von GILLERN: Good afternoon, and welcome to the Revenue Committee. I'm Senator Brad von Gillern from Elkhorn, representing the 4th Legislative District. I serve as chair of the committee. The committee will take up 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're planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Please be sure to print clearly and fill it out completely. When it's your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets back at the table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your and spell your first and last name to ensure we get an accurate record. We'll begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally by anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer if they wish to give one. We'll be using a three-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you have one minute remaining. And the red light indicates you need to wrap up your final thought and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard. It is just part of the process, as senators may have bills to introduce in other committees. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. Please silence and turn off your-- or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room at any time. Such behavior may be cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written position comments on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included in the committee statement. I'll now have the committee members with us today introduce themselves, starting on my left.

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

BOSTAR: Eliot Bostar, District 29.

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

MURMAN: Senator Dave Murman, District 38, from Glenvil. I represent eight counties, mostly the southern tier counties in the state.

von GILLERN: Also assisting to-- assis-- assisting the committee today: soon to be on my right will be legal counsel Sovida Tran; to my left is Legal Counsel Charles Hamilton; far left is committee clerk Linda Schmidt. I'd ask the pages for-- today to stand and introduce yourselves.

ELIAS REIMAN: Elias Reiman, junior at UNL, studying psychology in the pre-law track.

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

von GILLERN: Thank you. Again, I want to remind what-- something I just read: if, if someone has already testified to your position and you'd prefer not to testify, please fill out one of the yellow sheets in the back, and, and you will be on the record as to your position on the bill. My encouragement to the committee members is that we listen to the testifiers and hear what they have to say rather than enter into debate with the testifier. So with that, I will offer to open on LR292CA. And welcome, Senator Andersen.

ANDERSEN: Thank you, Chairman von Gillern and members of Revenue Committee. I am Senator Bob Andersen, B-o-b A-n-d-e-r-s-e-n and I represent District 49, which includes northwest Sarpy County in Omaha. I appear before you this afternoon to introduce LR292CA as amended with AM2052, which was already handed out previously. So you should have a copy of this white copy amendment, and it is to amend the Nebraska Constitution, changing our system of valuations and limit property tax increases on a yearly basis. I am not a national economist nor an accomplished real estate developer, so how did I come up here-- come up with this? I listened to my constituents. When running for office I-- that I now hold, I knocked on over 11,000 doors in my district. I always asked my neighbors: if there is one thing you want me to work on when I get to Lincoln, what is it? Almost exclusively the answer: to fix the property tax problems inflicting significant damage on them and their families. This made me reflect on the golden rule: do unto others as you would have them do unto you. From that perspective, I began thinking about fairness and realized that we have treated our fellow Nebraskans unfairly. It is unfair to punish somebody for simply owning a home by forcing them to sell their house because the government exponentially increased the property valuations and raised their property taxes to an unaffordable level. It is fair to a single mom who bought a house with-- within her budget for her and her daughter but is being taxed out of her house. It's unfair that housing is so unaffordable that young couples, our children, are considering leaving our great state simply to buy an affordable house and start a family. It is unfair that a retired couple in their 70s are now forced to sell their retirement home. These retirees spent their whole life working hard and planning for their retirement, planning on spending time relaxing, spending time-- quality time with their families, especially with their grandbabies. Retire-- retired couples in my distri-- couples in my district must now decide annually if they can afford to stay in their home or sell it and move to an apartment. These stories are anecdotal evidence of the challenge before us. It is paramount that we stop taxing people out of their homes and provide them a fair path forward. LR292CA is a constitutional amendment designed to do exactly that. It stops taxing the people out of their homes. It creates property tax stability and predictability for all Nebraskans, residents, farmers, ranchers, and businesses. I've discussed the principles of this constitutional amendment with each of you-- some more than once. I will describe the macro-level features of this amendment and look forward to our discussion. Valuations. Establishes two valuations for each property: fair market value and taxable market value. Fair market value means the actual market value of the real property in the ordinary course of trade. This is in line with previously adopted statutory definitions. Taxable market value establishes a baseline valuation which does not change so long as you own your home. The taxable market value is determined by one of the three following actions: the 2026 assessed value if you're already in the home, the price of the property as purchased, or the first assessed valuation after you build a home. This valuation does not change until you sell the property. Only your tax liability changes. Property tax obligation. The year-to-year property tax change will be limited to the Consumer Price Index Urban. Rate of reported inflation applies to all levying authorities. Changes to your taxable market value. Almost nothing changes your taxable market value. The following are specific situations which will not cause a change. If you make a home improvement to your primary residence, such as finishing your basement. There are three life-- specific life situations which will not require an updated taxable market value. Transfer the property to a trust-- a, a trust with your spouse or your spouse in the case of divorce or death. It will not change the value. Categories of land. LR292CA creates only two categories of land: ag and horticulture, and all others-- basically residential and commercial. It maintains the current special valuation for ag and horticulture land at 75% of the value, which is currently in statute. During a school or special bond election, it reverts to 50%. Two particular-- of miscellaneous provisions, two particular concerns were raised during these discussions. If two or more properties within, within existing buildings are combined for partial or full buil-- rebuilding, a new fair market value and taxable market value would be required. If a property is destroyed by a natural disaster such as a tornado and the owner rebuilds the property, as long as it is of like profile, it will retain the destroyed house's taxable market value. LR292CA is a commonsense solution to an extraordinary problem for all Nebraskans. It is-- it-- is it the silver bullet to fix the property tax problem? No. But it is a simple, understandable, and can be used as the foundation for con-- conducting a broader tax reform our state requires and all Nebraskans deserve. I struggled with the scope of this amendment an-- but specifically kept it narrow in order to be functional and correct the greatest injustices: taxing people out of their homes. I am grateful for the testifiers behind me and look forward to our conversation. I thank you for your time and consideration. And I'm happy to answer any questions.

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

JACOBSON: Thank you, Senator Andersen. I, I just have one quick question. It-- so as I read the bill, basically this is protecting homeowners from property tax creep. But, but as it relates to ag producers, we're valuing their land at 75% of value, but they, they-- they're going to-- it's the Wild West in terms of what their property values can do. This, this is really only holding back property value increases for homeowners. Is that correct?

ANDERSEN: No, that's not, that's not correct.

JACOBSON: OK. So I, I guess I'm just curious. What, what, wha-- it-- does apply to ag producers as well?

ANDERSEN: Yes, sir. The only thing that literally changes from year to year is the actual tax obligation. The example I use would be-- I'll say a house, but it applies to farms, ranches, and businesses. If a house is valued at $200,000 and they have a 2% levy, then their tax obligation is $4,000. If the CPI is 2%-- to make it easy math-- for, for next year and it goes from $4,000 to $4,800, and the year after, $4,161. And that's kind of the whole point, is to make it stable and predictable based on CPI--

JACOBSON: With all classes of real estate.

ANDERSEN: All classes. It applies to all of them across the board.

JACOBSON: All right. Thanks for the clarification. Thank you.

ANDERSEN: Yes, sir.

von GILLERN: Other questions from the committee? I'm sure we'll have a lot of questions as, as testimony goes on. Thank you for your opening. And we'll invite up the first proponent.

ANDERSEN: Thank you, Mr. Chairman.

von GILLERN: Good afternoon.

JACK BAUM: Chairman von Gillern, members of the committee, thank you for the opportunity to speak today. My name is Jack Baum, J-a-c-k B-a-u-m. And I am here on behalf of Americans for Tax Reform, a national taxpayer advocacy organization dedicated to opposing tax increases and promoting policies that allow families, workers, and small businesses to keep more of what they earn. We work with taxpayers and lawmakers across the country to advance pro-growth, fiscally responsible tax policy. And I appreciate the chance to share our perspective on this issue today. The issue before the committee is straightforward-- will the Legislature give the people of Nebraska the opportunity to address one of the most pressing challenges facing taxpayers today: unsustainable property tax growth. Nebraska's property tax burden has been a persistent challenge for families, farmers, and small businesses alike. No Nebraskan should face property taxes that are unpredictable or that escalate far beyond their ability to pay. Yet that has not been the case. According to recent research from the nonpartisan Tax Foundation, Nebraska property taxes are now the fourth highest nationwide, rising just four spots in one year, largely driven on the backs of surging property values. In an increasingly competitive environment where families and businesses have options about where to live and invest, Nebraska cannot afford to consistently rank near the top for property tax burden. Despite repeated efforts by the Legislature, the beast has yet to be tamed. Property valuations continue to climb at a pace that far outstrips inflation and wage growth, and taxpayers are left footing the ever higher bill. Families and farmers are effectively penalized for owning the homes and land they've worked their entire lives to afforn-- to afford-- not because they changed anything but because their assessed values increased on paper. This dynamic is particularly difficult for retirees and those on fixed incomes who see their property tax bills rise year after year even when their income does not. Predictability in tax policy is essential for long-term planning. Farmers making multiyear equipment investments, small business owners considering expansion, and families budgeting for their future all rely on stability. When one of the largest recurring costs of ownership fluctuates unpredictably, it makes responsible planning far more difficult. Of course, property tax reform is not easy. States across the country are grappling with the same challenges and experimenting with a wide range of approaches. There is no single silver bullet. And meaningful reform will require multiple policy changes. But tying assessed value increases to the Consumer Price Index is a strong step in the right direction, one that brings predictability back into the system, restores a measure of fairness for taxpayers, and ensures property taxes grow in line with what families can actually afford. And importantly, this is not a novel or radical concept. States across the country-- including but not limited to California, Arizona, Michigan, Florida, and many others-- have adopted limits that tie property tax growth to inflation or otherwise cap annual increases.

von GILLERN: I'm going to call-- your, your time is up. And I'm-- with the number of testifiers today, folks, we're going to stick really close on the timer. Thank you for your testimony. Are there any questions from the committee members? Seeing none. Thank you for being here today. Appreciate that. Next proponent. Good afternoon.

DOUG KAGAN: Good afternoon. Doug Kagan, D-o-u-g K-a-g-a-n, representing Nebraska Taxpayers for Freedom. Our current property valuation tax systems prevent homeownership, are unsustainable, and archaic compared to other states. Present tax credits are a Band-Aid, failing to lower our property tax load. Current limits on taxing authorities are Swiss cheese lids, offering too many ways to break the caps. This resolution would cap annual tax increases for all Nebraskans. Homeowners will understand their future tax liabilities and not risk higher taxes for renovating their homes. This approach prevents abrupt and excessive tax burdens on property owners, shield-- shielding them from large, unexpected hikes and tax bills, which can then-- which can happen when property market values rise rapidly. Property owners can better plan their personal finances and household budgets when they know their property taxes will not increase dramatically annually. No longer will we see seniors and other taxpayers on fixed incomes priced out of their homes because of spiraling taxes and leave the state. Lo-- no longer will we witness young couples chained to their apartments with little home-- hope of homeownership. The increasing number of local bonds will not add as much taxation. Providing for emergency spending, the bill has a, quote, safety valve, unquote, that balances strong fiscal constraints with the urgent necessity to maintain ori-- essential services. This proposal will instill fiscal responsibility in local government operations and management, ensure the effestive use-- effective use of taxpayer dollars by prioritizing and cutting spending, reduce waste, efficiently allocate resources, and encourage revenue source diversification rather than relying on automatic property tax increases. Taxing authorities by necessity must then work diligently to prove an urgent necessity. Local governments then incentivize to innovate with services. This plan will attract residents and businesses to Nebraska communities, encourage sustainable growth, and prevent population loss from high property taxes. A New Jersey research paper determined that households will experience larger gains in income with an increase in the homeownership rate. Most importantly, this measure finally will allow all Nebraska taxpayers to vote on credible solutions. Thank you.

von GILLERN: Thank you, Mr. Kagan. Questions from the committee? I just had one question. Your-- in your testimony, you say, no longer will we witness young couples chained to their apartments with little hope of homeownership. One of the-- some of the-- some have challenged this process or, or this change by saying that it will make new homeownership more difficult because the burden gets shifted away from those who have been in their homes for a longer period of time to first-time homebuyers. Do you not a-- you don't agree with that?

DOUG KAGAN: No, I don't agree with that. In fact, I, I know real estate people in Omaha. They're building right now a lot of apartments. You know, I asked them, why are you building so many apartments? They're just springing up like mushrooms all over the Omaha metro area. And they say, well, young couples and young singles can't afford houses right now. So they're filling these apartments.

von GILLERN: OK. OK. Thank you. Seeing no other questions. Thank you for being here. Our next proponent. Good afternoon.

ALAN SEYBERT: Good afternoon. Alan Seybert, A-l-a-n S-e-y-b-e-r-t. For years, property owners in Nebraska have had to deal with outrageous valuation increases forced on them by county assessors. Property owners' struggles are amplified when political subdivisions increase their tax levies. They point fig-- fingers at each other without offering a solution. This bill offers a few solutions, not the least of which is defining fair market value and taxable market value. Creating those two different values recognizes a major problem with the valuation process, and that is trying to estimate market value then using that estimate to set an assessed value. Market value is the price paid in an open transaction. Taken literally, market value would be determined by reselling a property every year. That is ridiculous, but no more ridiculous than estimating individual residential market value by adjusting a construction cost model. That is what county assessors do. The qualifying statement financial advisors like to use is past performance does not indicate future results. County assessors use past performance to determine future assessed value. This bill stops that. This bill also ties tax growth to a CPI index, but property owner tax growth is not political subdivision revenue growth. Every year, Douglas County and the city of Omaha see increases in their valuation base because of new building and development. This year, it is 2%. So add 2% to the CPI to get revenue growth. County assessors' processes could be more efficient, allowing for budget savings. The volume of valuation appeals should drop significantly, which would reduce the workload for county boards of equalization and Nebraska's Tax Equalization and Review Commission. With passage of this bill, Douglas County could eliminate their current valuation appeal process. According to 2025 information, that would save Douglas County $500,000 every year. And finally, because this bill would significantly reduce property owners' taxes, school tax credits could be eliminated. Funding for those credits could also be used elsewhere. Thank you.

von GILLERN: Thank you for testimony. Any questions from the committee? Seeing none. Thank you, Mr. Seybert. Next proponent. There any other proponents for LR292CA? Seeing none. We'll invite up our first opponent testimony. Good afternoon.

JON CANNON: Good afternoon, Chair 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 opposition to LR292CA. Senator Andersen has worked really hard on this bill, and he's met with all-comers. He's been gracious and accommodating as far as wanting to make sure everyone understands exactly what he's trying to accomplish with this bill. And I appreciate the effort that he's made. It's-- it-- I mean, there, there are things in this bill that, that we like. I, I think the last testifier hit on one of them: no valuation protests or hearings. That frees up an awful lot of time in the months of June and July. Frees up time in the calendar for, for a lot of other things that the counties do. There's less work related to the homestead exemption, which you guys are intimately familiar with. And I, I think Senator Andersen hit-- when, when he and I had been speaking, he talked about taking out the election provision for emergencies, which, you know, kind of looks like we get into single-subject issues. And, and that's something that, that if, if that in-- indeed happens, certainly, you know, would be, would be helpful because that's just one more thing. On the tax side, though, this, this doesn't actually do all that much. And, and as you guys have heard me say before, the valuation is a function and not the driver of the tax bill. Now, how that gets allocated within, you know, wi-- within the individual populations, that's a big deal. We did a study. If this-- something like this had been in place ten years ago and-- actually, there were a couple surprises. We found that, in some counties, the levy rate-- the levy rate would actually go down overall because of the fact that the tax would still be able to grow according to CPI yield and the, the overall aggregate tax. The effect on the overall tax load, it's a little bit of a mixed bag. It appears to be driven more by the cap and not the value. So I'll, I'll repeat myself. As we've frequently stated, values are a function and not the driver of the tax bill. But at the individual level, that's where we get to the, the policy implications. The uniformity clause that we have in Nebraska is predicated on the notion that everyone pays their fair share of property taxes. And we've de-- decided that the fair share is, you know, what is, what is the relative value of the wealth-- the, the piece of wealth that you hold in the terms of real property. The portion of the uniformity clause which does not survive this amendment-- which is taxes shall be levied by valuation uniformly and proportionally upon all real property, that, that is, is out the door. And essentially what we have is we have a thing called fair market value, but we put it into a box and we don't ever look at it again. So essentially we get to an acquisition value for taxation, very much like Prop 13 in California, somewhat similar to Save Our Homes in Florida. And what that has done is it's created a lot of gross inequities in that state, both on a macro and a micro level. You know, for instance, the-- and, and this is anecdotal more than anything-- a house purchased in the '60s in California-- Prop 13 passed in 1977-- has the same age, quality, and condition as its neighbor, their tax bills are going to be radically different from-- because one was purchased just last year for, you know, $4.5 million while that-- the first one is valued-- still valued at $250,000. More accurately, though, I'd, I'd give the example of Belmont, California. The average assessed value, average assessed value in, in Belmont, $676,500 per, per parcel. That means that the tax bill, because they're at 1%, that's $6,765 for the average tax bill. So there's going to be some lower, some higher. I'm out of time. I'm happy to take any questions you may have.

von GILLERN: Finish that sentence, please.

JON CANNON: Sure. In Belmont, California, the average market value, according to Zillow and other folks that have done these studies, the $1.6 million. And so the new owner's tax bill is going to be $16,000, to your point. So your average is $6,765. We know there are going to people-- people that are going to be lower than that because they had purchased it, you know, much further away in, in time than the average had. And then you've got the new homeowners who are going to be paying $16,000. So, yeah.

von GILLERN: Thank you, Mr. Cannon. Let's see--

JON CANNON: Thank you, sir.

von GILLERN: --[INAUDIBLE] questions from the committee members. Seeing none. Thank you for being here.

JON CANNON: Thank you for your time.

von GILLERN: Yep. Next opponent. Good afternoon.

MEG HARRIS: Hello. Good afternoon, Chairman von Gillner [SIC] 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 of the city of La Vista and the United Cities of Sarpy County, which represents the cities of Bellevue, Gretna, La Vista, Papillion, and Springfield. I serve as the finance director of the city of La Vista. The United Cities of Sarpy County recognize the need to reduce the property tax burden on Nebraska residents. We want to be a constructive partner with the state in addressing this very complex issue. However, we cannot support LR292CA without a provision that removes the existing levy caps. As an example, the city of La Vista is a small city in the Omaha metropolitan area with a relatively limited property tax base. Despite that, we are responsible for maintaining infrastructure and providing public safety services at several of the busiest intersections in Sarper-- Sarpy County. That reality places a cons-- constant and significant strain on our budget. Today, 44% of our general fund revenue comes from property tax. As written, this amendment would immediately reduce property tax revenue growth to 0% for any political subdivision already at its le-- levy limit, including the city of La Vista. We are not opposed to the valu-- valuation component of the amendment. Our concern is the interaction between the limiting parcel tax increase to CPI while keeping levy caps in place. When a political subdivision is already levying at the cap, there's no room to grow. The result is 0% revenue growth not just temporarily but permanently. And eventually, every political subdivision will reach the cap. Without removing levy caps, this amendment will have an immediate and detrimental impact on the city of La Vista. In year one alone, we estimate a $500,000 loss in revenue capacity. Over the next ten years, that total is approximately $40 million. To remain solvent, we'll be forced to make substantial cuts. Public safety represents 42% of our general fund budget. Over the past four years, public safety costs have increased by more than 10% annually. If property tax revenue is held to 0%, we would need to reduce public safety spending by roughly 5% in firs-- in the first year and condin-- continue reducing by 5% each year. In addition, we would have to eliminate or significantly reduce community men-- amenities such as senior programs, youth programs, library services, and park operations. Road repair schedules would be delayed, snow removal operations would be scaled back. This is not a one-time adjustment. The impact compounds annually. As CPI increases and our revenue remain flat, the gap widens-- 4% the first year, 8% the next, and continuing to grow. We respectfully urge the committee to consider these-- to consider the consequences and address the levy cap issues before advancing this amendment in order to avoid immediate and long-term financial harm to the cities in Sarpy County and communities in-- across Nebraska. We also recommend that you remove the reference to the levy increase-- OK.

von GILLERN: Thank you for being respectful of the time. Any questions from the committee members? Senator Kauth.

KAUTH: Just one, Chair von Gillern. So you had said that public safety represents 40% of your budget and that's what you would cut first, but public safety doesn't have a cap, correct?

MEG HARRIS: We-- the, the city has a cap of, of 45%, with another 5% for interlocal. We cannot go above that. So it doesn't-- the-- public safety is part of our-- part of our cap, yes.

KAUTH: I thought the public safety was exempted from the caps we did last two years at the special se-- session.

MEG HARRIS: No. You could ask for more over your-- so your ask is your base, right, from the year prior. You could ask for more over your base for public safety, but you still can't go over that levy limit.

KAUTH: OK. Thank you.

MEG HARRIS: Mm-hmm.

von GILLERN: Other questions? Senator Jacobson.

JACOBSON: Just very quickly-- and, and maybe more education purposes-- but I think, I think Jon-- Sen-- Mr. Cannon made a comment earlier that property values are one part of the equation, levy limits is the other part. And-- so this bill is effectively going to, going to cap or, or limit what valuation increases can be.

MEG HARRIS: Right.

JACOBSON: And what you're asking for is--

MEG HARRIS: Right. Because right--

JACOBSON: --eliminate the levy caps, which guts the bill. I mean--

MEG HARRIS: Not really, because we can't go-- we can't ask for more than the CPI.

JACOBSON: I understand that. But if we eliminated the levy caps, then it isn't going to matter what the value is because you'll just raise the levies higher, right?

MEG HARRIS: But you're-- if we had the room to-- we could only raise it the CPI.

JACOBSON: I understand that.

MEG HARRIS: So we can't go higher than that. It effectively does the same thing. If you-- it-- it'll still solve the problem. You just ha-- if you just remove the cap. If you don't remove the cap, you've got all these entities right now-- not only some municipalities, but I think a lot of school districts are at the top-- right away, we-- we're, we're done. We-- we've got to make some significant cuts. And then-- and that's just going to compound itself year over year. If you give-- if you take the cap off, we can't all of a sudden double our levy. Because we can only go off whatever CPI is. So you leave the CPI portion in it, we can't go more than the CPI. So it's not like we can take that-- you take the cap off and all of a sudden we're gonna, you know, go crazy with our levy. We can only up that, that amount of the CPI.

JACOBSON: So are you referring to the cap and, and what was in the special session, LB34?

MEG HARRIS: No, I'm referring to the cap that is-- that you can-- that our munic-- like, for a municipality that you can only levy up to 45 cents and an additional 5 cent for interlocal agreements.

JACOBSON: So you're not talking about removing that cap? Or, or you--

MEG HARRIS: Yeah. So that, that ca-- that-- in order for this to work for everybody, that cap needs to be removed. It's the sa-- it has the same impact. If you're a resident in La Vista, your taxes are still not going to go up more than what the senator said. They won't go up more than CPI. So if it's 2%, they're not going go up more than 2%. The-- it's just that the city then can, can, though-- you know, obviously have to increase the levy to do that. But if you don't give us that capacity to increase, it doesn't matter what CPI is. And we are in a situation-- we don't have a lot of growth. There's not a lot of room for, for our city to grow. So we're kind of stagnant in that case. And so we cannot-- right now, the way the bill is, we would not be able to ask for anything more than what we ask for today. So 10 years from now, 15 years from now, our ask is still going to be what it is today. Unless somebody sells a house and-- you know, you'll get a little bit every year.

JACOBSON: I'm-- I, I, I appreciate the answer. I-- I'm not sure we're, we're connecting completely, but thank you.

MEG HARRIS: OK.

von GILLERN: Thank you. Seeing no other questions. Thank you, Ms. Harris.

MEG HARRIS: Yep.

von GILLERN: Next opponent. [INAUDIBLE]. Is there another opponent? You got the whole-- you got the whole room on that one. Good afternoon.

COURTNEY WITTSTRUCK: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Courtney Wittstruck, C-o-u-r-t-n-e-y W-i-t-t-s-t-r-u-c-k. And I'm the executive director of the Nebraska Community College Association. And I'm here today on behalf of my member colleges to testify in opposition to LR292CA. Nebraska co-- Nebraska's community colleges share the committee's interest in property tax relief. In fact, in 2023, the Legislature, the Governor's Office, and community colleges worked together to enact historic funding reform that dramatically reduced our reliance on property taxes and replaced that funding with state support. That reform delivered meaningful property tax relief while preserving the workforce training and educational access that employers and communities across Nebraska depend on. Both the levy cap as well as the reduction in valuations included in this resolution would serve to completely undo that transformational funding model the Governor's Office, the Legislature, and the community colleges worked to painstakingly craft just three years ago. A key part of that agreement was a carefully designed safety net. If the state were ever unable to fully meet its funding commitment, community colleges could temporarily reinstate their levies only to the extent necessary to cover the shortfall but no more. By limiting allowable levy growth, LR292CA would effectively eliminate that safeguard. Even if the state funding commitment were not met, community colleges would no longer have a reliable mechanism to protect their financial stab-- stability. Another key element of that new funding model is the community college's retention of a limited 2-cent levy for bond service and capital. Unlike publi-- unlike other public higher education institutions, community colleges do not receive state funding for deferred maintenance or capital renewal. The 2-cent levy is the only tool available to them for capital or bond obligations. Reducing valuations diminishes the revenue generated by that fixed levy while bond payments remained unchanged. This dynamic weakens financial coverage and increases long-term risk because of structural cons-- constraints imposed after the bonds were issued while also raising constitutional concerns. Community colleges operate with a clear mission: to deliver affordable, workforce-focused education that supports Nebraska's economy. The current funding model reflects a multibranch and multi-institution compromise that balanced property tax relief with fiscal responsibility and long-term stability for Nebraska's workforce engine: our community colleges. This resolution would destroy this transformational model just three years after it was enacted. For these reasons, the Nebraska Community College Association respectfully asks this committee to oppose LR292CA. Thank you for your time. And I'd be happy to take any questions.

von GILLERN: Thank you. Any questions from the committee? Seeing none. Thank you, Ms. Wittstruck.

COURTNEY WITTSTRUCK: Thank you.

von GILLERN: Next opponent.

KYLE FAIRBAIRN: Chairman von Gillern, members of the Revenue Committee, my name's Kyle Fairbairn, K-y-l-e F-a-i-r-b-a-i-r-n. I represent the Greater Nebraska Schools Association, which is an organization of 25 of the largest school districts in the state. I come today and pose-- in opposition of LR292CA. Bill would hold taxable values on real property to national CPI for the year and add some growth in, in a percentage increase. This bill is very similar to the California bill passed years ago called Proposition 13. This has greatly affected the ability of California schools to finance operations. California is currently ranked 38th in the country in K-12 education while Nebraska is ranked 14th, according to U.S. News. Nebraska rarely wants to look like California, but this bill would do exactly what it's done in California. Tying property tax to CPI could also put some schools in dire shape across the state. The TEEOSA formula uses actual values, which would mean landlocked school districts like Millard, Bellevue, and rural school districts would not receive any more in state funding. The only potential increase in funding would be from the CPI number. They would also not have a lot of growth because they're all landlocked. The funding commission-- the TEEOSA funding commission has been set up by the Legislature last year. I would approach you and let them do their work and, and see if we can come to a solution to the property tax problem. I should take any questions.

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

DUNGAN: Thank you, Chair von Gillern. Thank you for being here. And I apologize if this was addressed earlier. I was in a meeting. I apologize for missing the first part. You mentioned TEEOSA, and that was one of my big questions about this, is what the impact of this would be on our current iteration of TEEOSA. And I understand there's a lot of proposals of how to change it and moving the levy lids around. But with the way things are currently structured, what would the impact be on the actual formula and the outcomes for schools?

KYLE FAIRBAIRN: So-- great question. Thank you, Senator Dungan. The-- right now, the, the funding formula says needs, which is set by the state, minus resources equals state aid. OK? The biggest resource most schools have is their property tax values. OK? Schools-- the formula right now uses actual tax, tax value, market value, which would be in this bill. So in Millard last year, property ta-- property values went up 6%. So that 6% increase in to-- property taxes would come off of the needs formula. OK? What this bill is saying-- yes, the formula's still going to take in count that property taxes went up 6%, but if CPI's 2%, all Millard Public Schools could come back to is say, I need 2 cents more. Their state aid would not change because the formula hasn't changed. So basically, they lose about $8 million in the first year of this proposal because they have no-- they would have to increase levies to make up that loss just to get to where they were the year before.

DUNGAN: And so is that a-- is that a direct consequence of sort of the bifurcation of the values that are being proposed here?

KYLE FAIRBAIRN: Right, because we're locking in the values that the schools can ask for to CPI. And if that's 2% but actual property values grew by 6%, that's the number used in the TEEOSA formula, not the 2% increase. So they'd lose 6% and be able to gain back 2% of their total property valuation, which in Millard is quite substantial.

DUNGAN: Would you be able to change-- I guess it would take legislation, but would you be able to change the TEEOSA formula to better capture what's being contemplated in LR292CA?

KYLE FAIRBAIRN: You, you could, Senator. You could use the 2% levy and put it into the TEEOSA formula. What that's going to do is cost the state millions of dollars because now those valuations are taking off from the needs minus resources piece. Your resources would go down. The state would be-- the state would be on the hook to, to provide the rest of that. So state funding would go up-- have to go up dramatically if you move that assessed value around to, to the TEEOSA formula.

DUNGAN: OK. Thank you. I appreciate you being here.

KYLE FAIRBAIRN: [INAUDIBLE] Senator.

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

KYLE FAIRBAIRN: Yes, sir.

JACOBSON: Probably missing one other component. It would-- that would be that we'd have to cut spending.

KYLE FAIRBAIRN: Yes, you could. If, if you could-- most of these school districts, they would be flat-funded immediately.

JACOBSON: I understand that.

KYLE FAIRBAIRN: So-- and over the years, that funding would just continue to go down. So you would have to decrease your budget every year.

JACOBSON: Unless you made some changes over time with TEEOSA and other-- it-- but, but I, I-- the-- I, I-- the thing we find interesting is nobody talks about cutting spending, and, and that's something we'd like to hear.

KYLE FAIRBAIRN: Yeah, and I--

JACOBSON: [INAUDIBLE] like to hear.

KYLE FAIRBAIRN: Again, cutting spending is, you know-- again, do you cut this program? Do you cut that program? Do you cut this teacher? That's-- it-- it's a difficult process.

von GILLERN: Thank you. Seeing no other questions. Thank you for your testimony.

KYLE FAIRBAIRN: Thank you, Senator.

von GILLERN: Next opponent. Good afternoon.

KIM ZWIENER: Hi. Chairman von Gillern and members of the Revenue Committee, my name is Kim Zwiener, K-i-m Z-w-i-e-n-e-r. I am here today on behalf of the Nebraska Realtors Association, representing more than 5,100 realtors across Nebraska, in opposition to LR292CA. Since 1917, the Nebraska Realtors Association has served as the voice of real estate in Nebraska and has worked to protect and advance the American dream of homeownership. Nebraska Realtors Association believes LR292CA will reduce mobility and inventory in Nebraska's real estate market and our broader economy. The real estate industry accounted for 13.6% of Nebraska's gross state product in 2024. That is a significant share of our state's economy, and it underscores how critically important and healthy housing market is to Nebraska's overall economic stability. When similar proposals have been implemented in other states, we've seen unintended consequences, primarily what has been described as a moving pental-- penalty. Because their existing homes are taxed at significantly lower assessed values, downsizing to a smaller home or condominium can result in the same or even higher tax burden from what they're leaving. And the movement to a higher priced home will be shocking. As a result, many homeowners simply will choose not to move. The lack of mobility reduces available housing inventory, tightens the market, and makes it more difficult for first-time buyers and growing families to find homes. When inventory is constrained, affordability challenges only increase. We also believe this bill will incentivize large corporate investment companies to move into Nebraska and continue to make homeownership for Nebraskans more unattainable. We fully recognize Nebraska's growing property tax crisis and we share the goal of providing meaningful, sustainable relief to property owners. However, we must be thoughtful about solutions and carefully consider any policy changes that could unintentionally slow housing mobility, resti-- restrict supply, or weaken a sector that plays such a vital role in our state's economy. Thank you for your time. I would be happy to answer any questions.

von GILLERN: Thank you for your testimony. Any questions from the committee? Senator Sorrentino.

SORRENTINO: Thank you, Chairman. Very quickly. LB292CA reduces mobility and inventory supply. Could you-- I'm no-- I'm not seeing the logical nexus.

KIM ZWIENER: So we're already seeing inventory supply issues, housing affordability with interest rates being raised. People are staying in place because they don't want a higher interest rate. This would further compound that problem as well. People are gonna stay in place and not move. The housing market stays healthy by movement. Usual--

SORRENTINO: They, they would stay in their place because they like their new lower tax better? Is that what you're suggesting?

KIM ZWIENER: Yes. Correct. Correct. It would--

SORRENTINO: Or they could buy a newer house with a lower tax too.

KIM ZWIENER: It would-- if they go up, then they're going to have a substantially higher taxes because their new tax will be-- if they bought something five years ago and their taxes is the five-year value-- and then we've seen prices increase. It's not the taxes that increase. It's-- the market value increases, which increases the taxes. So they buy a new house five years later at a substantially higher value, their taxes are going to be higher. So they're going to go from their low payment-- because it has lower taxes-- to a much, much higher payment because they're now paying the taxes of whatever the value is at that time.

SORRENTINO: Thank you.

KIM ZWIENER: Yes. You're welcome.

von GILLERN: Thank you. Any other-- Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Just to bounce off that. That made me think a little bit. I know there's been some discussion in the past with regards to other similar proposals about the impact for first-time homebuyers. Can you speak a little more to what that would be from your perspective as a realtor?

KIM ZWIENER: I think for me the-- first-time homebuyers is already scary. First of all, we have a society of first-time homebuyers who don't want to buy right now. And a-- the average first-time homeowner in the United States last year was 50 years old. And I think a lot of that is-- especially in Lincoln and Nebraska, we have really strong investors who are buying the properties for rentals. So we're already seeing that lockup of not having enough properties available. And someone already mentioned that we're building a lot of apartment buildings. We're not building a lot of affordable, single-family homes. We're building higher end homes and we're building apartment buildings. So the peo-- if, if nobody wants to move out of that first-time homebuyer inventory because they're in a low-interest rate or because their taxes are lower, it just further compounds the problem.

DUNGAN: Do-- la-- last follow-up. Do you think, though, that there's a possibility that if this were to pass it would provide more stability for people who are moving into the market so it could encourage folks to maybe move into that market knowing what the stability would be moving forward?

KIM ZWIENER: I don't think so. Because whe-- you're-- if you're getting into a first-time buyer home and then you want to move up later, that is-- it's going to exponentially raise what you're used to paying. So I don't think-- I think it would be similar to what the problem is now.

DUNGAN: OK. Thank you.

von GILLERN: Thank you. Seeing no other questions. Thank you for your testimony.

KIM ZWIENER: Thank you.

von GILLERN: Next opponent. How many other testifiers are there on LR292CA? Can I see a show of hands? OK. Thank you. [INAUDIBLE] want to move to the front. That'll speed things up. Thank you. Good afternoon.

CONNIE KNOCHE: Chair von Gillern, members of the Revenue Committee, I'm Connie Knoche, C-o-n-n-i-e K-n-o-c-h-e. And I'm a senior fellow at OpenSky Policy. We're here to testify in opposition to the creation of a bi-- bif-- bifurcated assessment system in LR292CA for two reasons: the negative effect of-- on the local government entities who rely on property taxes for funding and the violation of taxation best practices that result. Assessment caps have been found to be deeply flawed-- the deeply flawed means to counter rising property values. Pressure to lower property taxes often intensifies during rapid value growth, which Nebraska has experienced in recent years. Since 2015, statewide residential real property increased by 111% and ag property has increased by significantly more than that. In a bifurcated valuation system-- one for tax purposes and another for market value-- the fact that all property would be frozen at 2026 valuations for taxation would likely result in less revenue for local governments with the-- while the proposal contains a mechanism for increasing the taxable value by the Consumer Price Index U. Annually, the CPI-U is not a suitable proxy for local government spending. A better proxy would be SLCE, which is a state and local consumption expenditure index. But both the CPI-U and SLCE have lagged valuation growth in the state, which would have resulted in less revenue for local governments who are mandated by the state to provide many of the services they offer. Since the pandemic, inflation increased significantly, but neither the CPI-U or SLCE kept pace with valuation growth. Since 2019, residential value grew by 62.2%, but CPI-U incruse-- increased by 27%. SLCE increased by 42%. And had valuation growth been restricted by CPI-U, local governments would have been constrained to their ability to levy taxes to provide services for residents without raising levies if able, reducing services or looking to different, more regressive forms of revenue such as sales taxes. Assessment caps also violate principles of taxation, which guide OpenSky in our assessment policy. They can violate horizontal equity, which holds the taxpayers of similar situations pay similar amounts. If LR2-- LR292CA were adopted and enacted by Nebraska, two equally valued homes side by side could be substantially different tax burdens. Additionally, they can violate vertical equity, which holds the taxpayer of greater means pay greater share of taxes. A large house in an expensive area owned by many-- owned for many years-- sorry.

von GILLERN: Thank you for being courteous.

CONNIE KNOCHE: Mm-hmm.

von GILLERN: Questions from the committee? I just have a-- I want to make sure I understood you correctly. The-- you said that, that valuations have-- the, the rate of valuations has increased at a steeper rate than SLCE-- OK.

CONNIE KNOCHE: Or CPI-U. Yeah.

von GILLERN: Or CPI. Is-- isn't that-- not to make Senator Andersen's point for me-- isn't that the whole point that he's trying to make, is that, is that valuations have increased more dramatically and allowed spending to increase more dramatically than it could have or should have and outpaced cost of living in SLCE?

CONNIE KNOCHE: If you look at a ten-year history of statewide spending over that time, spending doesn't increase with valuations. It just increases-- I think it's relatively, like, 4% to 5% annually. So it's not-- just because valuations are skyrocketing doesn't mean that tax asking has been. I can show you some--

von GILLERN: Yeah. OK. All right. You show me your graph, I'll show you mine. All right. Thanks for your testimony today. Next opponent. Good afternoon.

COLBY COASH: Good afternoon.

von GILLERN: Go for it.

COLBY COASH: My name's Colby Coash, C-o-l-b-y C-o-a-s-h. I represent the Nebraska Association of School Boards. Some of this was covered, so I'm crossing out some of my, my testimony, but because this is a constitutional amendment, there's no nexus here to the sa-- state school for-- funding formula. And if there's not nexus here, it's really difficult to understand the impacts it will have. However, you don't have to go too far to, to find out how this has impacted other states. Califor-- the unintended consequences of California's proposition from 1978 can give us kind of-- little bit of a roadmap. So before Prop 13 in California, schools were heavily reliant on property taxes, similar to Nebraska, accounting for about 60% of their funding. And like LR292CA, it put a growth cap on assessed value, set the reassignment triggers for value when a property's sold, and set a high threshold for when there can be emergency tax increases. After it was passed in California, local school revenues declined roughly 50% between its passage in 1990-- which was a staggering loss for the school districts-- and it required the state to step in in a large way to distribute funds and, and, and support school districts who saw negative impacts on their services and, and education initiatives prior to that being passed. So before it was approved, California was one of the best systems in, in the country. But as Mr. Fairbairn illustrated, they're now ranked 38th. So the long-term consequences here is, is what we're, we're concerned about. Skip all that. This isn't just an-- a-- this isn't just a, a constitutional amendment. It's a proposal that ingrains these restrictions in a state constitution, which is fairly inflexible, doesn't give the time for this Legislature or schools to adjust. We can learn a lot from the history on how this has played out across the country. So for those reasons, we would ask the committee to hold off on this proposal. Thank you.

von GILLERN: Thank you. Questions from the committee? You hit on something that, that I was hoping would come up, and that is the-- and-- have-- you having sat on the other side of this desk, and I think you can probably respond to this well-- the inflexibility of a constitutional amendment to be modified later if there are things that are found to be imperfect about it. What i-- can you briefly describe what that process would be?

COLBY COASH: Yeah. So, you know, if, if this goes through this body and puts on the-- in the hands of the people who adopt it, you know, you have a now very narrow boundary that you-- that the Legislature can work with as it relates to what's on that constitutional amendment because you can't just-- as you have all found out recently, you just can't go without significant public pushback and within the bounds of what the people have said and reverse that. So that flexibility to meet the needs of political subdivisions that this state has said, as-- in, in the case of schools, punted over to local school districts and their elected leaders is really gonna be diminished. And so there's gonna be a real challenge if there are things that happen in our state that the state wants to respond to. From a funding perspective, that's gonna all rely on the, on the state at that point because we've got a very rigid constitutional cap boundary on what schools can do. So it will respond-- it will be a-- the responsibility of the state, and that could be a very expensive proposition. Maybe that won't matter, but it can make schools nervous, as you might imagine.

von GILLERN: Well, in, in knowing and, and fully acknowledging that this is not Prop 13, there are some-- and Senator Andersen worked very hard to make sure that he, that he accounted for some of the flaws that were in Prop 13, but, but you mentioned-- you brought that up. What, what did that do to California's state economy? The-- or, their-- not their state economy, the financial position of the state backfilling for the property tax--

COLBY COASH: Well, I think, you know, California-- fortunately, Nebraska's not like California. I think California can borrow all the money it wants to make its bills work. We don't have-- we don't do that here. I think that's, that's a good thing. But it caused significant debt on the, on the side of California because they didn't-- I don't know if they-- think about it, didn't care. But at the end of the day, California had to write a big check and borrow a lot of money just to get back up to where they thought they needed to be. And they're still not really there. I mean, I think our Ne-- I'd put our system against theirs. On its-- our worst day and their best day, we're still, we're still killing California.

von GILLERN: All right. Seeing no other questions. Thank you, Mr. Coash. Invite up our next opponent. Is there any other opposing testimony? Yeah. And I will hand the chair over to Senator Jacobson.

__________: How about neutral?

von GILLERN: Huh?

__________: Neutral?

von GILLERN: We're still-- opponent.

JACOBSON: We're still in opposition te-- testimony.

DEAN EDSON: Just wait [INAUDIBLE].

JACOBSON: He's trying to jump the line. Go ahead. You're fine.

DEAN EDSON: OK.

von GILLERN: Thank you.

DEAN EDSON: Senators, my name's Dean Edson, D-e-a-n E-d-s-o-n. I'm the executive director of Nebraska Association of Resources Districts.

von GILLERN: Sorry about that.

DEAN EDSON: It's OK. I'm presenting testimony today in opposition to LR292CA. I'm going to abbreviate the printed testimony they gave to you. In the [INAUDIBLE] of time, I want to state upfront we're not opposed to property tax reform. We're very concerned about the heavy reliance on property taxes to fund schools and other political subdivisions. What I want to pledge to you is that what-- we're willing to work with you to make statutory change. Our concern here is making a constitutional change that may end up with some unintended consequences. Just briefly on how our NRDs operate, we need flexibility to do projects. In areas where it's fully and over-appropriated in the state, we have to put together water management plans to make sure that we protect existing water users but then also meet con-- our compacts and other state agreements that Nebraska has. We also build flood control structures. Those take years to develop and con-- finally construct. Once these projects are done, our tax request goes down. To point this out, this year, 10 of the 23 NRD boards voted to reduce or request a 0% increase in property taxes. We had one district that dropped their-- lowered their request by 16%. I would urge the committee to keep working together on statutory changes. We started down that path a couple years ago. I think we're headed in the right direction. And we pledge our support to continue working with you. With that, I'll try to answer any questions.

JACOBSON: Thank you. Questions? Senator Kauth.

KAUTH: Thank you, Vice Chair Jacobson. Thanks for being here, Mr. Edson. So I appreciate your offering to work with the committee and with the Legislature. When we did LB34, the special session, we did not include the NRDs in the hard caps. Are you willing to accept hard caps?

DEAN EDSON: This gets back to this situation that we're in here. This is why we can reduce down to zero or no, no increase in the tax, is we have unused budget authority that you set aside. And instead of raising the taxes by 2.5% every year and pocketing that money, we don't need it. Let's lower the tax and raise it when we do.

KAUTH: So-- but-- and the valuations have gone up. And the NRDs have, have historically not raised your levies, but you also haven't lowered them by the same amount as the valuations have gone up. Is that correct?

DEAN EDSON: No, we have-- we had 10 of the 23 boards this year go to ze-- no tax increase. Not the levy, the tax int--

KAUTH: So they didn't-- they-- 10 of the 12 boards chose not to take any additional money from taxpayers--

DEAN EDSON: That's correct.

KAUTH: So would you be willing to have that put into statute?

DEAN EDSON: What happens is-- it depends on where you catch them. If you catch the districts when they're finishing a project and their budget's way up here, the tax asking wa-- was way up there, they're OK with freezing them up there. But when their tax asks goes down here, when they're done with the project, and then you freeze them down at a lower level, then they can never get another project done.

KAUTH: OK. Thank you very much.

DEAN EDSON: So-- and I want to be-- more, more than happy to spend some more time and explain how we operate, but that's, that's how we can do this with no increase in, in taxes or even a decrease in taxes.

KAUTH: OK. Thank you.

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

DEAN EDSON: Thank you.

JACOBSON: Next opponent. Hello.

LYNN REX: Senator Jacobson, members of the committee, hello. My name is Lynn Rex, L-y-n-n R-e-x. Representing the League of Nebraska Municipalities. We're here respectfully in opposition to LR292CA. We do have serious concerns about it. I'll try to limit my testimony in terms of not trying to cover everything that's been covered before or all of those efforts that have been covered. But for example, Senator Kauth, to your question about caps. So when you're dealing with municipalities-- we're looking at the LB34 cap, which is on municipalities and counties only, of LB34 of the special session of 2024 as amended by LB647 in the 2025 session. That's a cap that's basically dealing with a number of different issues, but that's why the representative from La Vista said, with this proposal, because of levy limits-- which is totally different than the caps-- with the levy limits and, and 30-- 77-3442, those levy limits make it clear that, for municipalities, it's 45 cents per $100 evaluation plus 5 cents with interlocal agreements. So we've got, at last count, over half of the 526 cities and villages are up against their maximum levy limit. So for them, there are immediate consequences to this. That's what's, I think, important to understand. Whether you're dealing with-- there's only-- those-- there's only so many services you can cut. There's only so many things that you can do to try to address that. And this does not allow for any flexibility for the Legislature to come back-- because it's a constitutional amendment-- and to address some of those concerns. Secondly, the CPI element-- which we appreciate, by the way, Senator Andersen including that. However, as noted before, the SLCE index, certainly by this committee, was the preferred index for local governments. And in particular, that applies only to municipalities and counties because of LB34 as amended by LB647. And SLCE refers to the state and local index. That's why it's a better reflection of that. So we appreciated this committee looking at that SLCE index. I also just want to underscore the fact that we are concerned about the lack of housing with people not wanting to move. I mean, if you know right now that, if you move, the next home you move into is going to be significantly higher, that's going to be a problem in terms of opening up the types of homes. And those of you that I, I guess know-- well, Senator Sorrentino knows. So when you're looking at the Urban Affairs Committee and various issues that they're addressing with respect to affordable housing, accessible housing, how do you free up these houses? One of the components is, how do you get folks to move from these very large homes and downsize? How do you do that?

Well, this just contravenes that whole effort. Because why would you? And just anecdotally, I know my, my uncle in, in California, he stayed in his home until the very last moment for this very reason. Because across the street from him, that same identical home was in the millions. He was paying roughly $200,000, which he had paid for years and years. So where he is paying taxes on $200,000, his neighbors that have-- it was a, a nice, little neighborhood, but spec homes basically-- identical homes across the street. Paying them millions-- taxes. I think it creates an inequity that is going to be very frustrating for property taxpayers. This is well-intended, but I think that it's important to work with this committee to see how we can best deal with this through a statutory scheme. And I think there's other unintended consequences. But with that, I just really respect your time and efforts today. And a-- appreciate Senator Andersen coming forward with a proposal for us to discuss this. With that, I'm happy to answer any questions that you might have.

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

LYNN REX: Thank you for your, for your consideration.

JACOBSON: Next opponent. Next opponent. All right. Seeing none. We'll go to neutral testifiers. Is there anyone wishing to speak in a neutral capacity? You're up. Are you a neutral testifier as well? OK. Thank you. Go ahead.

BRUCE RIEKER: Good afternoon, Vice Chair Jacobson, members of the Revenue Committee. My name is Bruce Rieker. It's B-r-u-c-e R-i-e-k-e-r. Here on behalf of Nebraska Farm Bureau and the Ag Leaders Organization. You'll be able to see those-- all of the members of that in my testimony. First, we want to express our appreciation to, to Senator Andersen and this committee for your continued efforts and commitment to tackling this issue. Very quickly, a summary of the strengths and concerns about this proposal. Strengths are that it's predictable, sta-- stable tax liability, protection from rapid valuation spikes, market-based reassessment at transfer. We appreciate the consistent treatment for agricultural land. And we've already talked about the standards for emergency levies. We've already talked about higher taxes for new buyers, potential sha-- tax shifts, unequal treatment, the administrative complexity. These are concerns. We also-- what Senator von Gillern asked about. It's diffit-- difficult to correct something li-- something like this or anything that you put in the constitution. And then-- you know, this is up to somebody else to decide, but I would submit that this particular constitutional amendment would violate the single-subject rule and that it wouldn't get past the Secretary of State and make it to the ballot anyhow. So if I could offer my opinion or our opinion as to if you want to make it a single subject, you know, there's lots of pieces that you've talked about that are in the formula in this equation, whether it's ta-- or, whether it's levy, valuations, unused budget authority. But the answer is the target that you have to focus on, and that's the taxes paid. And I would submit to you that in order to truly make the reforms that this state needs, the single subject you could-- should focus on is how much property taxes can grow. And then I would take Senator Andersen's CPI. I would say that that would be the idea that we would take from this you-- if you were to turn it into a single-subject issue. The only thing better that I've seen or have heard about so far is if you did 2% plus real growth, but that's another bill, another constitutional amendment. But that's where we believe you as the committee and all of us need to focus, is on the growth of the taxes paid.

JACOBSON: Thank you. Questions? All right. Seeing none. Thank you. Next neutral testifier. Hello.

NICOLE FOX: Hello. Vice Chair Jacobson, members of the Revenue Committee, my name is Nicole Fox, N-i-c-o-l-e F-o-x. I'm a tax policy analyst with Tax Foundation. We're a nonprofit, nonpartisan organization that analyzes tax policy issues at the state, federal, and international levels. I thank you for the opportunity to testify today. State property tax limitation methods vary greatly by design, and they tend to fall into one of three categories. Levy limits are the most neutral property tax relief tool. They constrain total revenue growth collections in a given tax year. They adjust for inflation and/or population growth. Rate limits obviously set the amount as, as to how high a rate can be rai-- raised in a given year. They do nothing, though, to counter skyrocketing property tax valuations. Assessment limits mandate the amount by which property values can increase with the intent of limiting that exposure to sharp increases in taxation, but-- or, as-- I should say-- proponents point out, they do benefit existing property owners. They do provide a, a sense of predictability. They're intended to keep people from being priced out of their homes. And while these intentions are noble, we do caution against their imposition. In our state tax competitiveness index, for example, Nebraska currently is ranked number 46 on the property tax component. So they're practically towards the bottom. Due to the market distortions that assessment limits create, we actually penalize states that impose them, and it's-- and, and a lot of these reasons have been pointed out. First of all, it picks winners and losers. It viol-- assessment limits violate the principle of tax neutrality. It's a tax shift from current property owners to entrant-- new entrants to the market. Two property owners despite owning parcels on the same street with identical fair market values could wind up with very different property tax bills solely based on the date of purchase. And I'm gonna skip over some of this. First-time homebuyers often have fewer financial resources. And as the tax burden shifts to them, homeownership become-- can become out of reach. Nebraska is a state concerned about brain drain, and it-- this type of tax shift could deter young professionals from staying in Nebraska. Assessment limits not only shift tax burdens, but they also interfere with typical housing market activity and create inefficiencies in hou-- housing allocation. And again, for sake of time, I'll just note that they do create lock-in effects. Additionally, because assessment limits result in newly bui-- hou-- built housing being taxed more heavily than existing housing, they disincentivize new construction. Less housing construction leads to reduced housing supply. Assessment limits are not sound tax policy. The tax shifts, the lock-in effects, the housing supply issues created by them make housing affordability worse. Additionally, this proposal would not protect property owners from the policy choices of local taxing officials and the Legislature. It wouldn't prevent local taxing jurisdictions from increasing their levy rates. And it wouldn't prevent fur-- future Legislatures from potentially altering the tax base by means of either changing various exemptions or credits. There's very little economic justification for establishing such a non-neutral tax policy like the one before us. It's not based on benefits accruing to a homeowner in terms of local services received, but rather it's based on something arbitrary, and that is the purchase price of the home.

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

MURMAN: I-- thanks for testifying. I do agree with you that our property taxes are way too high in Nebraska. And I think I heard you say that we were 46th in the nation on property tax competitiveness. Is that correct?

NICOLE FOX: So-- yes, Senator Murman. That's a good question. So Tax Foundation puts out an annual index of state tax competitiveness. And we give overall scores and then we have individual scores on different components, one of those components being the property tax component. And yes, Nebraska is ranked towards the bottom at number 46th.

MURMAN: And does that take into consideration the income tax credits for property taxes?

NICOLE FOX: No, it does not.

MURMAN: Do you know where we would rank if-- with taking that into consideration?

NICOLE FOX: Basically, when we-- the, the property tax component of our index, there's lots of subcomponents that go into that. One of them is state and local tax collections. And so the credits really do nothing about the ultimate tax bill, right? Because the money is still being collected. So whether it's the state, you know, subsidizing local spending or I'm writing the, the, the check in its entirety, the revenue is still being collected. So to answer your question, I, I don't know that there's any way that the credits would impact the way we score tax competi-- competitiveness from a property tax perspective. And just, you know, to elaborate on some other components-- I mean, there are other components that go into our property tax ranking. It's not just how high are property taxes. It's also based on things like property tax structure. So a good example would be Nebraska imposes an inheritance tax. And so we penalize states that have an-- that impose inheritance tax.

MURMAN: Sure. And do you have any research on where we would rank competive-- on property taxes' competitiveness in agriculture? Specific to agriculture.

NICOLE FOX: We-- I mean, we don't, we don't rank property tax competitiveness based on, you know, the various class-- property classifications. We do it as, as a whole.

MURMAN: OK. Thank you.

NICOLE FOX: Mm-hmm.

JACOBSON: I'm a little confused on your explanation on what the credits do because it seems to me that whether we credit back the taxpayer so they paid less than the sticker price, so to speak, or whether-- or how we handle it, the taxpayer still is paying less with the tax credit.

NICOLE FOX: Yeah.

JACOBSON: How would that not impact our competitiveness? I mean, it-- I, I could also-- as an alternative, we could pay it directly to the political subdivisions and ask them to charge the taxpayer less. It, it seems like it's form over substance.

NICOLE FOX: Yeah. I, I think-- Senator, to-- I'll try my best to answer your question. But when we go and we get that data-- so I go into U.S. Census Bureau and I pull state and local tax collections-- I mean, that's essentially what we're doing.

JACOBSON: Right.

NICOLE FOX: And so-- the revenue that they collect is-- I-- as things stand now with credits, it's a combination of what property owners are, you know, technic-- you know, writing their check for and it's-- you know, what they are reporting-- you know, what we're finding in that database is a compilation of both the credits and what taxpayers themselves are physically paying. We don't have access to how-- you know, what proportion of that money was credited. Do you see what I'm saying?

JACOBSON: Well, I, I think so. I, I-- I'm just-- I, I-- I'm not arguing that our property taxes aren't high, because they are. They're astronomical. And, and-- but I, I just think that all too often the state does not get credit for the $1.6 billion that's going out as property tax credits, which means the property taxpayer pays the net number, not the gross number.

NICOLE FOX: Yeah.

JACOBSON: And so I think we're just trying to get to the bottom of what that number is, but I, I think I, I hear where you're at.

NICOLE FOX: Yeah. We--

JACOBSON: Any other questions?

NICOLE FOX: Yeah. I, I was going to say the-- when you--

JACOBSON: I-- [INAUDIBLE] need to belabor it. I, I, I think we're there. Other questions from the committee? All right. I thought for sure Senator Sorrentino had a question there. He was pontificating, but he'll be back. All right. Thank you. Other neutral testifiers? All right. Seeing none. We had-- where are we at here? Right here? Oh. We had 17 proponent letters, 10 opponent letters, and 1 neutral testifier. No online comments. With that, that concludes our hearing on-- oh. Excuse me. I always forget you can come back for your close, and I'll bet you want to do it.

ANDERSEN: Very forgettable.

JACOBSON: You're hard to miss, Senator vo-- Andersen.

ANDERSEN: Got a face for radio [INAUDIBLE]. A lot to unpack. I took some notes. So I'd just like to make some commentary before giving my official close on some of the comments that were made. I found it interesting that six of the testifiers were from organizations that receive tax dollars. And of all the opponents, they're the most active, most energetic about how we can't do this to people. Well, not one of them ever brought up an individual. Nobody brought up a senior citizen that had to sell their house. Nobody brought up the single mom that had to move to an apartment with her three kids now because she can't afford a house because we taxed her out of it. Nobody talked about the, the young college graduates like my oldest son who's going to get married in September that certainly wants to start a family, wants to get a house but can't afford it. Some people blame with this bill, although it's not actually in, in place, as being part of the problem. It's not possible. They wanna maintain the status quo. And why is that? Because they're taxing the people to death, they're taking the money and they're spending it. And they wanna maintain the control. They wanna maintain the same amount of money. They don't wanna give up any of the taxpayer money, and they wanna be able to tax them even more. Now, I could be wrong, but that's sure the way it seems from where I'm sitting. Some of the specific comments. When we talk about budgets, right-- and that's really what this does. What it does is it forces the political subdivisions to actually operate at the rate of inflation. And people say, well, that's just not possible. We can't do that. I mean, it's-- I think the Unified Cities of Sarpy County alluded to that their costs are going up 10% a year. So I guess that's kind of a foreshadowing for the people in La Vista and Sarpy County. They should expect their property taxes to go up another 10%. That's what she said. Her numbers, not mine. All right? Well, when I look at business, how does a business operate? They have an operating expense this year, they have their operating budget, and what do they do for next year? They use the same baseline budget and they increase it by what the cost of goods and services are going to be for next year-- called the rate of inflation, right? That's how they develop their budget for next year. Now, I don't know about all of-- everybody on, on the committee, but my ha-- my family household, we do virtually the same thing. We have a budget we run with this year. And next year, we're gonna use the same budget, and we're gonna increase it a little bit because the increased cost of goods and services because of inflation rate, right? So I would oppose these people that say that this just isn't possible and some of the scare tactics of, well, you know, we're not gonna be able to have streets plowed, no bridges repaired, and all these different things. We're going to have to cut police and fire emergency services. Those scare tactics, what I ask them is, if this methodology is good enough for business and it's good enough for families, why isn't it good enough for government? I didn't hear anybody tell me that they couldn't cut their budget or trim their budget or find any of the fat that they could keep within what is a realistic level for spending and spending increase. Not a one. Makes you wonder why, doesn't it? Because they don't want to. Because they have a checkbook and there's an unlimited bank account of what they can do regardless of the screaming, regardless of the people having to sell their homes, regardless of the, the kids being pulled out of private school because they can't afford it anymore. They don't care because they want more money. One of the-- one of the scare tactics was the discussion about and comparison to Cal-- California's Prop 13. Now, Chair von Gillern made mention to it, but it's still-- even after he made the comment, people still referenced it. And the reality is it's just not the case. California's Prop 13 was disastrous for California. The, the components that were detrimental for California are not in this bill. What they did caused extensive damage to the schools, and I have firsthand anecdotal knowledge from a, a good friend of mine who lived in California, lived through Prop 13, and he would tell you about how they had to have car washes and, and bake sales in order to buy shoulder pads, helmets, and uniforms for football players. It was that bad. None of that is in this bill. So when they try to make that the excuse as why you shouldn't vote for it, I'd ask you to discard it because it's, it's simply not factually accurate. So let's talk about the, the-- we heard a couple different times about the reduced mobility. I use myself as an example. When my wife and I came back from Okinawa back in 2000-- yeah, 2000, we bought a house in Sarpy County. We had the house for about five years. And at that point, we were getting ready to have our first son. She was pregnant. We needed a bigger house. We need more space and everything else. So what did, what did we do? Probably simpler to-- sa-- same thing as what you guys did. He went and looked at it and he said, OK, how much do I make, what's my budget, what's my mortgage, what's my insurance, and what are my taxes? And when I put that whole list together, the total, I was like, I can afford this kind of a house. So the-- so it's-- public record, I suppose. The first house we bought was $110,000. OK. Long time ago, right? $110,000. We sold it for $150,000. The second house that we built, we built for $235,000. And you say, holy crap, how did you absorb double the taxes, right? But just like all of you, did the same thing. I had to figure out what's the mortgage, what's the tax-- insurance. If it fit within my budget, I bought the house. And we did. And you know what? We did that same magical process on the third house that we're currently in right now. So when people talk about lack of mobility, it's, it's faulty logic because the evolution of people-- brand-new husband and wife go buy a house, they start a family, they have to go buy a bigger house, right? Same story everywhere. Doesn't matter if you're from, you know, North Platte or Omaha. It's the same process. So you do the assessment, can you, can you afford the house or not? So when people talk about the mobility problem that this creates, it just doesn't hold water. It's not factual. We're not changing anything. It's maintaining the same statu-- same process that exists now. One of the comments I think from the Nebraska League of Municipalities-- Ms. Rex mentioned inequity. And she talked about the concerns of the level of affordable housing and that it would create a great distance and it's not fair that one person pays mo-- so much more than the other. And I'd ask you, is, is equity-- is that what the goal is? I thought it was supposed to be fairness. I supposed-- I thought it was supposed to be that you go out, you get a job, you make a certain amount of money, and you provide for your family. And you buy the house you can afford and the house you need. If we're talking about making it, it-- creating equity, then I submit we need to go back and look at equity for pay. Maybe everybody should get paid the same amount of money regardless of what you do. That would be equity. Or we can make sure that everyone pays the same amount for health care regardless of how many fam-- how many kids you have in your family, regardless if you're health-- whether you have cancer or you have anything else-- everybody pays the same. Let's look at car insurance. I can go down the line. The whole point is this is not about equity. This is about being fair to the people that are making the right decisions, the 75-year-old couple that's worked their whole life to simply have a retirement home to spend time with their, their kids, sit out there and drink lemonade in the shade and play with the grandkids. That's what they've worked their life for. But that's being taken away from them. They're being taxed out of it. It's being-- well, stolen's a tough word, but they're being taxed out of the dream that they've worked 30, 40, 50 years for. How can we do that? How can we keep doing that? Once we've identified the problem, don't we have the responsibility to go rectify it? Isn't it our job as legislators to find the fix, to be fair to people and allow them to have the freedom to work for 30, 40, 50 years and then retire in the shade, drink lemonade, play with the babies and the dog? Isn't that what we're supposed to be doing? I'd submit we are. I'm getting near the end of my notes. So the Farm Bureau-- I appreciate them coming in as neutral. One thing that he'd-- did mention was the constitutionality of the amendment because of being multiple subjects, and the amendment-- which you guys all have-- AM2052, took care of that. There's only one subject in the bill. There is no multiples. OK. I know you guys got a whole house back here, so I'll, I'll, I'll finish up. So Vice Chairman Jacobson and members of the, the Revenue Committee, I want to thank American-- Americans for Tax Reform and all the other proponents-- the other two-- for their time and support. And I do appreciate those who came in opposed and neutral. I appreciate they took time to come down here and make their voices heard. That's, that's key. It's instrumental to this process, whether we agree or not. But having the conversation, that's the important piece. So I do appreciate them coming down here. I hope at some point they'll, they'll realize that they're wrong and they'll switch over to being proponents. But I'm not going to hold my breath. Is this a silver bullet? Is the LR292CA a silver bullet? Absolutely not. As, as you all know sitting on the committee, we, we have more tax problems in this state than we can shake a cat at-- or swing a cat. This is simply the foundation. This is the beginning. This is how we stop punishing people. This is how we stop kicking them out of their own homes. This is how we provide stability. For those people that have to go to the mailbox and pull out that red card and close their eyes and turn it over hoping they don't see an increase then they do, there's a lot of stress. There's a lot of anxiety. You don't know what you can afford the next year. Like I said, people try to figure-- retirees try to find out every spring, am I going to be able to stay in my house or do I have to sell it and move to an apartment? It's shameful. But once we've identified the problem, it's our responsibility to rectify it. There may be some other changes that need to be made. This isn't the end all be all. With this constitutional amendment, there, there will be changes that have to be addressed. Some of them were addressed here previously, but there are some statutory changes that will have to be made. I acknowledge that. Happy to work through all of those as well. We ha-- need to stop punishing everybody. [INAUDIBLE] turn around our workforce and economic development. And that's where people kind of get confused. They think it's a one-hit wonder, this is just about property taxes. But what I'd submit to you is this isn't just about property taxes. That's the foundation. That's the core problem that we're trying to fix because property taxes leads into the workforce challenges that we have in the state, which leads into the economic development problems we have in the state. So this is the very beginning of it. We have a lot of work to do in front of us. I thank you all for your time and your patience. And I'm happy to answer any, any last questions you may have for me.

JACOBSON: Questions from the committee? I'm just thinking I'm sure you're relieved that you've got that extra $12,000 a year that can help you get through this the rest of your retirement, so.

ANDERSEN: Absolutely.

JACOBSON: You're in a better, better position than most, so.

ANDERSEN: Gets me started every day.

JACOBSON: Thank you.

ANDERSEN: Thank you, Vice Chair.

JACOBSON: Thanks again for bringing the bill. This concludes our hearing on LR2-- LR292CA. And we will-- I don't know how much room clearing's going to take place here, but we're going to move to LB1117. And I believe Senator Ibach's LA will be-- will do the open. I would ask-- I know there's-- I think, I think the people that are here are here to testify on this bill. So if we could get the proponent testifiers to move towards the front and-- so we kind of know where we're going. Can I get kind of a show of hands of who plans to testify on this bill? OK. More than one or two. I would encourage you to consider-- if you've got someone who said what you're going to say, that rather than telling us the same story, you might think about filling out a yellow sheet and getting on the record with that. So-- just a thought, because we would like to-- I-- I'm planning to be on-- in North Platte-- I have to be in North Platte at 8:15 tomorrow morning, so, so I am going to try to make that happen. With that said-- and we're going to-- we're going to keep moving. So folks, if you could take your discussions out in the hallway so we can have quiet here in the room. All right. With that, Tyler, you're welcome to open.

TYLER MAHOOD: Good afternoon, Vice Chairman Jacobson and members of the Revenue Committee. My name's Tyler Mahood, T-y-l-e-r M-a-h-o-o-d. And I am Senator Ibach's legislative aide. Unfortunately, she can't attend here today because something in her district came up at the last minute that she had to go. So on behalf of her, I am introducing LB1117, a bill that proposes basic, commonsense reforms to state mandated tuition and fee waiver programs that are intended to improve the accountability and sustainability while preserving the core intent of these programs. Last interim, Senator Ibach introduced LR281, which evaluated the costs associated with unfunded tuition and fee waivers. As a result, the Nebraska Statewide Workforce and Educational Reporting System, also known as NSWERS, conducted an in-depth, exhaustive review of the programs and their fiscal impacts, which I have ha-- asked the page to hand out. Testimony provided by Matt Hastings on behalf of NSWERS showed that between academic years 2015 and '16 and 2024-25, Nebraska's public institutions reported approximately $50.1 million in tuition and fee waivers awarded to 5,153 students. Over that same time period, the waiver amounts increased by an average of 22% per year, with growth accelerating following the expansions to the First Responder Recruitment and Retention Act. Participation in these programs have increased rapidly. Reported recipients grew from 1,008 recipients in 2021-22 to 2,092 in 2024-25, an increase of more than 100% in just three years. But across the different publics-- across the different sectors of public higher education, the state colleges system has waived approximately $8.8 million in tuition and fees for 832 students. Community colleges have waived $4.5 million in waivers for 1,685 students, while the University of Nebraska has waived $36 million-- $36.8 million in tuition for 2,958-- or, 9-- 2,956 students. And this number is expected to grow even further following an expansion of the First Responder Recruitment and Retention Act to allow for correctional officers and their dependents who will be funneled to the University of Nebraska System. Over that same ten-year period analyzed, the dependents of veterans program accounted for the largest share of the unfunded costs. Waivers under that program grew from $1.7 million to $7.5 million in 2025. One reform proposed in LB1117 is to require qualifying dependents to first utilize all federal education benefits under the Survivors and Dependents Educational Assistance Program offered by the United States Department of Veterans Affairs. This program provides monthly educational assistance based on the institution attended, the program of study, and type of enrollment status. Now, we've learned that there may be instances in which the federal VA benefits do not fully cover students' full tuition for a given semester, and that is something that we are more than happy to clarify. But this could easily be remedied by having a student work with the financial aid offices to determine the amount covered by the federal benefits and then apply the waiver to the remaining balance.

This approach would allow the state waiver to supplement, rather than duplicate, existing federal assistance. NSWERS also reported that tuition waivers under the First Responder Recruitment and Retention Act increased from $20,000 in 2021 to 2.9-- $2.39 million in 2025. As I noted before, as awareness and-- as awareness of these programs grows and newly egil-- eligible populations enter the programs, these costs are expected to increase. As drafted, LB1117 requires qualifying dependents to maintain a cumulative GPA of 3.0 and establishes a 120-credit hour ap-- cap in addition to the existing five-year time limit. The 120-hour credit cap reflects the number of credit hours typically needed to earn a bachelor's degree. While the bill will require an amendment, it was Senator Ibach's intent that these requirements would also apply to the dependents of veterans waiver program. And I would also like to note that following discussions-- should the committee move forward, we would also ask that Section 6 of the bill be stricken, which provides for less than 100% of tuition to be covered. We're just asking for that to be taken out. So it would just be the GPA and the credit hour cap. And I would like to note that other Nebraska-- University of Nebraska scholarships programs already include simil-- similar academic and credit hour standards. For example, the Regents scholarships cover up to 120 credit hours and requires a cumulative 3.5 GPA, where the Nebraska Promise program limits coverage to 15 credit hours per semester and requires a minimum GPA of 2.5. LB1117 also allows for institutions to request a reimbursement from the Coordinating Commission for Postsecondary Education subject to available appropriations for up to 50% of the value of tuition waivers provided. If appropriations are insufficient to cover all claims, reimbursements will be prorated. And this reimbursement framework mirrors language that was enacted into statute last year in LB608. And Senator Ibach-- looking back, Senator Ibach believes that the Legislature should have always appropriated funding for these waivers that we have mandated. While these legislative bills had carried no fiscal impact to the state, these costs have been very rare-- real for our public institutions. These institutions have had-- absorbed these costs contributing to difficult decisions, including program closures, staff reductions, and higher tuition costs for paying students. Don't get me wrong, Senator Ibach respects, understands, and, and understands the intent behind these waiver programs and values the service of our veterans, first responders, and our families. LB1117 does not eliminate these programs. Instead, it reflects an effort to make thoughtful adjustments to help mitigate these financial pressures by better utilizing available federal resources and establishing reasonable academic standards. Following my-- following this, I will be emailing my opening to all of you for your records. But these are Senator Ibach's proposals, and she is certainly open to other suggestions from testifiers and committee members on how to improve this bill. But she believes that the [INAUDIBLE] represent some of the most straightforward and re-- responsible steps we can take to make these programs financially stable. I will say I do have another bill in Appropriations that I have to go.

JACOBSON: And I think that, under our rules, we can't ask you questions and you won't close, so.

TYLER MAHOOD: Correct.

JACOBSON: So I think that-- with-- following your open, we're, we're done.

TYLER MAHOOD: I just want to say I, I would normally stay and listen, but I have a bill in Appropriations I have to get to. But I will be listening as well, so.

JACOBSON: Good to clarify that.

TYLER MAHOOD: Thank you.

JACOBSON: Thank you. Appreciate the opening. All right. With that, we'll be, we'll be taking proponent testimony to begin with. And-- again, I just want to remind everyone that-- we've got a full house. It could be a long-- very long afternoon. So we will be a strict three-minute. When that red light comes on, I expect you to come to an end. We will also, to the extent that you have-- somebody said the exact same thing you're gonna say, you can get on the record using the yellow sheet and be recorded that-- sometimes when you've made the sale, it's a good idea to quit selling. So with that said, I would look for the first proponent testimony. I'm not, I'm not expecting a long line for that, probably. First proponent testifier. All right. Seeing none. I'll look for the first opponent testifier

KEN CLARY: Good afternoon. My name's Ken Clary. I'm the-- K-e-n C-l-a-r-y. I'm the police chief in Bellevue, Nebraska. I'm here to speak on behalf of Bellevue, our police department, all of the police departments in Sarpy County, as well as United City of Sarpy County. On its face, LB1117 represents a retreat from a promise made to Nebraska's first responders. The education benefits currently in place were more than a policy. They were a commitment to the men and women who put on a badge that run toward danger and accept extraordinary risk in service to our commitments and our communities. These benefits recognize that public safety careers demand sacrifice not only from our officers but from their families. LB1117 changes that commitment in significant ways. First, the bill creates new eligibility hurdles that have unintended consequences. Requirements that may appear minor in statute become real barriers in practice. Officers who structured career and family decisions around existing benefits would now face uncertainty about qualifications. De-- dependents counting on educational assistance could encounter more restrictive system. And it also aff-- greatly affects recruitment and retention within our departments. Secondly, LB1117 shifts support from defined benefit to a 50% reimbursement model subject to annual appropriations. This fundamentally alters the program's security when funding dependents on appropriations. Financial risks shift from the state to an officer and their family. Officers would no longer know with certainty whether their education or their dependents' education would be fully funded, finding-- forcing them to assume liability based on budget fluctuations outside of their control. That instability has real consequences. Sarpy County agencies already face intense competition for qualified candidates. Sta-- stable benefits are one of the most-- our strongest recruitment and retention tools. Weakening them-- especially by introducing in-- uncertainty-- places Nebraska at a disadvantage. We recognize the Legislature's duty to steward taxpayer dollars. However, changes that reduce promised support for first responders should preserve predictability and avoid shifting financial risk onto those who have honored their commitment to serve. For these reasons, I ask that you not advance LB1117.

JACOBSON: Thank you. Questions? Senator Dungan.

DUNGAN: Thank you, Vice Chair Jacobson. Thank you for being here today, sir. I wish I could let you go on a little bit longer. I know we have a busy room, but I think the testimony's important. Part of the reason that we did this in the first place was to encourage recruitment and retention, and you touched on that briefly in here. Could you speak broadly to your perceived successes that we've seen with regards to recruitment and retention? I'm-- we've been inundated with letters from folks who have said this has helped them, so can you just speak to your experience on whether or not this has improved recruitment and retention?

KEN CLARY: It has. We're in the middle of a hiring process right now. We saw record numbers of applicants in that process. Many of them, according to our professional standards bureau who oversees that process, have specifically gotten into law enforcement for this reason. We have numerous people within our department that are taking advantage of this opportunity, and I'm afraid we may lose some of those people because the demand on the officers is high; appreciation oftentimes is low. There aren't many things that you can provide to your family and officers that give back at this level. So for those reasons, I think it's extremely important.

DUNGAN: No, I appreciate that. I-- like I said, we've heard a lot of great stories about that. And I personally know people who have benefited from that, so I, I appreciate you sharing that with us.

KEN CLARY: To, to your point, about 40% of our officers come from other states as well. So that's-- within Bellevue. I can't speak for the other-- United Cities of Sarpy County, but about 40% over the last five and a half years have been from other states. And I think Nebraska's a great place to be. We do not have a pension system, so this is something that we can offer our employees in lieu of that to help off-- offset that.

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

JACOBSON: Other questions? I would make one other comment that I, I, I-- this came up yesterday in the Banking Committee and I thought it-- probably just important reminder. This is step one of a bill. Bills get offered and introduced and they get assigned to a committee and then the committee of jurisdiction holds a public hearing. That's what we're doing today. Depending on the outcome of this public hearing, the, the chairman of the committee will make a-- set a date if he wants to, to, to exec on the bill. If we exec on the bill and the committee votes favorably to move it forward, it goes to the Speaker, who then can consider it for being scheduled on the floor for hearing. There'd be three rounds of debate in, in the legislat-- on the legislative floor. Looking at this being a 60-day session and given where we are in that session, you can do the math. So with that said, thank you for your testimony. And--

KEN CLARY: Thank you, sir.

JACOBSON: --I'd ask for the next testifier. Thank you for your service. Welcome.

SHERIE THOMAS: Hi. Good afternoon to the members of the Revenue Committee. My name is Sherie Thomas. And I'm a deputy chief with the Omaha Police Department. I'm here to-- on the behalf of Chief Schmaderer and the other leaders of our executive command staff to respectfully express our opposition to the proposed changes with the First Responders and Retention Act in LB1117. I oversee the executive services bureau, which includes our recruitment unit. Three members of my recruitment team are present here today. Through their direct conversation with candidates, they consistently hear from applicants across the country who are interested in relocating to Nebraska specifically because of the tuition-free benefit available to their dependents. This benefit is one of the most powerful recruitment and retention tools that we have not only for the Omaha Police Department but for law enforcement agencies across the state of Nebraska. It helps us compete nationally for qualified candidates at a time where agencies everywhere are facing significant hiring challenges. Just as important, it keeps experienced officers in our communities. Many officers have chosen to continue their careers because of-- this benefit provides stability and opportunity for their families. The impact is measurable. In 2022, we received 459 applications. In 2023, that number rose sharply to 788. While we saw 575 applications in the year of 2024, we experienced another increase last year with a total of 1,441 applications. That demonstrates sustained and growing interest in serving our communities. Ultimately, this issue is more about numbers. It is about the people who protect our communities and the families who stand behind them. Officers commit their lives to public service, often at a great personal sacrifice. This benefit tells them that Nebraska values that sacrifice and is invested in their families and their futures. Preserving it is a direct investment in the strength, stability, and safety of our communities. For those reasons, I respectfully ask you to protect this benefit and the officers and families who depend on it. Thank you for your time and consideration.

JACOBSON: Thank you. And if we could, could I get you to spell your first and last name?

SHERIE THOMAS: Oh. Sherie, S-h-e-r-i-e. And my last name is Thomas, T-h-o-m-a-s.

JACOBSON: Thank you.

SHERIE THOMAS: Thank you.

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

SHERIE THOMAS: Thank you.

JACOBSON: Next opponent. How are you?

JEFFREY BAKER: Good afternoon, Vice Chairman Jacobson. Thank-- and members of the Revenue Committee. My name is Jeffrey Baker, J-e-f-f-r-e-y B-a-k-e-r. And I'm here today on behalf of the Veterans of Foreign Wars Department of Nebraska in opposition to LB1117. Nebraska has long made a clear and honorable commitment to the families of our fallen and 100% service-connected veterans. The tuition waiver under Section 80-411 reflects the understanding that when a service member dies in service, becomes permanently and totally disabled, or is missing in action, their family has already borne an extraordinary sacrifice. LB1117 changes that commitment. Under this bill, dependents must exhaust all available federal survivor and dependent educational assistance benefits before becoming eligible for Nebraska tuition waiver. That shifts Nebraska's role from standing beside these families to standing behind the federal government and saying, use every federal dollar first and only then may the state assist. It is simple to thank a veteran for their service. We hear it often at events, in speeches, and in public statements. But when the rubber meets the road, policy choices matter. LB1117 sends the message that our gratitude has limits. It demonstrates a lack of sincerity behind those words by placing new conditions and new burdens on the very families who've already paid the highest price. Federal education benefits are not designed solely for tuition. They help cover housing, meals, books, and transportation. By requiring those benefits to be exhausted first, this bill forces families to redirect funds that could otherwise provide stability and allow students to focus on their education. The result will be increased financial strain, greater reliance on loans, and more students working excessive hours instead of completing their degrees. These are not abstract policy changes. These are real impacts on the children and spouses of Nebraskans who gave everything or who live every day with permanent and total service-connected disabilities. Nebraska's current tuition waiver is a promise. LB1117 weakens that promise. The VFW respectfully urges this committee to reject LBL-- LB1117 and maintain Nebraska's long-standing commitment to veterans and their families. Thank you for your time. And I am happy to answer any questions.

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

JEFFREY BAKER: Thank you.

JACOBSON: Next opponent.

SPIKE JORDAN: Good afternoon, senators. My name is Spike Jordan, S-p-i-k-e J-o-r-d-a-n. I'm appearing before you today as the Dawson and Sioux County veterans service officer from the west end of the Panhandle. I had prepared remarks that I was going to present to you today, but rather than go with that-- this bracelet bears the name of a Marine that was killed six-- just a few weeks-- 16 years ago today in Helmand Province, Afghanistan. At the time that that Marine died, he had a two-and-a-half-year-old son that was never going to see his father again and a four-year-ol-- four-week-old dau-- daughter that never got to know her father. This year, that son is turning 18. The daughter is falling shortly behind. The benefit that they're owed is that tuition waiver. The federal government offers the dependent education assistance as sort of a living-- monthly living stipend. They pay about $1,500 a month while that student's in school. And if it's only half the month, the VA prorates it. It's not necessarily living high on the hog by any means. But asking them to exhaust that-- the program only works whenever it's coupled with this tuition waiver. And if you go back through and read that dependents education assistance-- called Chapter 35 of the GI Bill. It was first integrated after the Spanish-American War. So this has been a promise that the United States have been making to our veterans for quite some time, that their dependents would be eligible for this. And then the state of Nebraska has been offering this tuition waiver since probably at least 1960s, as far as I could tell by my research. And the idea that we're not even five years removed from two decades of the longest wars that we have fought for this country and now we're starting to try and, and renege on some of these promises, what is this going to say to the next generation that we expect to go and fight wars on our behalf that will pull the rug out from underneath them as soon as they finally come home? And I don't think that should be tolerated. And I would ask that you not allow this to advance from committee. Thank you.

JACOBSON: Thank you for your testimony. Questions from the committee? All right. Seeing none. Have a safe trip home. You got a long ways to go.

SPIKE JORDAN: Yep. Thank you.

JACOBSON: Thank you. Next opponent.

MARK LAKAMP: Good afternoon, Vice Chair Jacobson and members of the Revenue Committee. My name is Mark Lakamp, spelled M-a-r-k L-a-k-a-m-p. I'm the Lancaster County veterans service officer and chair of the Nebraska Veterans Council. I'm speaking against LB1117 on behalf of Lancaster County and the Nebraska Veterans Council. I will skip down to the points that have not been hit so far. With the requirement that dependents' educational assistance Chapter 35 benefits be exhausted prior to applying the waiver of tuition, it is unlikely that very many eligible family members will be able to use the waiver of tuition. DEA provides 36 months, four academic years-- so nine months per year-- of payments to assist with the hi-- cost of higher education or vocational training. DEA does not cover tuition or fees. It's intended solely to provide room and boar-- room and board, books for eligible family members. In 2026, the rate was $1,574 per month, or approximately $14,160 per academic year. In contrast, per UNL's Costs and Aid webpage, the average cost for one academic year, tuition, fees, room, board, and books at UNL is over $28,000, approximately twice the amount the DEA would pay. The combination of DEA and waiver tuition is intended to ensure that family members of our deceased and disabled veterans have the opportunity for college education they'd not otherwise receive. Unfortunately, under this bill, many family members of deceased and disabled veterans would find it very difficult to make up this $14,000 a year and have no other choice but to not attend school at all. Additionally, the state of Nebraska actively promotes the current waiver as we encourage veterans to live in the state after their service is complete. Taking away this waiver will drastically undermine those efforts. Over 40 other states have their own waiver program. For my members, that are as good as who are better than Nebraska's. Some pay tuition at nonstate universities and colleges. Others waive tuition for children for veterans with nontotal service-connected disabilities as low as 30%. Now is not the time for Nebraska to become less friendly to veterans. If it does, we risk veterans voting with their feet and moving to other states they deem more welcoming. Thank you for your time. I urge the committee not to advance LB1117 because it is economically counterproductive while also taking away a benefit that was intended to honor the sacrifices of our service-connected veterans and their families. Thank you.

JACOBSON: Thank you. Questions? All right. Seeing none. Thank you for your testimony. Next opponent. Go ahead.

LUCAS BOLTON: Good afternoon, Vice Chairperson Jacobson and members of the Revenue Committee. My name is Lucas Bolton, L-u-c-a-s B-o-l-t-o-n. I'm a criminal investigator with the Nebraska State Patrol, where I've served for nearly ten years. However, today I am here on behalf of the State Troopers Association of Nebraska to testify in opposition of LB1117. Since it was created, the First Responder Recruitment and Retention Act has been an exceptional benefit for law enforcement across Nebraska. It helped remove barriers to getting a college education, which supports personal and professional growth. When officers can continue to learn and develop, it makes us better at what we do and helps us provide the best possible service to citizens across the state. But the most important part of the act, the part that truly drives recruitment and retention, is the tuition waiver for our children. That piece is the incentive. It's the reason the program is appropriately named the Recruitment and Retention Act. It sends a clear message that Nebraska values its law enforcement officers and their families. This has been a point of discussion with new trooper candidates and some outside candidates from outside the state. To be candid, I'm not aware of any other state offering this exact kind of benefit, which helps Nebraska stand out when it's competing for talent at a time when agencies across the state are struggling to fill vacancies. On the retention side, I saw the impact almost immedialy-- immediately after the act took effect. Troopers who were planning to retire chose to stay longer because this benefit gave their kids an opportunity for higher education. This topic comes up regularly in conversation. Troopers of all ages talk about staying in the job longer specifically because this benefit exists. I can say personally that it has affected my long-term plans and will be a significant, if not determinative, factor in deciding when I retire from the patrol. When we're short on troopers on the road, every incentive that helps us keep experienced, professional officers matters. This act has proven to be an effective tool in doing exactly that. I also want to clarify what this program is and what it isn't. The act provides a tuition waiver. It does not cover books, room and board, or other costs associated with attending college. So it simply isn't a free college. It's fair deal. It's a practical partnership between the state and the families who earn and use this benefit. The act includes a residency requirement, beneficies-- beneficiaries must remain in Nebraska as residents for five years after using the waiver. That means that many of the young adults who use it will spend their late teens and early adulthood here-- the years when people typically build careers, relationships, and plant roots. I believe that helps Nebraska keep more of our young people here long term, and it's one way we can push back against the brain drain that we recently seen. This is a great return on investment focusing on growing the state. The changes propo-- the changes proposed in LB1117 would substantially weaken the

First Responder and Recruitment and Retention Act. It takes a program that is working and introduces barriers that water it down and reduce its effectiveness, especially in recruiting and retaining law enforcement officers and keeping their families invested in Nebraska. For that reason, the State Troopers Association of, of Nebraska opposes LB1117 and respectfully but strongly urges the committee not to advance the bill. Thank you for your time. And I'd be happy to answer any questions.

JACOBSON: Thank you. Questions? Senator Kauth.

KAUTH: Thank you, Vice Chair Jacobson. When you talk about retention, do you have numbers as far as how many people are choosing to stay because of this?

LUCAS BOLTON: I, I wouldn't be able to give you exact numbers, but I could very strongly and anecdotally state that it is a very effective thing. Like I said, from the moment this thing took effect-- I think it was around 2020 when it really started taking hold-- I, I thought it was funny to see people that were about to retire-- good troopers, but people that are about to retire like, no, I'm going to use this benefit for my children and continue my service. And like I said here, with the shortage that we're having as troopers across the whole state, retaining those, those experienced individuals has been very beneficial. And I, I wasn't lying when I said we talk about it on a regular basis. I'd almost say weekly at times that this topic comes up amongst troopers across the state.

KAUTH: And they're retaining all the way through their kids. So if they have multiple kids--

LUCAS BOLTON: Yep. The--

KAUTH: --start-- it might be ten more years. So they're sticking around.

LUCAS BOLTON: So as, as far as I understand, each kid gets their five-year slot. So if you have one kid that, you know, turned 18 and they went, you had a 13-year-old, you still get another five years. So it'd be ten years total for those two kids.

KAUTH: Thank you.

LUCAS BOLTON: Yup. It's-- great benefit.

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

LUCAS BOLTON: Thank you.

JACOBSON: --opponent. [INAUDIBLE] do you outrank him or how does that-- how do you guys decide that piece here?

BEN HOUCHIN: Hi. My name's Ben Houchin, B-e-n H-o-u-c-h-i-n. I'm the Lancaster County sheriff, chief deputy. I do have numbers. And I agree with everything they've all said, so I'm not going to go into all of that part. But I sent out an email. We have 85 officers and deputies. 19 are using it or going to use it. 20%. And they're all staying longer. So this is why we need to keep it. Do you have any questions? All right.

JACOBSON: Thank you.

BEN HOUCHIN: Thank you.

JACOBSON: Great testimony. You said so much in so short a period of time. Next testifier.

TONY ANGUIANO: Good afternoon, Senator Jacobson and Revenue Committee. My name is Tony, T-o-n-y; Anguiano, A-n-g-u-i-a-n-o. And I'm a retired master gunnery sergeant, Marines, having served in both the Army and the Marine Corps. And I oppose LB1117. I'm gonna tell you my story as to why I think this bill should be opposed. I served in the military for 24 years in, in the infantry, often away from home, on field training exercises, attending schools, or deployed. While away from home, I was hit by the weight of my deployment-- not just for me but for my family. I've said that before, but I don't think I could ever say it enough that my wife was the backbone of my family and my absolute hero. While I was away, I knew that she wasn't just waiting. She was fighting her own battles on the home front. She was juggling the impossible: managing the household, fixing what breaks, handling the finances, and being both mom and dad to the kids-- all while navigating the loneliness and fear of the what-if that came with my job. I can only imagine how many times she cried herself to sleep. People thank me for my service, but I know the real sacrifice was being made by my wife. She was the one keeping the wheels in motion, the one who ensured that I could concentrate on my mission. Her quiet strength kept me going when I was thousands of miles away from home. In his March 4, 1865 second inaugural address, Abraham Lincoln called for the national reconciliation and pledged government support for veterans, their widows and orphans. He famously concluded, let us strive on to finish the work we are in to bind up the nation's wounds; to care for him who shall bore the battle. This address recognizes the immense sacrifice of soldiers and their families, emphasizing the duty of the nation to support them. The Nebraska state waiver aligns with this federal commitment, providing comprehensive support. The DEA monthly allowances often do not cover all tuition and expenses. The tuition waiver bridges the gap, preventing, preventing spouses and children from accumulating significant debt due to the veteran's sacrifice. Education is crucial for surviving family members to gain financial independence, particularly for spouses forced to raise families alone. Aligning state benefits with federal DEA eligibility signifies the process-- simplifies the process for beneficiaries seeking education training and career opportunities. Supporting these families is not just the right thing to do, it strengthens Nebraska's workforce and keeps resilient, service-oriented families rooted in our communities. The number of eligible families is limited, but the impact on each one is profound. When a service member's killed, disabled, or lost in service, the sacrifice doesn't end with the uniform. It lives on with the spouse raising children alone and the son or daughter trying to build a future. Nebraska has the opportunity to stand with them, not with words but with action. In closing, I respectfully urge this body to ensure that all federally eligible DEA Chapter 35 beneficiaries automatically qualify for Nebraska's tuition waiver without additional barriers, ensuring that the veterans' families are not left behind. Thank you for your time and service to Nebraska.

JACOBSON: Thank you.

TONY ANGUIANO: You're welcome.

JACOBSON: Questions? Seeing none. Thanks for your testimony.

TONY ANGUIANO: Thank you, sir.

JACOBSON: Next testifier. How are you?

PATRICK DEMPSEY: Good afternoon. My name is Patrick Dempsey, P-a-t-r-i-c-k; last name Dempsey, D-e-m-p-s-e-y. And I'm here on behalf of the men and women of the Omaha Police Officers Association. I'm here to testify as an opponent to this bill. I do not oppose the guardrails that this bill is implementing but oppose the idea of chipping away at a underlying bill that has greatly helped my departments retain qualified and experienced officers. We're willing to work on these parameters in the interim, and we don't want to rush any guardrails that would hinder this very successful program. An interim study was done last interim without any input from us or our department about how well this program is working and how it was helping with our recruiting and our retention. My department's currently over 80-plus officers down and 40 more of those officers in the academy. That leaves 120 less officers investigating crime and patrolling our neighborhoods. In the next three years, my department will have over 300 officers who are eligible to retire. We're in dire need. To retain these officers and providing tuition waivers for our dependents is doing just that. I hear on a daily basis that an officer who was on the fence about leaving but is staying to use this waiver. I believe there's one behind me that will testify who's going to stay an additional five years because of this program. In closing, I'll, I'll say it this way: these are our offspring. We're not the smartest people to begin with, who run into burning buildings or towards gunfire. These are our offspring who are gonna be and need to be educated. With that, I'll take any questions.

JACOBSON: Thank you [INAUDIBLE]. I, I want to remind you we're people that are working for $12,000 a year.

PATRICK DEMPSEY: I understand.

JACOBSON: Senator Kauth.

KAUTH: Thank you, Vice Chair Jackson. Officer Dempsey, thank you for coming to testify. When you talk about willing to work on the guardrails, what do you think about the GPA, which-- most scholarships have a GPA minimum attached. Do you think that's a, a positive, a, a negative? What do you think?

PATRICK DEMPSEY: I, I think it's a discussion to be had. I think that there is some parameters that could be discussed there. I think a 3.0 is really high for, once again, our, our offspring. But also the ability to-- what if somebody was shot in the line of duty and a student's using that waiver and their grades start to plummet? We now kick them out of that program. Or what if their mom or dad are going through a divorce-- which is very prevalent in this, in this occupation. They're in their second year of college, their parents are getting a divorce, and now they're struggling. Now we're going to yank their, their tuition waiver from them.

KAUTH: So some sort of an exemption process built in if so-- if something happens--

PATRICK DEMPSEY: Yes. I think an appeal process would definitely be needed in, in that because they are students at the end of the day. They're 18-year-old kids who are probably going to make some bad decisions.

KAUTH: And you realize now I have to ask what your GPA was. I'm kidding. I'm just kidding.

PATRICK DEMPSEY: It was above 2.5.

KAUTH: There you go.

JACOBSON: Other questions? Yes, Senator Sorrentino.

SORRENTINO: Thank you, Officer Dempsey. One quick question. Were you guys heavily involved in consulting on this bill or was it a little bit by surprise?

PATRICK DEMPSEY: It was completely by surprise. There was an interim study done this summer where they came and talked about if this bill was working, how much it cost to the state. We weren't invited to that interim study. We weren't invited to give our testimony about how great this bill has been for retention, how it's a pledge-- like one of the first testifiers talked about-- a pledge to the fir-- the first responders of this state that we will take care of you and your family. We-- but we weren't invited to that.

SORRENTINO: Thank you.

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

PATRICK DEMPSEY: Thank you.

JACOBSON: Next testifier.

ANTHONY CONNER: All right. Good afternoon, members of the Revenue Committee. My name is Anthony Conner, A-n-t-h-o-n-y; Conner is C-o-n-n-e-r. I serve as president of the State Fraternal Order of Police. And I rise in opposition of this bill. Let me begin by saying that this-- that our organization strongly supports higher education opportunities for law enforcement officers and their families. We understand that the primary goal of this original legislation is ret-- a retention and recruitment of law enforcement officers in the state of Nebraska. We want officers to build careers here, raise families here, and serve our communities long term. However, if we add too many restrictions and rigid eligibility requirements, we risk undermining that very purpose. Under this proposal, elgil-- eligibility is capped at 120 credit hours or five years, whichever comes first. While 120 credit hours is the traditional minimum requirement for a bachelor's degree, it is not unusual for students to require additional credit to complete major requirements or account for changes in academic direction. Nationally, about 30% of students changed their major within the first three years of college. And roughly 40% to 50% change their majors at least once before graduating. When that happens, previous earned credits do not apply towards their new degree plan. A student may reach 120 credit hours and still be short of requirements in coursework for graduation. Graduation data from our own public universities illustrate this reality. At UNL, the si-- the six-year graduation rate is about 67%. At UNK, it's roughly 57% to 60%. And at UNO, it's about 47%. These figures show that there is a substantial portion of students-- do not complete their degree within six years even at our flagship institutions. Limiting tuition support to five years is assuming a traditional timeline that many students simply do not follow. Officers and their families often face additional pressures. Many are working while attending school. Many are balancing family obligations. Some may need to attend part time at a different point in their academic career. A hard cap at 120 credit hours or five years does not account for these realities. It risks cutting off assistance just as students is nearing completion. If the program becomes too restrictive or con-- complicated, officers may decide it is not worth pursuing. In a time where departments across Nebraska are struggling with recruitment and retention, we cannot afford to create a barrier to discourage participation. The unintended consequences could be officers leaving law enforcement altogether or seeking opportunities in other states, which is the exact opposite of what this bill is intended to accomplish. Importantly, the requirements that a graduate remains in Nebraska for five years after graduation is already a meaningful commitment. Five years is more than enough time for a graduate to establish roots, build a career, buy a home, and become invested in our state. Once someone has put down their roots, they are far more likely to remain in Nebraska long term. That provision alone supports the retention goals without the need for additional restriction measures. We should be careful not to create a system where an officer or the child of an officer exhaust eligibil--

eligibility without actually earni-- earning a degree. That outcome serves no one. It does not serve the public-- does not serve public safety, does not serve taxpayers, and does not serve the families who have sacrificed for this state. For those reasons, we respectfully ask the committee to consider this strict credit hours and limitations contained in this bill and oppose it in its current form. I did hand out stories from officers across the state that shared their stories of their kids enjoying this benefit. Please read those stories in, in your, in your time-- when you guys have time. It's three different stories. I didn't want to try to explain them because I figured I would have messed up-- messed them up and wouldn't have had the same impact of the full story, so.

JACOBSON: Thank you.

ANTHONY CONNER: Certainly stand for any questions.

JACOBSON: Yes, Senator Sorrentino.

SORRENTINO: Thank you, Vice Chair Jacobson. Officer Conner. One quick question. When this bill was most legis-- regi-- recently legislated-- that's not as easy to say as it sounds-- the University of Nebraska testified in a neutral position.

ANTHONY CONNER: Mm-hmm.

SORRENTINO: Now they want a 50% reimbursement. Any thoughts on that?

ANTHONY CONNER: Well, I mean, fro-- from our perspective, we, we really don't have a, a strong opinion either way on how things are paid for.

SORRENTINO: We really do, but OK.

ANTHONY CONNER: And I-- I'm so-- I, I know the state is, is, is short on money this year. We've, we've-- we all seen the news. So I understand there's-- there are concerns. And I'm not trying to dismiss their concerns. Obviously, they have, they have issues to, to address too. But with that said, the whole point of this bill was recruitment and retention. For example, I'm at over 25 years. I can retire right now if I wanted to. So I'm one of the 300-- our president, Pat Dempsey, spoke about-- by the way, he's not as good looking as me. I was the best looking president-- whatever. I'm not-- we'll talk about that later.

SORRENTINO: So you started the academy at age 10, right?

ANTHONY CONNER: I'm sorry?

SORRENTINO: Yeah.

ANTHONY CONNER: Yes, I'm here. Yes. Yeah.

SORRENTINO: Well, thank you.

ANTHONY CONNER: I appreciate it.

JACOBSON: Other questions? If not, thank you for being here.

ANTHONY CONNER: All right. Thank you, Mr. Jacobson. Appreciate it.

JACOBSON: Other-- next opponent testimony.

JOHN McNEIL: Good afternoon, members of the Re-- Revenue Committee. I'm John McNeil, J-o-h-n M-c-N-e-i-l, and come before you speaking as the president and proud 23-year member of the Fraternal Order of Police Lodge 8 of the Douglas County Department of Corrections and as an opponent of LB1117. First, I would like to thank this committee and the entire Legislature for your commitment to public safety in passing the First Responders Recruitment and Retention Act. I, along with my fellow FOP Lodge members, respectfully ask that you maintain a strong First Responders Recruitment and Retention Act. Officer retention has been an ongoing battle I've personally witnessed throughout my career at the Douglas County Corrections. I completed an academy class of 16 officers when I started in 2003 and am currently the only officer remaining of that class. This is an all too familiar story-- excuse me-- story we share as corrections officers across the nation. In 2021, the Correctional Leaders Association surveyed its members, representing correctional administrators of all 50 states, four U.S. territories, four large jail systems, and military correctional systems. Recruitment and retention consistently topped the list as a priority for corrections leaders for almost 50% of corrections agencies. Officer tuno-- turnover rates range from 20% to over 30% annually. 38% of staff leave within one year, and 48% of staff leave in one to five years. First Responder Recruitment and Retention Act has played a vital role in breaking the ongoing cycle of staff turnover and overtime our facility has experienced over the years. This act's ability to impact the retention of corrections officers on the county and state level is far superior to any other measurable explanation I'm given while on the job. Staffing is improving and officers are delaying retirements. We utilize this act as part of our re-- officer recruitment, and the act has proven to assist with recruitment, retention, and keeping our students in Nebraska and growing our workforce. I recently was informed a sergeant who-- whose daughter decided to attend UNL at the start of the upcoming fall semester to pursue an architectural degree. His son, a junior in high school, is weighing D2 athletic scholarships from other-- several out-of-state schools. And in his words, this act is persuading him to stay in Nebraska. The first responders continue to give a commitment to their community and instill that same commitment through their departments. All these commitments have a positive impact on the state of Nebraska, taxpayers staying in Nebraska for this generation and those to come.

JACOBSON: Thank you.

JOHN McNEIL: Thank you.

JACOBSON: Questions? Senator Kauth.

KAUTH: Would you like to finish your statement?

JOHN McNEIL: I was right there. I was about to tell you, thank you, ma'am.

JACOBSON: OK. Seeing none. Thank you for your testimony.

JOHN McNEIL: Thank you.

JACOBSON: I thought you were at the end there too. Otherwise, I'd have given you a couple more seconds.

JOHN McNEIL: Thank you. I appreciate it.

JACOBSON: Hello.

MICHAEL MYERS: Hello. Good afternoon, senators. My name is Michael Myers. I'm the director of corrections for Douglas County. I want to speak a little bit about the restrictions that are proposed in, in LB1117 and how I find them unfair. The university system allows students to achieve a degree which indicates mastery of their coursework and grants all privileges of a degree with a GPA of 2.0. Why then would the children-- the-- would first responders and their children be held to a different standard than the university imposes on all other students? Further, a very high percentage of, of college students change their major at least one time. And as Mr. Conner said before me, the 120-hour credit limit is in effect saying that the chil-- first responders and their children must not change their majors, as they will exceed the 120-credit hour limit. I understand that there may be a reasonable upper limit that should be ca-- capped, but it should allow for the common practice of especially young people finding their way in the world to change their major without penalty. As corrections, this benefit doesn't even apply to my employees until 2027, but we are already seeing the benefits. Many of my staff have approached me and stated that they intend to stay working longer in order to use this benefit for their children or that they are considering advancing their own education, which will provide our department a more professional and effective workforce. I ask that the message that was previously sent by this Legislature-- valuing our first responders-- not be watered down or restricted in any way that is not imposed on all students in the university system. Instead, send the message that our first responders matter, the difficult and dangerous work that they do is appreciated, and that Nebraska encourages the development of our future public safety [INAUDIBLE] workforce. Thank you.

JACOBSON: Thank you. Questions? All right. See none. Thank you for your testimony. Next testifier.

JASON STILLE: Thank goodness this chair is wider than the other ones. Good afternoon, members of the Revenue Committee. Thank you for the opportunity to speak today. My name is Jason Stille, J-a-s-o-n S-t-i-l-l-e. I serve as the assistant chief of operations for the Lincoln Police Department. I'm here to provide testimony on LB1117, which proposes changes to the First Responder Recruitment and Retention Act. This bill introduces academic standards by limiting the tuition waiver to 120 credit hours, five years of use, and requiring participants to maintain a 3.0 GPA. We are open to discussions on how to reasonably structure changes to these two aspects of the bill. As heard in the opening testimony, we are grateful for the reconsideration of the proposed reduction in the waiver amount, as it caused us significant concern, to which we were opposed. Changing that commitment risks ongoing and undoing the proc-- progress that we have made since the act was passed. Two years ago, our department was short of authorized strength of 371 officers. We were short by about 40 officers. When we seated our July academy class this past July of 16 new recruits, we were only 3 shy of our authorized strength. We experienced a 33% increase in applications, a total of 526 in 2022 to 700 in 2025. Based on current applications, we are confident we will reach our full strength when we seat our next academy class. At our testing this past Tuesday, several of the applicants brought up this benefit, and the team tells us this is a theme since implementation. It is clear the tuition waiver is an effective recruitment tool for virtually every law enforcement agency in Nebraska. And as these numbers show, Lincoln's no exception. In an era where hiring and retaining officers increasingly difficult, this benefit has become a factor for applicants and a strong consideration for veteran officers weighing whether to continue their careers. While I cannot provide exact numbers, I can tell you that that waiver has influenced several experienced officers to stay, preserving valuable expertise for our department and for our community. Maintaining the full waiver amount also benefits Nebraska beyond law enforcement. Dependents of the first responders will be more likely to choose in-state colleges because of this program. And participants are required to maintain Nebraska residency for five years after using the waiver, keeping talent in our state. Again, we are grateful for your commitment to higher education and hope to continue building on the progress we've made in recruitment and retention for law enforcement. LB1117 is very important to our department, and we welcome further discussions on the bill. And with that, I'll be happy to answer any questions you have.

JACOBSON: Thank you. Senator Sorrentino.

SORRENTINO: Thank you, Vice Chair. Not really a question, but just maybe a comment, Officer Stolle [SIC]. If you need ammunition-- pun intended-- many students these days are pursuing double majors. And these far exceed 120 hours. And they can do them in four or five years, so. Kind of-- I'm concerned about the 120 hours myself. Thank you.

JASON STILLE: Thank you.

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

JASON STILLE: Thank you.

JACOBSON: Next testifier.

BRENDAN O'FLYNN: Senators. My name's Brendan O'Flynn, B-r-e-n-d-a-n; O'Flynn, O'F-l-y-n-n. I've been on the Omaha Police Department for a couple decades now. I'm also part of the Omaha Police Officers Association. I'm just up here reiterating what other people have said but also just giving you a personal account of my own. Been on for, like I said, over a couple decades, and I'm coming up for eligibility to retire. This-- the bill alone-- or-- I'm sorry-- the Retention and Recruitment Act alone will help me-- will help the police department retain officers, including myself, for another nine years. I have a, a-- two daughters, one in seventh grade, one in ninth grade, and I plan on staying for another nine years because of this. If it's watered down, if it's, it's chopped up, whatever it is, and it's not worth my time, then I'm, I'm going to retire. I do have experience with the department, and it is a-- it's a difficult job. It-- it's not easy. It's, it's, it's not easy being liked as a law enfor-- as a law enforcement officer, you're not liked. It's a hard job. Morale is low. And there's certain things like this, which-- when the Legislature and things come up with these acts, the recruitment and retention, it, it shows your, your commitment to law enforcement. And it's much greatly appreciated. And so I wi-- also wanted to express my gratitude for that. Obviously, I'm a opponent of LB1117. And I'll answer any questions if you have any.

JACOBSON: Thank you. What it's worth, I have the greatest respect for law enforcement officers and first responders and firefighters. And you guys-- I, I don't know how we operate without you, so. Really appreciate all of you for doing the jobs you do.

BRENDAN O'FLYNN: Thank you, sir.

JACOBSON: Question from the committee? If not, thank you. We'll go to the next testifier.

WILLIAM RINN: Good afternoon--

JACOBSON: How you doing?

WILLIAM RINN: --Vice Chair, members of the Committee. Thank you for hearing my testimony. My name is William Rinn, W-i-l-l-i-a-m R-i-n-n. I'm the chief deputy of administration for the Douglas County Sheriffs Office under Sheriff Hanson. He's asked me to come here today to testify in opposition to LB1117. You've heard a lot of testimony today that I agree with that is point-on accurate, so I won't reiterate that. I always strive myself to give a fresh perspective on things that hasn't been covered so that you can think about it in a different way. You've heard a great deal about retention. You've hid-- held a great deal about recruitment. But what I, I haven't heard and I'd like to share with you is, why is that important? So with regard to recruitment, you know, as-- one of my chief responsibilities in the hiring process, doing studies, finding out where we should go to find people. And I can tell you that since the education po-- component has come forward and in my time as the chief, what you're seeing is a wider pool of applicants. Not everybody is now coming from being on daddy's knee with their hat on their head. You're seeing accountants. You're seeing real-- people in real estate, teachers, educators who are now being drawn to the career field for something different, with the added sweet bonus of being able to provide education for their children. And I can tell you that-- who's been in this career field for 26 years, you don't need cutti-- you-- cookie cutters is, is good, but you do need diversity of thought and, and mindsets that come into your department as young officers too. And I think a lot of them would surprise you as to what they know coming in before they even receive the police training. And then on the retention scale, I can tell you-- and I'm sure the other departments are similar-- the Douglas County Sheriffs Office very soon will be at a point where 70% of our officers have five years or less experience. That's a shocking number. Although they are the best trained in, you know, in-- around here, we believe that having the officers stay and teach them and mentor them is critical to us. They are the only ones that can show them the right way, the wrong way, what not to do and learn by their examples of how not to do things to keep the department and them out of trouble and to provide that mentorship and perspective of what their career will be when they are that age.

JACOBSON: Thank you. Questions? If not, thank you. Please tell Sheriff Hanson hi. I really respect the job he's done.

WILLIAM RINN: I will do so.

JACOBSON: How are you?

JOE VILLAMONTE: [INAUDIBLE]. Thank you, members of the Revenue Committee. Thank you for the opportunity to te-- submit testimony in contrast to LB1117. My name's Joe, J-o-e; Villamonte, V-i-l-l-a-m-o-n-t-e. And I represent the men and women of the Lincoln Police Union. While I support honoring and investing in Nebraska's veterans, first responders, and their families, I'm deeply concerned with-- that LB1117 would create barriers and undermine access to higher education for some of the state's most deserving students. First, I want to talk about the First Responder Recruitment and Retention Act and what they'd accomplished when the original bill was passed. Across Nebraska, especially in rural communities, law enforcement agencies were and are facing serious staffing sor-- shortages. Law enforcement agencies and other emergency response teams are struggling to recruit new members and retain experienced personnel. These shortages increase response time, strain existing staff, and ultimately put public safety at risk. When this act was passed, law enforcement agencies almost immediately saw an increase in applications and retention of veterans-- officers, who are an extremely important asset in law enforcement. When the original bill passed, it personally extended my law enforcement career by seven years. And many members of the Lincoln Police Union are continuing their careers to utilize this benefit as well. First responders serve on the front lines every day. They respond to emergency calls at all hours, work long and unpredictable shifts, and face physical and emotional challenges that most of us will never experience. They do this work not for recognition but of deep commitment to the-- our communities. If an officer working full time dealing with all these realities of the job wants to utilize this benefit to pursue a degree or finish their degree, setting a GPA requirement could be difficult to ma-- maintain given the nature of the work. When LB1117 was being considered and an interim study was taking place, no one reached out to law enforcement leadership or rank and file to discuss some of these guardrails and how it impact-- how this benefit is being used. The First Responder Recruitment and Retention Act is still so new for first responders that I don't think you can appropriately gauge a negative impact it is, it is having on colleges and universities. I also think that trying to scale the benefits of this bill down and setting guardrails with new legislation without consulting with law enforcement feels like an attempt to stop or slow major progress in recruiting and retention of officers across this state. In its current form, LB1117 reshapes eligibility, adds academic thresholds, and proposes reimbursement scheme that lacks guaranteed funding. These change risks reduce access to higher education for families who have served our state and our country. I respectfully ask this committee to oppose LB1117 and instead work with law enforcement on future amendments to the Recruiting and Retention Act.

JACOBSON: Thank you. Questions? All right. Seeing none. Thank you for your testimony. Next testifier.

JORDAN BRANDT: Good afternoon, ladies and gentlemen. My name is Jordan Brandt, J-o-r-d-a-n B-r-a-n-d-t. I'm a current employee of the Omaha Police Department for the last 16 years. I'm currently assigned to our gang suppression unit. I just want to give a quick perspective-- as you've also heard earlier but from someone who's currently taking advantage of and plan to take advantage of in the future of the First Responder Recruitment and Retention Act. I currently have a son, Drew, who's a freshman here at Lincoln; a daughter, Kate, who plans on taking advantage of it next year; and a, a son who's six, which is probably going to keep me here even longer to take advantage of it. You know, I can't really speak a whole lot to the, the limit of 120 credit hours because I don't even really know what a credit hour is. I think it's-- it sounds longer than 60 minutes, but. Myself and the others that are, that are here have a, a high propensity of being wounded or injured. And embarrassingly enough, a, a few months ago, I was, I was hurt at work. I was lucky that I'm, I'm fine. But in the future, you know, with that higher propensity of being injured or wounded, if a child is, you know, in school and their dad or stepdad, mom or stepmom is, is hurt and their GPA suffers, it just-- it sounds to me like kind of the definition of adding insult to injury. The bottom line is this, this act is, is working as it's intended. I think you've heard a lot of that today. And I just wanted to give one more perspective of-- I'm, I'm seeing it work now. I know of people that are staying longer. And it's probably going to keep me here longer as well. Thank you.

JACOBSON: Thank you. Questions? Senator Kauth.

KAUTH: First of all, thank you for your service. So how did it impact your son when you were wounded?

JORDAN BRANDT: Luckily not, not a whole lot because I'm, I'm fine. I could have seen this-- you know, I've had this gone the other way, him coming back home and maybe not attending all the classes that he needed to be or cutting time from school to come back and, and help his mom take care of things where we live in Gretna and leaving Lincoln. I think about it in the perspective of others if, you know, say somebody is-- you know, maybe they're not killed but they're seriously wounded or paralyzed, I think undoubtedly somebody's GPA would then likely suffer and maybe even go below a 3.0.

KAUTH: So there needs to be some sort of an appeals process or some sort of a timeout so that the students can-- if something happens, they have the flexibility to handle it.

JORDAN BRANDT: Yes, ma'am.

KAUTH: Thank you.

JACOBSON: Senator Bostar.

BOSTAR: Thank you, Vice Chair. Thank you, sir, for being here today. If you're willing, could you talk about how you were wounded?

JORDAN BRANDT: Gas station shootout in a QT in south Omaha. Not very graceful. I ended up on a bathroom floor after taking a gunshot wound in my femur, which broke it. Returned fire at the bad guy who was in the bathroom with us who had just emerged from a stall. Earlier in the day, he had shot a citizen grabbing a shopping cart at a grocery store in north Omaha. Ultimately, after I was wounded, he went back to the bathroom, reloaded his magazine, and came out of the, the QT bathroom with guns blazing at other officers as well.

BOSTAR: How's your recovery going?

JORDAN BRANDT: Faster than expected but slower than I hoped.

BOSTAR: Well, I'm glad it's going well.

JORDAN BRANDT: Thank you, sir.

BOSTAR: Thank you for being here.

JORDAN BRANDT: Thank you.

JACOBSON: Other questions? Thank you. Thank you for what you do. And, and really sorry for what you had to go through, but really glad you guys are on the job doing what you do.

JORDAN BRANDT: Thank you, sir.

JACOBSON: Thanks. Next opponent.

TREVOR TOWEY: Thank you, Mr. Chairman, members of the committee. My name is Trevor Towey, T-r-e-v-o-r T-o-w-e-y. I'm the president of the Omaha Professional Fire Fighters. I want to thank you for allowing me to testify today. I also want to thank Senator Bostar for introducing the original bill that provided the waivers that we're here discussing. I didn't testify on the original bill, but I do remember it. It was focused on what you've heard today. It was focused on the name of the bill, recruitment and retention. I'm just here to say it's working. I think it's too early with Omaha firefighters to say what the effects of recruitment will be, but I can say without a doubt that I've talked to a number of firefighters that are still here because of those waivers. If not, they would have separated service already, creating a vacancy that we just can't afford to have right now. So that's one aspect. The second is the students. The student retention because of this bill and the provisions that are in it, the original bill, is keeping our students here. They're not only going to universities-- Nebraska universities and colleges, but they're committing to stay in the state. They're committing to be participants in our workforce and contribute to our economy, which helps our state thrive. And other states are paying attention. Recently-- as recent as last year, the state of Missouri passed a similar bill to help them recruit and retain their firefighters and first responders. So I think if we want to be competitive with our neighboring states, we should refrain from any erosion of the current benefits and start-- and, and keep these benefits in place so we can keep the best and brightest here in our state. And so for those reasons, I ask you to oppose this legislation. And I'm happy to answer any questions.

JACOBSON: Questions from the committee? If not, again, thank you for your testimony.

TREVOR TOWEY: Thank you, sir.

JACOBSON: Next opponent. How are you?

BRAD JOHNSON: Good afternoon. I'm Brad Johnson. I'm the director of the Lancaster County Department of Corrections. Spelled B-r-a-d J-o-h-n-s-o-n. And I had prepared-- I had to prepare a speech, but I'm gonna go off script. And I think-- you know, I, I too went to, to the university. Did-- I did not maintain a 3.0 average. Right? You know, first-generation student. Didn't understand the necessity or the, you know, the importance. Immature and struggled. But I, I succeeded and got, got that degree. I can tell you-- 16 years, years ago, I went back. Earned a master's degree. And that GPA was a 3.9. So people can change. Folks can grow and, and, you know, become valid or very strong, service-oriented folks for the department. I've been there 34 years. I started as an officer, worked my way up. And I'm now the director. So I think some of the restrictions that this bill has in place would have eliminated me as a young, young man. I'd either-- I'd had-- you know, if I, if I was a part of this bill back then, I'd have either had-- I'd have dropped out or I had to find ano-- no-- another way to pay it. And my life would have changed. I wouldn't have had the honor of serving in this department. So I, I think we need to consider that some young peo-- people may, may struggle in that environment. The second point I would make is, as the director of the largest department within Lancaster County, second largest budget, I understand that sacrifices have to be made and that sometimes tough decisions have to be made based on the budget. What I'll say about that is if the university just cannot survive without this revenue, then engage us. Come to us and let us be a part of the solution. Don't just drop a bill like this and don't tell anybody about it and have all these folks and everybody else come down, down here and talk, talk about it. We, we all collaborate together very well. We, we want to serve this com-- community. So just, just let us be a part of the so-- solution.

JACOBSON: Thank you. Thank you for your testimony. Questions? All right. Seeing none. Next testifier. Don't tell us you've got 25 years of service.

MAX ROBERTS: I don't know. I can't tell you that. I don't have that exactly. Good afternoon. My name is Max Roberts. I am an opponent of LB1117. I am the son of a firefighter who has served for 28 years and plans to continue to serve to extend my access to the tuition waiver. I am a senior at Lincoln North Star. I hold a 4.1 GPA. I am the student council president. And I've qualified and competed at the Future Business Leaders of America's National Leadership Conference. My plan is to attend and earn a degree in business and law. I have options to attend both private and out-of-state schools, but ultimately I chose UNL because of the tuition waiver. The costs beyond tuition are approximately $15,000 per year, so I filled out the university's supplemental scholarship application. In the application, one of the first questions was whether or not I am a first responder or the dependent of one. Recently, I received correspondence that there will be no additional funds provided by the university. With this waiver, I have given up other oppor-- other scholarship opportunities at other universities because of-- I was under the belief that this waiver would cover my tuition. I urge you to not advance the bill. Thank you for your time.

JACOBSON: First, could I get you to spell your first and last name?

MAX ROBERTS: Yes. Sorry. M-a-x R-o-b-e-r-t-s.

JACOBSON: Thank you. Thank you very much for you being here personally and testifying. It's, it's always great when we hear from people actually taking advantage of the program and utilizing-- you're-- great example of what this program's all about.

MAX ROBERTS: Thank you.

JACOBSON: Thank you. Yes, Senator Bostar. Hang on. You may have more questions.

MAX ROBERTS: Sorry.

BOSTAR: Thank you, Vice Chair. Thank you, sir, for being here. What do you hope to do out of school?

MAX ROBERTS: Well, I would hope to go to law school and then return back to Nebraska and give back and work in business law.

BOSTAR: Well, I mean, if you took advantage of the waiver, you'd have to be in Nebraska.

MAX ROBERTS: Oh yeah.

BOSTAR: Do you think that actually that if it wasn't for that part of how the waiver worked there's a chance that you would end up going and living in another state, working somewhere else?

MAX ROBERTS: Yes. For sure. I would have totally applied to universities such as Purdue and Penn State.

BOSTAR: Thank you so much for being here.

MAX ROBERTS: Thank you.

JACOBSON: Thank you. Other questions from the committee? All right. Thank you very much again for being here. Next opponent. Any other opponents? A lot of movement here, so it's kind of hard to tell [INAUDIBLE].

MATT BARRALL: Trying to be polite.

JACOBSON: I hear you. You guys are just too polite.

MATT BARRALL: Good afternoon, members of the Revenue Committee. My name is Matt Barrall. It's M-a-t-t B-a-r-r-a-l-l. I am the vice president of the Nebraska State Fraternal Order of Police, but I'm here representing the members of Lodge 3, which is Sarpy County's Fraternal Order of Police. I happen to be-- have been one of the original members that met with then Speaker of the House Mike Hilgers and brainstormed on a nice weekday afternoon on what we could do to recruit and retain our officers. Thankfully, members of OPOA and

Senator Bostar took that spark and an idea and created the First Responders Recruitment and Retention Act. My own daughter chose to stay in Nebraska rather than going to college in Colorado. She plans on getting her undergraduate degree in psychology here at UNL and plans to become a critical incident psychologist, specializing helping children and first responders managing critical incident trauma. She is staying in Nebraska solely due to the First Responders Act. The Sarpy County Sheriffs Office recently hired a deputy with many years of experience from Maryland who stated that the tuition bill played a significant factor in his decision to come to Nebraska. Another deputy with 20 years experience told me his whole decision to stay in law enforcement rather than go to a lucrative private sector career was due to the First Responders Act. The list continues. A deputy that her daughter is an honor student will-- and will either be attending UNL or UNO in the fall to become a doctor. A deputy whose daughter is using the tuition waiver for nursing. Another seven deputies whose children all stayed in Nebraska to complete their college education that turned out-- or, turned down-- sorry-- state acceptance due to the bill. Another 13 officers who said that their children are within three years of attending college and all plan to stay in law enforcement due to first responders tuition waiver act. I believe all of this changes if Senator Ibach's bill passes if it changes the act. The 3.0 GPA requirement is one thing that is very troubling to me. An athlete on scholarship at UNL only has to maintain a 2.7. And they have coaches, they have counselors, they have tutors that all help them-- not to mention NIL money. We have none of that. In fact, many of our children end up having to work full time and need that extra time to be able to graduate college. This is hard to navigate. I believe that this bill unfairly targets first responders, and I urge you not to have this bill continue to the floor. Thank you.

JACOBSON: Thank you. Questions? Seeing none. Thank you for being here. Thanks for your testimony. Next opponent testimony.

BRENNEN OLIVERIUS: Vice Chair Jacobson and the rest of the committee, thank you for having us here to give our thoughts. My name's Brennen Oliverius, B-r-e-n-n-e-n O-l-i-v-e-r-i-u-s. And I'm here to testipy-- testify in opposition of LB1117 on behalf of 330 members of IAFF Local 644 here in Lincoln. Now, I had a whole thing prepared, but of course everybody has used every point that I have possibly come up with, so I'll just gui-- give a quick example for me personally. I have four children, all of which are incredibly smart and all have the talent to go just about anywhere they want and do whatever they want. I can tell you that my oldest two who are starting to look at college programs have realized that because of the original Recruitment and Retention Act that they're gonna stay here. And then they understand that they're here for five years after they're done with school. And like it was brought up before, they'll put down roots hopefully and not go anywhere else. But because of this act, not only do I know they're going to stay around in its current form without the proposal, but I know I'm going to stay around as well. With a previous job opportunity I had in a private contract to go to a different state, I will tell you for a fact that the Recruitment and Retention Act is what kept me here and kept my family here rather than going to Florida. I still second-guess that sometimes, but that's a whole nother deal. So again, I'll keep it short and sweet. I hope that the rest of the committee shares my views and opposes the LB1117. Thank you for your time.

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

CHRIS WIEKER: Good afternoon.

JACOBSON: Hello.

CHRIS WIEKER: My name's Chris Wieker, C-h-r-i-s W-i-e-k-e-r. And I'm here as a representative of the Nebraska Professional Fire Fighters Association. I'm in the same boat as everybody. I-- a lot of my points were taken already. I, I did get a text from my daughter. She's turning six tomorrow, and she's watching this, so. I think she's making sure that this doesn't go anywhere so she can take advantage of it in 12 years. But appreciate the time. I appreciate this hearing and you hearing us out. We-- the truth is we've worked on this bill to get-- the original bill to get it across the finish line in 2023. And we're, you know, part of every step of the process. And for this bill to be dropped and, and not be a part of the process was disheartening. And I'm glad to see how much buy-in there is here to talk about the good aspects of this bill and what it's doing for Nebraskans. And also just encourage that it's only been three years. We haven't seen the true return on investment from keeping these kids in the state and, and setting their roots and, and hopefully contributing and continuing to stay in the state. So just encourage the-- you to be opposed to this bill. And thank you for your time.

JACOBSON: Thank you. Questions? Oh, wait-- hang on a second. Question from Senator Kauth.

KAUTH: Did you want to look at the camera and say hello to your daughter?

CHRIS WIEKER: Oh, yeah. Hey. Happy birthday.

JACOBSON: All right. Next opponent.

MAX McLAUGHLIN: Hello. My name is Max McLaughlin. I will be graduating UNL in spring. And for the last three years, I have been able to use the, the waiver--

JACOBSON: Could you spell your first and last name too?

MAX McLAUGHLIN: Yes, sir. Max McLaughlin, M-a-x M-c-L-a-u-g-h-l-i-n. I'm the son of Mickey McLaughlin. He's a battalion chief on the Omaha Fire Department and Jackie McLaughlin. And I just wanted to tell you about my experience. I have no prepared remarks, but I feel like it's important considering I have been able to live under this waiver for the last three years. The first year, my freshman year, I was paying for tuition out of pocket. I work at Scheels in Omaha. And it was a very big financial burden on me. The last three years, I haven't had to pay for tuition, only the fees that come with paying for school, which has lifted a huge burden off of my shoulders. Through that and through what college has been able to do to me in terms of getting an internship at Charles Schwab and then getting a full-time position there starting June after I graduate, I have been able to save up enough to potentially buy a house within two years and just give back to the economy. So-- and I understand-- Senator Kauth, you had a question about what a fellow policeman's injury was or what that effect had on his son. I lost my grandfather. He was a master sergeant in the United States Army Reserve for 30 years. My second semester of junior year on January 23 about 3:15-- he had stage four pancreatic cancer. And I can tell you, even though it wasn't a direct-- my father or mother, it did have a huge effa-- effect on me. I made the Dean's List last semester. That's usually where I am in terms of grade point average. I was failing three out of my five classes after he passed, because he was a big part of my life. And-- so I understand that maybe some restrictions have to be in place, but I just want you to keep that in mind, that the, the mental toll of losing a loved one is there, so. I will take questions, absolutely.

JACOBSON: Thank you for sharing the story. Senator Kauth.

KAUTH: And-- yes, thank you for sharing the story. So you would agree that if, if we do have to put some guardrails on there, there needs to be a provision so that if something happens, you need to take a break or get a waiver or, or some sort, sort of way to allow you to grieve, allow you to deal with something--

MAX McLAUGHLIN: I would agree.

KAUTH: --without impacting--

MAX McLAUGHLIN: Yeah. I would agree. I mean-- I understand that you can't just be wasting money. You have to be going to school and have a goal in mind of graduating. So I understand tha-- that you would want to have some guardrails in place. But-- I mean, just speaking from my own experience, I can understand that sometimes things happen. And especially if it's-- like, I-- we knew that a result was coming down the line. So I could prepare for it. But if a-- my father gets killed on the job unexpectedly, I don't know what effect that could have on me.

KAUTH: OK. Very well stated. You know-- and one of the things is the state doesn't make money. The state takes money from taxpayers. So we also have to be guarding our taxpayers' money and an investment in you, which is pretty, pretty impressive. So--

MAX McLAUGHLIN: Yeah.

KAUTH: --congratulations on your job.

MAX McLAUGHLIN: Thank you.

JACOBSON: Senator Bostar.

BOSTAR: Thank you, Vice Chair. I don't really have a question, I just want to thank you for being here today.

MAX ROBERTS: Thank you.

JACOBSON: Other questions-- committee? All right. Seeing none. Thank you for being here. Next opponent.

JOJO DUNN: Good afternoon. I'm JoJo Dunn, J-o-J-o D-u-n-n. I am here representing Columbus Fire Department and-- with a lot of other firefighters here. I think-- we haven't had a, a lot of representation of the smaller communities in this hearing. You know, we're a

30-member career department with a small supplement of reserve firefighters. Before this bill, we were having trouble filling spots. We can't compete with wages and benefits of the larger departments. So this was one benefit that we had equal with them that speaks volumes. Before this bill, our numbers for applications were minimal. We would have a spot open and we might get three. The last spot we had open, we had 25. And for a small community like Columbus, that speaks a lot. Also-- I was also-- I kind of been on both sides of this. I was a law enforcement officer for seven years prior to being a firefighter. So I've seen the stresses of both jobs and I see how families serve along with their service members. It's not just the first responder that's serving, it's their families serving with them with the missed holidays, birthdays, family get-togethers. and then dealing with mom or dad who comes home and is stressed beyond belief because of what they saw or witnessed or had to go through at work. So all that plays a role into our job. Offering this benefit was a huge relief on me. I have a, a daughter who is a sophomore at UNO, who is actually a Regent re-- scholarship benefit. That was mentioned before by the gentleman proposing the bill. However, what they don't tell you is requirements for Regent. UNO has a 30-- or, ACT score minimum of 30 to get that scholarship. UNL has a minimum ACT score of 32 to get that scholarship. How many people do you know that have 30s on their ACT? I don't know very many. And especially coming from a first responder household-- like, my kids are smart. They have 4.0 GPAs, but that even surprised me. So I have a son who's in the back who's got a green sheet, but I think he's gonna chicken out. But he is planning on attending to UNO using, using the tuition waiver. He's already been accepted to their aviation institute. And with that major, there is $70,000 that we're going to have to pay outside of tuition. So the tuition waiver alone is helping us tremendously just to get him through school so he can stick around and make a good living and pay taxes and be a productive part of our community. And we love Nebraska. He wants to stay here, but who's to say he's going to without that benefit? That's all I have. If you have any questions.

JACOBSON: I'm just kind of curious is-- running into a burning building, does that count against you when they [INAUDIBLE] looking at you in terms of a-- how, how you think through things or--

JOJO DUNN: Sometimes. Yeah. Yeah. Sometimes.

JACOBSON: Well, I, I truly appreciate what you guys do.

JOJO DUNN: Thank you.

JACOBSON: Questions from the committee? All right. Seeing none. Thank you for being here. Other opponents?

DANIEL GOODMAN: Vice Chair Jacobson, members of the Revenue Committee. My name is Daniel Goodman, D-a-n-i-e-l G-o-o-d-m-a-n. I represent the Officers of Fraternal Order of Police, Lodge 32, Lancaster County Department of Corrections. I simply wanted to go on record in opposition to LB1117. Much of what I have to say has already been said today. But as Director Johnson might attest to, I always seem to have something to say. So-- again, just my opposition to the bill. And thank you to Senator Bostar for introducing the First Responders Act last year to include corrections in, in the bill. And while we don't have any hard evidence to show how many people are taking advantage of the program-- because it hasn't applied to us yet-- I can tell you that the membership was seen and enthusiastically ready to pass this benefit onto their children. Thank you.

JACOBSON: Yeah. Thank you.

DANIEL GOODMAN: Yeah.

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

DANIEL GOODMAN: Thank you.

JACOBSON: Any other opponents? Are you an opponent back there or are you just getting up and walking out the door? OK. All right. Any other opponents? Are, are you opponent or a, or a neutral?

LYNN REX: I'm an opponent.

JACOBSON: All right. Come on up.

LYNN REX: Senator Jacobson, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska municipalities. We do think this bill has really had a big impact on attraction and retention of law enforcement officers, first responders, firefighters, and others. We think it's really important. I also think it's nice that those that have come forward and, and opposing this have indicated they're willing to work with this committee instead of Ibach if there needs to be additional guardrails. But that said, I think this is extremely important. And I think one of the most important elements is not only for the officer or the first responder but also knowing that all the science indicates that where kids go to school typically is where they stay. And we're trying to avoid brain drain and everything else. This bill plays into that. So with that, I'm happy to answer any questions you might have.

JACOBSON: Questions from the committee? See none. Thank you.

LYNN REX: Thank you.

JACOBSON: Thanks for your testimony. Other opponents? I'm surprised the Lincoln firefighter up in the front here isn't going to testify, but. He, he-- he's shy today. Thank you. All right. Anyone wishing to testify in a neutral capacity?

PAUL TURMAN: Good afternoon, Vice Chairman Jacobson and members of the committee. My name is Paul Turman. That's spelled P-a-u-l T-u-r-m-a-n. I'm the chancellor of the Nebraska State College System. Here to highlight and wanna clearly commend, I think, the, the vast number of individuals who have come up and, and testified and the great work that they do. I think the representatives of, of the state colleges would clearly affirm many of the comments that you all have made in supporting their great work. I think the comments that I would like to make just to keep in your mind as you think through this bill or any future con-- conversations that happen around waiver programs in the state. I think it's always important to think through a very important benefit. We're clearly seeing that the-- those who have testified today-- especially firefighters, law enforcement-- that this is having the type of recruitment impact that it was always envisioned to have. The bigger question I think for you all to consider is who essentially is responsible for covering that cost. Right now, through the waiver program, the shift of the tax burden essentially is pushed on to the other students in the state college system if those students choose to, to come to us. When we look at the data from-- and I, I, I think it's important to also emphasize it's the-- the bill covers in the-- dependents of dec-- de-- deceased and disabled veterans, which has also seen a, a sizable impact on the fi-- fiscal impact for all of higher education. What was about a $3.4 million impact has grown to about 7.8 just in five years. We also are seeing for-- at least the, the first responders has grown by just a million dollars here just this last year across our three various sectors. And so what we're projecting when we start to look out to 2035 when it comes to deceased and disabled veterans, that pool of individuals is going to grow substantially based on current projections to a place where we're anticipating anywhere between $12 to $17 million of expenditures and costs that the state colleges, university system, and community colleges have. In the state colleges, I think it's important to note that we've seen an increase of roughly-- right now, we spend about $1.1 million on waiver programs that are established by the state. And those costs are shift on to other students. I know exactly what it takes to raise tuition by 1%, 300-- or, 1% increase-- generates about $318,000. And so about a 3.5% increase in tuition is fundamentally across the spectrum needed to cover that cost. One unintended consequence that I think we're seeing with waiver programs in general I think is the fact that, most of the time, when you take tuition out of the equation, students are choosing institutions that are fundamentally at a higher cost. State colleges were put in place to make sure that students stay in rural parts of the state, that they stay there, get their education, return there, and work. And when you eliminate that incentive, it also impacts our-- brain drain out of the rural states but also-- or, or, the rural areas, but we're also seeing they're not returning back for economic development, so. I'd be happy to answer any questions that you all have.

JACOBSON: Thank you. Questions from the committee? Yes, Senator Murman.

MURMAN: Yeah. Thanks for your testimony. Do you have any idea what the 3% requirement-- how-- what percent to the students would be affected by that?

PAUL TURMAN: Oh, within our system, that have a-- like, a 3.0 GPA?

MURMAN: Yeah.

PAUL TURMAN: I believe it's somewhere in the range of 60%, 65% of our students are, are at that or above that threshold.

MURMAN: OK.

PAUL TURMAN: But I would-- you know, it's probably a really good question to ask community colleges and the university system because fundamentally we're a little bit different too in the mix of students that come for the degree programs that we have. We also have a much higher percentage of first-generation, low-income students as well that-- some of those benchmarks, as I-- I was asked to say, is that something that I would support as a part of this legislation? I don't know that 3.0 is any magic number that influences whether or not a student should maintain a scholarship program moving forward.

MURMAN: OK. Thank you.

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

PAUL TURMAN: Thank you.

JACOBSON: Next neutral testifier.

COURTNEY WITTSTRUCK: Good afternoon, Vice Chair Jacobson 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. I am the executive director of the Nebraska Community College Association and am here today to te-- to testify on behalf of my institutions in the neutral for this bill. Our community colleges support any efforts to increase the access to life-changing benefits of higher education and are proud to serve Nebraska veterans, law enforcement, first responders, and their families. We also recognize the need to offer incentives to attract and retain employees in key industries across the state. The challenge for our colleges comes when incentives such as tuition waiver programs are established but funding is not provided for them. As more and more tuition waivers are created, it becomes increasingly difficult for our colleges to simply absorb the associated costs, which is why we appreciate Senator Ibach calling attention to this issue. Under current law, community colleges are required to provide these tuition waivers without state reimbursement. LB1117 would help relieve some of this pressure by providing reimbursement for a portion of the tuition waivers our colleges provide. Although we would love to have full in-- reimbursement, this bill provides some relief for community colleges. Thank you. I'd be happy to take any questions.

JACOBSON: Questions? Senator Kauth.

KAUTH: So-- and that-- this is something that I think-- in the emails that I've gotten, people have been confused about-- the 50% has nothing to do with the amount of money that would go to a student, correct?

COURTNEY WITTSTRUCK: Correct. That's how--

KAUTH: That's just what the colleges are able to recoup.

COURTNEY WITTSTRUCK: Yes. Sorry. Yeah. That's how I-- that's how I understand the bill. I heard a previous testifier say something to the effect of-- that, that recipients would receive only 50% of tuition waivers. That's not how I read the bill. I read the bill as-- that the colleges who provide the waivers would receive 50% reimbursement.

KAUTH: Thank you.

JACOBSON: Senator Bostar.

BOSTAR: Thank you, Vice Chair. Thank you, ma'am, for being here. I mean, the green copy of the bill strikes the fact that it's a 100% waiver.

COURTNEY WITTSTRUCK: Yeah. The--

BOSTAR: Completely.

COURTNEY WITTSTRUCK: The amendment, yeah. The amendment does. I haven't seen it.

BOSTAR: So I, I think-- you know, as some folks are concerned about how much-- what percent of the tuition waiver they're going to receive, I don't think it's necessarily completely misplaced because the bill as drafted and introduced completely removes the waiver altogether.

COURTNEY WITTSTRUCK: Removes the waiver--

BOSTAR: Removes the, the actual-- where in law it says it's 100% tuition waiver, in the green copy of the bill, that is struck. So some of the feedback isn't just misunderstanding that-- you know, community colleges might get reimbursed by 50%, but I think there was genuine concern based on the green copy of the bill that the entire waiver was going away because that is how it was introduced.

COURTNEY WITTSTRUCK: Yeah. I, I can't speak for how someone else may have understood the bill, but my, my understanding is from what I heard Tyler testify to today is that the Section 6, I believe, at the bottom of-- would be stricken. And that would strike the, the part that, that could cause recipients to receive less than 100%.

BOSTAR: Right.

COURTNEY WITTSTRUCK: But it's my understanding-- I'm-- and I may be wrong, but it's my understanding that the 50% discussion is not in Section 6. So it would remain intact, if I'm understanding correctly.

BOSTAR: Yeah. 50% part isn't there, but-- whereas the, the, the, the individual who opened on the bill said that they were going to strike that. Obviously, the bill as introduced created a great deal of concern related to what percent of the waiver they were going to end up with.

COURTNEY WITTSTRUCK: Yeah. Understood. And I agree. I, I haven't seen the amendment. I assume we'll see it shortly, I imagine.

BOSTAR: Thank you.

JACOBSON: Other questions-- committee? All right. Seeing none. Thank you for your testimony. Other neutral testifiers? I'm glad we're seeing all of the ma-- all of the players testify.

KAUTH: Everybody's here.

MATT BLOMSTEDT: It was good to see everyone here, so. Yeah. Hi, Vice Chairman, Mis-- or, Mi-- Vice Chair Jacobson and members of the Revenue Committee. For the record, my name's Matt Blomstedt, M-a-t-t B-l-o-m-s-t-e-d-t. And I'm here today on behalf of the University of Nebraska in a neutral position on LB1117. I do want to just kind of go off my script for a second and really appreciate the-- everyone that showed up. I'm actually-- I appreciate, like, the fear that would go into, into something like this, that, that folks would be concerned that that would go away. I know that over and over again that the university has said, hey, look, we want to be able to be in a position to educate the students of-- and the, the, the dependents of these first responders, veterans, corrections officers, which are another part of another bill. And actually very much appreciate conversations wi-- that Senator Bostar and I have had about how you get to a point of having some funding for this. I also want to thank Senator Ibach for introducing this bill. But even more so, I want to thank Senator Ibach for introducing LB307 that was actually heard in the Appropriations Committee last year. We were asking for some relief on funding for these particular programs. It's extremely important. I heard somebody say, I wish they would have come to us and said, come do that. I wish I would have too. This is a great crowd. I should have brought them all to the Appropriations Committee to, to be in that kind of position. But ultimately from our perspective, we have a lot of costs that come with this. I'm not going to go through all this. I, I think that's not so worthwhile. I can give you reports on what our costs are. We can kind of talk through those things. But really, one of the other dynamics even in this bill that we wouldn't be supportive of are those very specific policy elements. It actually takes the Board of Regents' control out of it. So the 3.0 is not actually something we would want to see in statute because that removes some of the controls that actually should be in place for Board of Regents to make those, those type of provisions within wha-- who qualifies for what, you know, what scholarships, admission requirements, those types of things. So I think that's really important as well. We-- as we watch kind of the escalating costs as it's expanded-- I mean, that's, that's a real issue for us. If you look at what happens in UNO relative to veterans and veteran-- the, the costs that come with that, I understand completely the notion that having to apply for other benefits is probably not the right, best approach to that. How do we do something to balance that so we ensure that we're able to continue to serve that? We're really looking for the partnership with, with the Legislature and with the state to make sure that this can con-- con-- can continue. And that's really very much our testimony. I, I think-- and I-- again, I'll thank Senator Ibach. I know she was kind of, like, throwing a little bit of spaghetti at the wall, so to say, and seeing which elements of this were appropriate. I didn't necessarily anticipate that folks would be that worried about it because I put a fiscal note on it and Senator Bostar knows I ta-- I kill bills. I'm joking, of course, so. No. Appreciate the opportunity to be here with you. Really would take your questions. Glad to talk more, but-- and we'll continue to work with the committee as, as you see fit, so.

JACOBSON: Thank you. Questions? Senator Bostar.

BOSTAR: Thank you, Vice Chair. Thank you, sir, for being here. I just-- you know, I think-- as you talked about wanting to partner with the state on, on looking forward on this issue, I just really, I think, want to emphasize what other folks in the room said, that partnering with them too is going be, I think, essential if there's, if there's going to be a path--

MATT BLOMSTEDT: Yeah.

BOSTAR: --for any of that.

MATT BLOMSTEDT: Yeah. No. Fantastic. And I completely see that and I look forward to ki-- kind of making all those connections. So I appreciate that as well.

JACOBSON: Thank you. Other questions? Senator Dungan.

DUNGAN: Thank you, Vice Chair Jacobson. Thanks for being here today. I apologize if this is a political hot potato that I'm gonna ask you--

MATT BLOMSTEDT: Everyone does.

DUNGAN: --but you can defer if you need to. The impact of the Legislature's appropriations to the university being less than what the university asked for last year, does that have an impact on the way that you perceive these programs and your ability to continue funding them?

MATT BLOMSTEDT: Yeah. I mean, definitely-- one of the things we've been talking about is just the ability to keep up with inflation, right? And that's true for all of the institutions. And when times are tough, we al-- also get that. But if you look at the last decade, the investment in the university was 9% under inflation. And so when you look at the cuts that are taking place and the things that we're having to do, it's, it's really because we're not keeping up with inflationary costs. I understand-- hey, look, a little bit of a shift based on what the state's economy's doing, all of those different things, but I think we need a longer term strategy. It's-- I don't know if it's a political hot potato. It's very much what we're talking about with the Appropriations Committee and trying to get folks to understand that's important. This one kind of ties into that just because this one's growing at the same the other one's not at the, at the rate we-- that we would need, so.

DUNGAN: And then lastly, I-- this might be a difficult question for you to quantify, but the cost of things such as books and, and lodging. What does an average student pay for those outside of tuition at UN-- at the University of Nebraska?

MATT BLOMSTEDT: So I'm a dad too, so I'm trying to think. I, I think there's kind of-- like, when you get to total cost, it's almost, like, kind of doubles the tuition rate, right? So, I mean, that tends to be the-- at least at the University of Nebraska, that tends to be about the, the, the, the total cost of going to college.

DUNGAN: And so the students that we're talking about here who are benefiting from this program, they still have to pay those things.

MATT BLOMSTEDT: Oh, absolutely. Yeah. They're still having to pay the room and board and the-- and those particular things. You know, I've been fortunate-- I have a daughter that was-- received a Regents scholarship, which is tuition. Very similar to this, right? There's still a lot of costs that you, that you in-- incur, so.

DUNGAN: I just wanted to clarify that in case there's any perception that these students don't have any skin in the game. I think it's important to--

MATT BLOMSTEDT: And by the way, I, I think they're li-- I, I don't know-- I forget who came up and was li-- kind of a-- number one, I was also scared carrying the green sheet up here. So the son of the one person, completely with him. And the-- I, I think the other part is, like, this is-- to me, it's actually kind of a joy to sit here and listen and a tough, you know, I-- I'm-- I-- I'm concerned that they were that concerned, right, on this particular front. But, but ultimately, it actually demonstrates how important this is and how important postsecondary education is to people and to the future of the state of Nebraska. And so I take that actually with a great source of pride and, and in, in addition to the pride that I feel for the folks that testified.

DUNGAN: Thank you. Thanks for being here.

JACOBSON: Senator Bostar.

BOSTAR: Thank you, Vice Chair. Just two quick questions. One is, what, what would you say as a percentage the total amount the university waives through tuition waivers? What, what does that make up out of its budget?

MATT BLOMSTEDT: I, I probably won't do it justice, so I'm, I'm afraid to give you a number that's way off, so-- and, and do you mean just with these tuition waivers or-- because I want to get you-- I want to get you an answer that's correct because I don't think I can do that at the top of hea-- top of mind, so.

BOSTAR: All right. Well, that'd be, that'd be interesting to know. And the other thing is you brought up sort-- tuition waivers and scholarships that the university has chosen to create outside of the-- this legislative process. Has the university been scaling those back or removing those?

MATT BLOMSTEDT: I think some mix of the-- those things. At least some concern about it. I think we're really trying to be in a position where we--

BOSTAR: Aren't you expanding the ACT one? Is that my understanding--

MATT BLOMSTEDT: Yeah.

BOSTAR: --is we're going to-- the university's opting to add more tuition waivers for ACT scores?

MATT BLOMSTEDT: Well, they would already ha-- they would already have tuition waivers. So it's actually-- so room and board--

BOSTAR: Isn't that number-- yes, well-- but I-- there's something where it was like, you know, 36-- I remember when 36 just came in and now that's kind of coming down and so more is getting included.

MATT BLOMSTEDT: Yeah. Yeah. So the expansions to provide for 33 to 35 and, and try to, you know, retain those-- because we're losing a lot of those to other states. I think the student that testified earlier is a great example. I'm so glad he's staying in Nebraska. We certainly would want, want him to be here. He might qualify for some of those other things as well, right, so.

BOSTAR: Well, don't tell him that, because under this program he's got to stay in Nebraska after he graduates.

MATT BLOMSTEDT: Fair, fair point. Fair point.

BOSTAR: So, you know, let's not--

MATT BLOMSTEDT: Senator Bostar, you're so good. And I'm sure no one else heard that, so we're all good.

BOSTAR: Keep it a secret. I, I guess, I guess the-- I think-- maybe the point I'm trying to make is, you know, we're watching the university expand its chosen portfolio of scholarships and tuition waivers. And so, you know, I, I think that there's some feeling from, from other folks represented in this room that if the university can do that and feels comfortable enough doing that, that-- how threatening can this really be to the university?

MATT BLOMSTEDT: I think, I think the growth trends that we're seeing-- which is good-- because it's the awareness of these programs. I think all of it in total-- like, we have to look at that kind of holistically. I think to your other point about what are all the other things is certainly data that we could kind of get and gather, so.

BOSTAR: Thank you.

MATT BLOMSTEDT: Yep.

JACOBSON: Other questions? All right. Seeing none. Thank you for your testimony. Next neutral testifier. Anyone else wishing to speak in the neutral capacity? Last call. All right. I will tell you that there was 1 proponent letter, 17 opponents, and 0 neutral and no online. And since there won't be a close, this will end our hearing on LB1117. Thank you all for being here. And we will move on to-- I think if Senator Clouse is here. Are you the man?

NOLAN LEMNA: I am the man.

JACOBSON: All right.

NOLAN LEMNA: Yes. For today.

JACOBSON: Rules are you introdu-- you can introduce. We won't ask you any questions--

NOLAN LEMNA: Sounds--

JACOBSON: --and you won't close.

NOLAN LEMNA: Perfect.

JACOBSON: So be real good at what you do, because you can't answer questions. All right. And I'm probably going to step out and turn this over to Senator Bostar at some point here, so don't be, don't be freaked out when that happens.

NOLAN LEMNA: Gotcha. Am I good to go?

JACOBSON: In the, in the Banking Committee, I'd turn it over to Senator Hallstrom, and I-- I'm always nervous about that, so. All right. You're welcome to go ahead and open on-- this LB890. And Senator Clouse in his absent has sent his LA.

NOLAN LEMNA: Yes.

JACOBSON: And so you're welcome to open on LB890.

NOLAN LEMNA: Awesome. Good afternoon, Vice Chair Jacobson and members of the committee. For the record, my name is Nolan Lemna, N-o-l-a-n L-e-m-n-a. I am the legislative aide for State Senator Stan Clouse, who represents District 37, which includes much of Buffalo County, including Kearney, Shelton, and Gibbon. First off, we would like to thank the Department of Revenue for bringing us this bill and working with us throughout the process. Today, I'm here on behalf of the senator to introduce LB890 to increase fees associated with the cash devices and mechanical amusement devices, along with ensuring certain fees are distributed to the Department of Revenue Enforcement Fund. Cash devices are skill games that award cash prizes. These can typically be found at bars, restaurants, gas stations. When manufacturers of these devices are introducing a new skill game to the Nebraska market, they must submit a device for inspection through-- to the Department of Revenue. There is an application fee associated with this process. LB890 increases this application fee from $500 to $650 on January 1 of 2027, with an added annual adjustment for inflation beginning January 1, 2028. The department will use a formula tied to the Producer Price Index for all commodities, which is published by the United States Department of Labor Bureau, Bureau of Labor Sta-- Statistics. After applying the formula, the Department of Revenue shall round the adjusted figure to the nearest number divisible by 50 and set such figure as the application fee. Distributors of cash devices pay an annual distributor decal fee of $250. LB890 increases this decal fee to $350 on January 1 of 2027, with an added annual adjustment for inflation beginning on January 1 of 2028. These fees cover inspection costs and were last adjusted in 2019. It is important to note that the usage and revenue generated off these devices is more than double what the Department of Revenue initially estimated. The increased revenue from these fees will be distributed to the Department of Revenue Enforcement Fund. There will be a dollar-for-dollar General Fund ask reduction if LB890 were passed. LB890 also adjusts the mechanical amusement devices occupation tax. Now, these devices include arcade games, pool tables, pinball machines, crane games, et cetera. The annual occupation tax is increased from $35 to $70 on January 1 of 2027. The fee covers inspection costs and was last previously adjusted in the year of 2000. Beginning January 1, 2028 and each year after, the fee will be adjusted for inflation. Currently, the occupation tax for mechanical amusement devices is deposited exclusively into the General Fund. LB890 changes the distribution so that 20% of the tax shall go to the Department of Revenue Enforcement Fund and 80% credited to the General Fund. Thank you for your time and attention. Behind me, Brian Rockey, the director of Lottery and Charitable Gaming, is the subject matter expert and can answer any questions that you may have. Thank you.

BOSTAR: Thank you. Moving on to the first proponent for LB890. Welcome.

BRIAN ROCKEY: Thank you. Good afternoon, Senator Bostar and members of the Revenue Committee. My name is Brian Rockey, B-r-i-a-n R-o-c-k-e-y. I am the director of the Nebraska Lottery and Charitable Gaming Division of the Department of Revenue. And as Nolan indicated, I'm here to testify as a proponent for LB890. We want to thank Senator Clouse for carrying this bill for the department. As noted, the bill makes four changes. The first two are pretty straightforward. In Sections 1 and 3, the bill clarifies that the fees for the manufacturing license and the distributor license go to the Department of Revenue Enforcement Fund. Section 2 and 4 are the meat of the bill and have the largest impact. The intent of Lottery and Charitable Gaming is to look at the three fees in this section and to ensure that they're adjusted for inflation going forward. A fixed rate on these fees will end up making it difficult, if not impossible, to manage these programs in the future without requiring a larger General Fund impact. LB890 adjusts the application fee for the mechanical amusement devices, the annual decal fee for cash devices, and the occupation tax for mechanical amusement devices that are not cash devices. I won't itemize the, the, the three points the, the, the introducer covered just in the interest of time. I'd be-- certainly address those if you care to. I'll just move ahead a little bit here. The occupation tax has one other change to it. Currently, 100% of that revenue goes to the General Fund. And we're asking that the money is instead split with 80% going to the General Fund and 20% going to the Department of Revenue Enforcement Fund. This piece of legislation is part of Governor Pillen's budget recommendations, and that fee increase goes into the Revenue Enforcement Fund. The Governor's budget reflects the changes made in this bill by providing a dollar-for-dollar reduction in the Department of Revenue General Fund impact. And I'd be happy to answer any questions you might have.

BOSTAR: Questions from the committee? Senator Kauth.

KAUTH: Thank you, Vice Vice Chair Bostar. So Nolan-- I, I didn't catch what he said. It wa-- something about revenue has more than doubled. Is that-- did you--

BRIAN ROCKEY: Yes. The-- at the time that the, the legislation was proposed and, and, and we went through it in, in 2024 and passed it last year that established the, the central system and the tax, we were projecting $30 net operating revenue per device per day-- or, in other words, $30 hold after, after prizes were paid. Based off of the first two quarters of taxes being filed, that's-- number is about $72 per day.

KAUTH: Thank you very much.

BOSTAR: Additional questions? Senator Dungan.

DUNGAN: Thank you, Senator Bostar. I'm sorry. I'm just trying to wrap my brain around the additional revenue that's gonna be raised here. And I'm going through the bill again-- and I apologize. I'm not trying to be obtuse. So is this implementing a new fee?

BRIAN ROCKEY: No.

DUNGAN: OK. So it's changing where the fee's going, essentially?

BRIAN ROCKEY: It's-- it-- part of it does change where the fee goes, and it-- it's-- it applies 20% of that to the Enforcement Fund. Currently, the, the, the decal fees, for example, for the devices go to the Enforcement Fund. This would also then apply the, the licenses that go to the General Fund. It would take a portion of that and apply it to the Enforcement Fund as well.

DUNGAN: But there is a section in here about an application fee that was not-- so the application fee is different than the fee that's currently being assessed.

BRIAN ROCKEY: No. They actually pay an application fee now.

DUNGAN: OK.

BRIAN ROCKEY: It's just that it goes to General Fund. We're-- and we're increasing the fee-- or, changing the fee and indexing it then for inflation.

DUNGAN: OK. So it changes where the current fee goes with regards to the distribution of that and makes it so moving, moving forward in the future, there's an incremental increase adjusted to CPI.

BRIAN ROCKEY: Correct.

DUNGAN: OK. That's-- that helps. Thank you. Appreciate it.

BOSTAR: Thank you. Additional questions? Thank you for being here.

BRIAN ROCKEY: Great. Thank you.

BOSTAR: Next proponent of LB890. Seeing none. Opponents for LB890. Welcome.

JARVIS NETTLES: Welcome. Good seeing you guys again. Thank you, Chairman and members of the committee for allowing me to speak today. My name is Jarvis Nettles, spelled J-a-r-v-i-s; Nettles, N-e-t-t-l-e-s. And I live in District 10. I'm here again on behalf of small distributors like myself in Nebraska representing the mechanical amusement device and cash device industry to urge you to reconsider the proposed changes in LB890. These changes would increase application fees, annual decal fees on cash devices, and the decal fee on mechanical amusement devices. The-- I feel that this dis-- disproportionately harms small operators who are already struggling to compete. Let me outline specific increases in LB890. It proposes raising the application fee from what, what is now $200 biennial per device to over $650 annually per device. That's over a 60% increase. The annual decal fees would jump from $250 per device to $350 per device for cash devices. And finally, the mechanical amusement device decal fee would double from $35 to $70. To illustrate the real-world impact on the mechanical amusement side, some of my, my arcade games generate less than $50 in gref-- gross revenue last year. I got two arcade games and they-- both of them didn't gross over $50. I would need $140 in revenue to pay for one decal on a Pac-Man that I charge $0.25 to play the game. And that's been-- probably been the same price since the '80s and '90s. As you can see from some of my own experience in cash devices under the current framework in LB685, in 2025, my application fee and cost was $1,600. I paid $4,250 in annual deca-- decal fees. And application fees are currently right now capped at $5,000. At the time of registration, the annual, the annual decal fee has no such limit. So if you look at-- through your packet, I brought a picture of this, this game board here. After we pay--

BOSTAR: Mr. Nettles, just-- so we, we have rules against using props. So if you could just refer us to the picture--

JARVIS NETTLES: Sure.

BOSTAR: --that you distributed.

JARVIS NETTLES: If you look at the picture-- apologize for that.

BOSTAR: No problem.

JARVIS NETTLES: That is a picture of, of a game board that goes into a cash device. After we pay our fees, if that-- if this game board gets broken, struck by le-- ele-- struck by electricity, doesn't work, if we replace that board, we have to pay another $250 on that fee. So that's not capped. So we could, we could pay our decal, damage a board, and still have to pay more money to the Department of Revenue. My time is, is, is drastically going, so I'll finish. These hikes will be devastating for small distributors like me. It's very difficult to simply pass on these costs. We already split revenues with the business locations, leaving little margin to absorb these steep increases. An extra $450 or more per device in application fees could add up to over $5,850 in my operation alone. That will pretty much put me out of business. I'm out of time. Is there, is there any, any questions on what, on what I do and what I'm struggling with with these fees increases?

BOSTAR: Thank you. Questions from the committee? Senator Kauth.

KAUTH: Thank you very much. And thank you. By the way, I love your chart. That was really, really helpful the last time you, you brought this. You always bring facts and figures to us. So can you walk me through the-- what you were talking about with the board? So if that board goes ba-- and those boards go bad--

JARVIS NETTLES: Yeah.

KAUTH: --use makes them go bad--

JARVIS NETTLES: If this board goes bad, each-- when we were-- when we register a game for $250, they, they keep track of the serial board of, of each, each cash device.

KAUTH: And there's no replacement? There's no--

JARVIS NETTLES: There's no, there's no-- at this time, there's no replacement. So if this gets damaged, even though we paid $250 for the year, we have to buy another decal for a different board even though it goes into the same cabinet.

KAUTH: Is it an actual sticker that you put on the board?

JARVIS NETTLES: It's a sticker that goes on the outside of the cabinet.

KAUTH: OK. So would it, would it be helpful if we had a provision in there that said you could swap it out and say if--

JARVIS NETTLES: Yes. Yes, that, that would help because that, that would be, it's 250 now, but if it increased every time a board is damaged or replaced, we'd have to pay 600-- excuse me-- $350 to replace it if the-- if this bill goes through.

KAUTH: OK. All right. Thank you very much.

JARVIS NETTLES: Yeah.

BOSTAR: Thank you, Senator Kauth. Additional questions? Senator Dungan.

DUNGAN: Thank you, Senator Bostar. So just to clarify-- because I think this was lost on me-- mechanical amusement device gets used as, like, a term of art a lot. Not all mechanical amusement devices are cash devices, correct?

JARVIS NETTLES: Correct.

DUNGAN: And just to make sure I-- and this is a genuine question-- understand the difference, we're talking about, like, arcade games versus, like, the cash things that I see--

JARVIS NETTLES: Arcade games, claw machines, pinball, darts, those are all mechanical amusement devices. The cash devices are the games that award cash, but they're, but they're, they're skill games.

DUNGAN: OK. And so this piece of legislation affects the amount that you're paying for fees for both of those, correct? So arcade bars, things like that, would also be affected?

JARVIS NETTLES: Correct.

DUNGAN: OK.

JARVIS NETTLES: So, like, a beercade or Dave and Buster's, those are all mechanical amusement devices. And tho-- they're-- all their feeds would double.

DUNGAN: OK. I didn't-- I, I think sometimes we, we conflate those things, we put them all together. So I appreciate that. Thank you.

JARVIS NETTLES: Thanks.

BOSTAR: Additional questions from the committee? Seeing none. Thank you for being here.

JARVIS NETTLES: Thank you.

BOSTAR: Next opponent. Seeing none. Any neutral testifiers? Seeing none. We had 4 opponent letters submitted. And that will close the hearing on LB890. And we will move to LB938. And we will turn things back over to our vice chairman, Senator Jacobson.

JACOBSON: Thank you very much, Senator Bostar. And-- wow, I-- we should have turned the whole hearing schedule over to you because things really happen when you're in charge, so. Thank you.

DUNGAN: I just saw Senator Hallstrom's LA in here a second ago, so I think we're--

JACOBSON: Well, I just saw him also and-- where, where I was at and-- I think he was thinking that stuff was going to take longer. So we have Senator Hallstrom and Juarez yet, so.

KAUTH: [INAUDIBLE] five-minute break?

JACOBSON: Yeah. Let's take a five-minute break and, and-- we'll get Hallstrom here.

[BREAK]

JACOBSON: Eliot, are you ready to go?

BOSTAR: More than ready.

JACOBSON: All right. All right. Well, with that, let's go ahead and open our hearing on LB938. Senator Hallstrom, you're welcome to open.

HALLSTROM: Vice Chairman Jacobson, members of the Revenue Committee, my name is Bob Hallstrom, B-o-b H-a-l-l-s-t-r-o-m. Appearing before you today as senator representing Legislative District 1. I have introduced LB938, the First-Time Home Buyer Savings Account Act on behalf of State Treasurer Joey Spellerberg. Shortly after the Treasurer was appointed last November, we met to discuss our shared interest in addressing the Nebraska's-- the Nebraska hor-- housing affordability and accessibility challenge. After discussions with his peers in other states, the Treasurer indicated that the first-time homebuyer savings programs in Kansas and Iowa provided a sound model for Nebraska. Key provisions of LB938 include dedicated homebuyer savings. Under the bill, individuals would be permitted to save up to $5,000 annually and married couples up to $10,000 in a first-time homebuyers savings account established at a qualified financial institution. Overall contributions would be limited to $25,000 for individuals and $50,000 for couples. Tax advantages. Contributions would be deductible for purposes of Nebraska income taxes, and interest earned would be tax-free when used for qualified expenses like down payments, closing cost, or construction of a primary residence. The bill defines a first-time homebuyer as someone who has never owned or purchased a single-family, owner-occupied primary residence. A divorced individual can also qualify if, due to a dissolution of marriage, they have not been listed on a property title for at least three consecutive years. There are also some advantages for military. The tax savings under LB938 would be modest, but these savings would provide a meaningful incentive by letting Nebraskans keep more of their own money for their first house purchase. Similar to our 529 college savings plans, parents and grandparents can make contributions for the benefit of their children or grandchildren. The Treasurer's Office estimates that for those who maximize the annual savings limit over a five-year period, the tax savings would be approximately $1,100 for individuals or $2,200 for couples-- a reward for patience and planning. Strict guardrails in the bill would deter the misuse of the accounts. If combined with other local, state, and federal programs, LB938 would provide an easy, commonsense way to help more Nebraskans prepare for the biggest purchase of their life. As I indicated, the State Treasurer is here to testify in greater detail, along with a number of other supporters. This is just a piece of the puzzle to address the shortage of housing in Nebraska. And would appreciate your favorable consideration. Be happy to answer any questions you might have.

JACOBSON: Questions? Senator Kauth.

KAUTH: So the-- thank you, Chair Jacobson. So the tax advantage for parents and grandparents, did that-- so if a parent or grandparent donates, they can also write it off their taxes?

HALLSTROM: Yup. Correct.

JACOBSON: Other questions? I got a quick one. So if this bill would pass along with your doc stamp fee bill, would the savings here be enough to offset the doc stamp loss?

HALLSTROM: They probably wouldn't, but what a wonderful, wonderful life it would be if those two things would happen.

JACOBSON: All right. Thank you. If, if anybody who sat in the Exec Board hearing at noon, I would ask, maybe we should check with ChatGPT because whatever answer they come up with would be wrong, so. Whatever that's worth. That's-- there's an inside joke there [INAUDIBLE].

HALLSTROM: I was going to say you've lost me on the translation.

JACOBSON: All right. Thank you for--

HALLSTROM: Thank you.

JACOBSON: I presume you'll stay for your close.

HALLSTROM: Yes, I will.

JACOBSON: Perfect. First proponent. Mr. Spellerberg. Treasurer Spellerberg.

JOEY SPELLERBERG: Very good. All right. Vice Chairman Jacobson, members of the Revenue Committee, my name is Joey Spellerberg, J-o-e-y S-p-e-l-l-e-r-b-e-r-g. And I am here as State Treasurer in support of LB938. First, I want to thank Senator Hallstrom for sponsoring this bill. His expertise really has been invaluable. I also want to, want to thank the cosponsors, including four on this committee. Thank you. A summary of LB938 accompanies my written testimony, which is being provided to you. Senators, let me get right to the point. This bill needs to be passed this session, and here are three reasons why. Number one, the need is right now. According to the National Association of Realtors, the median age of a first-time homebuyer in the U.S. last year was 40 years old. That's a record high. That's a decade older than in 2010. Number two, when Nebraskans buy homes, they contribute to our economy and population growth. Delaying a first-time home purchase by ten years from age 30 to 40 equals a loss of approximately $150,000 in equity on a typical starter home. And number three, this is the perfect time to compliment forthcoming federal changes. This week, on a 390-9 vote, the U.S. House passed the Bipartisan Housing for the 21st Century Act. Shepherded by Congressman Mike Flood, this bill aims to improve housing supply and affordability. This would be the first major federal housing law passed in more than a decade. LB938 would give Nebraska a competitive edge by complimen-- complimenting this federal legislation. Senators, owning a home has always been a pillar of the American dream and Nebraska's good life. When my wife Ashley and I purchased our first home in Fremont in 2013, it gave us the foundation to start our family and invest in our community. Today, this dream is slipping out of reach for far too many. As Treasurer, I see firsthand the power of saving for important life goals. And LB938 provides a savings plan that allows Nebraskans to keep more of their hard-earned money to secure a home. I'd ask for your support of this bill. And again, thank you for the opportunity to, to answer any of your questions.

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

JOEY SPELLERBERG: Thank you very much.

JACOBSON: Next proponent.

LUKE WENZ: Vice Chair Jacobson, members of the committee, thanks for holding this hearing today and for the opportunity to testify. My name is Luke Wenz. That's L-u-k-e W-e-n-z. And I'm here in-- testifying on behalf of the Platte Institute in support of LB938. At its core, this bill is about helping Nebraskans achieve the home of-- homeownership, as the vo-- as the Treasurer just said, something that has become increasingly difficult, particularly for young families and first-time homebuyers. One of the largest barriers to buying a home is not the mortgage, but it's the upfront costs, the down payment, the closing costs, and other expenses like that. LB938 is a good public policy that encourages individuals and families to plan ahead in a way that's voluntary, in a way that's flexible, and that's aligned with the values that create the conditions for the good life. The Platte Institute supports this bill because it promotes financial responsibility and long-term planning. By providing a tax-advantaged way to save for a home, it rewards discipline rather than penalizing it. It allows families to invest in their own future and, importantly, in the future of the next generation. As you asked, Senator Kauth, parents and grandparents can help their children save, and young adults can take the ownership of their own accounts after that. This kind of flexibility real-- is, is consistent with real-life family planning and wealth-building strategies. From a policy perspective, LB938 is a thoughtful, market-friendly approach. It doesn't mandate behavior, create broad new taxes or regulatory impacts, and it doesn't pick winners and losers. Instead, it encourages investments in a socially beneficial outcome, which is homeownership, which of course strengthens our communities, increases stability, and fosters economic mobility. While this policy won't alone solve housing affordability, it is a mean-- it meaningfully lowers the barrier for Nebraskans striving to build and buy their first home. Small, practical steps like this make a real difference in helping families build wealth, anchor themselves in their community, and plan for the future. So for those reasons, the Platte Institute supports LB938 and encourages the committee to advance it. Happy to answer any questions if you have them.

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

LUKE WENZ: Thank you, Chair.

JACOBSON: Next proponent.

DEXTER SCHRODT: Vice Chair Jacobson, members of the committee, my name is Dexter Schrodt, D-e-x-t-e-r S-c-h-r-o-d-t. President and CEO of the Independent Community Bankers Association here in Nebraska. And I am also authorized to speak on behalf of the Nebraska Economic Developers Association today. Obviously here today in support of LB938. Thank you to Senator Hallstrom for introducing this creative idea aimed at increasing first-time honership-- homeownership in Nebraska, which will have an impact on our communities, both economically and socially. The bill incentivizes saving by allowing individuals to contribute to a dedicated savings account for home purchases and receive tax deductions for contributions made. This not only helps first-time homebuyers accumulate the necessary funds for down payments and closing costs but also encourages individuals to adopt a personal financial philosophy of saving and investment for longtime-- long-term financial success. However, homeownership is not just a personal achievement but also a driver of growth in our communities. When individuals purchase homes, they contribute to the local economy through purchasing goods and services, becoming involved in their children's school, and supporting local organizations, which all makes our communities stronger. And we, we heard that from the Treasurer. He's the perfect example of it. One strong component of LB938 is the flexibility it gives these savings accounts in terms of ownership, individual, joint, and beneficiary accounts eligible, is accommodating to a variety of family structures and financial situations. This flexibility ensures that more Nebraskans can take advantage of the program regardless of their circumstances. In conclusion, community banks are deeply rooted in our local communities and have a strong commitment to development of those communities. LB938 aligns with our mission to invest in the community and promote policies aimed at increasing homeownership, which is a key component of local stability and growth. For these reasons, the Nebraska Independent Community Bankers and the Economic Developers Association respectfully requests your support of LB938. Thank you.

JACOBSON: Thank you for your testimony. Questions? All right. Seeing none. Next proponent.

SCOTT SMITH: Good afternoon, Vice Chair Jacobson, members of the Revenue Committee. My name is Scott Smith, S-c-o-t-t S-m-i-t-h. And I appear before you today as a registered lobbyist for the Nebraska Bankers Association to testify in support of LB938. Housing is an important issue to banks. Our member banks are on the front lines every day helping Nebraskans purchase homes that build families and communities. It's no secret that affordability has become an issue for many Nebraskans. LB938 provides income tax incentives to everyday Nebraskans that will help make that first home purchase more affordable. Senator Hallstrom outlined the mechanics of the savings accounts. I'll simply add that these savings accounts will put real money in the hands of Nebraskans seeking to buy a home for the first time. And it will also incentivize hardworking Nebraskans to save and invest in homes in their communities. A robust workforce and local economic development are paramount concerns of our NBA member banks. Our bankers have championed the rural workforce and middle income housing programs in their communities and our member banks are committed to prome-- promoting LB938's first-time homebuyer savings accounts as well. First-time homebuyer savings accounts will be an effective incentive for local housing, workforce, and economic development across our state. NBA member banks stand ready to champion these accounts to promote housing access to those who need it most. I urge you to advance LB938. And with that, I'm happy to entertain any questions.

JACOBSON: Thank you. Questions? Seeing none. Thank you for your testimony. And I'll ask for the next proponent.

JUSTIN BRADY: Senator Jacobson and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for Home Builders Association of Lincoln, the Metro Omaha Builders Association, the State Home Builders Association, Habitat Omaha, and the Nebraska Realtors Association in support of LB938. I know-- the previous testifiers really covered all this stuff. I was going to say-- other than I'll just add a personal deal, having had three kids and using the 529 plan for college, we-- my wife and I have been able to just pay for their college right out of that and not ever be faced with, how do you pay for it? And I think this would be an excellent opportunity for parents and grandparents moving forward to look-- for-- do that same thing for their children. So with that, I'll try to answer any questions.

JACOBSON: Great. Thank you. Questions? All right. It's nice when you can package it up with this multitude of people you represent and still have the shortest testimony.

JUSTIN BRADY: Thank you.

JACOBSON: All right. Next proponent.

CHARLES WESCHE: All right. Vice Chair Jacobson and members of the Revenue Committee, thank you for the opportunity to testify today. My name is Charles Wesche, C-h-a-r-l-e-s W-e-s-c-h-e. And I'm the chief executive officer of NeighborWorks Lincoln, a nonprofit dedicated to expanding sustainable homeownership and strengthening neighborhoods in Lincoln. I'm also here today representing the Neras-- Nebraska Housing Developers Association, or NHDA. Today, I'm testifying in support of LB938, introduced by Senator Hallstrom. Every day, the NeighborWorks Lincoln staff sits across the table from folks who are doing everything right. They're budgeting, they're paying their rent on time, and they're working to improve their credit. The single biggest barrier they face is almost always the same: it's coming up with enough cash for a down payment and closing costs. LB938 directly targets that barrier by creating a dedicated tax-favored savings tool for first-time homebuyers. By allowing contributions and earnings in these accounts to be deducted from Nebraska taxable income, LB938 encourages households to set aside funds specifically for the cost of buying their first home. NeighborWorks Lincoln sees several practical ways that this legislation can be leveraged if enacted. We can incorporate these accounts into our homebuyer education classes and one-on-one financial counseling, helping households understand how to open an account. We can also partner with local financial institutions to build outreach campaigns and potentially layer philanthropic or employer match programs on top of these accounts so that lower and moderate income families can benefit more fully from the incentive. Buyers could also add their savings to assistance received through a down payment assistance program similar to NeighborWorks Lincoln, further enhancing affordability. The bill's provision allows-- allowing funds to remain in the account indefinitely without penalty supports long-term planning and aligns with the reality that many families need several years to reach an attainable down payment. In closing, I would say LB938 is a smart, administratively simple way to encourage Nebraskans to save for one of the most important financial decisions they will ever make. It recognizes the financial and civic benefits of stable homeownership and gives families a clear pathway to prepare for it. On behalf of NeighborWorks Lincoln, the aspiring homeowners we serve, and the Nebraska Housing Developers Association, I respectfully urge you to advance LB938. Thank you.

JACOBSON: Thank you. Questions? If not, thank you. And next-- maybe last testifier of the day. Oh, we got another bill. [INAUDIBLE] this bill. Of this bill.

SHANNON HARNER: This bill. I'll be the closer. Well, no, Senator Hallstrom would be. It is wonderful to be here today. My name is Shannon, S-h-a-n-n-o-n; Harner, H-a-r-n-e-r. I'm the executive director at the Nebraska Investment Finance Authority, your state's housing finance agency. And I appreciate the opportunity to talk to you today. For more than 40 years, NIFA has been dedicated to expanding homeownership opportunities for low- and moderate-income families across the state. This bill clearly aligns with that work by creating a powerful, tax-advantage tool to help home buyers overcome financial barriers to achieve that dream of homeownership and to build wealth. This reflects a pro-growth policy that directly addresses the affordability challenges faced by Nebraskans today, and this is what we would call a demand-side solution versus a supply-side solution. Nebraska's median home value in 2024 was just over $263,000, and that's an 82% valuation increase since 2016, while the median household income didn't keep pace over that same period of time, raising only by 34%. This-- the impact of that continuing widening gap for affordability is addressed through this bill by the allowance of this down payment assistance. By establishing first buyer-- a first-time homebuyer savings account, this allows individuals and families to make that commitment to help lessen the gap, getting people into homeownership sooner. I point to the handout that I've provided. It, it basically shows a set of figures using that $263,100 median home value from 2024, most-- the most recent data from the ASCS-- the ACS, and showing the purchase price, the loan amount at 3% down-- which is the, the minimum amount that you can put down on a-- an FHA 97% loan to-- value-- and then showing the difference if you put $15,000 down for the down payment or $25,000 down for down payment. Also show this at three different interest rates to also show the difference that interest makes in this calculation. But you can see the affordability and the re-- annual required income that is-- it, it really does bring it more into affordability. The median household income in the, in the state is at about $76,376. And with $25,000 down at the, the median value, it comes pretty close to allowing someone to have that. NIFA provides down payment assistance. These tools could be used and layered with NIFA's down payment assistance, making it even more affordable over, over time for people. Happy to answer any questions.

JACOBSON: Thank you. Questions? Appreciate the handout. Yes, Senator Kauth.

KAUTH: What is NIFA's down payment assistance? I hadn't heard about that.

SHANNON HARNER: Yes. So NIFA provides down payment assistance of up to 5% of the purchase price. You have to use a NIFA loan. The-- there are two types of NIFA loans. There's the tax-exempt loan. We go into the bond market for both of those types of loans. The tax-exempt loan has a lower interest rate and is for first-time homebuyers who earn at 100% of area median income and below. This-- the other one is more of a market rate product but also provides down payment assistance. We have over 90% of our homebuyers utilizing down payment assistance on the market rate product because so many people need down payment assistance.

KAUTH: Thank you very much.

JACOBSON: Thank you. Questions? All right. Thank you for, for being here.

SHANNON HARNER: Absolutely.

JACOBSON: Thank you for your testimony. Other proponents for the bill? Seeing none. Are there any opponents? Seeing none. How about anyone wishing to speak in the neutral capacity? Seeing none. Senator Hallstrom, as you step forward, there were 5 proponent letters, 0 opponent, and 0 neutral testifiers. No ADA.

HALLSTROM: Thank you, Vice Chair Jacobson. Just briefly, when Nebraskans buy or build their own homes, they are contributing to our economic growth and revenue stability. This bill is fiscally responsible and well worth the limited investment that's reflected on the fiscal note, which doesn't take effect until 2027. So hopefully this will be something that can contribute to the housing shortage in a positive way. Encouraging homeownership is as American as mom, baseball, and, and apple pie. And I would encourage you to move forward on this, send a clear message to younger Nebraskans that we want them to live, work, and raise a family right here in Nebraska. I do want to thank Treasurer Spellerberg for bringing the bill to me for introduction and for his support today and throughout the process, as well as the rest of the witnesses who have appeared today. And I'd only note that the support for this bill today is only surpassed by the previously expressed support for LB1067, which was heard by this committee, which I would also encourage you to advance. So with that, I'll let you get to your last hearing.

JACOBSON: It's always good to try to get a two [INAUDIBLE].

HALLSTROM: I think I've done that three times now.

JACOBSON: All right. Any questions from the committee? Seeing none.

HALLSTROM: Thank you for your attention and patience.

JACOBSON: That, that will in-- conclude our hearing on LB938. And our last bill of the day is LB1206, Senator Juarez. And I believe she has her LA here to present the bill. And I don't know if you've noticed, but you have cleared the room.

ERICA FAVOR: Yes.

JACOBSON: Good job.

ERICA FAVOR: No testifiers.

JACOBSON: You're welcome to go ahead and open. We can't ask you any questions. So you've got an easy job today.

ERICA FAVOR: OK. Let's do it. Good afternoon, Vice Chair Jacobson and Revenue Committee. My name is Erica Favor, E-r-i-c-a F-a-v-o-r. In 2024, this body passed LB1394, which exempts Nebraska National Guard income from state income taxes. You did so with a clear purpose: to attract highly qualified individuals to our state, to strengthen our workforce, and ultimately to grow our tax base. We recognize that targeted tax policy can serve as a recruitment and retention tool when we face work-- workforce challenges. Today, we are presented with a similar opportunity. LB1206 would exempt certificated teachers, paraeducators, and paraprofessionals from state income tax. Like our members of the National Guard, these professionals serve our communities in essential ways. They shape the next generation, strengthen our workforce pipeline, and contribute directly to the long-term prosperity of Nebraska. This is a state-level change that seeks to expand the take-home pay of these workers without burdening local school districts. Across the United States, teacher workforce challenges have become increasingly visible. Just this week, roughly

6,000 public school teachers in San Francisco began the city's first teachers strike in nearly 50 years. After negotiations stalled over wages, health care, and classroom support, a clear signal that pay and working conditions remain central concerns for educators nationwide. The strike is part of a wider pattern of educators advocating for better compensation. Next, I want to draw your attention to the handout. National research underscores the urgency of these conversations. This data came from the National Education Association. You can see we are ranked 50th in average starting salary, 37th in average salary. And referring to the teacher pay gap figure on the handout, teachers only see about 76 cents for every dollar that other professionals earn with similar education. This pay gap keeps many educators earning far less over their careers than their peers in other fields. Federal policymakers have also been responding to the country's tea-- teacher pay and retention issues. In the U.S. Congress, legislation such as the Pay Teachers Act has been introduced to ensure public school teachers receive competitive and livable salaries, including proposals to establish a national baseline at at least $60,000 per year for teachers, with provisions to increase funding for schools, diversify the educator pipeline, and improve pay for parapro-- paraprofessionals and support personnel. Another federal bill, the American Teacher Act, would provide grants to states to raise minimum teacher salaries to similar levels and support cost of living adjustments. Here in Nebraska, we must consider both state and national trends. Over the years, we have seen fluctuations and, in some areas, declines in teacher numbers. And school districts across Neba-- Nebraska, rural and urban alike, continue to report difficulties recruiting qualified teachers and retaining those already in the classroom. If we are serious about workforce development, we must begin where workforce development starts: in our schools. This body has already demonstrated a strong interest in addressing teacher compensation. In this session, we have seen numerous proposals aimed at improving teacher pay and strengthening our educational workforce. The volume of these proposals reflects a shared understanding that compensation matters. LB1206 complements those efforts. It provides another targeted, innovative tool to support recruitment and retention. If we want the best educators choosing Nebraska over neighboring states, we must be competitive. Recruitment and retention must be a priority. In recent years, this body has lowered corporate income tax, reduced state income tax, and created programs that benefit business-- businesses and property owners. We have made it clear that we believe proper-- tax policy can drive economic growth and attract investment. LB1206 applies these same principles to one of the most critical investments we can make for our children and the professionals who educate them. This bill is both practical and symbolic. It offers tangible financial, financial relief to educators. And it sends a clear message that Nebraska prioritizes education and those who dedicate their lives to it. We believe targeted tax relief for our workforce can strengthen our state. For these reasons, I urge your, your support on LB1206. Thank you.

JACOBSON: Thank you. And we're not allowed to ask any questions, so thank you for your open. You won't be able to close. There's nobody in the room to testify, but I'm going to ask whether or not there's anyone who's-- wi-- wishes to speak in-- as a proponent of the bill. Seeing none. Is anyone wanting-- wishing to speak as an opponent? Seeing none. Anyone wishing to speak in a neutral te-- capacity? Seeing none. We're done. I will tell you there were 7 proponent letters, 12 opponent letters, 0 neutral testifiers, and zero ADA. And with that, that concludes today's hearing on LB1206 and the hearings throughout the day. Thank you again for the marathon Revenue Committee hearing. I love this committee.