Yes, not specifically towards the Affordable Housing Trust Fund. But again, when we look at again about 87 different entities that benefit from the sale of a home, there's again helping increase demand. It's helping increase many different levels that again, encourages the [INAUDIBLE].

JACOBSON: But we're talking about fee here. Maybe we're not communicating. I--

CHARLES CHADWICK: OK.

JACOBSON: You're telling-- I'm telling you--

CHARLES CHADWICK: No other line item fee if you're asking is dedicated directly towards like an Affordable Housing Trust Fund that I know.

JACOBSON: And it's not encouraging more construction.

CHARLES CHADWICK: I would disagree that it's that encouraging it, but it's now being directly related and directly directed to specifically affordable housing.

JACOBSON: So putting this in the fund is not encouraging more [INAUDIBLE]?

CHARLES CHADWICK: Well, we are already in the fund. And I would submit again with the 40% increase in home values and homes over the last 4-5 years, that fund has grown dramatically because of, again, the doc stamp fees being where it is. And that home value is proportionately increased directly for that. So by then asking them to increase it even more by putting it on the burden of the taxpayers of the homesaler-- of homeowners, is just not something we can stand behind to go ahead and say, OK, you got to continue to fund this. We're already funding it to a specific degree. I don't need them to go out there and, again, add more to it and incur that burden.

JACOBSON: I, I just respectfully disagree with your point.

CHARLES CHADWICK: And I appreciate that.

von GILLERN: Thank you. Other questions. Hey, I want to respectfully push back on the, the UNO study that you mentioned. As I've read that study, if it's the one that I'm recalling, it was subjective data that was provided by home builders. It was not a thesis-type study, and I believe it was in reference to governmental requirements, not fees. So those would be like permit things that are required to meet your building permit like a certain size floor joist or a certain sized wire, those kinds of things which are not necessarily fees. So unless you're talking about a different study, and I will frame this in the form of a question, if it's a different study, would you please provide that to me? And actually in either case, I'd like to see the study that you're talking about.

CHARLES CHADWICK: Sure, absolutely.

von GILLERN: Because if it is, it's not as credible as we might want to believe that it is.

CHARLES CHADWICK: All right.

von GILLERN: So OK.

CHARLES CHADWICK: If I can respond.

von GILLERN: Please.

CHARLES CHADWICK: Yeah, so certainly we probably are sharing the same study. But if we look at again what a permit is it's a fee in order to increase--

von GILLERN: Correct.

CHARLES CHADWICK: --cost of that. So when we say fees again, if we're looking at a doc stamp fee or permit, it is a fee that is adding to the cost of construction in itself.

von GILLERN: And, again, I spent 40 years in the construction industry, and I know a \$400,000 home does not have \$120,000, \$100,000 worth of permit fees. So I, I think we need to revisit that definition.

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CHARLES CHADWICK: I know the Welcome Home Coalition is working on updating that study. Yes, sir.

von GILLERN: Be happy to look at it with you.

CHARLES CHADWICK: Perfect. Thank you, sir.

von GILLERN: Thank you. Thanks for being here today.

CHARLES CHADWICK: Thank you.

von GILLERN: Appreciate that. Next opponent.

LYNN FISHER: Thank you, Senator von Gillern and members of the Revenue Committee. My name is Lynn Fisher, L-y-n-n F-i-s-h-e-r, and I am a member of the Nebraska Realtors Association. I'm, I'm here speaking on behalf of myself only. I wasn't going to testify today, but I was sitting back and listening and, and trying to understand all the different aspects of this bill's impact. And I wanted to try to have everybody think about the big picture about what government represents in, in the cost of a house. And I, I know you're, you're not exactly convinced, Senator, that the 32% number is correct for the cost of a home represented by, by government. But I think it's-- if it's not 32% or 21%, as Charles mentioned as the national, it's a large amount. I don't think we can say that government doesn't have an effect on the cost of a home. And Senator Jacobson, I, I know that supply is a problem, but it's not only supply, it's price. The price of a home is what really makes a big difference to-- I know my clients. My daughter is trying to find a home to buy right now, and she just can't afford more than a certain amount. And it's far below the \$300,000 or the \$350,000 that's the average home. So we're going to have to find her something much more modest. So there are a lot of people that are priced out of the markets. You can have a supply increase, a tremendous amount of increase in the supply of homes that are \$300, \$350, \$400,000, and you're still not going to be able to help those folks that can't afford that level that it takes to buy a home. The average price or the average age of a first-time home buyer has increased to over 40. Now that's a report that just came out from the, from the National Association of Realtors that you have to be over 40 years old for your first time, you know, the first time you buy a home. So it, it's just really a very personal difficult problem for people to be able to afford to buy a home. And so the, the government

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costs that are in-- that are there added to what it takes to build a home certainly have a big factor. And here we're talking about, sure, a small amount for a seller. But if you-- if you look at the big picture, all the hundreds and hundreds of different layers of fees and zoning restrictions and code restrictions, the, the, the cost, the taxes, all of those things, that's what government does to increase the cost of a home. So government is really responsible for creating the crisis to, to a large degree. And you have hundreds of organizations, many of them here today, say that this is a solution to the problem. But you have all these organizations that are a result of what government has created. And so I think if government was able to cut some of these costs and the red tape and, and cut out the huge burden that it takes on a builder to build a home, that would certainly make a difference. And every incremental bit makes a difference. And I'll just-- I appreciate the-- and I'll answer any questions, but--

von GILLERN: Can I get you to wrap up, please?

LYNN FISHER: OK, I'll just, I'll answer any questions.

von GILLERN: Thank you. Are there any questions? Senator Ibach.

IBACH: I'm just going to ask one, and I should have probably asked this of Mr. Chadwick. But I've just been kind of thinking through we've got piles of opposition letters here and most of them are realtors, and I absolutely understand it and having three kids buying new homes-- or existing homes. I also understand how this could put a, a burden on them. Do you know if any of the realtor groups have supported any other approaches in the last few years to, to help like the first time homeowners programs or anything through, you know, first-time buyers programs or anything? Have, have there been any attempts by the realtors groups to support any of those programs?

LYNN FISHER: Of course. Yeah, yeah, we have committees that are dedicated to the whole idea of a first-time homebuyer. We have a fund that we, we give a small scholarship to people who take a class, learn to be a good buyer, you know, negotiating the process of buying a first-time home, and we give them a, a small check when they get that accomplished. But that's just one example. We have, again, committees

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that are dedicated to all kinds of fair housing and first-time homebuyers, and supporting every aspect of owning a home, for sure.

IBACH: Well, I appreciate that because I-- this is, it's a real struggle because we feel like we have not had a clear path in the last few years. And this actually, you know, without increasing taxes or taking from the General Fund, this kind of pre-- presents itself with a pathway. And it's-- I don't think it's that we really want to inhibit home ownership, but we want to expand the opportunities.

LYNN FISHER: But if the government didn't create the problem, you wouldn't have to have hundreds of organizations and layers and layers of funds and bureaucracy to try and cure the problem that the government created in the first place.

IBACH: That was before my time in government. I'm just here to carry the flag.

von GILLERN: You sure?

JACOBSON: Yeah, I guess.

von GILLERN: Senator Jacobson.

JACOBSON: I guess I'm perplexed again that there have been a lot of farms and ranches that have sold and they too paid doc stamp fees.

LYNN FISHER: Right.

JACOBSON: And not one penny goes back to what they're trying to do. In other words, these are dollars that are going into this trust fund to make housing more affordable because there'll be more of it built and you'll have a bigger, fuller, fuller wagon to sell from. But you've got commercial businesses that sell, they pay doc stamp fees. You've got farms and ranches that sell, they pay doc stamp fees. This goes into the affordable housing fund.

LYNN FISHER: Sure.

JACOBSON: I'm just perplexed with the shortage of housing and we're going to point to government costs in general. So as Senator von Gillern indicated, so a beam has to be larger. So in theory that's for safety and fire and other.

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LYNN FISHER: Sure.

JACOBSON: So are those not important then? We should discard all that?

LYNN FISHER: No, it's not, we shouldn't discard all that, but there's, you know, some basic things that the government has to obviously oversee, safety and health things. So there's a minimum that has to be done. But all the additional costs, I mean, you can look around the country and there are different places where you have less restrictive zoning laws, lower taxes, and the cost of housing is simply less. It's just that, it's that simple. Compare Houston to New York. I mean, look, that's the difference between big government and small government. And I just would hope that we could all look at what seems like very small incremental little changes that have a good purpose and certainly a, a, you know, laudable result by putting these funds together. But you wouldn't have to do that if you could just reduce the government impact on the market, and you'd have tens of thousands of houses being built instead of 100 here, 50 there, 100 there. So I, I think the government is certainly responsible.

JACOBSON: And I appreciate that. I'm just wondering where the farmers, ranchers and commercial real estate owners, why aren't they lined up here today to say we're not getting enough or you're taking too much money from us?

LYNN FISHER: If at every closing, a question was asked of the seller, we've got a \$3.82 per \$1,000 fee on this sale. It's voluntary. Would you choose to, would you like to give this for the Rural Workforce and Affordable Housing Funds? And I would say most would say, not that much. I wouldn't. If you had a choice, you wouldn't. So it, it's not something that people really appreciate for sure.

von GILLERN: Thank you. Thanks for your testimony today.

LYNN FISHER: Thank you very much.

von GILLERN: Appreciate it.

LYNN FISHER: Appreciate it.

von GILLERN: Any other opponent testimony? Last call. OK, any neutral testimony?

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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 in the neutral position on LB1067. I'm terribly sorry if we've disappointed anybody by coming in neutral as opposed to opposed, but here we are. I certainly appreciate Senator Hallstrom, I had a nice conversation with him this morning regarding this bill. And the purposes behind this bill are all certainly laudable. I will note for the, for the committee that last year you guys heard LB 468, which would have proposed a 50 cent increase in the doc stamp, all of which would've gone to the counties. And a lot of the same people that have testified today, or the same groups that testified today, in opposition were, were against that as well. But let's break down what the documentary stamp tax is for. The documentary stamp is a tax imposed upon the grantor executing a deed on the transfer of title to real property. It's due when the deed is filed with the register of deeds. In other words, it is a tax for the privilege of filing the transfer of titled real estate using the county's recording system. Now, when people cut their checks, they're cutting it to Lancaster County or Lincoln County or Dawson County or Clay County. They're not cutting it to, you know, I'm sending 21.7 cents to my county and then the remainder is going to the Affordable Housing Trust Fund. The taxpayer does not know where that money goes. They think it's coming here. In fact, my wife and I, we closed on a house two years ago at this point, and when we got to the part about the disclosure for the documentary stamp tax, yeah, you know, this is something the seller takes care of. I don't understand what the county does with all that money. Interesting comment. But, you now, and I, doing what I do, I just kind of smiled and we moved on. So a little bit of history is in order, that's the reason that I, I wanted to be here today. In 1967, the federal government got out of the documentary stamp tax game, they had a federal document-- documentary stamp act. That concluded, I believe, November of 1967. Nebraska had-- and everyone knew that was going to happen. Nebraska had passed in 1965, and so the sheet that you have there indicates that 1965 is when the rate was first imposed. In 1965, we passed our own Documentary Stamp Tax Act, but it did not take effect until the federal documentary stamp tax went away. And so you'll see what those rates are, what the percentage that the county has received from the documentary stamp text. We imposed our own at the time. The county kept 25%. That went up to 33% and then to a flat 50 cents out of

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whatever that, that nominal dollar value per \$1,000 was going to be. First it was 50 cents of \$1.75. Then 50 cents out of \$2.25. And now currently it's 50 cents out of \$2.32. The point is, if we got to a point where we were going to say, you know, the counties should probably go back to that same level of funding that they had, whether it's a third or a quarter, I'll note that one-third is \$1.27. If it's, it's one-fourth, it would be 95 cents. And not only would we move away from neutral, we would be supporting and working the darn bill, if that were the case. So I would certainly urge your consideration of, you know, the counties traditionally, we're the ones that are bearing the work. We're the one that are using our recording system. At the very least, can we move it to \$2.35 as opposed to the \$2.32, particularly given the penny shortage that we have. And Senator Jacobson, you brought the legislation on that. I'm out of time. I'm happy to take any questions you may have.

von GILLERN: Any questions from committee? Senator Jacobson.

JACOBSON: Well, there's another column we could add, which is the size of the transactions.

JON CANNON: Sure.

JACOBSON: And over the years, I mean, everything, every line item, OK, commissions and everything else, are greater if you're using a flat percentage.

JON CANNON: Correct.

JACOBSON: And I would say that by going 50 cents, you are correct. The counties are locked at working 50 cents and as opposed to the, the, the potentially larger percentages you look at raising the-- raising the percentage that we're bringing today, you could end up with more dollars. But I think a lot of people are looking at this really from the whole inflation standpoint and what is the transaction size that impacts a lot of the other things that are going into the closing statement. And a lot of it, frankly, comes back to commissions that, that don't seem to be going down even though the price is going up and your and I from, from the county standpoint, I would say, what does it cost you to record the, the deed?

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JON CANNON: These costs, those costs go up every year, just like the cost of doing government does.

JACOBSON: And, and it's-- the cost is really your overhead costs or, I mean, you've computerized the systems. And so I'm just curious as to how much do you believe you should be getting additional to cover your costs of recording?

JON CANNON: Well, we hadn't been asked to, to submit a-- that, that portion of what our actual cost is. We'd be happy to do that study. We can, can probably get that information--

JACOBSON: [INAUDIBLE] 50 cents or so, I guess.

JON CANNON: We would love to take 25%, since you're asking.

JACOBSON: I hear you. All right. Thank you

von GILLERN: Other questions? Senator Bostar.

BOSTAR: Thank you, Chair. Thank you, sir.

JON CANNON: Yes, sir. Thank you.

BOSTAR: So I understand that the 50 cents is static, but it's 50 cents off of a constantly increasing sale price. So the revenue you're generating on every sale is continuously going up because these sales are becoming more and more expensive. So you have your sort of inflationary factor built into the sales variable even if the modifier of 50-- 50 cents is static. So it's why do you need another, why do you need another variable factor on top of the already existing variable factor?

JON CANNON: Yeah, that's a very good question, sir, and I appreciate the question. I guess from our perspective, the, the taxpayer, is-- they're writing the check to the county. They're not writing it to anybody else.

BOSTAR: I-- can I talk about that for a second?

JON CANNON: Sure.

BOSTAR: That's a-- I, I don't disagree with you.

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JON CANNON: Thank you.

BOSTAR: We, we hear a lot here about property taxes. We don't collect any of them. What do you think about going to a system where we all just, what if we all stayed in our lanes, right? So we-- let's imagine we stopped putting in any money that related to anything for property tax relief, right? So to the schools, the counties, everything, everything. We just, we just cut it off and we said, you guys got property taxes, have fun. You do what you want to do. And yeah, sure, you can, you can keep the doc stamp too. And then we won't put in the billion-plus dollars every year. I mean, do you-- I'm not sure that political subdivisions would take that deal.

JON CANNON: Well, certainly, sir, with our 50 cent, our constitutional 50 cent levy lid, we would not take that deal because we're not going to go nuts on the property tax. And we had that conversation yesterday, and I, I won't belabor the point. I can't speak for my friends at the schools or the cities or the NRDs or the ESUs, and so I'll, I'll confine mine to ours. We, we won't take the deal because were not exceeding 50 cents any time soon. The billion dollars plus, which is absolutely laudatory on the, the part of the Legislature, particularly the hard work that this committee has done over the years, particularly in the time that you've been in the committee, sir, you know, that cannot be understated. However, the way that we do that, we levy the way we always have. And frankly, the money comes in as in the form of a credit after we've already levied our property taxes. And so we're levying the way we always have, and that would continue apace. If that billion dollars didn't come in, I mean, so-- and actually, I would say 20% roughly is what, what goes toward county property taxes. That's an extra \$200 million that we're still levying. So that's not going to change. And I-- so I guess we would continue as we have before. I, I think there's a probably more efficient way of delivering the credits, but that's not the subject of this hearing here. So I'll, I'll just stop there.

BOSTAR: Point is is that maybe it's OK that we have tax systems that are commingled between the state and the political subdivisions of the state, and that it's not really that big of a problem. And, and I think on net it works to the benefit of the political subdivisions of the state that that is the case. So I just, I, I'm pushing back a little bit on the argument that, look, people think that they're

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writing this check to the county and yet, here's the state taking, taking a lot of it, right?

JON CANNON: Well, and--

BOSTAR: And ultimately, though, giving a lot that back out to do things in the communities--

JON CANNON: Sure.

BOSTAR: --to do them in the counties to, you know, for the benefit of, of the state itself. So I guess that's my, that's my pushback.

JON CANNON: I appreciate that, sir. Is there a question I can respond to? And--

BOSTAR: Why do you think I'm wrong?

JON CANNON: I, I think I should just stop right there while I'm ahead. I don't think you're wrong, sir. I just-- I guess the way that I would look at it is that, again, with taxes, you want, as much as possible, I believe that you want the object of the tax to match the subject of the tax wherever you can. And when you have an imposed documentary stamp tax, you're-- I mean, it's right there in the name, documentary stamp tax. This is a, a tax for the stamp that is affixed by the register of deeds or the clerk, depending on where you are, to your-- to the title of real estate you're transferring that we're going to record in the Office of the Register of Deeds. That's a tax that you pay for that privilege, right? And for the average taxpayer, they say, oh, OK, I'm paying a tax for the use of the recording system so I can file my transfer title of real property in the recording system. And so to the extent that the object of the tax matches the subject of the tax, that's what people believe is happening, but it's not.

BOSTAR: I think, though, I mean, if you, if you're taking the most narrow view of the tax, sure. But if you imagine that the tax is about housing, right, and that the purchase and acquisition of housing is what is engendering this particular tax--

JON CANNON: Sure.

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BOSTAR: --that then having portions of tax go to the funding of housing, I'm not sure I see that as inconsistently as you do.

JON CANNON: Well, and that's a good point. That's a fair point, Senator, and, and I won't begrudge you that. I guess from my perspective, if we wanted, to your point, if you wanted to go to a system where when I go to closing, I'm going to cut a check for 75 cents per \$1,000 of value transferred, and that's going to a documentary stamp tax, that's going to the county to pay for the system to do X, Y, and Z. And then, oh, by the way, I'm gonna pay an extra additional-- I have to do the math now-- \$3.07, and that's going to go to affordable housing that's going to be collected by the state, and that's going to check I write to the state of Nebraska, I have no problem with that. That makes a heck of a lot of sense to me.

BOSTAR: It sounds more inefficient.

JON CANNON: It does, doesn't it?

BOSTAR: It does. What if we just change the name of the documentary stamp tax? We could do that.

JON CANNON: You could. Sure.

BOSTAR: Would that solve your problem?

JON CANNON: Are we still, are we still doing the work, sir?

BOSTAR: Sure, and you're getting your share.

JON CANNON: OK.

BOSTAR: So it sounds fair.

JON CANNON: I think we could have a, a very long conversation, as we're doing, about what, what the nature of that work-- oh, in that case, I will stop right there.

von GILLERN: You're only half of that long conversation.

JON CANNON: I mean, at least it's not Friday afternoon.

BOSTAR: This is my first question of, of the day.

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VON GILLERN: Do you have any other questions, Senator Bostar?

BOSTAR: Thank you very much.

JON CANNON: Thank you, sir.

JACOBSON: Thanks for taking the pressure off of me.

VON GILLERN: I do have a question, and in Senator Bostar's style, I'll try not to ask it the same way. If the doc stamp revenue goes up for the counties, will property taxes be reduced accordingly?

JON CANNON: Those will go into the General Fund, sir, and they will be cash on hand when we're doing our budgets. And so it will be dollar for dollar. I can't, I can't make that representation, but it will be affected by property tax that's levied.

VON GILLERN: That would be a reasonable expectation, I would think.

JON CANNON: Yes, sir.

VON GILLERN: Thank you. All right, any other questions? Seeing none, I'd escape, if I were you.

JON CANNON: Yes, sir. I think I will. Thank you.

VON GILLERN: Any other neutral testimony? Seeing none, Senator Hallstrom, please come close. We had letters for the record: 9 proponent, 136 opponent, and 1 neutral testimony.

HALLSTROM: Chairman von Gillern, members of the committee, I'm not sure I know where to start. But knowing that you want me to finish, I'll, I'll go ahead and start. One thing I was remiss, and thank you, Senator von Gillern for mentioning it, Matt Williams is truly the godfather of the Rural Workforce Investment Act. So give him credit and kudos for that. A couple things I want to touch on. I want to make it clear I'm not questioning the motives of, of the realtors in coming forward, but one thing that's crystal clear, it is not self-serving or profit-motivated. Because if you think about this scenario, in most cases, and Norfolk is the poster child for having been very effective, when we look at the affordability of a \$350,000 home that's put into place by virtue of the Rural Workforce or the Middle Income Workforce Housing Program, that house may be unaffordable for some new folks

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that are coming into town. But guess what? Norfolk has had many, many success stories where somebody with a \$200,000 house goes and, and buys that \$350,000 house. \$350,000 a house is there only because the contractor built the house because of the program. So there's one commission. When the \$200,000 house goes on the market, that house is on the market and there's a second commission. So it's not profit-motivated, I understand that. But at the same time, you know, when we look at the, the one thing I hope the irony was not lost on this committee that one of the opponents was Welcome Home. Welcome Home, we don't want any new houses built in Nebraska. Thanks a lot. And I think with regard to Mr. Cannon, I would want to clarify one thing for the record. If, if you've gone through a home closing where a title agent or closing agent is involved, very rarely if ever is a check going to be written directly to the county by the taxpayer. There will be individualized checks. There's a total, and Senator Jacobson, those are always given to the, to the buyer in advance if for no other reason than to let them know how much they have to pay by certified or cashier's check. So they do get that in advance. And so they know what that is. But as far as writing out a check to the county, the title agent's gonna write out the check for the share of property taxes, for the title insurance, et cetera, et cetera, including the documentary stamp tax. And one thing with regard to you being perplexed, your perspective is right, even though you're perplexed. When you get to the end of the transaction, and we've talked about \$450 extra on this transaction, I can envision Howie Mandel coming up to the closing and saying it's going to cost \$450, deal or no deal? And I can assure you, nobody says "No deal." And with that, I thank you for your attention and your time and your patience today, and I would hope that the committee would look at this. And with regard to the 139 comment letters, when the realtors are right, those should be effective. When they're not, take them for what they're worth. Thank you.

von GILLERN: Questions? Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Thank you, Senator Hallstrom. And I do appreciate you also talking to me about this. I know you've been working on this bill really hard with the LR and everything, so I appreciate that. One of the portions that we've not discussed much today, which I think you mentioned in your opening, was the protections being written in for these cash funds. Can you just speak,

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I guess, broadly to why it's important to protect those cash funds to make sure the money doesn't go from there to the general funds?

HALLSTROM: Yeah, thank you for that question, Senator. If you look at what's happened historically, and, and I might even expand a little bit on this, there's another proposal out there, I think, within the budget to take all of the housing funds, the affordability housing fund-- trust fund, the rural and the middle income, and put them under Department of Economic Development. I'm not sure where I come down on that issue yet. But one of the legitimate concerns that we've been having with the realtors as well is what does that do to the program? What does it do to limited universe of funds that we have? Are we all going to really be fighting like piranha over the limited funds? And if we don't have funding for rural and middle-income workforce housing, the only funds that are in this under one umbrella approach. Are the \$14 or \$15 million that we get to the Affordable Housing Trust Fund. And if we're all under one umbrella, does that mean we fight constantly over or are they going to just say everybody gets a third of it, which hurts affordable housing from the current system? So I'm concerned about that, but more specifically with regard to your question, and you're familiar with some of the history on it, is that we end up looking-- last session for example, the Governor had, had looked for \$8 million, \$4 million from rural, \$4 million from middle. The Legislature astutely adopted an amendment that took that \$8 million from the affordable housing rather than wural-- rural and middle income. Astutely, in my opinion, only because we raided the Affordable Housing Trust Fund, so we're robbing Peter to pay Paul, so to speak. And that is the issue as to why there, there are two provisions in the bill. One strikes existing law that has a blanket statement that says monies from the Affordable Housing Trust Fund can go to the General Fund or to any of the other designated funds that get money currently under the documentary stamp tax. I think there's an oversight in that what we put in last year was not added to that. But the second issue then is conclusively and expressively-- expressly saying once the money goes from the county register of deeds to the State Treasurer, it's designated for one of the specific six or seven funds, we'd have two more in here with rural and middle, and once it's there, it's to be used for those purposes and those purposes alone and not for any other purpose.

DUNGAN: And I appreciate that articulation. I think we all agree that the middle housing, rural housing, very important. And affordable

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housing. To your point, I hate to see-- I hate it when those three groups or the folks who are building in those groups fight each other, because we all have a common goal of growing housing. So I think that it's good to seek a common understanding that the money should go where it should go and not be taken for other purposes.

HALLSTROM: I agree wholeheartedly.

DUNGAN: Yeah, thank you.

von GILLERN: Thank you. Senator Ibach.

IBACH: Thank you, Mr. Chair. And George stole my question because I wanted-- a lot of the comments in these letters is, can you assure us that the funds won't be swept? And I think you just, as Senator Dungan said, articulated that very well. I would also be remiss if I didn't thank Senator Williams for carrying this flag in 2017. This is one that he gave me and I failed that, thanks to Senator Clements. I'll throw him under the bus right now, because Appropriations said that the pandemic is over. And so anyway, thank you, Senator Williams, for, for championing LB518 and getting us started down this road. I think workforce housing is very important, especially in our rural communities. I have a lot of communities, Imperial, Grant, Lexington, for example, that take advantage of these programs. And NIFA has been very instrumental as well in kind of guiding those efforts. So thank you, Mr. Chair.

von GILLERN: OK, any other questions? Seeing none, thank you, Senator Hallstrom.

HALLSTROM: Thank you.

von GILLERN: That will close our hearing on LB1067, and we'll close our Revenue hearing for the day. Thank you all.