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Revenue Committee February 5, 2026

Rough Draft

JACOBSON: Everybody can take their seats. We went until 7:30 last night, so we're going to try to get that earlier today, right? Welcome to the Revenue Committee. I'm Senator Mike Jacobson in North Platte, representing the 42nd Legislative District, and I serve as vice chair of the committee. The committee will take up the bills in the order posted. This public hearing is your opportunity to be part of the legislative process and to express your position on the proposed legislation before us. If you are planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Be sure to print clearly and fill it out completely. When it's your time to come forward and testify, give the testifier sheet to the page or to the committee, 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 your-- for each bill. These sheets will be included as an exhibit to 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 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 will be using a 3-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you have 1 minute remaining. And the red light indicates you need to wrap up your final thoughts and stop. Questions from the committee may follow. Also, committee members may come up-- may come and go during the hearing. This has nothing to do with the importance of the bill that's being heard, it is just part of the process that senators may have bills to introduce in other committees. A few final items to facilitate today's hearing. 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 room. 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 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included in

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the committee statement. I will now have the committee members with, with us today introduce themselves, starting my-- on my left.

SORRENTINO: Senator Tony Sorrentino, Legislative District 39, Elkhorn and Weep-- oh, it's been a long day. Yeah. Elkhorn, let's leave it at that.

KAUTH: Kathleen Kauth, LD 31, the Millard area.

MURMAN: State Senator Dave Murman, District 38. I represent eight counties, mostly along the southern tier of the state.

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

JACOBSON: Also assisting the committee today to my right, or to my left, is our legal counsel, Sovida Tran. And to my far left is our, is our legal counsel, Charles Hamilton. And to my-- and I'd also-- to my far left is our committee clerk Linda Schmidt. Also, our committee chair has arised-- has, has arrived, so I'll let Senator von Gillern introduce himself.

von GILLERN: Thank you, Senator Jacobson. Brad von Gillern, Elkhorn, Legislative District 4.

JACOBSON: Pages.

von GILLERN: And we'd like the pages to stand and introduce themselves, please.

ELIAS REIMAN: Elias Reiman, junior at UNL, studying psychology and the prelaw track.

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

von GILLERN: Thanks for your help today. Thanks for staying late yesterday. We're not going to do that again today, right? Just checking. OK, we are ready to open on LB1252 and invite up Senator Murman. Good afternoon again.

MURMAN: Good afternoon, Chair von Gillern and members of the Revenue Committee. My name is Dave Murman, D-a-v-e M-u-r-m-a-n. I represent Nebraska's 38th District. And, by the way, I do have handouts here of my open. In short, LB1252 would create a 27 cent fee on all, all motor

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vehicles delivering at least one item of tangible personal property subject to sales or use tax. There are also exemptions for deliveries from businesses with annual sales under \$500,000 and businesses that are operating in their first years. In other words, it does not affect small and new businesses. The revenue generated from this fee, according to the fiscal note, is going to be over \$27.5 million. I would also expect, in the ever-increasing digital world where it has become easier and easier to order goods from the comfort of your couch, that revenue will grow over time. How this fee is collected can also be from either the purchaser or the seller. This is meant to give businesses more flexibility on how they can work with this. This system mainly mirrors Colorado, but Minnesota also has a similar fee. I also note that several other states are actively looking at a similar system. And, most importantly, the revenue generated from LB1252 would be transferred to the property tax credit cash fund, decreasing our overreliance on property taxes. LB1252 is ultimately about ensuring Nebraska's tax code continues to modernize with a changing economy. As Nebraska's economy becomes more and more reliant on services, our tax system should reflect that. And perhaps no service has been growing faster in Nebraska and the country than deliveries. While I don't have data on Nebraska specifically, on Amazon alone, United States shoppers place an estimated 8.4 million orders every single day and the number continues to grow. As for restaurant deliveries, 2024 polling data shows that 28% of U.S. adults order food or drink deliveries at least once a week. Once again, this number is growing. It is especially growing for younger generations. In other words, as we think about modernizing our tax system, we should think about growing trends and how the next generation of Nebraskans are going to be spending their money. What we're seeing is more and more deliveries, and that trend seems likely to continue. This is a predictable fee at only 27 cents per delivery, its effect on consumer habits should be minimal, and it is also a small piece to help decrease our reliance on property taxes, which are far less predictable and far more burdensome. Thank you, and I'm open to any questions.

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

SORRENTINO: Thank you, Chairman von Gillern. Thank you, Senator Murman. Given the type of fee this is, it's based on delivery somewhere, it could be your home, it could be your business, the other states that have done this and the ones that are considering it seem to take that revenue and heaven knows we need property tax, I know

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that, but they're putting it more towards like transportation, infrastructure, that sort of thing. Can you comment on that?

MURMAN: Well, that's-- you know, that might be a little more direct as to what the, you know, the, the stress is on our transportation systems with deliveries. But there are, you know, other ways of deliveries, too. For instance, drones, I know are used more, too, for food deliveries and other deliveries. But I, I think the biggest need in Nebraska right now is property tax relief so that's why I would like to go [INAUDIBLE].

SORRENTINO: OK, so regardless of whether it's a direct logical nexus, you're just serving the property tax need at the moment. Thank you.

MURMAN: Correct.

von GILLERN: Thank you. Other questions? I've just got one or two here. I'm sorry, I've done a quick read on the bill. I looked at it earlier and I have not yet seen any exceptions for, let's say, individuals that are handicapped and confined to their home or prescription deliveries or anything like that because not, not every delivery is a luxury. I mean, if I order groceries to be delivered to my house, that's a luxury, that's a choice that I've made. Any exceptions to that?

MURMAN: No, I don't think there are exceptions in the bill. But if there aren't, I would be open to amending for those kinds of exceptions.

von GILLERN: Sure. OK. It might be tough to quantify, but certainly would be important.

MURMAN: Yeah.

von GILLERN: So, yeah. Senator Kauth.

KAUTH: Thank you, Chair von Gillern. Along those lines, like Meals on Wheels, are they included in this or is that because it is a donation? I mean, Meals on Wheels is a service that's provided, not necessarily something they're purchasing. Is that kind of where the delineation would be?

MURMAN: Well, yeah, I, I mean, there's nothing specific to Meals on Wheels in it, but-- in the legislation, but, but I'm open to exceptions for, you know, especially disabled people, but possibly--

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well, elderly people, too, or those that can't get out of their homes very easily.

KAUTH: Thank you.

von GILLERN: Senator Jacobson.

JACOBSON: Maybe as a follow-up to that, my understanding, and maybe I read this wrong, that this is only items that are subject to sales and use tax so, therefore, Meals and Wheels would, would not be subject to that. So this is really a retailer who makes a sale, whether in-state or however, they're going to have to include a 27 cent delivery fee and remit that back in addition to their sales and use tax collection. Would that-- [INAUDIBLE]?

MURMAN: Yeah, that's a good point. Its only effect is on items that have a sales tax on them, so. I, I don't think Meals on Wheels have-- would have a sales tax.

JACOBSON: So the Girl Scouts would have to go door to door and not in a motor vehicle.

von GILLERN: I do have one. Did you have a question? Senator Ibach.

IBACH: I do have one. I'm just looking over some of your notes. How do we come up with the 27 cents?

von GILLERN: That was my question.

MURMAN: I believe Colorado is 27 cents and I think Minnesota is 28 cents. And the legislation that's in other states I think is very similar.

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

von GILLERN: Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. I apologize for coming late, I have a couple of bills up today, so I'm kind of running around. It might have already been talked about, but what is the interplay here with delivery services like DoorDash or Uber Eats? Who pays that tax? Would it be the person doing the delivery, like Uber, or would it be the business that is then giving the food to the delivery service?

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MURMAN: Yeah, it's, it's open. It says the buyer or the seller, so that could be determined by the seller or whoever's providing the service.

DUNGAN: OK. Yeah, I'm just trying to-- because I know when I order food on DoorDash, which I'll admit to doing maybe once a week sometimes when I'm feeling like I don't want to leave.

MURMAN: You're right on the average.

DUNGAN: Yeah, right.

MURMAN: At least once a week.

DUNGAN: There's a lot of other fees that are already on there and, you know, sometimes I'll decide to go pick up food instead of using DoorDash because it's 20 bucks cheaper, which is kind of wild, so I was just curious where that fee gets added in that process.

MURMAN: We left that open so, you know, if DoorDash wanted to absorb that 27 cents, that would work.

DUNGAN: Thank you.

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

MURMAN: Yes.

von GILLERN: You're here for the duration? Thank you. We'll invite up our first proponent testimony for LB1252. Are there any proponents? Seeing none, we'll invite our first opponent testimony for LB1252. If you're going to testify, go ahead and move on up to the front rows and be ready to go here. Good afternoon.

HOPE LEDFORD: Good afternoon. Thank you, Chair and distinguished members of the committee for the opportunity to speak with you today. My name is Hope Ledford, and I serve as Director of Civic Innovation Policy at Chamber of Progress, a tech industry association.

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

HOPE LEDFORD: Oh, sorry.

von GILLERN: Yeah.

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HOPE LEDFORD: Yes. H-o-p-e L-e-d-f-o-r-d.

von GILLERN: Thank you.

HOPE LEDFORD: Thank you. We are a tech industry association that supports public policy so that everyone can benefit from innovation. While our partners include delivery network companies, they do not vote or have a veto over our policy positions or sit on our board. We respectfully urge you to oppose LB1252, which would impose a 27 cent tax on delivery orders statewide and place a disproportionate burden on Nebraska families, small businesses and workers, especially in rural and underserved communities. While this proposal may sound small, its impact is not. A flat per order delivery tax is deeply regressive and will hit struggling families the hardest. For many, delivery is not a luxury, it's a lifeline. Students, seniors, people with disabilities, families in food deserts, and rural Nebraskans rely on delivery every day for everyday essentials. For many, delivery is the only practical way for them to access these basic goods. Because mixed orders are so common, under LB1252, adding even one essential taxable, taxable item, like toothpaste or paper towels, to an otherwise exempt order, can trigger the tax. This bill would also hurt small businesses and workers. Local restaurants are already operating on thin margins and would face fewer orders, higher costs, or both. Evidence from Colorado and Minnesota shows that delivery taxes reduce demand, they lower tips, and cut into driver earnings. In Colorado alone, a similar tax was linked to more than \$17 million in lost annual wages and tens of thousands of jobs were placed at risk. At a time of raising-- of rising costs and economic uncertainty, LB1252 would raise prices, limit access to goods, and worsen inequities. That's why delivery tax proposals have been rejected in multiple states around the country as lawmakers recognize the harm these policies would cause to their constituents. With Nebraska's families, students, rural residents, seniors, the disability community, small businesses, and workers in mind, we respectfully ask you to oppose LB1252. Thank you so much for your time and your consideration.

von GILLERN: Thank you. Questions from committee members? A quick question on page 4 of your handout, on second paragraph, says after learning how delivery fees work, 35% of Colorado voters and 29% of Minnesota voters said delivery fees would make them less likely to use food delivery services. Those are now in place. Do we have any data on whether delivery services have, have indeed gone down or reduced or--

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HOPE LEDFORD: Yes, I, I think, I believe I referenced a report in there, but I can also send follow-up materials to the committee. We have extensive research from both states showing that it has decreased demand and cut into the earnings of workers.

von GILLERN: OK. All right. OK. Other questions? Yes, Senator Sorrentino.

SORRENTINO: Thank you, Chairman von Gillern. That same page 4, the third paragraph down says that in Colorado, the tax cost local workers an estimated \$17.1 million in annual wages and put 61,000 jobs across multiple districts at risk. Can you explain how that affects 61,000 jobs? I'm not making the connection there.

HOPE LEDFORD: Yeah, absolutely. So I believe in our economic report, it's not necessarily like direct impacts. It's also indirect impacts. So like restaurant workers, if restaurants are losing revenue, then that cuts into the impact of their wages. And then in terms of, you know, small businesses, those sorts of folks.

SORRENTINO: So it wasn't \$61,000-- 61,000 jobs lost, they're put at risk?

HOPE LEDFORD: Yes, at risk. Yeah, and the report goes into more detail about what that actually means.

SORRENTINO: OK. Thank you.

HOPE LEDFORD: Mm-hmm. Thank you.

von GILLERN: All right, one more, we, we seem to be enamored with page 4. Third paragraph down, you said that drop in demand would hit hardest for women, Gen Z, and millennial workers, many of whom turn to delivery work. Are there more female delivery drivers than there are male?

HOPE LEDFORD: There's some research out there that shows that women prefer delivery driving because it's safer for them, or they prefer not to do TN-- or TNC work, which is like ridesharing. So a lot of women have turned to delivery work, especially if they're managing multiple sort of responsibilities, such as caregiving for others. Yeah.

von GILLERN: OK. All right. Thank you. All right, seeing no other questions,--

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HOPE LEDFORD: Thank you so much.

von GILLERN: --thank you for your testimony. Appreciate it. Next opponent for LB1252. Good afternoon.

PETER CLARKE: Good afternoon. Thank you, Chairman von Gillern and members of the committee. My name is Peter Clarke, P-e-t-e-r C-l-a-r-k-e, and I'm here on behalf of the Nebraska Grocery Industry Association, testifying in opposition to LB1252, which would impose a 27 cent fee on every retail delivery of tangible personal property delivered within Nebraska. This new delivery tax would come at a time when Nebraska employers like me are struggling with mounting input costs and not only compound financial pressures on local business consumers and workers. Delivery services have become less of a luxury and more of a core function. In communities that I serve, we offer these services to folks who can't make it into the store. This is the primary-- this is primarily homebound elderly residents on fixed incomes and individuals who work shifts at odd hours. Adding a 27 cent tax on each delivery doesn't seem like much. What's the compounding problem? Over the last 2 years, the minimum wage hikes, the paid sick leave mandate have required us to cut employee hours and eliminate part-time staff. We are also dealing with higher transportation costs, utilities, insurance costs. I have tried several years to absorb the minimum wage increase to stay competitive, but we're beyond that. Independent stores like me have naturally higher overhead costs due to lower dollar per square foot. So I run a tight ship to compete with the Walmart we have in town and the plethora of dollar stores popping up. I had to start raising prices. I know, and all my colleagues in the grocery industry know, people are struggling with grocery prices and the cost of other essentials. I also want to state for the committee and for the senator-- I also want to state to the committee and for Senator Murman that we appreciate the burden representing Nebraska by high property taxes. The concern we were able to relay-- the concern we were able to relay to the Governor in December was that we understand the desire to modernize our tax system, but making the math work on the back end, that is, to actually ensure the overall tax burden for our businesses, our employees, and our customers goes down. Thank you for your action-- thank you for the action the Legislature took this morning on the minimum wage. I wish I could tell you that a loan will save some of our rural businesses. It won't, but it'll help.

von GILLERN: Thank you, Mr. Clarke. Questions from the committee? Where, where are your businesses?

PETER CLARKE: Several: I have Red Cloud, Wilber, Wymore, Crete, Syracuse, Aurora, Kearney.

von GILLERN: OK, very good. All right. Thank you. Appreciate you being here today.

PETER CLARKE: Thank you.

von GILLERN: Thanks for your testimony. Next, next opponent.

TYLER ST. CLAIR: All right, thank you. Chair von Gillern and members of the committee, my name is Tyler St. Clair, that's T-y-l-e-r S-t C-l-a-i-r, and I'm here on behalf of DoorDash to testify in opposition to LB1252. This bill would impose a new retail delivery fee, which in reality is a new tax, on most deliveries in the state of Nebraska. This would create unnecessary financial burdens on Nebraska consumers, merchants, and delivery workers while disproportionately impacting low-income residents. DoorDash delivers significant economic benefits to Nebraska residents, small businesses, and to the state in the form of sales tax revenue. LB1252 would undermine all of these benefits. This proposal would lead to less money in the pockets of everyday Nebraskans. Delivery is not just a luxury service. For many residents, it can be a lifeline. According to a 2025 survey, two-thirds of Nebraskan's have items delivered to their homes at least once a month and half do so several times a month. This regressive tax would disproportionately harm lower-income residents, Nebraskans who rely on delivery services due to transportation barriers, health concerns, or other constraints. Notably, in 2024, more than a quarter of deliveries DoorDash facilitated in Nebraska were to consumers residing in low-income communities. Meanwhile, nearly 40% of deliveries went to consumers in rural areas. Many rural Nebraskans don't have the luxury of having a grocery store or a pharmacy a 5-minute drive down the road. For both low-income and rural residents, this tax would increase the cost of a basic service and make it harder for them to get access to everyday essentials. As a side note, although the bill purports to exempt groceries and other sales taxes into items from the delivery tax, it also says that any order with a single item that is not tax exempt is subject to the tax. This means that a single mom ordering groceries for her family, who buys a single candy bar for her kid, will have to pay said tax. As costs go up as a result of this tax, consumers will cut back on spending and delivery orders, reducing merchant revenue and threatening the stability of small businesses that are vital to Nebraska's economy. These same small businesses are vital to DoorDash's success. More than 90% of Nebraska merchants that

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were active on DoorDash in the last month of 2024 or head three or fewer stores on our platform. This tax will only make life more difficult for these small businesses which are already struggling with rising prices of basic goods and labor. Fewer orders means fewer opportunities for delivery workers to earn income. Additionally, recent polling consistently finds broad public opposition to delivery tax proposals like this one. In fact, a 2025 Morning Consult survey found that more than 80% of Nebraskans opposed the idea. This tracks polls in other states which have consistently found broad opposition to similar proposals. The level of opposition today reflects a clear recognition that Nebraska's cannot afford this new tax. We respectfully urge the committee to reject LB1252, but we appreciate the opportunity to share our perspective and welcome further dialogue. Thank you for your consideration.

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

KAUTH: Thank you, Chair von Gillern. So I, I have a little disagreement with the fact that you're saying a single mom ordering groceries for her family buys a single candy bar for her kid will have to pay the tax. Candy is not allowed to be taxed in this state, first of all, but also if you have someone ordering groceries, 27 cents, if they're ordering groceries, do you think that's going to tip them over into unable to, to handle anything? Couldn't you just not buy the candy bar if you're choosing for the convenience of that?

TYLER ST. CLAIR: So I view it more as a cascading effect, right, if you're doing this over and over and over again and making these purchases that this tax is then tacked onto, the cumulative amount of the money that you're spending via that tax is what concerns us. And I know, again, various points have mentioned this, but 27 cents sounds small and alone it is, but when you, again, look over the course of a year and all the different purchases and deliveries that are made that ends up looking like millions of dollars.

KAUTH: And those are all choices that people make to do so.

TYLER ST. CLAIR: That's correct.

KAUTH: And understanding that that tax is on there, or fee, they would still decide yes or no that they're going to make that choice.

TYLER ST. CLAIR: That's correct.

KAUTH: OK. Thank you.

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von GILLERN: Other questions? Seeing none, thank you for being here.

TYLER ST. CLAIR: OK. Thank you.

von GILLERN: Thank you for your testimony. Next opponent. Good afternoon.

RICH OTTO: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Rich Otto, R-i-c-h O-t-t-o, and I'm testifying in opposition to LB1252 on behalf of the Nebraska Chamber of Commerce, the Nebraska Hospitality Association, the Nebraska Retail Federation, the National Federation of Independent Business, and the Nebraska Petroleum Marketers and Convenience Store Association. I'll try to make this quick since most of the points were made by the previous testifiers. Again, the 27 cents may hit certain individuals harder than others. I know Senator Murman expressed concern over that, so we do appreciate his willingness to recognize that dependents from, say, those that are visually impaired or homebound. I do want to touch base on the compliance and the item. So as retailers morph to this convenience and we see curbside as a very-- approach that a lot of consumers choose to just do curbside. A lot of retailers will do curbside, but if they happen to not have the item in the store, they'll give free delivery. So, again, this makes that complex with our point of sale and then is it just the item that we deliver, does that have to be taxable or if anything in the curbside was then taxable, is the fee applied? So there is a little confusion and we may want to work with the committee on how we can adjust those, I guess what we'd call combined orders when it starts as curbside and then morphs to delivery due to convenience or the item not being in the store. Again, we've seen that the pandemic also underscored this for restaurants where delivery was needed to stay afloat. Basically, we limited occupancy within restaurants to 10 nationwide and delivery was the most common source of restaurant revenue. The other points I'd like to make quickly are the fee of 27 cents is passed onto the consumer. Retailers do eat 2% to 3% of that based on network charges from Visa, MasterCard, Amex, which does eat into that for the retailer and not make it fully pass through to the customer. Again, these do prepare some challenges. Just for the restaurant aspect, Senator Murman does have a \$500,000 small business exemption. Most restaurants that are viable have at least \$2 million in annual sales. We appreciate that, but it probably won't impact most. It could actually hurt a restaurant. They start out year one, they're under \$500,000, they think they're free of the fee. All of a sudden, they get over \$500,000 years later, and if they didn't start complying, they could

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be out of compliance. So I see my time's up. I'm happy to answer any questions that anybody may have.

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

DUNGAN: Thank you, Chair von Gillern. Thank you for being here, Mr. Otto. Do you or the Retail Federation have any data on-- and I don't know how you'd collect this-- but do you have any data on who the users are of deliveries of things like this? Do we know the demographics of folks that are receiving deliveries?

RICH OTTO: Well, I believe the first testifier probably had the most detailed report on it. Even Senator Murman seemed to have some high-level data that younger users are actually--

DUNGAN: Yeah.

RICH OTTO: --probably more likely to use this. Again, apps, technology make all of this much easier. I know I'm less technology focused. My wife does curbside a lot and does that. So I would say those that are more prone to using smartphones and apps and things are naturally going to do more deliveries than those that--

DUNGAN: And, and that makes sense. I, I, I guess it goes back to the general idea that I think about a lot about how expensive it is to be poor and I know folks who don't have a car who do rely on grocery delivery or they have to hop on their bike and throw a few groceries in the crate and when it's negative 20, that's kind of hard.

RICH OTTO: Absolutely.

DUNGAN: So I just didn't know if we had any kind of idea as to, like, the financial demographics. And if the other testifiers who were here before do have any of that that'd be helpful because I think when we think about these, understandably, it is a luxury in certain circumstances for me to not go pick up my food and instead have it delivered. But for those folks who don't have that option, I was just curious if we knew the breakdown of people who are receiving deliveries.

RICH OTTO: We will absolutely look into that data for you and get it to you, Senator.

DUNGAN: Thank you, appreciate it.

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VON GILLERN: Other questions? Senator Kauth.

KAUTH: Thank you, Chair von Gillern. How much do the stores pay or charge for delivery? Because they charge something, whether it's a membership fee or a per-delivery charge, correct?

RICH OTTO: It can vary, absolutely. Certain-- there's all kinds of models out there, delivery, where you have a membership fee, I know some, it can be free if you are over a certain amount. It can be free if you want it 2 days or 3 days out. You can pay more to have it delivered in 3 hours or less. So the models do vary quite a bit. Many restaurants are probably the most that have it free, like, I mean, this will impact a pizza delivery even. So most, most restaurants still have free delivery. I think most will think twice if this were to pass that, hey, we might as well add on our delivery fee to the 27 cents as well. So, in theory, the consumer probably is going to face even a higher fee from business to absorb this end.

KAUTH: So would a delivery fee be 27 cents, would it be \$1, \$5?

RICH OTTO: The port-- the portion back to the state would be 27 cents.

KAUTH: No, no, no. No, what a retail charge is. Because I, I hear a lot of catastrophizing about adding 27 cents to it, but you're charging, the retail are charging, either you ordered a certain amount, you've got a membership, which costs minimum \$100 a year, or you're being charged per delivery by the retail establishment. And I'm not hearing a lot of concern for poor people who can't afford to have delivery if-- I mean, along those lines, then the retail establishments should be giving their delivery free, correct?

RICH OTTO: Well, I would say most consumers watch the plan and put their order in to try to get the free delivery. I know I do. I know our family does. So there's many ways you can look at the model and try to make those deliveries as low as cost as possible. But you're absolutely right, Senator, there are fees already attached to certain deliveries.

KAUTH: Thank you.

VON GILLERN: Senator Sorrentino.

SORRENTINO: There's an exemption here for establishments that we have under \$500,000. At some point in time-- and I know an awful lot have more than 500, if I'm borderline, it was 400 this year, 600 next year,

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I go back and forth. When is the determination, the determination date of when this applies to me? Last year, I was \$480,000, so I don't charge it this year or--

RICH OTTO: My understanding is it is based on annual revenue, so if you open, say--

SORRENTINO: Past revenue?

RICH OTTO: Yeah, the previous year.

SORRENTINO: OK.

RICH OTTO: So, actually, a new restaurant would have a competitive advantage over their neighbor the first, or even the second year. Say the first year I started and only had a few months and I'm under \$500,000. Even if I exceeded the second year, I don't need to charge it in year two, I only need to charge it year three.

SORRENTINO: Thank you.

von GILLERN: Other questions? Seeing none, thank you for your testimony. Next opponent. Are there any other opponents for LB1252? Seeing none, would anyone like to testify in a neutral capacity? Seeing none, Senator Murman, would you like to close? Do we have online testimony?

MURMAN: Well, thank you for listening everybody. I just want to reiterate that if an amendment is needed for homebound people, disabled people, I'm definitely open to that. And if we need to further, further define deliveries, curbside or whatever, I'm open to, to that. And also I want to emphasize there's no sales tax on groceries. So that takes away a lot of the regressiveness of this excise tax. And there was a reference to research about do people-- are people favoring a, a tax on delivery? Well, if you ask anybody, would you like to have another tax? I'm surprised 100% of the people don't say no. So I don't think those-- that research is very effective. I did exempt small businesses and first-year businesses deliberately to give them a little bit of a competitive advantage. But, but if, if a family orders groceries, even-- well, groceries are exempt, but anything, say one time a week, that's only \$1.08 a month, and I don't-- they're-- I think almost anybody can handle that. So with that, I'm open to any questions.

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von GILLERN: Thank you. Questions? Two things real quick. We had five comments on the record. We had one proponent, four opponents-- excuse me, six, and one neutral. And then just for clarity, food is not taxed, groceries quite often includes taxed items. If I ordered a head of lettuce, a pound of ground beef, a loaf of bread, and Dawn dishwashing soap, the soap would be taxed and the food would not. So--

MURMAN: Well, there'd be 27 cents on that delivery.

von GILLERN: OK.

MURMAN: Yeah.

von GILLERN: All right. Yeah. So--

MURMAN: Because there's one thing that's taxable.

von GILLERN: And I'm not contesting what you said, but just for clarity in the, in the room, because we've, we've, we've had that discussion a time or two whether groceries are taxed in this building, so. All right. Thank you, Senator Murman, appreciate it. That'll close our--

MURMAN: Thank you.

von GILLERN: --hearing on LB1252, and we will open up on LB1183, and welcome up Senator Lippincott. Good afternoon.

LIPPINCOTT: Hello, sir. Members of the Revenue Committee, my name is Loren Lippincott. That's spelled L-o-r-e-n L-i-p-p-i-n-c-o-t-t, and I do represent the 34th District. Thank you to those who came out today. I want to begin with a fundamental truth that often gets lost in the fog of budget hearings. Every one of the roughly 1,700 taxing entities in the state from counties to weed districts, plus the 245 school boards exist only because the Legislature allows them to through taxation and revenue. If a local board has the power to levy a tax on a citizen's home, it's because this body gives them that power. And if that power is being used to tax Nebraskans out of their homes, it's our duty to use those same statutes, the laws, to reel it in. And this bill that I'm introducing is simply a 50% cut in property taxes. One would ask, well, what about the schools? I have a companion bill, LB1182. Through LB1182, we could transition school funding into a state-funded block grant system that covers the \$50,000 base salary for every full-time teacher. We would move \$1.2 billion in TEEOSA funds out of the so-called foggy formula and into the direct support

for every district. If we make the change in LB1182, where the state picks up the largest cost driver in education, that is the teachers, the, quote, school question could be solved. And when people talk about the lost funding, they often try to find a single, quote, billion-dollar hole for these 1,700 taxing authorities. And it's the misunderstanding of how Nebraska works. We are not looking to replace a billion dollars at the state level. We would be asking 1,700 different boards to learn how to operate in a smaller footprint. The state has built a complex machine of levers to create property taxation. For instance, we set the statutes for assessors and how they determine, quote, market value. We define the taxable percentages of these valuations. We also set the maximum taxing authority by statute, by law. We establish the overrides of all taxing concepts by special elections, and we oversee TERC, the Tax Equalization and Review Commission, and the percentage shifts that they mandate. And, finally, we authorize the levies, bonds, joint financing agreements, and the micro levies that allow government to grow. Currently, this system is a web of if this, then that, calculations, and none of it puts the people first. LB1183 takes hold of the primary lever, that is the taxable amount. What we can change are the remaining 1,700 taxing entities. This bill is not a rebate or a credit. It is a fundamental change to the state statute 11-201. It mandates a 50% reduction in the taxable amount for all real property and the same percentage reduction to ag and horticulture. Residential and commercial property will be valued at 50% of actual value for taxation purposes. And agricultural and horticultural land will be lowered from 75 to 37.5. Assessors will still assess market value, but local governments would no longer have the authority to tax the entire assessment. Nebraska property taxes are still the fastest-growing financial pressure on our people. Property taxes are regressive, and even when a farmer's income drops or a senior's pension stays flat, these 1,700 entities keep raising taxes because valuations keep raising. By defining the percentage of valuation that can be taxed, we are putting a, quote, governor on the engine of government growth. A home, a business, or a farm should be a foundation for life, not a lifelong tax penalty. LB1183, this bill, is the structural reform that restores the balance. So we have a system problem, not a funding problem. We are here to lower property taxes for the people, not to fund 1,700 different government entities. Nebraskans want to be able to afford the homes and farms they've worked their whole lives for. People want to build a home in Nebraska. And LB1183, this bill, honors the people versus empowering the status quo. It does not raise taxes. It just uses the levers we already have to create a smaller and fair-- more fair system. And those behind me

who have authored this bill might be able to answer questions more fully than I.

von GILLERN: Thank you, Senator Lippincott. I'm going to take a crack at this first, and then we'll see what other questions there are. First of all, I, I want to encourage all of us to not hold a hearing on LB1182 that, I presume, is in Education Committee, which is not by your choice, that's just where TEEOSA bills land, so. But out of fairness, it's going to be very difficult for this committee to render thoughts on LB1183 without a better understanding of LB1182, so maybe we do a lot of listening as far as the testimony and then we'll grill you pretty good at the end. But I do-- the immediate question that came to mind is it's commonly said that property taxes are roughly 60%, or 60% of your property taxes is roughly schools. You're saying that you would-- you know, if 50% comes off, that leaves-- 50% from the 60, it leaves a delta of 10%. I presume you've run the numbers to show that your \$50,000 base salary leaves room for the other 10% of schools. Because if it doesn't, we're still upside down. Are you following my logic or not?

LIPPINCOTT: Yes, sir, I am.

von GILLERN: OK.

LIPPINCOTT: Yep. I would agree with you completely. Our property taxes-- approximately 60% of our property taxes go to pay for schools. We know that. And of the school budget, approximately 80% of that goes for the salaries of the schoolteachers. We also know that. So what this bill would do and LB1182, the other bill that goes with this, it would simply, the \$1.2 billion, which currently goes to TEEOSA, and we know that TEEOSA has some problems, so it would take the \$1.2 billion from TEEOSA and would go toward paying school teachers' salaries, \$50,000 a year. So there's 23,000 school teachers in Nebraska. Take 23,000 times 50 and that comes up to approximately \$1.2 billion dollars. It's actually 1.115.

von GILLERN: OK, so-- and we can go to the white board and do, do math with each other, but my first pushback is 60% of 80% is 48%. It's not 50%.

LIPPINCOTT: Yeah.

von GILLERN: And, and most teachers make more than \$50,000.

LIPPINCOTT: If I may, just to add onto this. So let's just say that a person, a school teacher, we know that the average pay for a school teacher in Nebraska, it figures out to be \$54,000 a year. And we also know that Nebraska is among the last in the nation in terms of starting teachers' pay. It's approximately \$39,500, about \$40,000. So this \$50,000 would immediately bring them up. That's a good thing, new teachers. But, again, we said that the average salary for school teachers is \$54,000 a year. So let's just say 55, just to make it easy. So the \$50,000 will go to the school teacher, and now they've got \$5,000 more to make up, that will be made up with the local folks in the area.

von GILLERN: OK. I just said I didn't want to have a hearing on LB1182, and then I asked you four questions about LB1182 so forgive me. But, obviously, this is a global combined issue, so. Anybody else want to take a crack at this? Senator Jacobson.

JACOBSON: Well, I, I hesitate to weigh in. I'm going to primarily listen today. I just-- I learned my lesson from yesterday.

von GILLERN: I'm so proud of you.

JACOBSON: I know, I figured you would be. This, this is a very complex issue. I, I would tell you that I often read-- you can't help but read about people saying, our values are too high. And, you know, our property taxes aren't just about valuation. They're about valuation times mill levy. It's about the budget and the tax ask. I could-- people-- I could tell people that there was a record land sale in North Platte. I would highly doubt that that land sale was anywhere close to what the land was assessed at. It was assessed at a small fraction of what that auction ultimately brought. And unfortunately or fortunately, that's happening all over. And so we can say the values are too high, but generally the values aren't. They're probably pretty close to what you could sell that property for, and it's, it's been increased. And so the question is it's a combination of the value and the mill levy that gets you there. Now, what this can do is by cutting the values in half, you double the mill levy and you're back to where you started from. Except for most school systems, you can't double the mill levy because you're up against the cap. OK? But for a lot of other political subdivisions, they could double the mill levy and get as much revenue as they did before. Having many, many, many years ago, having been a school teacher, and I doubt if anything--much has changed, I was-- I remember when I was a first-year teacher, and they don't get paid very much. In fact, it's shameful what they get paid.

Although some would argue in that first year you probably are still overpaid, but I would just say that I'm sure I wasn't. But if you look at coming in and saying we're going to bring everybody up to \$50,000, I'm, I'm kind of anxious to see what the NSEA has to say about you're messing with our, with our collective bargaining agreements and it's going to screw up everything else in terms of our formula and how do we differentiate years of service and so on. But that's a whole different story. My, my concern still comes back to at the end of the day, I like what we did in LB34 in the special session, which was we quit focusing on value by itself and, and mill levy by itself, because it seemed like we'd come one year and say, well, we've got to limit the values. Then it's next year, we've got to limit the mill levy. Well, why don't we limit both? Why don't we, why don't we limit the product of the two, which is what we did in LB34, and we set up caps for it's, it's, basically, you can't go up more than inflation, and we had to argue as to what inflation number are we going to use? And then we had to argue, what about growth and what about this and what about that? And we had this whole series of carve outs. What about public service or, or public safety? So now I think we're back to a point to where-- and that just went into effect in July of last year. So we've only had the first round of LB34 and the impact that it could have. But, yeah, we're already coming with a bunch of new changes because that evidently didn't work, although we don't know if it didn't work. So somewhere we have to really get to a point to where we're doing something that is truly going to limit the growth in taxes, not value, not mill levy, taxes. And, and I think there's a lot of smoke and mirrors, but really limiting taxes is the challenge. And so what makes you so certain that this is the magic bullet?

LIPPINCOTT: Well, first off, we all know that tax revenue, 47% of it comes from property taxes. We know that. 28% comes from income taxes. We know that. 19% comes from sales tax, 6% corporate tax, 6% excise tax. So that's where we get all of our money. So I hear you loud and clear. The one thing that we have to remember is that Nebraska is number four in the nation and we're number one regarding the red states in terms of our property taxes. Illinois is number one, New Jersey is number two, Connecticut number three, and we are just slightly behind Connecticut in terms of property taxes. And I understand, Nebraska is an agricultural state, what's there to tax? Agriculture and land. I get that. We live in "realsville." So what this does-- and we also know that TEEOSA doesn't seem to be working very well. 245 different school districts in Nebraska, and what is it, only 60 of them right now are getting TEEOSA money. That's not right.

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So something needs to change, and this bill right here at least says we need to look at another option. And, again, I'm just making-- trying to make it simple and I am--

von GILLERN: Thank you.

LIPPINCOTT: --going off onto something else, but, you know, TEEOSA, get rid of that, pay for the school teachers, boom.

JACOBSON: Well, I would just make one other comment. Yesterday, we were here until 7:30 last night, primarily because we, we dealt with a bill which is going to increase sales taxes. And the room was filled and they weren't for proponents of increasing sales taxes. And, and so nobody could, nobody, I'm broadening the base, and nobody could afford it, nobody. Property taxes-- evidently, everybody can afford property taxes, I guess, because that's what always gets dumped on so I-- I'm very sympathetic to your cause. I'm just concerned that maybe this isn't-- I'd like to see something that really we can sink our teeth in and say this is going to absolutely help and be better than maybe what we're trying to see in place right now, which is limiting the growth and, and looking at it from, from the standpoint of inflation, growth, and public service, the things that we tried to include in LB34.

LIPPINCOTT: Yep. If I may respond to that very briefly?

von GILLERN: Quickly.

LIPPINCOTT: And that is, first off, we, we know that while we're here, there's resistance to any kind of change, good change, bad change, any change, always resistance. So we know of that. And the thing that I always like to tell people when we're out there giving our little speeches, government needs to promote productivity, not penalize productivity. And a lot of our taxation penalizes productivity, and it should not. So read between the lines. We should not be penalizing our farmers and our homeowners. You know, I've, I've read the statistic that 40% of Nebraskans don't pay property tax or income tax. Now, some people will say, well, does that include kids? And I would say, quote to me, Winston Churchill, I only believe in statistics that I doctored myself. But truth of the matter is, not everybody pays property taxes and income taxes. So they're, they're-- they do enjoy driving on the roads, they do enjoy public schools, and they do enjoy protection from the police.

von GILLERN: Let's see if there's any other questions.

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LIPPINCOTT: And I'll waive my close to go back to committee.

von GILLERN: OK, just one clar-- more-- one clarification before you left-- before you leave. Your statistic about being, and I hear this all the time, fourth in the nation, worst property taxes, before state property tax relief of \$1.2 billion. So that is, that is the number. We are ranked fourth without consideration of the \$1.2 billion in state property tax relief, which takes us down into the mid to low 30s. So I-- not inaccurate, but maybe--

LIPPINCOTT: Not fully--

von GILLERN: --missing, missing a fact there.

LIPPINCOTT: --disclosure.

von GILLERN: They're not fully addressing it, so. Anyway, all right, thank you, Senator Lippincott.

LIPPINCOTT: Thank you, sir.

von GILLERN: We will invite up our first proponent. Good afternoon, Mr. Kagan.

DOUG KAGAN: Good afternoon, Senator. Doug Kagan, D-o-u-g K-a-g-a-n, Omaha, representing Nebraska Taxpayers for Freedom. Over the last 100 years, the assessed valuation of Nebraska urban and rural properties has fluctuated wildly. Prior to 1920, property taxed at 20% of actual value, from 1921 to 1952, taxed at 100% of actual value, from 1953 to 1955, 50% of actual value, from 1956 to 1957, 50% of base value, from 1958 to 1980, at 35% of actual value, from 1981 to 2026, 100% of actual value. However, ag land percentages have dropped 80% from-- to 80% from 1991 to 2006 and to 75% from 2007 to the present, with no corresponding urban reduction. In 1967, the state property tax disappeared, shifting additional reliance on local property taxes. Meanwhile, the inflated urban housing price bubble has burst, and in 2025 average ag land values fell by 2%. Yet, property valuations continue to spike leading to higher property tax burdens. Our state property tax system is archaic compared to other states. They are utilizing a variety of mechanisms to combat rapidly rising property valuations and resulting tax burdens on residents, including assessment caps, legislative rate rollbacks, and increased exemptions. Examples: Georgia lawmakers approved a 7% annual cap, California limits annual increases to a maximum of 2%, Michigan limits annual growth and taxable value to a lesser of 5% or inflation rate, Alabama

enacted legislation that caps increases in assessed values on residential and commercial property to 7% of the assessed value from the prior year and limits the annual increase in taxable assessed value for most real estate. The cap resets to full market value only if there's a change in ownership, significant improvements, or change in property classifications. The Florida Save Our Homes constitutional amendment caps primary homeowner property assessment increases of 3% or the CPI, whichever is lower. In Indiana, a 1% cap on property values for homestead properties, a 2% cap for other residential property and farmland, and a 3% cap for other property types. Nebraska taxpayers have no more patience. We have waited too long. Time to shift the tax load. Ten states, including neighbor South Dakota, rely on consumption taxes, and enumerate them there, for more than half of their total tax revenue. Sin taxes provide from 4.6% in Texas to 16% in Rhode Island of total state revenue. Nebraska should join the crowd. Thank you.

von GILLERN: Thank you, Mr. Kagan. Questions from the committee? Thanks for the-- I had no idea the, the history that you shared in the first paragraph. That's pretty fascinating. We've been all over the board in the last 100 years on, on--valuations. The-- so you talk about caps in all these other states. We have caps. What's wrong with our caps? That's a softball I'm throwing you, by the way.

DOUG KAGAN: They're not working because in other states what they're doing is they're shifting the tax load from major reliance on property and income taxes to consumption taxes. When I say consumption taxes, it's not just sales tax, which some people confuse it as, but it's excise taxes, sin taxes, nuisance taxes. If you go back through American history to the 1700s and 1800s, that's how a lot of states in the national government raised taxes by consumption taxes and excise taxes. So they're actually shifting the tax load. We're not doing that. Our property taxes are staying high.

von GILLERN: OK. All right, thank you. Seeing no other questions, thanks for being here.

DOUG KAGAN: OK.

von GILLERN: Next proponent. Good afternoon.

ERIC UNDERWOOD: Good afternoon, Chairman von Gillern, members of the Revenue Committee. My name is Eric Underwood, spelled E-r-i-c U-n-d-e-r-w-o-o-d, and I am here today as a private citizen, although

many of you know that I'm also working on other activities for engagement with the populace. But today I want to be in support of the two senators that are the sponsors of LB1183, and next week LB1182. Before I continue further, I felt very compelled today to use a verse in how to prepare for today. So Proverbs 12:25 says: worry weighs a person down and an encouraging word cheers a person up. Senator Jacobson, I'm going to give you an encouraging word. Listening to your test-- listening to your response to Senator Lippincott was probably the first time that I felt somebody has taken down a logical analysis beyond just numbers. And I so appreciate that. Because this is what the people of Nebraska are telling us, is we're going through the state, and the us is, obviously, a petition process. In this situation, you have one-half of what we call the apple plan, the 50% reduction on the taxable amount of property valuations. Now, the secondary pieces of paper, the addendums into my testimony, also gives, very similar to Mr. Kagan's, references to property taxation valuation increases, which over the last 5 years, just taking a few of the metrics, have increased dramatically. And as you astutely indicated there, the multiplication in property taxation is what is the challenge for people, and this is what we're hearing. We have been across the state collecting signatures for our petitions, and the first thing that they say is we have no opportunity to fight this. We have no solutions to stop what is occurring to our tax bill, the final dollars that we have to pay. And when you add in the fact that the efforts would have to be at the local level to go see every single school board, we have 400 or we have 245 school boards, all the towns, all the city councils, county commissioners, NRDs, educational service units, taxing authorities, power boards, let alone if they didn't like who those individuals were and how they budgeted, they'd have to go through the election process and try to get themselves elected, the people are done. And as what Senator Lippincott is indicating in this bill is that the lever to change everything is all in the statutes. And that's where the premise of this starts with, a people first mindset to change in the statutes. This bill does one thing and one thing only, and that's what it's meant to do: cut the property tax dollar amounts for the people of Nebraska. There is a conversation that needs to happen about levy-- about the levy maximum authorities that are in 77-3442, 443, and even the ability for those taxing authorities to do special elections and go to the vote of the people. But at this point, we have to start with the process, I believe, that is the people first. And so I ask you to support this bill so the conversation can continue. And you 8 basically are 17% of this body of

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49 people. In essence, I'm petitioning you to have all 49 have a conversation through this lens--

von GILLERN: [INAUDIBLE]

ERIC UNDERWOOD: --first.

von GILLERN: Thank you. Any questions from the committee members?
Senator Murman.

MURMAN: Thanks for coming in. So, so if I understand you correctly, we have levy caps, but now with the revenue reductions, property taxes would be controlled in that manner?

ERIC UNDERWOOD: Well, as, as Senator Jacobson astutely said, we have maximum authorities that are in 77-3442, 443, and airport authorities are in 3-405. That's what gives them the ability to tax and also a ceiling, as I call it, maximum authority. You are, you are exactly right, that most of the taxing authorities, the 1,700 of them, not school boards, are at about half of their levies. But you need to understand that you also have two different types of counties out there. You have two different classifications of cities out there. The ones that are not halfway up, the ones that are actually almost to their, their tax authority maximums are school systems, which are \$1.05, but also ones that I consider single service: your NRDs, your airport authorities, your rural fire departments, and one unique one called the metro-- rural metro transit authority. Their ability to tax the ceiling is really, really low, like a penny and a half, 4.5 cents. The rural fire department is 10.5 cents, most of them are already at their ceilings. So that's the conversation that may need to happen as well when you look at those, those singular service taxations, those entities, maybe they need more room. And the other ones need to have the maximums reduced, so they don't do this. And the reason you would do it that way, Senator, and, and the rest of you, is because that would then still view this from the people first. You would protect the people from taxing authorities doubling their levies to offset the reduction of the property valuation. And thank you to Mr. Kagan for indicating that property valuation percentages have moved throughout the years.

von GILLERN: Thank you. Any other questions?

JACOBSON: Probably. I just--

von GILLERN: Senator Jacobson.

JACOBSON: Thank you. Thank you. I'm going to still stay primarily in a listening mode just so-- just to reassure you. The-- I, I do appreciate what you're trying to do here. I mean, it is going to take some real pain at some point here to get action. I will tell you that watching down here listening to the lobby, particularly on LB34, I don't know how many times we went back and forth. What's so difficult about this? Inflation and growth. Oh, but we've got the special needs people. All right, let's factor in something there. Well, then it's public safety, and that is-- that loophole you can drive a truck through, OK? And that one clearly needs a lot of work. And, and one of the problems is that, just like with school districts, there's new-- there's no-- not two that are identical. OPS is a lot different than McPherson Public School. One has 53,000 kids, one has 53 kids. I would also tell you that when you look in one school district here in northeast Nebraska, I think their, their, their school mill levy is, is under 30 mills, OK? That's pretty rare, OK, and it has to do with the wealth and the size of their school district and the wealth of the value of the property within the school district. This is far from homogeneous, and that's what makes this so difficult in terms of trying to get our arms around it. But by doing what you'd be doing, there would be significant mill levy increases to the extent that they could. And those that get maxed out, they will be down here in the Rotunda talking about how we can't make this work. And it's a matter of who's going to blink first. And as you've said, you also have single-purpose entities that are going to need some relief and probably the question is going to be which do you approve first, you know, because that's what we're going to run into. I mean, are we, are we on the same plane here? Is that--

ERIC UNDERWOOD: 100%. And I agree. What I've, what I've determined as I continue through this process, diving into the statutes, is that I would say that there's entities that have multiple services, cities, counties, and you have ones that are single-service providers. School systems are a totally separate conversation because you also have schools, educational service units, the learning communities that are in the, the metro area of Omaha, you had community colleges, and, of course, the university. Separate conversation. And most of those are already up to their, to their caps anyway. You are correct that those singular service ones, which I consider to be the airport authorities, the rural transit fire-- rural transit metropolitan, which goes back and forth between Council Bluffs and helps out with those of disabled, airport authorities, and the rural fire departments. They need help regardless of whether these property taxes are cut in half or not. You

have 410 rural fire apartments. But, again, you've made the astute awareness that the one-size-fits-all model of how to fund 1,700 taxing authorities, you will never find the answer to this. You won't. So if you take it from the lens of the people first, that's where the process starts. And I would continue further if I can get-- have, have just a few more seconds here. If you take it from the mindset that the people come first, you then go down the path of 77-3442 and 3443, and protect from special elections that might allow for, for raising of those. Because in the end, the people of the state that we're talking to, and I think you're hearing this over and over again, they can't afford-- it doesn't matter what percentage we are or what percentile we are in the state or across the country, they can't afford. The average person-- the average home-- household income is \$83,000 in the state of Nebraska. It has not caught up with the inflationable dollar amounts that these taxing authorities use. And the-- 75% of our population is under 125,000 households. That's before taxes. So even if you backfill in from their sales and income, they're sitting at a point going, I can't-- I don't have the income for this anymore. I welcome further conversations on this, sir, and thank you so much.

VON GILLERN: Thank you.

JACOBSON: I'm done.

VON GILLERN: Thank you both, appreciate it. Senator Sorrentino.

SORRENTINO: Thank you, Chairman von Gillern. If you'd bear with me, there's a question here.

ERIC UNDERWOOD: Absolutely.

SORRENTINO: It seems to me that if the state of Nebraska were a tax return, that we do our tax return in reverse. We start out at the bottom and we decide what we want for our refund or what we, what we need, and then we fill it in backwards. Well, we need this much wages, we need this, this much appropriations. I mean, I would love to do my tax return that way. I'd start off with a \$1 million refund, I'd just work backwards. So that's what we do here, because we have all these taxing authorities who get their say, and, oh, we've got to come up with, you know, \$1 billion, and we fill it in and we end up with high property taxes and the function of the levy and, of course, the assessed value. So how does LB1183 allow us to start our tax return at the top and work down in more of a defined contribution mode? This is all we have to spend, we're not spending anymore. Does LB1183 help me?

ERIC UNDERWOOD: It doesn't, because a lot of what the taxation is on most of those-- a lot of the, the budgetary items in those taxation authorities, such as cities and councils, those are statutes. It's part of the definition of what they have to do. The term is unfunded mandates. And whether you pay for them or the people pay for them, they're getting paid for it because it's a required part of their budgets. And in the end, it does get paid for. There's not a single--

SORRENTINO: Too many leviars.

ERIC UNDERWOOD: Too many leviars with, with not enough control levers. And to that point, if you create an unfunded mandate, whatever that dollar amount equates to in the size county differential, whether it's Omaha or, or Banner County, they still have to get the money from the people.

SORRENTINO: So if LB1183 doesn't help, though, why do I want to be for it?

ERIC UNDERWOOD: Because that's where the conversation starts. You can add more into this if you so choose to, to create those opportunities. You could reduce down unfunded mandates that would allow them to absorb the 50% reduction in their property valuation. But if you cap it, if you say you have to do this, but you also are capped at 2% revenue, then what is the county supposed to do?

SORRENTINO: So LB1183 is a conversation starter, but not a solution?

ERIC UNDERWOOD: There is additional solutions and that's where LB1182 comes in.

SORRENTINO: OK. And we don't want to talk about that.

ERIC UNDERWOOD: I understand.

von GILLERN: Thank you. Any other questions? Thank you, Mr. Underwood, appreciate it.

ERIC UNDERWOOD: Thank you all very much.

von GILLERN: Next proponent. Are there any other proponents? Good afternoon, Mr. Seybert.

ALAN SEYBERT: Good afternoon. Alan Seybert, A-l-a-n S-e-y-b-e-r-t. I'm a member of Nebraska Taxpayers for Freedom. I've been researching the

property valuation process for a few years and discussing changes with some of you senators and your aides. The attached pages are the reasons why changes are needed. I have the idea-- I like the idea of lowering the acceptable range. But my first impression of LB1183 was that cutting the ranges in half was too drastic and that it could not get enough support. That impression is wrong. Most property values in Douglas County do not change every year. Some remain unchanged for 2 to 3 years, while many properties have seen extreme valuation increases every year for the last few years. I saw the same-- I've seen the same things in Sarpy County and Lancaster County. My point is that the effects of this bill on tax revenues would be mitigated if county assessors reassessed every property every year subject to this range. Property values would see-- would still see significant percentage increases, but the dollar impact would be much smaller. I expect you have heard and will soon hear many comments against this bill. I regret not having the opportunity to dispute those comments in the presence of this committee.

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

TOM NESBITT: Chairman von Gillern and members of the Revenue Committee, my name is Tom Nesbitt, T-o-m N-e-s-b-i-t-t. I'm here as a private citizen. My career in public safety taught me the value of stability, but as we travel across the state, I met, I met a retired couple in western Nebraska who is absolutely terrified. They told me that if their assessment goes up one more time, they'll be taxed out of their home that they've lived in for 40 years. Some critics say LB1183 will defund important services like public safety. That is a false narrative used to protect a broken system. One of the main drivers of local tax hikes is unfunded mandates, the tasks this body forces on counties without dollars to pay for them. It will not be easy to unwind the complexity of the property taxation system, but you must make this your highest priority. Which is why you must start with the people first. LB1183 cuts property taxes in half for the people of Nebraska. That's the only goal. And to continue the mindset of protecting the people from government, I'm encouraging you to look under the statutes like 77-3342, where the maximum authority to levy is set, essentially giving local boards a ceiling. LB1183 provides a 50% reduction that will be an immediate relief to all Nebraskans, including the renters. It forces local authorities to prioritize. If a county has to choose between a miscellaneous cost or a sheriff's deputy, they should choose the deputy. Taxing authorities have safety

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nets and insurance far greater than any citizen does. We must stop using the taxpayers as an involuntary rainy day fund for the state. This bill is a first step in a process, and the conversation continues with the state-funded teacher salaries. But this committee's job is to lower the tax. I want to thank Senators Lippincott and Lonowski, excuse me, for their leadership in protecting Nebraska families. Thank you.

von GILLERN: Thank you. Any questions from the committee? Seeing none, thank you for being here, Mr. Nesbitt. Next proponent.

DANNA SEEVERS: Chairman von Gillern and the Revenue Committee, my name is Danna Seevers, that's spelled D-a-n-n-a S-e-e-v-e-r-s, and I'm testifying today as a private citizen in strong support of LB1183. Across our state, from Scottsbluff to Omaha and everywhere in between, Nebraskans are facing a crisis of economic survival driven by skyrocketing property taxes. Farmers are hit with land valuation spikes as high as 14% in a single year, threatening their livelihoods. Schools consume 60% of property tax bills, and the local effort rate is a dial that this Legislature controls in the state aid formula. Total property taxes have surged nearly 50% over the past decade, yet teachers and frontline workers haven't seen the benefits. Those gains have gone to school, administrative bloat, and noninstructional overhead driven by valuation spikes. LB1183 delivers the long overdue reset we need. By valuing all real property at 50% of its actual value for taxation purposes and reducing agricultural and horticultural land from 75% to 37.5%, this bill puts approximately \$2.6 billion back into the pockets of Nebraska families, farmers, and teachers. That's real relief. Think about a family keeping an extra \$3,000 to spend on groceries, home repairs, family outings, or even a new vehicle. This relief creates a virtuous cycle of retail growth, increased sales tax revenue, and job creation. This isn't just about cutting taxes, it's about prioritizing people first, putting the classroom ahead of bureaucracy, forcing school boards to build budgets based on what they should be, not what inflated valuations allow them to spend. School funding will be addressed through measures like LB1182, which will be discussed in the Education Committee next week. But this Revenue Committee can, right now, provide direct revenue relief Nebraskans desperately need. The people, not the 1,700 taxing entities treating valuation spikes like a lottery win, are the best stewards of their own money. The assessor is simply following the statutory rules. It is time for you to change those rules. I want to sincerely thank Senators Lippincott and Lonowski for their courage in sponsoring LB1183 and standing up for both our teachers and our taxpayers. I urge this

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committee to advance LB1183 to give Nebraskans the relief they've earned and desperately need. Thank you.

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

JACOBSON: I have one quick question, I guess. I made reference to the land sale in North Platte here that made the headlines, record sale, a billionaire comes in up here from Texas and pays an inordinate amount for ranch land. So how should the assessor go about assessing all the other ranch land in Lincoln County and the surrounding counties because of that sale?

DANNA SEEVERS: You're saying that the purchaser paid higher than it was worth or lower than it was worth?

JACOBSON: He paid many, many, many times higher than what it's worth.

DANNA SEEVERS: I, I don't have an answer for you.

JACOBSON: So what, what are we supposed to tell the assessor to do if we're going to try to fix valuations? What do we tell the assessor? How should, how should we put in statute that you have to take this sale into consideration? Because I can show you areas of state, all across the state, I think everybody here can point to a sale that somebody came in, whether it was Bill Gates, whether it was, I don't care who, and said I want this piece of property and they paid whatever they had to buy it. I would hope that would not be used as the common denominator for everybody else's valuation, because I can also show you areas of the state where, right now, I'm not sure you could get somebody to come in and buy land, buy farmland right now because they're not sure how they're going to make it work. So that's one of the other challenges that's out there on valuations and, and some of this could force a revaluation. And because-- I, I can point to ag property values that haven't gone up significantly in the last 5 years, even though the market value, what people have been willing to pay, have gone significantly higher, they're way beyond what you could ever try to farm out of it. And, and that's one of the other challenges that we have out here today is, is how we value the same thing with houses. People don't buy their house to sell it, they buy their house to live in it. And they can't afford to live in it because the value has gone so high. And it would be kind of a flippant answer for me to say, well, just sell your house and move into another one. But we've lived here 25 years, we're not going to do that. So that

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also would seem to me would be part of the equation. Do you have any response to that?

DANNA SEEVERS: I do. And I-- my response would be, that's why they pay you the big bucks. And at the end of the day, it's in statutes. You have control of the levers on the statutes, and so I would challenge and charge you, our leaders, to take that very concern. And you're a very smart person, and you're already on it. You're already thinking like-- already thinking of this issue. And you answered it kind of yourself in the very first phrase that you said: statutes, it's statutes. It's in the statutes, which you control the levers on.

JACOBSON: You grossly overestimate.

IBACH: His effect on 33 people.

von GILLERN: I'm going to call time out before anyone else speculates on Senator Jacobson's abilities. Seeing no other questions, Ms. Seever, thank you for being here.

DANNA SEEVERS: Thank you.

von GILLERN: Seevers. I'm sorry, I mispronounced your name. Thank you for being here. Any other proponents?

DOUG FITZGERALD: Well, good afternoon again, Senator von Gillern and members of the Revenue Committee. Thank you so much for your time again for hearing us all out and, and allowing us this time to be able to share, which is so important, and I wish more people would do it. My name is Doug Fitzgerald, D-o-u-g F-i-t-z-g-e-r-a-l-d, and I'm a private citizen here today, and I am testifying in support of LB1183. Over the past several months, I've had a chance to hear from hundreds and hundreds of Nebraskans regarding property taxes. And one feeling keeps arising to the surface: a quiet, growing sense of betrayal. And they are sick and tired of it. And I'm sick and tired of it. Let me give you a real-life example. I met a couple who worked hard to pay off their home mortgage, only to feel like they're still renting it from the government. They told me, we thought once the mortgage was paid, we were free, but the taxes just keep climbing. Their social security isn't keeping up, their expenses are rising, and they're scared. And this hits hard for both the young and the seasoned. When someone has to choose between basic necessities and keeping their home because of their rising property tax bill, that's not just unfortunate, in my opinion, that's wrong, and it's very avoidable. You

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now have the historic opportunity to fix this. Statutes like 77-201, which mandated 100% of the valuations were created in this building. And that means they can be reset here. LB1183 offers a 50% reduction in valuations. It's real direct relief that tells Nebraskans this: you matter more than the machine. Your home is not collateral for unchecked government growth. This isn't about punishing local governments. It's about restoring balance. No taxing entity should have a guaranteed right to a budget that overwhelms the very people that foot the bill. I'm so grateful for Senators Lippincott and Lonowski for leading and having the courage and compassion to lead this. And I'm asking you to join them and to protect our homeowners who are feeling very lost right now and very betrayed. Let's restore their trust. Let's protect their homes. And let's do this through the lens of the citizens of the state of Nebraska. Thank you so much for your consideration on this.

von GILLERN: Thank you. Any questions from the committee? At the, at the risk of violating my own policies. I hope this same level of energy, and I hope the hundreds and hundreds of people that you speak with, that you encourage them to take this same of energy to their school board meetings,--

DOUG FITZGERALD: Yes.

von GILLERN: --to their county meetings,--

DOUG FITZGERALD: Yes.

von GILLERN: --to their NRD meetings, to all of those meetings.

DOUG FITZGERALD: Yes.

von GILLERN: And one of the previous testifiers mentioned that that was too hard. It's too hard to chase, to go to all these meetings and chase all these people down. And I, I think of a short response to that that I won't utter on public record, but it is, it is where the, yes, we have the authority to, to, to over-- to set the statutes around these other organizations, but that is where the grassroots work needs to be done. Do you agree?

DOUG FITZGERALD: I completely agree.

von GILLERN: Thank you.

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DOUG FITZGERALD: Through my podcast that reaches hundreds and thousands of people, I've encouraged this. As a matter of fact, we had people attend the Lancaster County Commissioners meeting for the very first time because I encourage them to step up,--

von GILLERN: Great.

DOUG FITZGERALD: --do something about this. There's going to be pain at some point where they're going to have to deal with it anyway. Now is the time to step and I want to encourage everybody to do that.

von GILLERN: Thank you.

DOUG FITZGERALD: You bet.

von GILLERN: Appreciate that, Mr. Fitzgerald.

DOUG FITZGERALD: You bet.

von GILLERN: Thanks for being here.

DOUG FITZGERALD: You bet.

von GILLERN: Next proponent. Are there any other proponents? Good afternoon.

BRUCE RIEKER: Good afternoon, Chairman von Gillern, members of the committee. My name is Bruce Rieker. It's B-r-u-c-e R-i-e-k-e-r. I'm Senior Director of State Legislative Affairs at Farm Bureau, here on behalf of the Nebraska Cattlemen Farm Bureau, Pork Producers, Renewable Fuels Nebraska, and a late add-on, the National Federation of Independent Businesses in support of this. This is not our preferred option. We've talked about similar things when a different bill, Senator Brandt's bill to lower ag land valuations was heard last week, I think. But we are supporting it because it will provide some relief, but I will also say that you've all touched on it already, that that relief will be fleeting because of inflationary growth and valuations as well as levy adjustments. I'll reserve most of my comments, if not all of them from here, unless you have questions, to a hearing that you're going to have on a couple other bills here later this afternoon.

von GILLERN: Very good, thank you. Any questions? Seeing none, thank Mr. Rieker.

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BRUCE RIEKER: Thank you.

von GILLERN: See you soon. Any other proponents for LB1183? Seeing none, are there any opponents to LB1183? Welcome, Mr. Cannon.

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 respectful opposition to LB1183. We appreciate Senator Lippincott bringing this bill. We always appreciate the opportunity to talk about valuations and, and rates and taxation and, and how all these things interplay with each other in front of this committee. A very wise person once told me last year that this is a math problem. And Senator von Gillern rolls his eyes, so I'll just leave it at that. And sometimes it's arithmetic and sometimes it's algebra. Very rarely is it calculus, and, and I'm happy to have that conversation later. But if you pull this lever here, it moves something else over there. You guys have heard me say this before, that valuations are a function, but they are not the driver of your property tax bill. The, the very simple formula is valuation times rate equals tax. And if we're solving for X, if we're solving for the required revenue-- and, again, the Constitution of the State of Nebraska says the necessary revenue of the state and its political subdivisions shall be levied by taxation in such a manner as the Legislature shall direct. But if we need to solve for X, the necessary revenue for a political subdivision, then the valuation is just one part of it. The rate is the other part. And so another way to put that formula, the tax request divided by the valuation will equal the rate that you have to get to. So if we know the moneys that we have to, to raise-- and, and, oh, by the way, the moneys that counties have to raise are for roads, bridges, law enforcement, jails, courts, elections, and the infrastructure that goes into county government. You guys are familiar with that. Oh, by the way, things that we're required to do through our statutory obligation, you have to solve for that. And so as, as a levy, as taxable value drops, the levy rate will increase to make up the difference. And, and, again, that's just the math. The sheet that I handed out, it shows you who all would be over that 25 cents. And so, again, we have a 50 cent constitutional levy lid. And so if you're under 25 cents, you double your levy rate and you're going to tax-- raise the same amount of revenue as you always had. There are 46 counties that would get to 50 cents immediately, and so that's going to cause them some pain. Some of them are going to be very, very close, and so they'll have to make some uncomfortable adjustments to their budgets. There are a number of

counties that are going to have to make really difficult decisions. So instead of six people in the treasurer's office, you know, maybe it's five or four and the line gets a little bit longer going out the courthouse and people complain about that. But what I can tell you, though, is that our experience, and I got this from a Madison County Commissioner today, is that the first people to complain about their taxes are also the first people to, to complain about the quality of the roads. At its heart, tax policy, and you guys have heard me say this before, too, at its heart tax policy is what do you need to pay for? Who do you want to pay for it? Answer those two questions and the whole thing unfolds from there. We have already decided as a state that local issues, local taxing items are those things that should be paid for locally. So what do you want the prop-- I'm out of time. I'm happy to take any questions you may have.

von GILLERN: I'll, I'll ask, did you have a finishing thought?

JON CANNON: Yes, sir, I do. Thank you. So the question becomes, what do you want the property owners of the state to pay for? For counties, it's very, very simple. You tell us what that is, we go out and do it. And that is the conversation that will have a more fundamental effect on the property tax than any other conversation we have. What do you want local government to do? Tell us what it is. We'll go out and do it to the best of our ability. And not only that, we will do that in as cost-efficient manner as we can. I had one other comment about the rankings, but I'll, I'll just leave it at that.

von GILLERN: You can save that. It sounded like to me that Senator Lippincott was addressing the school, the half, the half that would be missing would be paid for over here under the other bill, and that would take care of schools, and maybe he was leaving counties alone. Is that not your impression or

JON CANNON: Yeah, there's no legislation that would address any kind of backfill for what counties have to do, so we would be utterly at the mercy of, of where our levy rates can go.

von GILLERN: The bill in its current form does not indicate that, or does not address that.

JON CANNON: No, sir, it does not.

von GILLERN: The 50% cut in valuation would be a 50% haircut for the counties.

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JON CANNON: Or levy rates rising commensurately.

von GILLERN: OK.

JON CANNON: Yes, sir.

von GILLERN: Thank you. Senator Jacobson.

JACOBSON: Well, first of all, I was hoping maybe you'd wear a vest today, because I did see something out there on social media that showed you in a vest, and that was pretty dapper looking.

JON CANNON: Next time.

JACOBSON: Next time. I, I guess you might be suggesting then with this passed that probably the inheritance tax bill that Senator Clements has is probably out the window, but the--

von GILLERN: I don't think we're having a hearing on that today.

JON CANNON: I, I have so many opinions, but I'm going to follow the lead of the Chair.

JACOBSON: I, I, I guess, I, I look at this in terms of, I'm also-- I believe in what you said in terms of I think taxes ought to be paid primarily by the users. And, and that I don't know that the state should be paying for local county needs or local city needs, that should probably happen locally. But when we look at fee structure, what would jump out to you as probably the fees that-- because we also limit, I believe, the Legislature does, on the fees that counties can charge or the amount that they can charge. Anything jumping out at you that would help you in terms of revenue to really take some pressure off of property taxes?

JON CANNON: Sure, and almost anything involving law enforcement is probably going to be the, the, the number one issue. There are-- and, and I, I couldn't tell you which one goes with which. There are some statutes that we have, we have put into place, we-- the Legislature has put into place, that go back to 1947. And it says: and the county sheriff shall collect a fee for this thing that they're going to do. I, I can do that math. Over 80 years, you know, the, the \$2 for a distress warrant doesn't, doesn't even cover the cost of turning--

JACOBSON: [INAUDIBLE]

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JON CANNON: --on the car, you know. And so as far as anything related to law enforcement, a lot of those are very, very old. The '40s, the '60s, you got a couple that get into the '80s, and that, that's really-- and, and there's some that are like 2013, I think, but a lot of them are very, very old and have not been updated in a long, long time.

JACOBSON: So it, it seems to me that the counties have potential fees that they could generate some additional revenue if we gave you the authority to do it. Cities have local options sales tax, in many cases not all do it, that can also augment what their revenue sources are. But, unfortunately, too many of the local political subdivisions rely almost exclusively on property taxes and therein lies the big problem.

JON CANNON: Yes, sir, that, that's-- I mean, I, I couldn't put it any better myself.

von GILLERN: Well, thank you.

JACOBSON: I won't try to improve on that then.

von GILLERN: Neither will I. Seeing no other questions, thank you, Mr. Cannon.

JON CANNON: Thank you very much.

von GILLERN: Next opponent. Good afternoon.

COURTNEY WITTSTRUCK: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Courtney Wiittstruck, C-o-u-r-t-n-e-y W-i-t-t-s-t-r-u-c-k, and I'm the Executive Director of the Nebraska Community College Association. I'm here to testify on behalf of my member colleges in opposition to LB1183. So although community colleges are not expressly referenced in this bill, the valuation reductions it proposes would directly affect them. In 2023, the Legislature shifted most of community college funding from property taxes to state funding, but colleges retained a limited capital levy capped at 2 cents. That 2-cent levy is the only public funding available to community colleges for capital needs. As you know, when the taxable valuation base is reduced, that same 2-cent levy produces less revenue. Unlike other public higher education institutions, community colleges do not have-- do not receive state funding for deferred maintenance or other capital renewal. The 2-cent levy is the only tool available to them. Community colleges operate Nebraska's frontline workforce infrastructure, including welding labs,

nursing, and health simulation spaces, diesel and manufacturing shops, and technical classrooms. When capital funding is constrained by a fixed levy cap and a reduced valuation base, colleges may be forced to delay necessary repair and replacement, forcing emergency repairs at premium prices, and interrupting the vital workforce training and education they provide to their local communities. Community colleges also have outstanding bond obligations issued under current valuation law. These bonds require fixed debt service payments and the levy supporting them remains capped at 2 cents with no ability to increase rates to offset valuation reductions. It has been suggested that future valuation growth could absorb these reductions. From a bond law perspective, valuation growth is not a reserve and cannot be carried forward. Reducing the tax base while keeping levy authority capped applies prospectively for the remaining life of the bonds, narrowing debt service and increasing financial risk. This interaction also raises constitutional concerns as Nebraska law prohibits impairment of existing contractual obligations. Actions that weaken the revenue structure supporting outstanding bonds increase legal and financial exposure. Community colleges share the Legislature's interest in property tax relief. We respectfully ask, however, that the committee consider how valuation reductions impact existing bond obligations and statutory levy limits. Thank you for the opportunity to testify and I'd be happy to take any questions.

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

CONNIE KNOCHE: Good afternoon, members of the Revenue Committee. My name is Connie Knoche, C-o-n-n-i-e K-n-o-c-h-e, and I'm a senior fellow at OpenSky Policy Institute. We're testifying in opposition because we're concerned that the bill will lead to a loss in revenue to schools and that, in turn, it will likely lead to cuts to K-12 education in ways that jeopardize the quality of education and higher property taxes for many Nebraskans. By our analysis, if this bill had been in place and fully implemented in fiscal year '26, levies across the state would have had to increase 94 cents and school districts would not have been able to make themselves whole without an override vote. We modeled the impact of the proposed '25-26 state aid by lowering the adjusted value used in the TEEOSA formula and went-- '25-26 state aid was certified 50 out of 245 schools were equalized and all school districts received state aid in Nebraska. But if LB1183 had been in place when state was certified-- state aid was certified, 181 districts would have received equalization aid so there would have been an increase in schools getting equalization aid and the total

state aid would have increased by an additional \$1 billion for a total of \$2.2 billion. We modeled the impact of the bill on property taxes by reducing the assessed value and recalculating the levies. And using the lower assessed values, we recalculated the levies and the average increase in the levies for school districts would have been 94 cents. The range would have a 50 cent increase in Johnson-Brock and as high as \$2.77 in Shickley. By reducing the, the most recent assessed valuation of ag and horticultural land to 36% and all other real property to 48% of actual value, 241 school districts would have had to exceed their \$1.05 maximum levy limit and would have had to increase their property tax levies by as much as they could and then they would have to cut services. This would likely wipe out, wipe out any tax cut from lowering valuations and raise taxes significantly for all property owners. And for these reasons, we oppose LB1183.

von GILLERN: Thank you for your testimony. Questions from the committee? Seeing none, thanks for being here today. Next opponent. Good afternoon.

SHANE RHIAN: Good afternoon, Chair von Gillern and members of the Revenue Committee. My name is Shane Rhian, S-h-a-n-e R-h-i-a-n, and I'm the Chief Financial Officer for the Omaha Public School District. I'm here today on behalf of OPS in respectful opposition to LB1183. While we appreciate the efforts of this committee, the Legislature, and Senator Lippincott to reduce the burden of property taxes on all Nebraskans, this bill and the resulting reduction in valuation of property for tax purposes would be detrimental to not only Omaha Public Schools, but all school districts statewide. School districts in the state of Nebraska already have three significant statutory limits on their budgets, a \$1.05 hard cap on the local property tax levy, a limit on the growth of the budget authority and related expenses, and a 3% soft cap on overall revenue growth. LB1183 will dramatically reduce land value for tax purposes, effectively lowering property tax revenue by nearly 50%. Cutting property tax revenue in half would be catastrophic for school districts without a corresponding increase in state aid and, therefore, would dramatically increase school districts' reliance on state aid. The Omaha Public Schools has consistently opposed legislation which further shifts school funding to the state. The reason for this is very simple: TEEOSA already consumes a significant portion of the state budget. Because of that, the Legislature has historically adjusted TEEOSA as part of its comprehensive budget. budget changes to balance its budget, which creates uncertainty and risk for schools who can achieve maximum cost efficiencies through long-range planning. By way of

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example, prior to the adoption of-- in 2016 of LB1067, which repealed the common levy, the Omaha Schools' budget was funded 45% by state aid and 55% by property tax. These numbers are now reversed. Our opposition has not been misplaced. Today, our state is facing a significant budget shortfall. This legislation would dramatically increase the amount needed to be appropriated to fully fund TEEOSA with the dramatic decreases in local resources available to school districts. Future school funding from the state is already in risk. The Education Future Fund, which was celebrated just a few years ago as transformative for our schools, now faces significant funding challenges, which are likely to be compounded in the coming years. And the current trajectory of those challenges are predicted to result in a depletion of the Education Future Fund somewhere around state fiscal year 2028. School districts currently have no other mechanisms to raise revenue to fund the operation of their schools and a reduction in property tax revenue would quickly erode their ability to provide a quality education to students and families they serve and the communities relying on a future educated workforce. School boards have been empowered to manage their school districts based on the unique circumstances that each faces. The Omaha Public School Board of Education takes seriously its responsibility to be good fiscal stewards of taxpayer dollars.

von GILLERN: Thank you, Mr. Rhian. The handout that we received is with regards to LB1219 and LR317CA.

SHANE RHIAN: Oh, I apologize.

von GILLERN: I just want to make sure if you've got a handout for LB1183.

SHANE RHIAN: I do have that, so I'll, I'll get that to the clerk.

von GILLERN: I presume your comments are very--

SHANE RHIAN: Yes.

von GILLERN: --similar for all three of the bills, which is fine. I don't call that out to, to embarrass you in any way. I just want to just make sure, if you had a different handout, that we got that also, so.

SHANE RHIAN: I do. My apologies, Senator.

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von GILLERN: Nope, that's no problem. We've got lots of paper around here. I've occasionally--

SHANE RHIAN: Yes.

von GILLERN: --done that, too, so. Any questions from the committee members? Seeing none, thanks for being here.

SHANE RHIAN: Thank you.

von GILLERN: Are you going to stay for the other two, or would you like this testimony to apply to the other two?

SHANE RHIAN: I have different testimony for--

von GILLERN: OK.

SHANE RHIAN: --the other one, so I'll stick around.

von GILLERN: OK, very good. All right, thank you. Next opponent.

JACK MOLES: Good afternoon, Senator von Gillern and members of the Revenue Committee. My name is Jack Moles, that's J-a-c-k M-o-l-e-s. I am the Executive Director of the Nebraska Rural Community Schools Association, also known as NRCSA. On behalf of NRCSA, I would like to testify in opposition to LB1183. While we share Senator Lippincott's concern over high property taxes, NRCSA is very concerned that the results of LB1183 would be disastrous for most, if not all, of our public schools. And in our eyes, we especially have that concern regarding our rural schools. TEEOSA, the state's current school funding plan, was not built to react to escalating property valuations, especially the ag land valuations. Once ag land valuation started to grow about 20 years ago, more and more of our rural districts fell out, fell out of equalization, and I think you just heard that this year 50, only 50 districts receive equalization aid. They lost all their equalization aid and had to turn to property taxes to keep pace. LB1183 does not fix this issue. It simply lowers valuations against which taxes are levied. LB1183 does provide for a clear vision of how funding would be provided for Nebraska schools. TEEOSA would likely have some changes due to lessening resources, but absent a plan for replacing funds to make schools whole, we cannot support LB1183, and we would encourage you not to advance the bill.

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

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JACK MOLES: Thank you.

von GILLERN: Next opponent. Are there any other opponents for LB1183? Seeing none, does anyone like to testify in a neutral capacity? Good afternoon.

DAVE WELSCH: Good afternoon, Senator von Gillern and the Revenue Committee. My name is Dave Welsch, D-a-v-e W-e-l-s-c-h. I am a farmer, ag landowner, and currently serve as President of the Milford Public Schools Board of Education. I've served on the Milford Board going on 28 years. For the past 10 years I have been actively involved in trying to bring about solutions to two state policies: property tax relief and school funding. I am testifying in the neutral position to provide information on this bill as well as others. And just for the Chair, I will not be back for the other bills, so.

von GILLERN: We will note your testimony for all three if you'd like.

DAVE WELSCH: Thank you.

DAVE WELSCH: I had some testimony on the-- you know, as Senator Jacobson pointed out, it's a pretty simple formula. You take the valuation times the levy, that equals property taxes. This particular bill only addresses the valuation side of it. And as many other testifiers have shown, that creates havoc within many of the taxing authorities in our state. So I will not go over that anymore. The intent of this bill is to reduce the tax burdens on property owners, which I very much support. But, unfortunately, has been pointed out, this is not the solution. It only addresses one piece of the equation. Also LB1182, which will have a hearing next week, I don't believe will be the solution on how to distribute the money that they're planning on doing, but that's for next week. If you are looking for a solution, I direct you to Senator Hughes's LB1038. It provides property tax relief for property owners with the highest levies. It brings levies down and closer together. Levies will end up between 30 and 50 cents. The levy lid drops from \$1.05 to 50 cents, that's how you get property tax relief, lower the lid, property tax relief. So if you're looking for a solution to property tax relief and school funding, I'd encourage you to take a look at Senator Hughes's LB1038. Thank you.

von GILLERN: Thank you for your testimony. Questions? Senator Jacobson.

JACOBSON: I, I guess-- I, I have looked briefly at Senator Hughes's bill. I-- if I'm not mistaken, it raids the money from the property tax relief fund to be able to buy down those levies, and that a lot of the high levy schools that are getting the highest TEEOSA funding today would also be the major beneficiaries of that shift in taking money out of the property tax relief fund. So I think there's-- that's where a lot of consternation is coming from, in terms of how do we fairly go about applying property tax relief? Is, is there something different that I'm missing?

DAVE WELSCH: Yeah, I believe so. Over the last, I'd say 5 to 10 years, we've distributed money for property tax relief and school funding, which has not been done in a way that provides relief where it should be, meaning that those funds were not targeted very well. Case in point would be the original tier one property tax credit. It's based upon the valuation that a person has, has nothing to do with the level of taxation that they have. So that's not targeted at all. Tier two is a little bit more targeted in that it's based on the school taxes that you pay. And so, therefore, the more you pay in school, general fund levies or taxes, the more money you're going to get in property tax relief. But those funds also went to schools that had very low levies already. So, again, why was the money going to very low levy school districts when it should have been targeted more heavily towards the higher levy school districts? And for the 10 years that I've been down here following this issue, when TEEOSA changes have been proposed, oftentimes they say, well, it looks pretty good, but why are we giving so much money to those low levy schools? You know, they're going from a 30-, 40-cent levy down to a levy in the teens or 20s. So we tried to address that in LB1038. And looking at the TEEOSA funding side, it's a complex formula, but it's not that complicated that most people can't understand it if they take the time.

JACOBSON: And when you say we, on LB1038, were you the architect of that bill?

DAVE WELSCH: I had a vast amount of input in LB1038, but it's really a compilation of input that I've received from probably over 100 people over the last 5, 10 years. It certainly is not Dave Welsch's bill. I've modeled probably hundreds of TEEOSA changes to see how they impact schools statewide. And, yeah, I'm from a rural school. Milford is a C1 school. We have about 800 kids. You know, we've, we've had a lot of TEEOSA models been proposed over the years. And I try to take a look at them, what's the best policy for the entire state of Nebraska?

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And I believe LB1038 is probably the best bill that's been introduced in a long time.

von GILLERN: It's a ringing endorsement for Senator Hughes's bill. Thank you, which we are taking very seriously. Thank you for being here today,--

DAVE WELSCH: Thank you.

von GILLERN: --Mr. Welsch. Appreciate--

DAVE WELSCH: Hope you get done sooner tonight.

von GILLERN: --always appreciate you. Any other neutral testimony? Seeing none, and Senator Lippincott waived close. So we had online comments for LB1183, we had 31 proponents, 8 opponents, and zero neutral testimony-- testifiers. So that will close our hearing on LB1183, and we'll open on LB1219, which will be a joint hearing with LR-- oh, I'm sorry, jumped right over LB1154. Sorry, Senator Riepe, are you here? OK. Got all excited there for a minute. Good afternoon.

RIEPE: Good afternoon.

von GILLERN: Welcome to the Revenue Committee.

RIEPE: Thank you.

von GILLERN: Go ahead.

RIEPE: Thank you. Good afternoon, Chairman von Gillern and members of the Revenue Committee. I am Merv Riepe, and that's M-e-r-v R-i-e-p-e. I represent Legislative District 12, which includes part of Millard, Omaha, and the little town of Ralston. I am here to introduce LB1154. I introduced LB1154 at the request of the League of Nebraska Municipalities and the Nebraska Association of County Officials. LB1154 amends Section 13-3403 of the Property Tax Growth Limitation Act to adjust how a political subdivision's property tax request authority is calculated. This act applies only to cities, villages, and counties. The Property Tax Growth Limitation Act was passed in 2024 during the first special session of the One Hundred Eighth Legislature. In 2025, the Legislature amended that framework through passage of LB647, which incorporated several provisions from LB242 that I introduced last session to address technical and implementation issues. LB1154 further refines the calculation of a political subdivision's preliminary property tax request authority.

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Specifically, it modifies how the growth percentage and inflation percentage are applied by removing the, and I quote, unused property tax request authority as described in Section 13-3406 from the list of exceptions that are subtracted when, subtracted when determining the base amount of these calculations. If unused property tax request authority is not removed from that calculation, cities, counties are effectively placed in a use it or lose it position. LB1154 allows political subdivisions to carry forward unused authority subject to the existing statutory cap and aggregate limit of 5% of the property prior years total property tax request authority under Section 13-3406. Importantly, representatives from NACO and the League of Nebraska Municipalities will follow me to provide additional testimony on how the current law operates and why this change is necessary and to explain this change in greater detail. With that, I thank you for your time and, and consideration. I will attempt to answer the questions that I might be able to, but maybe even better yet, behind me are representatives from the League of Nebraska Municipalities to explain in greater detail.

von GILLERN: Thank you, Senator Riepe. Any questions from the committee? Are you able to stay to close?

RIEPE: Oh, of course, yes.

von GILLERN: Senator Jacobson.

JACOBSON: I, I, I may ask it later, but I, I, I guess I'm, I'm looking at-- you look at the use it or lose it, but basically you use it now because you're going to increase the amount that we can carry over and we're going keep building up an ability to assess more. Even though we didn't spend it this year, we can do it next year or the year after. And maybe it speaks to the fact that the caps are too loose if you've got this excess capacity laying around. I mean am I missing something here?

RIEPE: I think that's a fair argument, that the question is, is it, is it to, to allow for those accumulations? I don't know, and I don't want to get out here too far on the limb on a subject that I'm not an expert on, but it would seem to me that there are some projects that might overlap periods of time, and you would need to carry that-- funds forward to the next period or the project goes on, the project has payment requirements and you've, you've passed your deadline date. That's my sense of it.

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von GILLERN: Thank you. All right, you're able to stay to close?

RIEPE: Oh, yes.

von GILLERN: All right, good deal. Thank you. We'll invite up our first proponent.

RIEPE: Thank you.

von GILLERN: Good afternoon again.

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, otherwise known as NACO, here to testify today in support of LB1154. Appreciate Senator Riepe bringing this bill on behalf of the League and the Nebraska Association of County Officials. You know, he's, he's been a great partner in all this. He also brought the bill that, that eventually went into LB647 last year. We've been very thankful for his efforts in making sure that the cap that we have is something that is manageable and, and, and doesn't have any unintended consequences. And so this is an additional clean up to LB34 from the 2024 special session. 2025, last year was the first real budget year that, that the caps were in place, and we quickly learned through the State Auditor that the 5% aggregate that we were allowed to carry over, that was definitely going to be a use it or lose it because what we do as part of the formula in LB-- Nebraska Revised Statute, Section 77-1334.03 is we have to deduct anything that-- any exceptions that we have been able to use in the prior year. And so if you have that aggregate of 5% of unused authority and you did not use it, we're subtracting it to get to our base amount for, for the next year. And so what that does is it incentivizes any political subdivision that has been keeping their levy low and they've not gone up to the maximum that they could have, it incentivizes them to say, we are going to the max because we know that it's gone the, the next year. And so we, we get into this recurring thing where we're going to, we're going to use that, that aggregate authority and we're not going to have it the next year and we are going to build it up and we will use it as soon as we've, as we've have. And so, again, to avoid the use it or lose it mentality, I believe we had a discussion as part of the valuation working group that was-- that met with the Governor. This is just a correction to make sure that, that we're not incentivizing people to, to take the max as much as they can. It limits the possibility of, of compounding in the additive sense in

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that it is a 5% aggregate total and you can never exceed that 5%. So that's, that's really the long and short of it. I know we have a long day of hearings, so I'll just leave it there and take any questions you may have.

VON GILLERN: Thank you, Mr. Cannon. Senator Ibach.

IBACH: Thank you very much, Mr Chair. Perfect example of this, I think, might be Dawson County.

JON CANNON: Yes, ma'am. Absolutely.

IBACH: Because they could have saved forward in the event of some kind of dysfunctional upset in their county, they would have that reserve, yet it would still be deducted if they didn't need it.

JON CANNON: Right. And, and, to your point, Dawson County, they were the first county that contacted us and said, is this really what we think it is? And we contacted the State Auditor and the State Auditor said, yep, it sure is. So that kind of really necessitated the need for bringing this.

IBACH: OK, thank you very much. Thank you, Mr. Chair.

JON CANNON: Thank you.

VON GILLERN: Other questions? Seeing none, thank you, Mr. Cannon.

JON CANNON: Thank you very much.

VON GILLERN: Next proponent.

MEG HARRIS: Good afternoon, Chairperson von Gillern and distinguished members of the committee. My name is Meg Harris, M-e-g H-a-r-r-i-s, and I appear before you today as a representative for the city of La Vista where I serve as the Finance Director. Section 13-3406 of the state's current property tax bill allows a political subdivision to levy less than its full authorized property tax amount in a given year and carry that unused levy forward to future budget years. If the subdivision instead chooses to use its full request authority in the year it is available, that amount becomes part of the base for calculating future levy limits. However, when a political subdivision elects to reduce the property tax burden on its residents and carry unused authority forward, the statute requires that amount to be subtracted from the base in the year following its use. This creates

an inconsistency in treatment. Had the subdivision used the authority initially rather than carrying it forward, it would have permanently remained in the base. Because of this, unused authority that is later exercised should similarly be incorporated into the base once it is used. Once unused authority is exercised, it is no longer available for future use. This is different from other adjustments listed in Section 13-3404, which are all also subtracted from the base, but may be added back in each year if needed. Unused authority by contrast is a one-time tool. When it is used to meet ongoing expenses, those costs do not disappear in subsequent years. For the city of La Vista and many political subdivisions in Nebraska, there are years when inflation is high and levy authority exceeds actual needs. In those years, the responsible choice is to levy less than the maximum allowed. Conversely, there are years when inflation is low and levy authority does not keep pace with rising costs, including wages and operating expenses. In those years, the ability to use previously unused authority is critical. If unused authority does not remain in the base once exercised, it creates a structural problem. The expenditures supported by that authority continue, but the revenue capacity does not. This results in ongoing budget pressure in subsequent years and discourages prudent fiscal management. In conclusion, without the ability to have unused authority become part of the base once it is used, there is effectively no incentive for political subdivisions to leave unused authority on the table. Instead of encouraging responsible restraint, the statute, in current form, unintentionally rewards maximizing the levy each year. It is for these reasons that we respectfully encourage the committee to support LB1154 and its passage. And thank you for your time and consideration and I'm happy to answer any questions you might have.

von GILLERN: Thank you. Any questions from the committee? Seeing none, thank you, Ms. Harris. Next proponent.

STEPHEN CURTISS: Good afternoon, Senators, Chairman von Gillern. I'm Steve Curtiss-- Stephen Curtiss, S-t-e-p-h-e-n, Curtiss, C-u-r-t-i-s-s. I'm the Finance Director of the city of Omaha. I'm here today to support-- testify in support of LB1154, and since I'm on the third one up, I'm supposed to just hit a single. You've already heard all the, you've already heard all the details from some of the folks before me, so I won't bore you with all the details again, but we'll just remind everybody that LB1154 amends the Property Tax Growth Limitation Act to change the calculation of political subdivisions, property tax request authority, and the act again only does affect cities, villages, and counties. The bill doesn't change anything about

the act, other than the one mere adjustment of the calculation, which could become, could become troubling for maybe the residents and the city if it kind of continues to push the use it or lose it. For smaller cities and villages, it could affect, affect their ability with that exception for things like public safety and debt service down the road, but you've kind of already heard all that detail.

von GILLERN: Can't tell you how your brevity is appreciated.

STEPHEN CURTISS: I'm going to be longer on other stuff, so I thought I'd better be short here.

von GILLERN: It's good to be, good to be batting cleanup. Any questions from the--

STEPHEN CURTISS: Actually, I'm only third, cleanup is next.

von GILLERN: Oh, that's true. That's true. Good deal. All right, thank you, Mr. Curtiss.

STEPHEN CURTISS: Thanks.

von GILLERN: Appreciate you being here. Yours clean up better. Next proponent.

CHRISTY ABRAHAM: Senator von Gillern and members of the Revenue Committee, my name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m. I'm here representing the League of Nebraska Municipalities. I want to start just by thanking Senator Riepe for doing this bill for us. We really appreciate it. As he mentioned, this is a bill that both the League and the NACO asked to have introduced. And, again, as Mr. Curtiss said, really the details of it have already been explained to you. I'm only up here to tell you that this bill did come through our League legislative committee process, and it was universally recommended. So small municipalities, obviously Omaha, all of them felt like this was a really good change. I just wanted to mention, unlike Omaha, if you have a small municipality, I always use the village of Ansley because that's my favorite village, they may need to use this just because maybe they're making a major purchase and maybe their major purchase is a truck. I mean, it could be something pretty small, but allowing them to use that property tax, that unused property tax currently, they may have to have it for a couple of years just to make that purchase. So it just gives them a little bit of a savings account to make those purchases for those smaller communities. So we just thank you for your time and ask you to move this bill on.

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von GILLERN: Thank you. Questions? Senator Jacobson.

JACOBSON: I guess, I, I keep looking at is this really the way we crafted this bill, should it have this on a homogenous-- and we're treating everyone the same. The city of the metropolitan class, the city of the primary class, first-class cities, second-class cities, villages, they're all treated the same. But as you've indicated their needs are likely going to be different. Does this have to apply to everyone or is there-- do we need to be looking at creating maybe some different guardrails, depending on the size of the city?

CHRISTY ABRAHAM: No, I, I appreciate your question, Senator Jacobson, and, and I will say, you know-- as you know the League has both a large cities and the small cities--

JACOBSON: Right.

CHRISTY ABRAHAM: --legislative committee. And I would say, yes, are the needs of Omaha different than the village of Ansley? Yes. But universally it was, yes, allowing us to carry over this unused authority from year to year. And, again, only up to 5% aggregate. So it's, it's a small amount. I think everybody felt it would be beneficial. So I don't, I don't know that we need to make it different for others, but everybody, I think, could benefit from it.

JACOBSON: Well, because I'm thinking that the public safety carve out was largely for larger cities, was it not?

CHRISTY ABRAHAM: Right, there are some-- again, some of our smaller communities that don't have a lot of public safety. They don't, they don't have a police force, per se, and so they don't have as many public safety expenses as your larger communities do.

JACOBSON: Thank you.

CHRISTY ABRAHAM: You bet.

von GILLERN: Any other questions? Seeing none, thank you for being here today.

CHRISTY ABRAHAM: Thank you so much.

von GILLERN: Any other proponents for LB1154? Seeing none-- oop, nope, you're not a proponent. Well, you may be, but you're not going to testify. Any opponents for LB1154? Anyone who would like to testify in

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opposition? Seeing none, anyone who'd like to testify in a neutral capacity? Seeing none, Senator Riepe, would you like to close? And as Senator Riepe comes up, we had online comments: two proponents, zero opponents, and zero neutral.

RIEPE: Thank you, Mr. Chairman. I will be brief, given my limited knowledge about city and county government, but I would say that the one key thing it may provide or should provide, well, some better stability in terms of budgeting if you have some carryover, you have some continuity, if you will. With that, I thank you all very much for your time and attention. And I close with that.

von GILLERN: Any questions for Senator Riepe? Seeing none, thank you for being here. That'll close our hearing on LB1154.

RIEPE: Thank you.

von GILLERN: And now we will open on LB1219 and a combined hearing with LR317CA and welcome Senator Brandt.

BRANDT: Ready?

von GILLERN: Good afternoon. I am if you are.

BRANDT: OK. Good afternoon, Chairman von Gillern and members of the Revenue Committee. I'm Senator Tom Brandt, T-o-m B-r-a-n-d-t. I represent Legislative District 32: Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties. I am here today to introduce LB1219 and LR317CA, which are intended to put guardrails on property tax. They are identical. The CA is just a fallback position for the LB, that's all it simply is, so they are identical bills. These proposals offer a clear and predictable limit on property tax growth for all political subdivisions, a 2% hard cap, plus an allowance for real growth. The intent is straightforward. Property taxes should not continue to grow faster than taxpayers' ability to pay them unless there is an actual population or economic growth to justify that increase. Despite all the work Nebraska has done on property tax relief, property taxes continue to rise year after year. Just last year, property tax collections increased by just over 5% statewide. From the taxpayers' perspective, it is hard to square with the repeated message that property tax relief is a priority. They keep hearing about relief, but their tax statements keep going up. We often say that we cannot keep putting money into a bucket with a hole in the bottom. That is exactly where we are today. The Legislature continues

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to invest significant dollars into property tax credit programs, most notably Tier 1 and Tier 2, and into school funding. Yet, those dollars are consistently offset by continued growth in property tax levies. Without addressing the rate of growth itself, these relief dollars lose their effectiveness. The current approach is not sustainable. Continuing to pour more money into relief programs without putting guardrails on growth only perpetuates the cycle. At some point, something has to change. These proposals are intended to be part of that change by addressing the structural issue of growth going forward. Finally, these proposals are not meant to stand alone. It can and should be considered alongside other tax packages introduced this session. When paired with a broader tax-- with broader tax reform efforts, a reasonable growth limit like this helps ensure that relief provided by the Legislature actually shows up on tax bills and lasts beyond a single year. I have included a CA in this proposal as a fallback if we as a Legislature are unable to come up with a solution. The CA would allow the citizens to vote on the proposal. Thank you for your consideration. I'd be happy to answer any questions. And I made a little note this morning: this is an affordability crisis. This is an affordability crisis for all the property taxpayers in the state. How often did we hear that term this morning on the floor? Many, many times. And that's, that's what's going through my mind when we talk about an affordability crisis. Anyway, happy to answer any questions anybody's got.

VON GILLERN: Thank you, Senator Brandt. Questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair von Gillern. Senator Brandt, so you have the, the bill and then you have one that would become a constitutional amendment.

BRANDT: Yes.

KAUTH: Which one do you prefer, us to get it done or it should be done by the people that cannot be changed without another constitutional amendment?

BRANDT: I would prefer to do the LB because it can be combined with several of the forms of legislation that have come before your committee to make a bigger package and a bigger impact and it can happen faster and we can fashion that on the floor. We heard a lot on the floor today about will of the people. Even if it-- even if we

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think we've got this locked down, we know that the Legislature always has to come back and modify what was passed by the people.

KAUTH: OK. Thank you.

BRANDT: Yeah.

von GILLERN: What was that last part again?

BRANDT: The modify-- you heard me.

von GILLERN: Sorry.

BRANDT: I'll correct you tomorrow. He sits in front of me on the floor, so. Yeah.

von GILLERN: Yeah, he will. Other questions? I had a couple, and forgive me for not having a more thorough understanding of the bill. What is the starting point? Is it this year? Is it next year? What is the point at which 2%--

BRANDT: January 1st of-- January 1 of 2027.

von GILLERN: Thank you. And then the-- in the online comments, most of them are concerned about school funding and the fact that state aid is not addressed in conjunction with the-- with your, with your 2% growth rate and what happens if state aid changes, they can't make it up via property taxes. Any response to that? Does this need to tie to state aid in some way for schools?

BRANDT: We-- OK, we did not do any amendments prior to this hearing. We figured we would wait until after the hearing. Right now, there is no relief valve in the bill. It's 2% plus real growth. There's no vote of the people. There's no majority votes of the board or anything of that nature right now in the bill. But we certainly are willing to craft those into the bill if, you know, if that's what it takes.

von GILLERN: Have you had a chance to look at the online comments?

BRANDT: I'm sorry, I did not, I was looking at all the, all the online comments in our other committee, so.

von GILLERN: No, no bad. I-- we're all--

BRANDT: I can imagine.

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von GILLERN: Yeah, on--

BRANDT: Yeah.

von GILLERN: --at the moment doing what we need to do. So, yeah, that was, that was kind of the theme of the-- most of the pushback and then, of course, some of the other bills that have attempted caps of the safety valves for emergencies and those kinds of things, which I presume you would be amenable to talking about, so.

BRANDT: We would be, but they are not in this bill.

von GILLERN: Yes. Yeah.

BRANDT: Yep.

von GILLERN: OK. No, I appreciate the brevity of the bill and the simple nature of it, so. And, of course, the term hard cap has been used a lot. So thanks for bringing the bills. Any other questions? All right, and you will stay to close, I presume?

BRANDT: Yes, we will.

von GILLERN: Thank you. We'll invite up our first proponent for LB1219 and/or LR317CA. Welcome back.

DOUG KAGAN: Thank you. Good afternoon. Doug Kagan, D-o-u-g K-a-g-a-n, Omaha, representing Nebraska Taxpayers for Freedom in favor of LB1219. LB34, passed in 2024, limited annual property tax levies by cities, counties, and villages to 2% plus real growth and inflation. Well, this we call a Swiss cheese lid. The statute exceptions for bond obligations, emergencies, unused property tax authority, public safety, interlocal agreements, and property taxes budgeted for county attorneys and public defenders created huge loopholes. By not including all local property taxing authorities, it allowed subdivision property taxes to continue spiraling. Senators also approved an amendment that allows special elections in odd-numbered years to override property tax collection caps for county and municipal governments. Thus, school districts continue to bust their tax lids. The Omaha Public School Board approved a \$1.34 billion budget that included a 2% levy increase, which is actually lower than the 3% increase allowed by the Certified Property Tax Request Authority calculated by the Nebraska Department of Education, but with an additional 4% override with approval of a board super majority, therefore contributing to a total property tax hike of 7.3% for some

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residents. Omaha's Regional Metropolitan Transit Authority similarly doubled its property tax levy for its 2025 budget. By state law, its Board of Directors can raise the levy by a maximum of 10 cents per \$100 of valuation per year. So the rate has risen from 4.7 cents per \$100 valuation to 8.4 cents and now it's going up to 10 cents per \$100 valuation for the 2025-2026 budget year. This spiral continues elsewhere unabated. Nebraska taxpayers deserve a tight lid on property taxes levied by all local taxing authorities. LB1219 will accomplish this exec-- this objective. Thank you.

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

DOUG KAGAN: Thank you.

von GILLERN: Next proponent. Somebody. Welcome back.

ALAN SEYBERT: Thanks. Alan Seybert, A-l-a-n S-e-y-b-e-r-t. I'm a member of Nebraska Taxpayers for Freedom. Levies need absolute lids. All political subdivisions should be subject to levy lids. Past attempts to control property tax increases using levy lids have failed because of political subdivision overrides. Political subdivisions are not physically responsible. A few years ago, Douglas County set a preliminary levy based on an expected valuation increase of 9%. A few months later, the actual valuation increase was 12%. That's a 2.8% increase. After some debate, the commissioners compromised and lowered the levy from 2955 to 2905. That was only a 1.7% reduction. The bill that created the Metro Regional Transit Authority set that maximum levy at 10. At that time, the levy was 4.7. The levy increased by 2 points every year until 3 years later the levy was 10. LB1219, along with LB1183, will give real property tax relief. For years, property owners have been forced to deal with the effect of property taxes on their budgets. It's time political subdivisions have to do the same.

von GILLERN: Thank you.

ALAN SEYBERT: Thank you.

von GILLERN: Questions from the committee? Seeing none, thank you, Mr. Seybert, appreciate that. Next proponent. Good afternoon.

BRUCE RIEKER: OK. My name is Bruce Rieker. It's B-r-u-c-e R-i-e-k-e-r, Senior Director of State Legislative Affairs at Farm Bureau, here on behalf of the Nebraska Cattlemen, Farm Bureau, Corn Growers, Pork Producers, Sorghum Producers, Renewable Fuels Nebraska, and the

National Federation of Independent Businesses. As Senator Brandt said, both of these are straightforward. They're almost identical. I'm going to try and go through this real quick, because I only know I have about 2.5 minutes left. Property taxes went up \$286 million, just so you have an idea about that. Yes, we appreciate the relief that the Legislature has given us over the last 5 years in property tax relief. However, if property taxes go up that rate every year for the next 4 years, including this one, it will erase all \$1.6 billion of that relief between the two tax credits as well as what you did changing the way we fund community colleges. Property taxes went up last year 5.4%, except for that one flattening year of 2024 because of the community college change. Property taxes went up 5.7% and 6.9% the previous years. Why is this a 2% cap plus real growth? Mainly because it's based upon the taxpayer's ability to pay. Nebraska median household income grew 106% from 2000 to 2024, which is basically it doubled, which averages about 3% per year. The consumer price index grew at about 2.55% per year. And then I hope we get a chance to talk about what real growth means to this as well. But statewide real growth for last year was 1.2%. I've given you several documents that show this information. The first one that you have stapled there is the change in valuation county by county. I get all this information from the Department of Revenue. And that-- the two columns to the right, if you subtract the rightmost column from the column immediately to its left, it will tell you what the real growth is for every county. And there are 16 counties in here that grew faster than the state real growth rate of 1.2%. I also gave you a summary of all of the levy caps, or not all, but the levy caps and growth limits for the entities that are the larger: property taxing authority, schools, education, service units, counties, cities, villages, natural resources districts. It's our contention that they're not working because property taxes went up that much. I also gave you a 10-year history when an account of whichever political subdivision says, well, it's not us, it's somebody else. I gave you a 10-year history from the Department of Revenue on valuation increases as well as tax increases. And I'm sure you can read those. And then we have three graphs that I gave you. Part of these are from a press conference we did a couple weeks ago that show where property taxes grow if we do nothing versus if we had a 2% cap. And red line-- red light. I'm done, I guess.

von GILLERN: You covered a lot of ground on a short amount of time. Any questions from the committee? Did, did you finish your final thought there or--

BRUCE RIEKER: Well, the difference--

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VON GILLERN: There's, there's like a 3-hour PowerPoint in this-- in here, so I'm not going to go that far, but--

BRUCE RIEKER: Yeah, this is the math problem.

VON GILLERN: Yeah.

BRUCE RIEKER: And the final point is, OK, 1% increase in property taxes is \$53 million. Property taxes went up \$286 million last year. If we slow that growth by 2%, we slow the growth of property taxes by \$106 million per year. Over a 10-year period, and this is on the, the last chart, clear on the back, it shows you the difference of if we grow at 2% or if we grow at 4%. Now, I didn't factor-- we did not factor in the real growth. These are numbers that are consistent, but-- so that last graph, like I said, is the difference between 2% and 4% growth in property taxes. Over 10 years, if you do nothing, property taxes will grow another \$3.3 billion. If you put this in place, they will be \$1.5 billion less per year than they would be if you do nothing. Now, some will say, well, now factor in real growth. If we just take 2025, property taxes grew by 5.4%. OK? If the state-- if you put this in place of 2% plus real growth, it would be 3.2% growth, all things being equal. That 2.2% spread between what happened last year and what would happen with this cap slows the growth of property taxes by \$110 million per year. No, excuse me, \$120 million. And, thus, property taxes-- if this were in place last year, property taxes would have only grown only by \$166 million rather than \$286 million. As far as if I can take a shot at the-- you asked a question about concerns about education funding?

VON GILLERN: Yeah.

BRUCE RIEKER: OK. For education, they have two sources of revenue. One is property tax and one is state aid. Over the last 15 or 20 years, there's been a huge progression or shift away from even considering increasing state aid, except for the credits, notwithstanding the credits. Most of the growth in funding schools has been from property taxes. We do need to modernize our tax structure. We do need to expand the sales tax base to some of those transactions that have been so hard to pass. I know I'm going to ruffle some feathers with this next statement, but I have yet to see the school show up to support expanding the sales tax base and they could help.

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VON GILLERN: OK, we'll, we'll end on that one. Any questions from the committee? All right, so-- all right, thank you. I appreciate your testimony.

BRUCE RIEKER: Oh, last request, sorry.

VON GILLERN: Quickly.

BRUCE RIEKER: We request you make this your priority.

VON GILLERN: Oh, well, thank you for that request. Duly noted. Proponents? Any other proponents? Seeing none, are there opponents that would like to speak about LB1219 or LR317CA? Look at you guys moving up to the front. I'm so proud of you. This is great. This is the way it's supposed to work.

IBACH: Trained.

VON GILLERN: Yeah, Senator Linehan taught me. Taught them. Taught them, yeah. Yeah. Welcome back, Mr. Moles.

JACK MOLES: Thank you. Good afternoon, Senator von Gillern and members of the Revenue Committee. My name is Jack Moles, that's J-a-c-k M-o-l-e-s. I'm the Executive Director of the Nebraska Rural Community Schools Association, also known as NRCSA. And on behalf of NRCSA, I would like to testify in opposition to both LB1219 and LR317CA. We do share Senator Brandt's concern with overreliance on property taxes. But NRCSA is very concerned that the results of LB1219 and LR13CA [SIC] would fail to meet the needs of most political subdivisions, especially our public schools. When we take a snapshot back about 20 years ago, we see a huge change in what happened to many of our public schools. Valuations, especially ag land valuations, started to grow. As ag land valuations started to go, many school districts, most of them rural schools, lost almost or almost, or almost all of their state funding. Boards of Education were forced to turn to more and more to property taxes to fund their schools. This is forced on them due to a state policy that did not react well to the growing ag land valuations. During this time, costs continued to go up. Consider some of the following: first thing is our, our teachers. And you-- you're going to hear some bills talking about raising teacher salaries, something we're not opposed to. You'll see one that causes-- or calls for a minimum salary of \$50,000 for a teacher, or another that would require that the compensation for district teachers make up at least 50% of the schools' general fund budget. The state mandates that

teacher-negotiated agreements must be between 98% and 102% of their array. They're not even-- a, a school board is not even in total control of the array within their district because they have to deal with the comparability requirement. Today, you discussed the minimum wage in the-- and that's something that's going to hit us down the road. Our school is going to be hit with that down the road. Each year, we see several bills that, if enacted, would impose new expenditures on the district to carry out the bill, unfunded mandates. Many purchased items and services in our schools have had costs escalate over the past several years. For example, buses, 15 years ago a bus might have cost \$70,000. Today, it's well over twice that, over \$150,000. We've had regulations within the state on the use of school vans. Where schools are being told that they can't use those anymore, so they have to go to an alternative smaller vehicle. Not to blame a suburban or anything like that, but those types of vehicles, they're much more expensive. I can go on and on with all those things. But to close, LB1219 and LR317CA do not provide for a clear vision of how the loss of funding due to the hard 2% cap and tax-asking would be provided. And so for that purpose, we cannot support either one of the, the measures.

von GILLERN: Thank you, Mr. Moles. Questions from the committee? Thank you again for being here. Oh, I'm sorry.

JACOBSON: Quick question.

von GILLERN: Senator Jacobson.

JACOBSON: I'm, I'm perplexed. I, I, I look at-- I, I get from-- I'm not there for every meeting. I don't see all the things going-- that goes on our school board, but North Platte Public Schools has lost over the last 10 or 12 years probably 1,200 students. And, yet, we have the same number of administrators as we had then. And I think one of the real pushbacks we're getting is the amount of administration and nonteacher salaries that we have in our school systems and, and what that's costing and, and why there's such a reluctance to-- thank you-- why there's such a reluctance to ever "riff" anybody, which is a standard practice in business. But we just can't seem to fire anybody, that they're-- once you go to work for the school system, we have you for life or until you want to retire and then go into the retirement system and maybe go work for another school system. So what can be done about that?

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JACK MOLES: Well, first of all, my districts, most of them are not, as, as somebody might say, overstaffed administrators.

JACOBSON: You're in a great position to talk about it.

JACK MOLES: What's that?

JACOBSON: You're in a great position to talk about it, then.

JACK MOLES: Yeah, you look at most of our schools have a superintendent and a principal, maybe, maybe two principals. Most of our, or our schools, we have some of them that are superintendent and principal. And then maybe a part-time AD, for example. So when people say there are too many administrators, in my size schools, I really don't see that as being an issue.

JACOBSON: And I, I think you're exactly right.

JACK MOLES: Yeah.

JACOBSON: I, I will tell you, I've got all kinds of size schools. North Platte Public is the only equal-- only school that, that does get equalization aid. But-- and I look over at Hershey, who, in my mind, is kind of the model school system that have done it the right way. And, and I've had numerous conversations with the superintendent there about how they've gone about taking option enrollment students to balance their schools, their, their classroom sizes, and, and how they go about making the purchases they do. But I, I, I feel like that a few more business, business practices could be helpful in particularly those larger schools.

JACK MOLES: And, and I, I really can't comment on that, because I haven't ever been in those bigger public schools.

JACOBSON: I wish you would, but I, I understand it.

JACK MOLES: Yeah.

JACOBSON: All right. Thank you.

JACK MOLES: Well, the biggest one I've ever been in had 500 kids.

JACOBSON: I gotcha. Well, thank you very much. Senator Ibach.

IBACH: Thank you, Vice Chair Jacobson. What's the average increase in operating costs for public schools?

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JACK MOLES: I, I would not be able-- I don't have that information. I could look for it, but I don't have that information.

IBACH: OK. Thank you. Thank you.

JACOBSON: Committee questions-- other committee questions? I would just make one last comment that in the banking industry we have universal numbers, Sheshunoff, other groups out there that give us numbers in terms of comparability. What are others doing? What are best practices? And I, I just think that that's a business practice that all of our political subdivisions could take a page out of, is to follow. What is the best business practices? And, and we all maybe even have groups that are working, maybe they are, to figure out how we can become more efficient.

JACK MOLES: Yeah, I believe there's more of that than we might think, but--

JACOBSON: I hope so.

JACK MOLES: Yeah.

JACOBSON: All right, thank you.

JACK MOLES: You're welcome.

JACOBSON: And you're speaking as an opponent, I'm assuming.

JACK MOLES: Yes, sir, [INAUDIBLE].

JACOBSON: I just guessed that. All right, next opponent.

JACK MOLES: That's the group I was in at least.

JACOBSON: All right. That's good. We'll, we'll count you as an opponent.

STEPHEN CURTISS: Hello again, Senators, Senator Jacobson. I don't think you were here when I testified a little while ago.

JACOBSON: I'm back.

STEPHEN CURTISS: I'm Stephen Curtiss, spelled S-t-e-p-h-e-n, Curtiss, C-u-r-t-i-s-s. I'm the Finance Director of the city of Omaha and I'm here today to testify in opposition of LB1219 and LR317CA. And Senator Jacobson, I do appreciate your notes on the nonhomogeneous nature of

all these subdivisions and the fact that the expenses and what we're trying to cover is really the nut we really need to crack, not how we fund it, but what are we funding? Under these two LBs and LRs, Omaha's property tax growth would be limited to 2% plus real growth. I believe this would eliminate the public safety and debt payment exceptions that were included in the prior iteration of this initiative, which was LB34, which everybody worked on for about a year prior to this. Approximately two-thirds of Omaha's general fund budget is public safety and when you add in the state-mandated Omaha trash program and parks and libraries it's about 80%. The majority of our expenses are personnel, with about a 3% negotiated raise, which we could all talk about, is that right or not? To give you a little bit of recent history on Omaha, during the period of 2010-18, our property valuations rose less than half percent a year. I know that's different than the ag world, and the actual number was .43 per year over that time. It rose differently in other times, but in those times we defer hiring police and fire. We don't, we don't replace any equipment and fire equipment gets old. Then we looked at the better times, which we obviously just had the last 4 or 5 years to try to catch back up. 2016 to 2019 were our most recent lean years so we had hiring freezes, didn't hire police, fire, didn't hire-- or didn't buy public safety equipment and a lot of those things just to get by. The period of 2020 to '24 was a period that we all agree hyperinflation. We were able to hire police and fire, replace a lot of our aging equipment. This has been-- had this been in place, there would have been about \$70 million that we wouldn't have done. And, and I, I would suggest it's not wise to make some serious changes during a period that just included hyperinflation, a global pandemic, and excessive federal government spending which accelerated our inflation issue. We do believe property tax, property tax reform is very important but needs to be thoughtful and avoid unintended consequences. Underfunding public safety could be one of the consequences. In Douglas County, another thing that could happen is the locking in a lower undervaluation. I think it was noted that Douglas County had had that issue. I believe they're actually really correcting it now, but I don't know what the status is around the country. Quick, Omaha-- commercial Omaha's metro area defined as Douglas and Sarpy provides about half of the \$1.75 billion of state taxes generated. That's when you take out the part that's not attributed to any state or any county. And about 40% of the personal income taxes, we were recognized by Forbes as the number one best place to move in the country in 2024. And I just would hate to see one of these things knock out that momentum. And with that, I take questions. Thank you.

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von GILLERN: OK. Thank you. Questions from the committee members? Very good. Thank you,--

STEPHEN CURTISS: Thank you.

von GILLERN: --Mr. Curtiss, appreciate it. Next opponent.

MEG HARRIS: Good afternoon again, committee members. Meg Harris, M-e-g H-a-r-r-i-s, and I appear before you today as a representative of the city of La Vista where I serve as the Finance Director. The city of La Vista is opposed to LB1219. The definition of real growth in this bill removes existing language in state statute related to growth value under Section 13-3402. Specifically, they remove the language that allows the accumulation of excess valuation associated with redevelopment projects under the community development law. Eliminating this provision effectively undermines tax increment financing, or TIF, which is one of the most important tools cities have to encourage private investment and redevelopment. TIF is essential to La Vista's development efforts. It made projects like the Astro Theater and City Centre possible. Projects that simply would not have occurred without it. The Astro Theater opened in the fall of 2023 and in just its first 2 years has generated more than \$1.3 million in state sales tax revenue. In 2025 alone, the Astro brought in more than 57,000 visitors into Nebraska, and roughly one-third of those visitors stayed overnight in local hotels. That is new tourism activity, new spending, and new tax revenue for the state; growth that would not exist without TIF. By removing TIF-related valuation from growth calculation, the fiscal impact to the city of La Vista alone would be approximately \$1.5 million annually based on current valuations. That figure does not include the significant impact-- larger impact this change would have on our local school district. In addition, LB1219 and related constitutional amendment do not address other important exceptions currently included in statutes such as approved bonds, emergency declarations, public safety needs, and voter-approved overrides. Without those provisions, cities' ability to issue bonds for public improvements and development would be severely limited and our ability to provide adequate public safety services would be compromised. As written, LB1219 oversimplifies a very complex issue and would have far-reaching consequences for communities across the state. For these reasons, the city of La Vista respectfully urges the committee to oppose LB1219 and the accompanying constitutional amendment. And thank you for your consideration and I'm happy to answer any questions at this time.

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von GILLERN: Thank you. Senator Jacobson.

JACOBSON: Well, I, I, I probably need to respond to the TIF question. This gets us back to not all school districts are created equal. If you, if you go further west, the impact of the TEEOSA dollars more than offset by-- by keeping the TIF growth out of your valuation, you end up with more TEEOSA funding. And, in theory, you end up with more students, which gets you more state aid for the number of students. And then, ultimately, when those TIF projects mature you get the additional tax revenue, too. So out west, you're typically better off with exactly the way that works. Now if that works-- I've heard that it works differently in some of the other cities and if so I think there was discussion about creating some ability to have it the other way and I for one would be open to that but I can just tell you that what I'm seeing in smaller schools outside of the, of the metro areas is that TIF actually works better for them with, with the way it reads.

MEG HARRIS: Right. And so for us, not getting that, that percentage of growth on our books when those properties come back on the books, it has a huge impact because we're waiting for that property to come back on to do associated projects for those redevelopment areas. So it does--

JACOBSON: So you're saying that they don't count the growth when they come on?

MEG HARRIS: Right, it doesn't pick it up as part of the real growth.

JACOBSON: That-- I don't think that's the way it was ever intended. At least in my mind it wasn't intended to work that way. When the properties came on, they should be treated like any other new property. It came on and [INAUDIBLE].

MEG HARRIS: Right. So in, in the-- currently, in the description in the bill it does not account for that. It doesn't--

JACOBSON: Thank you.

MEG HARRIS: --it doesn't state that in there.

JACOBSON: That's good input.

MEG HARRIS: So that's what we're, we're-- that's our main opposition to, to the bill as far as the city of La Vista goes. The 2%-- I mean,

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if you, if you have to figure it out, you have to figure it out. But we-- the, the TIF part is the-- is our big heartache with that bill. And then, of course, I think for everyone concerned, you need to address those other issues that are in there. And, you know, you guys obviously know it's a very complex issue, and, and this is a very simple bill that was put before us.

JACOBSON: Well, I'm glad you're here to testify and I was glad I was here to hear it.

MEG HARRIS: Yep.

von GILLERN: OK. Thank you. I know that TIF also presents a challenge for the developers for their financing and--

MEG HARRIS: Right.

von GILLERN: --that would be something that Senator Jacobson would be really familiar with, so.

MEG HARRIS: Yep.

von GILLERN: Thank you for being here. By the way, I've been to the Astro Theater numerous times for concerts. I had a great time, left a little sales tax money there for you.

MEG HARRIS: Great, thank you.

von GILLERN: You bet. Thank you. Thank you for your testimony.

MEG HARRIS: Yes.

von GILLERN: Next opponent.

COURTNEY WITTSTRUCK: Good afternoon again. Good afternoon, Chair von Gillern and members of the Revenue Committee. My name is Courtney Wittstruck, C-o-u-r-t-n-e-y W-i-t-t-s-t-r-u-c-k, and I'm the Executive Director of the Nebraska Community College Association. I'm here today on behalf of my member colleges to testify in opposition to LB1219 and LR317CA. Nebraska's community colleges respect and share the committee's interest in limiting proper-- in limiting property taxes. In fact, in 2023, the Legislature, the Governor's Office and the community colleges worked together to enact a new funding model that dramatically reduced community colleges' reliance on property taxes. Under that model, the vast majority of community college funding was

shifted away from local property taxes and replaced with state support. That was a significant policy change that provided property tax relief while still preserving access to the critical, affordable workforce-focused education that community colleges provide across the state. However, the Legislature also recognized an important reality: if the state is ever unable to meet its funding obligation under this new funding model, community colleges still have students to serve and employers to support. And for that reason, a limited statutory safety net was built into the funding model. Community colleges retained the authority to levy only the amount of property taxes necessary to make up the state funding shorthall-- shortfall and not a dollar more. LB1219 and LR317CA remove that safety net. In doing so, the bill undermines the very funding model this Legislature adopted just 3 years ago. Without that backstop, community colleges would be exposed to funding gaps they cannot control and cannot absorb, even though they no longer have meaningful taxing authority on their own. Community colleges would remain responsible for delivering services statewide but without any practical tool to address the state funding shortfall. For those reasons, the Community College Association members must oppose these two bills. Thank you. I'm happy to take any questions.

VON GILLERN: Thank you. Questions from the committee? Senator Murman.

MURMAN: Yes, thanks for testifying. When community colleges were taking off-- taken off the-- largely taken off the property tax rolls, if I remember correctly, guaranteed from the state 3.5% percent increase.

COURTNEY WITTSTRUCK: Not on all of them. So it's kind of a complicated formula, not as complicated as TEEOSA, though. So, so there was the bucket of state funds, state aid that we had always received and would continue to have to request from the Appropriations Committee. Then there was a property tax replacement bucket that is now known as the Community College Future Fund, CCFF. The CCFF receives a 3.5% increase year over year, but that the state aid does not. So we still have to go into the Appropriations Committee and make the request and then they can distribute however they like.

MURMAN: OK, so this bill would affect how the--

COURTNEY WITTSTRUCK: Yes. So how this bill would, would work or how this bill would affect us is that let's say that one year the state fully funds us and so we only levy that small percentage that we have

remaining for capital, we don't levy any more. Let's say the next year the state under funds us by, I'm making up a number, \$5 million, then we would have the right, we wouldn't have to, but would have the right to levy the amount the state underfunded us, so that \$5 million. So if we went from levying almost nothing to now \$5 million, we would obviously exceed the cap in this bill so that would effectively eliminate that safety net that the Legislature purposely built into that bill.

MURMAN: OK. Thank you.

von GILLERN: Thank you. Any other questions? Thank you for being here.

COURTNEY WITTSTRUCK: Thank you.

von GILLERN: Next opponent.

SHANE RHIAN: Hello again, Senator von Gillern, members of the Revenue Committee. Yes, you already have my testimony previously passed out on LB1183, sorry about that. My name is Shane Rhian, S-h-a-n-e R-h-i-a-n, and I am the Chief Financial Officer for Omaha Public Schools. I'm here today on behalf of the Omaha Public Schools in respectful opposition to both LB1219 and LR317CA. The political subdivisions in Nebraska rely on property taxes as the most stable and predictable tax source to permit long-term, cost-efficient budgets and planning. While we appreciate the efforts of this committee, the Legislature, and Senator Brandt to reduce the burden of property taxes on all Nebraskans, these bills would provide very limited potential property tax relief to property owners in our school district while placing significant limits on the local control of school districts' board of education to adopt budgets that meet the needs of our school districts. The Legislature passed transformational school funding reforms in 2023. This included foundation aid of \$1,500 for each student in all 245 school districts in Nebraska and virtually doubling the state's share of special education expenses by guaranteeing an 80% reimbursement rate for these expenses. Also included in this legislation were new combined state and local revenue caps of 3% with escalators for increases in certain student populations. These new revenue caps ensured that a significant portion of this new additional funding would be passed back to property taxpayers as levy reductions. Largely because of that legislation, in the prior 2 years, OPS was able to reduce tax levies for property owners in our school district. LB1219 and LR317CA would further restrict property tax revenues but does not provide for any replacement funding from the state,

effectively cutting overall funding for public education in the future. This arbitrary revenue cap would be extremely detrimental during periods of high inflation such as are taking place now. It would severely limit the ability of our school district to absorb increasing vendor costs for goods and services, such as the energy costs of heating and air conditioning for nearly 100 school buildings in our district. It would also further limit our district's ability to adjust compensation adequately for our staff, staff to keep pace with inflation and labor market conditions, potentially causing teachers to leave the profession for higher paying jobs and further exacerbating the current teacher shortage. The cap also does not adequately address the unique needs and challenges facing growing districts or districts with changing demographics due to increasing poverty or limited English proficiency students. Both of which require additional resources and both of which conditions are present in the Omaha Public School District. School boards have been empowered to manage their school districts based on the unique circumstances that each faces. The Omaha Public Schools Board of Education takes seriously its responsibility to be good fiscal stewards of the taxpayer dollar while providing excellent education to the future citizens of our community. For these reasons, we oppose both of these measures.

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

MURMAN: You mentioned the bill that passed in 2023 that increased foundation aid and 80% reimbursement for special ed. Do you have any figures on how much that increased funding to OPS and then the relevant decrease in property taxes?

SHANE RHIAN: So the foundation aid didn't have an immediate impact for us. For 2 years, 100% of foundation aid offset equalization aid we were already receiving. So we did not get any additional funding like many unequalized school districts did. The increase of special education reimbursement costs to 80% generated about \$35 million in additional funding each school year. Two years ago, we lowered our levy 10 cents. A 10% increase. Our property tax-asking that year was actually \$8 million less in total than the previous year's property tax request. The second year, we were-- raised it a, a penny, and the following year, 2 cents for the current school year that we're in because of increased compensation and staffing costs. So while we did not have a significant reduction in the property tax request, we did have a year where property taxes did not go up and the last 2 years they went up less than they had the previous 5 years.

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MURMAN: But you, you still-- could you tell me the latest year maybe how-- that you have figures for, how much increase in property or the decrease in property taxes in relation to the increase in, in state aid?

SHANE RHIAN: I would want to get you exact figures, so I'll get those emailed to you.

MURMAN: OK. Thanks.

von GILLERN: Senator Jacobson.

JACOBSON: I, I want to just raise this question. I want to get it out if nothing else today, but just to kind of bring all this into perspective. I, I know the last few days we've heard about everybody saying I can't afford this. Well, well, let me-- when I look across rural Nebraska, grain producers, in particular, it's beyond I can't afford this. You look at the last 2 years, unless you marketed incredibly well, we've gone from the price of corn from as high as \$8 a bushel to under \$3 a bushel with relative same yields, and, and operating costs have not come down. If you talk to most ag bankers, they will tell you none, none of our customers were profitable last year as a cash grain farmer, and none project to be profitable this year. Now the cattle producers, they've been cleaning up a little bit, but they've done better, but pure cash grain producers, zero, big time losses. So when it comes to replacing combines and tractors and any other equipment, they can't do it. They don't have some taxpayer out there that they can go say we need to have you pay this for us. I-- and they come to me and say what am I supposed to do? I, literally, had a, a commissioner in Keith County write me and say how are we going to replace these motor graders? And I'm saying ask your farmers what they're going to do with their equipment needs, and I will tell you they're going to run them longer. And so I look at that with school buses, I look at that with motor graders, I look at this across the gamut and say, surely, you can get another year because farmers do it all the time. That's their only choice is to get another year out of it, and maybe 2 years and pay more in repairs. All the repairs are going to be far more. Well, you don't have a choice. You're probably going to have to do it. And I think that's where the Legislature is coming down is that we're getting peppered by property taxpayers that are just fed up and we have these hearings and everybody comes in and says we can't afford it. Well, you know, nobody else can either so everybody's going to have to pay a part of this. And I think whether this is the right bill or not I don't know, but we're going to come up

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with a better way to control the property tax asks. We don't have any choice. And so I would, again, encourage every political subdivision to find ways to be more efficient and to continue to reduce the tax-asking. Congratulations for, for the tax-ask reductions you've done, but we've got to do that across the spectrum, so. And I--

SHANE RHIAN: Thank you for all that, if I may respond?

JACOBSON: Yeah, sure you can, yeah. That's supposed to be-- it was supposed to be a question [INAUDIBLE].

SHANE RHIAN: Excellent. So a lot of, a lot of things to unpack there. Number one, I have nothing but empathy for what the rural producers of this state are going through. I grew up on a 750-acre cow-calf operation in north central Arkansas that went bankrupt in 1986. And that's why I landed in the Sandhills at Thedford Rural High School. I was not the smart, brightest bulb in my class. I was 4th out of 12, so I understand those challenges. My mom was a schoolteacher. My grandmother was a school librarian. I know how important education is. I didn't have the opportunity to continue in agriculture, but I was good with numbers, so I became an accountant. And when I became an accountant I went to work for Mike Foley and then the Nebraska Department of Education and I brought-- carried that experience over to OPS. And we are extremely concerned with our budget and how we spend our taxpayer dollars. We stretch our buses as far as possible. We understand that this is a burden for our population. Our school district in the Omaha metro area is the least wealthy of the other surrounding school districts. So it's an acute awareness for us. It's part of the reason that we get so much state aid because the property values in our district are so low compared to other surrounding school districts that are more suburban and exurban. Without the 2%-- without an inflationary increase greater than 2%, we would be in a worse position than we are now. We lost 600 teachers to COVID. We've been able to hire 200 of those back. We are still 400 teachers behind where we were in the fall of 2019. We had to greatly increase salaries to attract those 200 new teachers. We are paying our teachers more than \$50,000 as a separate legislative bill that's before you would require. We would not be able to do that going forward. The NDE [INAUDIBLE] on state aid is already making us look hard at our budget for next year and asking our staff to take a lower compensation increase than they have been accustomed to. They're working with us.

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JACOBSON: I really appreciate that. And I, I will also tell you that 2 years ago, I was up-- Thedford is in my district, and I spoke to the fourth grade class in probably the same classroom you were in.

SHANE RHIAN: I was only there for my senior year of high school,--

JACOBSON: OK.

SHANE RHIAN: --but my mom taught second and third-- first and second grade there for 15 years.

JACOBSON: Well, I could tell you that I was incredibly impressed with how much they've gotten done with as little as they had to work with.

SHANE RHIAN: Yep.

JACOBSON: So thank you.

von GILLERN: Thank you. Senator Sorrentino.

SORRENTINO: Thank you, Chairman von Gillern. You mentioned a little bit earlier, I think it was a couple of years ago that you lowered your tax levy by 10 cents, I believe. In that year, what was-- I assume there was an increase in the assessed value of property. Do you remember what it was?

SHANE RHIAN: So it was probably around 7%. That's what it had been trending for several years until last year when it was 5.25%. And we're anticipating somewhere between 4% and 5% for the upcoming year.

SORRENTINO: Thank you.

von GILLERN: Did that answer your question?

SORRENTINO: Yes, thank you.

von GILLERN: Oh, I didn't know if you had something else. Thank you. All right, Mr. Rhian, thank you for being here.

SHANE RHIAN: Thank you.

von GILLERN: Thanks for your patience. Move on up, get in line, get close, you're good.

LARIANNE POLK: I think I jumped the line.

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von GILLERN: That's all right.

LARIANNE POLK: Well, good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Larianne Polk, L-a-r-i-a-n-n-e P-o-l-k, and I am the CEO of the Nebraska Educational Service Unit Coordinating Council representing the 17 ESUs in Nebraska. I'm here today to oppose LB1219 and LR317CA. ESUs operate within a very specific and constrained funding structure. Property taxes are one part of that structure capped at 1.5 cents alongside core service funding and contracts and grants. Core service dollars flow through the Department of Education. These funding sources are designed to work together, but they are not interchangeable. I want to be clear at the outset, this concern we have is, is not about increasing taxes or expanding the tax authority. ESUs already operate with very tight statutory and practical limits. The concern we have is about how ESU funding system responds when existing revenue capacity is reduced. Looking at the past 3-year average, a property tax adjustment under LB1219 would result in approximately 3.2% less in property tax revenue for us, translating to an average loss of approximately \$1.7 million statewide. This is not an isolated funding concern for us. Over the last two decades or so, our total core service funding, which in total is around \$12 million, reduced-- was reduced by the Legislature by approximately \$2.8 million requiring the ESUs to absorb those reductions over time while continuing to provide the services required and defined by the Legislature in state statute. What makes the impact of LB1219 particularly concerning to us is that there is no mechanism within ESU funding system to replace the loss. The core service formulate-- formula distributes a fixed amount that is set in advance by Legislature appropriation and is not responsive to reductions in local revenue. When property tax authority is constrained, there's no automatic backfill, there's no adjustment mechanism, and there's no guarantee the dollars will be restored. The loss absorbed by ESUs are then, ultimately, passed onto the school districts in billing. ESUs exist to provide supplemental educational services and to individual school districts who don't have the resources to do it on their own. When ESU revenue is constrained, the impact does not disappear. It shows up as reduced or eliminated services or higher billing rates to the schools. LB1219 limits one part of the ESU funding structure without addressing how the rest of the system responds when the revenue is reduced. Without a, a corresponding adjustment mechanism, those reductions don't reduce costs, they shift them to the local taxpayers, and that's what's been happening. Over time, that undermines the regional service model Nebraska has relied on for

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decades to deliver services efficiently and to control the costs. For those reasons, we oppose LB1219 and, and the LR317CA.

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

LARIANNE POLK: Thank you so much.

von GILLERN: 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 testifying in respectful opposition to LR1219 [SIC] and LR317CA. You know, we've had good conversations with Senator Brandt through his entire tenure in the Legislature about property taxes, and, and I know that he's certainly been a warrior for property tax relief in, in his district, but every district in Nebraska. So we certainly appreciate that. Yeah, I, I had an outline, I'm going to junk my outline. I'm going to kind of go back to my, my testimony from earlier on LB1183 and say the solution to property taxes is very, very simple. Figure out what you want us to pay for at the local level and tell us that we get to fund it. All the rest of this is just noise. It really, really is. So I'll go through what counties get to do. And you've heard a lot of this before, but I'll get into a little bit more specifics. We're responsible for roads. What I can tell you is that in the smallest counties in Nebraska, the roads represent somewhere between 31 to a probably larger percentage of their property tax request. And so when you artificially limit through a cap what they're able to levy for the roads, that is the first place that you have to go. That just-- that's just the math, how it's going to work. And I can tell you that in those smallest counties, the smallest of the small, the people that are going to be affected by a lack of capacity in the roads are going to be the agricultural sector almost entirely. I don't think that's what the agricultural sector wants, but that is where we are. The next thing I always talk about is I talk about the bridges. We had, we had a conversation last night in Appropriations. Senator Brandt was there, it was his bill about the County Bridge Match Program. The state does not want to help. They essentially said, counties, you're on your own. Oh, by the way, you've got a cap. Don't spend too much money, but you get nothing from the state. We go to law enforcement. We, we had to fight and scrap for the exception for public safety in LR34. I-- when I read this bill I said there's no exception for public safety, that

goes away. I thought about inviting the Sheriff's Association. I didn't want 93 people to be in here in uniform. I thought that would probably be a waste of the committee's time. And then elections: there's a lot of, of discussion about what we want to do with our elections. And what I hear from a lot people in, in the state is that we want to have more devoted to our elections as far as voter, voter ID, voter accuracy, election integrity. Those things cost more and not less. We already have a cap that we, we negotiated through LB34. It was a long, hard-fought struggle. Senator Jacobson, you and I had a lot of conversations about that. Probably the best summer of my life.

JACOBSON: Yeah.

JON CANNON: Good thing I'm not under oath, right?

JACOBSON: Yeah.

JON CANNON: What I will tell you, though, is that through LB34, you gave counties and cities a cap. And we, by and large, have met that. We just-- we had our first year of the cap last year. There's-- I've got some results from it. I had a handout. I only, I only pushed 2 copies instead of 20, so my apologies. I don't have that, that to share with the committee. I'll, I'll do that at some other point. But what I can tell you is with the cap, for the smallest of the small, those are-- I'm out of time. I'm happy to take any questions you may have.

von GILLERN: Please finish up, please.

JON CANNON: For the smallest of the small, the growth plus slice for those, it averaged 6.3%. Their average percent change in their levy was 7.1%. They're the ones that primarily took exceptions if there were any to be had. For medium counties, growth plus slice was 6.21%, the average percent change in levy was 6.1%, so they came in under the target. For large counties, those counties with a population in excess of 50,000, growth plus slice would have been 7.14%, and the average percentage change in the levy was 6.6%. Again, they came in under the target. Among the 37 counties classified as small, 7 reported at least one exception, so that's a pretty darn good percentage. Among the 51 counties classified as medium, 16 reported at least one exception as well. For the 5 largest, no exceptions were taken. So I, I would tell you that we have been good, good faith partners in the effort. There are certain things that the Legislature has told us time and time again to do. And the question is, how do you want us to fund local

government? If, if we switch places with the state and the state were imposing a property tax statewide and we were only left with sales and income taxes that we were able to levy, while Douglas, Lancaster, Sarpy, Hall, and Buffalo are probably going to be OK, I guarantee you that the folks that live in McPherson, Jefferson, Box Butte, Dawes Counties, they're going to hate the 75% income tax rate. They're going to really not like the 65% sales tax rate that we have to levy. The question is not the property tax, the question is, is how do we want to fund local government?

von GILLERN: Thank you.

JON CANNON: Thank you for your indulgence. I'm happy to take any questions.

von GILLERN: Yep. Thank you, Mr. Cannon. Questions from the committee? A lot to take in.

JON CANNON: Yes, sir.

von GILLERN: Thank you for sharing that, appreciate it.

JON CANNON: Thank you very much.

von GILLERN: Next opponent.

CHRISTY ABRAHAM: Senator von Gillern and members of the Revenue Committee, my name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, here representing the League of Nebraska Municipalities. We also want to thank Senator Brandt for introducing these. We are going to respectfully oppose both LB1219 and LR317CA. Mr. Cannon covered a lot of what my testimony was going to be. I just sort of want to remind this committee, as this committee knows so well, we worked a lot with you on putting together the property tax cap that went into place in LB34 during the special session. And as Mr. Cannon mentioned, that is only for municipalities and counties. We are the only two entities that are under that property tax gap. And as you recall, we start with our property tax asking from the previous year. We're then allowed growth, plus the greater of either 0% or the slice index. So that's, that's, that's the cap, 0% or the slice index. This property tax cap is very new for municipalities. We just had one budget cycle with these new caps. We are trying to work very hard to work through that system. As you heard earlier, Senator Riepe had a bill. We're still tweaking just a little bit to make sure everything is going OK. I will tell you, we had-- this is anecdotal, but we had very, very few cities

even take an exception. We heard of a couple that took an exception for bonds, but other than that, they stayed within the limits that were put under the property tax cap for us. Again, we've been under this cap for a year. We would like some time to work within this cap this committee and the Legislature has worked so hard to put under. I think my member municipalities are not quite sure how these two provisions relate to our property tax cap. Is it on top? Does this one go first and then the other property tax cap? We don't know how these two things to work together. So I guess, at this point, we would just sort of ask for a pause and let municipalities work through the cap that you put on us and see how it goes for a couple more years. I'm happy to answer any questions.

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

CHRISTY ABRAHAM: Thank you so much.

von GILLERN: You bet. Next opponent. Good afternoon.

GARY KUBICEK: Senator von Gillern, and members of the Revenue Committee, thank you for the opportunity to speak before you today. My name is Gary Kubicek, G-a-r-y K-u-b-i-c-e-k, and I am here on behalf of the Nebraska Association of School Boards as a member of its legislative committee, as well as my local district, Norris School District 160, where I have served on the Board for the past 5 years, 3 as Vice President. I am here to respectfully oppose some of the measures within LB1219 and its corresponding LR317CA. Our primary concern with the two measures is simple: the caps and restrictions within this bill are a one-size-fits-all approach that demonstrates a lack of focus on local control and the accountability of locally elected school board members to be the ones who should be making these decisions based on what is best for the individual districts and unique needs they live in and represent. By limiting property tax increases to the prior year plus an allowable growth factor of just 2%, LB1219 imposes additional caps on public schools that would significantly restrict financial flexibility. Such limitations threaten a district's ability to adequately fund essential day-to-day operations including staffing, facility maintenance, infrastructure needs, emergency response, and other critical expenditures necessary to ensure safe and effective learning environments. These are especially important considerations for a growing district like Norris. One example of restriction comes from the teacher negotiation process. Under the current law, school districts are required to

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remain within a 98-102% comparability range. If a district falls below the 98% threshold, it must have the financial flexibility to make necessary adjustments to teacher compensation. The additional growth caps imposed by LB1219 would restrict the district's ability to respond in these situations, potentially preventing compliance with existing comparability requirements as a result. LB1219 may directly conflict with legal framework governing teacher negotiations in Nebraska and limit a locally elected board's ability to meet statutory obligations while remaining competitive in attracting and retaining educators. Over the past 3 years, the fiscal framework established through the passage of LB243 has proven effective. The legislation implemented spending limits for local school districts and their boards while preserving necessary flexibility through defined exceptions and maintaining local control. From Norris School District's perspective, this balance has worked as intended, imposing additional restrictions on growth through LB1219 would further constrain locally elected boards and limit their ability to respond to the specific needs of their students and community. Such constraints undermine the purpose of local governance and hinder the responsibility I was elected to fulfill making informed, accountable decisions that reflect the priorities of our district and the community we serve. Norris School District has consistently demonstrated strong fiscal stewardship regardless of economic conditions. Each year, the Board of Education carefully evaluates priorities and makes deliberate budget decisions to minimize the impact on taxpayers while maintaining high-quality educational programming. Most recently, through our budgeting process, the Board--oops, I'm done.

von GILLERN: Finish that sentence or that thought.

KAUTH: That was impressive.

von GILLERN: It was, yeah. Good job. Questions from the committee members? Senator Kauth.

KAUTH: Would you like to finish your sentence?

GARY KUBICEK: Pardon?

KAUTH: Would you like to finish your sentence?

GARY KUBICEK: Yes, if I can figure out where I ended.

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von GILLERN: You caught me looking too, I was trying to figure out where you were too.

GARY KUBICEK: I, I kind of know. I'll, I'll just start here. I'll be OK.

von GILLERN: Thank you. Just wrap it up.

GARY KUBICEK: Each year, the Board of Education carefully evaluates priorities and makes deliberate budget decisions to minimize the impact of taxpayers while maintaining high-quality educational programming and will-- most recently, through our budgeting process, the Board reduced the district's levy by nearly 12 cents and lowered the overall tax request by approximately \$40,000. Since 2022, Norris has reduced its levy by 40 cents, moving from \$1.15 to 75 cents. That's the main thrust so I'll, I'll end there.

von GILLERN: There we go. Thank you.

GARY KUBICEK: How's that?

von GILLERN: Appreciate you doing that.

GARY KUBICEK: Thank you.

von GILLERN: All right. Any other questions?

GARY KUBICEK: Appreciate it.

von GILLERN: Thanks for being here, appreciate it.

GARY KUBICEK: You bet. Thank you.

von GILLERN: Thanks for what you do. You're good. You're up.

KYLE FAIRBAIRN: Senator von Gillern, members of the Revenue Committee, my name is Kyle Fairbairn, K-y-l-e F-a-i-r-b-a-i-r-n. Today, I represent the Greater Nebraska Schools Association and Stand For Schools. GNSA is an organization that represents the 25 largest school district-- 25 of the largest school districts in the state. The schools I represent serve 70% of all the children and 88% of the minority children in the state. I'm going to get off my script here a little bit. You've heard most of this stuff. I just-- I wanted to make a couple more points. The common theme in the Legislature the last few years, I've been to a lot of hearings, I go to a lot of hearings, the

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one thing that comes up constantly is teacher salaries. In most districts, teacher salaries make up 50% of all the costs in a, in a, in a school district. With a limitation like this, it's going to be very, very hard for school districts to make any headway on teacher salaries. A 2% increase is, is really tight. We have other, other things within the district that go up every year. Health insurance over the last 5 years has, has averaged between 5% and 8% increase per year. Next year, OPPD is going to put a 6-9% increase on, on our electricity bill at the schools. Those things all take into account a 2% cap. The other, the other piece that would be very difficult for, for landlocked districts that don't have the growth factor is an influx of special education students. Some of the smaller districts, if they had one special education student that came in, a high-need special education student, they could not stand in the 2% cap because they'd hire-- have to hire a teacher and a nurse probably. That's very difficult, then everybody else in the districts get nothing or you cut back on general education. That's a very tough scenario, but to my knowledge, there's not any modeling of this, this bill done yet. Makes it very difficult to see what it might do. Last year, the Legislature put in place a commission to look at the TEEOSA formula. That commission is doing really good work. I don't know why we're getting out in front with, with these different bills when we've-- the Legislature asked a commission to work, look at the TEEOSA funding and let, let them do their work. And I'd sure take any questions.

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

MURMAN: Do you think there's any room for either cutting administration or cutting administrative pay in any-- in your schools?

KYLE FAIRBAIRN: Senator Murman, we've got-- the schools I represent are, are basically the lowest spending school districts in the state, OK, by across the board. I've heard a lot of conversation about administrative salaries. I, I was Finance Director in Bellevue for 20 years. We had 500 teachers. You cut one administrator out of there, each teacher is going to get about 100 bucks. It's-- the, the, the administrative cost, if you look over the years, it's not much greater than it has been as a percent of budget. So, to your answer, I don't know that there's a, a magic pill out there to say, no, this school doesn't need a principal. This school, we don't need an assistant sup for, for special education. I don't know that, Senator Murman. That's, that's a local district's prerogative.

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MURMAN: Administrative pay may not have changed much percent of budget, but how much is spent per student because-- or in total pay has gone up tremendously compared to teacher pay.

KYLE FAIRBAIRN: That, that could be true. I don't have that number in front of me, Senator. I can't, I can't answer that question.

MURMAN: I can get you the figures on that.

KYLE FAIRBAIRN: OK.

von GILLERN: Thank you. Other questions? Seeing none, thank you for being here.

KYLE FAIRBAIRN: Thank you.

von GILLERN: Any other opponents? Seeing none, would anyone like to testify in a neutral position? All right, saw your green sheet.

CRAIG BOLZ: What?

von GILLERN: I saw your green sheet. I knew you were ready to go.

CRAIG BOLZ: Yeah. OK. I find it-- oh, my name is Craig Bolz, C-r-a-i-g B-o-l-z. I'm from Palmyra, Nebraska. I'm a farmer. If my banker okays my operating loan tomorrow, I might farm for the 54th year tomorrow. Might. We don't know yet. This is a prairie fire. I've been carrying this list in my billfold for 3 years, wanting 30 minutes with Governor Pillen. I ain't important enough. He ain't got enough time for me, 30 minutes. I didn't just make this up yesterday or whatever. I made it up 3 years ago. In 1998, the Legislature, and I think it was LB989, they had the bill to cap the spending at \$1 with a 5% override. If they would have capped the growth at 2% in 1998, we wouldn't be sitting here. I don't know whether they did that on purpose or whether they weren't smart enough to cap it. I have my opinion. Everybody says, well, how are we going to fix this? Everybody, everybody complains, but nobody has any solutions. The first solution is right here: you have to hard cap the spending of the entities because the entities are going to spend every penny they can get their hands on. Number two, you have to get rid of the TEEOSA formula. I'm from District OR-1, Palmyra. Our district is probably one of the hugest abusers of the TEEOSA formula in the state of Nebraska. They think it's cute. They find every reason in the world to spend and waste money. They think is so cute, they ran 2 school bonds in the last 10 years. The last one was so unnecessary, it was insane. The third thing

that you could do, you've got to fix the valuations. You have 1% of the people, 1% of the property is sold every year, you have 1% of the people buying all of the property, buying million-dollar houses, \$10,000 land, that the land's only worth \$2,000, and they're setting the valuation for 99% of the people. The last time my farm was sold, it sold for \$125 an acre, and we've got idiots down there giving \$10,000 an acre for dryland ground. And so you think my land's worth \$10,000 an acre. The next thing you need to do is you need to shrink the school districts to 50 school districts. You can get rid of 190 superintendents. The next thing you need to do, right now, our property taxes are from 1.38 to 1.77 of the valuation. Just set the valuation-- just set the property taxes at 1.5% of the valuation, and then the people know, going in, how much their property taxes are going to be. If they give \$10,000 an acre, the property tax is going to be \$150 an acre. If they give \$1 million for a house, their taxes are going to be \$15,000 of the last sale price. And the thing that really needs to be done here is if we would put sales tax on every sale, every sale including real estate, houses and farms, real estate in the state of Nebraska, if we would put sales tax on it, except food, we could drop the sales tax from about 7.5 to about 4. And I understand, nothing is ever going to happen.

von GILLERN: Thank you for respecting the time.

CRAIG BOLZ: It's never going to happen. It's going to do nothing but continue to go up.

von GILLERN: Your time's up, but I think, I think I see a question. Senator Jacobson.

JACOBSON: I just got a quick question. When I'm looking at your-- back of your sheet, is that a farm credit system logo?

CRAIG BOLZ: Yeah.

JACOBSON: I wouldn't bring that out when you go to see the banker.
[INAUDIBLE]

CRAIG BOLZ: I don't, I don't borrow-- I, I only borrow my land money from them, I don't borrow my [INAUDIBLE].

JACOBSON: [INAUDIBLE]. Thank you. And, by the way, we're the people you can talk to about that list because the, the Governor has very little control over that. In fact, I, I like to think we have very little control over it, but we're probably the people to talk to.

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CRAIG BOLZ: I've, I've, I've, I've testified on a lot of bills in the last 10 years. My daughter was a state senator from '12 to '20, although she was on the wrong team. But, you know, anyway. One other thing, I want to comment on Senator Brandt and Senator Briese, they're some of the best senators we've ever had in the state of Nebraska and I thank them.

von GILLERN: Thank you.

CRAIG BOLZ: Thank you, guys.

von GILLERN: Hey, whoa, whoa, whoa.

CRAIG BOLZ: What?

von GILLERN: You weren't excused yet.

CRAIG BOLZ: I thought you were fed up with me.

von GILLERN: No, no, no. Where's your farm in relation to Palmyra?

CRAIG BOLZ: What, sir?

von GILLERN: Where is your farm in relation to Palmyra?

CRAIG BOLZ: Well, I, I live a mile west, 2 miles north in a one-room school house that was built in 1930. I gave \$13,500 for it in 1973 when I was 19 years old. I still live there. I never got bought into the million-dollar house.

von GILLERN: On the [INAUDIBLE]?

CRAIG BOLZ: What?

von GILLERN: What-- which road are--

CRAIG BOLZ: On 43.

von GILLERN: OK.

CRAIG BOLZ: We farm around-- like, down by Unadilla, Eagle, a lot at Eagle,--

von GILLERN: OK. All right.

CRAIG BOLZ: --a little bit of Bennet, right at Palmyra, north Palmyra.

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von GILLERN: I've got a, I've got a piece very close to you and I got my Palmyra School District with this also, so.

CRAIG BOLZ: Really, if you've got a piece of land close to me and you don't have me farming it, you got the wrong guy farming it.

von GILLERN: Well, I, I bet, I bet Tom has your contact information for me, Senator Brandt.

IBACH: Has your contact.

CRAIG BOLZ: Oh. Anybody else have anything?

von GILLERN: I think we're done now. Now--

CRAIG BOLZ: Thank you very much.

von GILLERN: --now, now you're excused. Thank you.

CRAIG BOLZ: Thank you very much for your time.

von GILLERN: Thanks for being here. Any other neutral testimony? Seeing none, online comments for LB1219, we have two proponents, eight opponents, and one neutral. On LR317CA, we had one proponent, four opponents, and zero neutral. Senator Brandt, top that.

BRANDT: I can't. He's-- he-- yeah, Craig's pretty outspoken, so. But I, I--

von GILLERN: That coming from you.

BRANDT: Yeah, yeah, that, that coming from me. It's just kind of ironic, one of the things that he said, before I ever got into the Legislature, one of the things I always pointed out, in Jefferson County, we'll sell two or three farms and, quite often, it's very competitive bidding and it could be two local farmers or it could be two guys from Kansas City fighting over it and we revalue all 500 or 600 farms in the county every year. And that's part of the problem with our valuation system in this state, is it's great that those farms sold for high value and they ought to be taxed at that, but they don't do that. They revalue all the farms every year and, quite often, the people that paid a high-dollar amount get a reduction because our assessor says if I, if I put it up there, it really screws things up. So that's a part of the problem with our system. I can tell you I have part of Lancaster County, last tier. Lancaster County, and I've got

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the southwestern portion, which looks just like Saline County and Jefferson County, their ag valuations went up 42%. They were number one in the state. The second highest was 29% out of the other 92 counties. That's a crime. And what Senator Jacobson said before, 3 years ago, corn in Plymouth was \$8.30, and it's, it's absolutely reversed. Now it's \$3.80, and our break-evens, I can get that to you. It might even be in that packet I passed out. We're underwater on corn 40 or 50 cents on what the cost, cost is and, and soybeans are over \$1. If you have some livestock, you're, you're surviving. But it kind of feels like 1981 for those of us that were around at that time for the ag crisis and, and these three here can probably tell you about that. This is pretty straightforward. If this comes out, this would be my personal priority. This is a hard cap with no solutions. I didn't-- we didn't even try to solve the ESUs or the schools or Omaha Public Schools or the the city of Omaha, NRCSA, NACO, League of Municipalities, you know, that's what you heard from today. I'm sure there's a lineup watching this on TV that also don't like this. And that's why we didn't bring an amendment before we presented the bill. We're open to working with people. I think what we did in the special session with some of those kind of worked, kind of not. I can tell you the exceptions for first responders kind of gets, gets used a lot out there, whether it's right or not, I'm, I'm not-- it's not for me to say, but it just seems like if this is the limit, we're always at the limit. And I really do think if we would just come, come one time and just say this is it, folks, figure it out. And in a couple of years, it would become very apparent what's working and what's not. But we always, we always do all these patches. So, anyway, I would take any questions. I think it's pretty straightforward.

von GILLERN: Questions from the committee?

BRANDT: OK.

von GILLERN: You did a good job. Thank you.

KAUTH: Thanks, Tom.

BRANDT: Yep. Thank you.

von GILLERN: We'll close our hearing on LB1219 and LR317CA, and we'll close our Revenue hearing for the day. Thanks, everybody.