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Floor Debate
March 31, 2016

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PRESIDENT FOLEY PRESIDING

PRESIDENT FOLEY: GOOD MORNING, LADIES AND GENTLEMEN. WELCOME TO THE GEORGE W. NORRIS LEGISLATIVE CHAMBER FOR THE FIFTY-SECOND DAY OF THE ONE HUNDRED FOURTH LEGISLATURE, SECOND SESSION. OUR PASTOR FOR TODAY IS PASTOR BOB LAWRENCE OF THE AUBURN CHURCH OF CHRIST IN YORK, NEBRASKA, A GUEST OF SENATOR WATERMEIER. PLEASE RISE.

PASTOR LAWRENCE: (PRAYER OFFERED.)

PRESIDENT FOLEY: THANK YOU, PASTOR LAWRENCE. I CALL TO ORDER THE FIFTY-SECOND DAY OF THE ONE HUNDRED FOURTH LEGISLATURE, SECOND SESSION. SENATORS, PLEASE RECORD YOUR PRESENCE. ROLL CALL. MR. CLERK, PLEASE RECORD.

CLERK: I HAVE A QUORUM PRESENT, MR. PRESIDENT.

PRESIDENT FOLEY: THANK YOU, MR. CLERK. ARE THERE ANY CORRECTIONS FOR THE JOURNAL?

CLERK: MR. PRESIDENT, I DO. (READ CORRECTIONS REGARDING LR547 AND LR601, LEGISLATIVE JOURNAL PAGE 1339.) THAT'S ALL THAT I HAD, MR. PRESIDENT. [LR547 LR601]

PRESIDENT FOLEY: THANK YOU, MR. CLERK. ARE THERE ANY MESSAGES, REPORTS, OR ANNOUNCEMENTS?

CLERK: I HAVE NO MESSAGES, REPORTS, NOR ANNOUNCEMENTS, MR. PRESIDENT.

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PRESIDENT FOLEY: MEMBERS, WE'RE GOING TO MOVE RIGHT TO FINAL READING. IF YOU COULD PLEASE TAKE YOUR SEATS. THANK YOU. MEMBERS, WE'RE NOW ON FINAL READING. FIRST BILL, MR. CLERK.

CLERK: (READ LB567 ON FINAL READING.) [LB567]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB567 PASS? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE, MR. CLERK. [LB567]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1340.) 46 AYES, 0 NAYS, 1 PRESENT AND NOT VOTING, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB567]

PRESIDENT FOLEY: LB567 PASSES. WE'LL NOW PROCEED TO LB677. [LB567 LB677]

CLERK: (READ LB677 ON FINAL READING.) [LB677]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB677 PASS? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB677]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1340-1341.) 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB677]

PRESIDENT FOLEY: LB677 PASSES. WE'LL NOW PROCEED TO LB678 AND, MR. CLERK, THE FIRST VOTE IS TO DISPENSE WITH THE AT-LARGE READING. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB677 LB678]

CLERK: 42 AYES, 0 NAYS TO DISPENSE WITH THE AT-LARGE READING. [LB678]

PRESIDENT FOLEY: THE AT-LARGE READING IS DISPENSED WITH. MR. CLERK, PLEASE READ THE TITLE. [LB678]

CLERK: (READ TITLE OF LB678.) [LB678]

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PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB678 PASS? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD PLEASE, MR. CLERK. MR. CLERK, PLEASE RECORD. [LB678]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1341-1342.) 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB678]

PRESIDENT FOLEY: LB678 PASSES. (DOCTOR OF THE DAY AND VISITORS INTRODUCED.) WE'LL NOW PROCEED TO THE NEXT BILL, LB679. [LB678 LB679]

CLERK: (READ LB679 ON FINAL READING.) [LB679]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB679 PASS? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE, MR. CLERK. [LB679]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1342-1343.) 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB679]

PRESIDENT FOLEY: THANK YOU, MR. CLERK. LB679 PASSES. WE'LL NOW PROCEED TO LB680E. [LB679 LB680]

CLERK: (READ LB680 ON FINAL READING.) [LB680]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB680E PASS WITH THE EMERGENCY CLAUSE ATTACHED? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB680]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1343.) 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB680]

PRESIDENT FOLEY: LB680E PASSES WITH THE EMERGENCY CLAUSE ATTACHED. WE'LL NOW PROCEED TO LB680AE. [LB680 LB680A]

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CLERK: (READ LB680A ON FINAL READING.) [LB680A]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB680AE PASS WITH THE EMERGENCY CLAUSE ATTACHED? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB680A]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1343-1344.) 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT, ON THE PASSAGE OF LB680AE. [LB680A]

PRESIDENT FOLEY: LB680AE PASSES WITH THE EMERGENCY CLAUSE ATTACHED. WE'LL NOW PROCEED TO LB684. [LB680A LB684]

CLERK: (READ LB684 ON FINAL READING.) [LB684]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB684 PASS? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB684]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1344-1345.) 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB684]

PRESIDENT FOLEY: LB684 PASSES. WE'LL NOW PROCEED TO LB694. [LB684 LB694]

CLERK: (READ LB694 ON FINAL READING.) [LB694]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB694 PASS? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD PLEASE, MR. CLERK. [LB694]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1345.) 46 AYES, 0 NAYS, 1 PRESENT AND NOT VOTING, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB694]

PRESIDENT FOLEY: LB694 PASSES. WE'LL NOW PROCEED TO LB712. [LB694 LB712]

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CLERK: (READ LB712 ON FINAL READING.) [LB712]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB712 PASS? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. MR. CLERK, PLEASE RECORD. [LB712]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1346.) 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB712]

PRESIDENT FOLEY: LB712 PASSES. WE'LL NOW PROCEED TO LB725. [LB712 LB725]

CLERK: (READ LB725 ON FINAL READING.) [LB725]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB725 PASS? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB725]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1346-1347.) 46 AYES, 0 NAYS, 1 PRESENT AND NOT VOTING, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB725]

PRESIDENT FOLEY: LB725 PASSES. WE'LL NOW PROCEED TO LB726. [LB725 LB726]

CLERK: (READ LB726 ON FINAL READING.) [LB726]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB726 PASS? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB726]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1347-1348.) 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB726]

PRESIDENT FOLEY: LB726 PASSES. WE'LL NOW PROCEED TO LB731E. MR. CLERK, THE FIRST VOTE IS TO DISPENSE WITH THE AT-LARGE READING. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB726 LB731]

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CLERK: 40 AYES, 1 NAY, MR. PRESIDENT, TO DISPENSE WITH THE AT-LARGE READING. [LB731]

PRESIDENT FOLEY: THE AT-LARGE READING IS DISPENSED WITH. MR. CLERK, PLEASE READ THE TITLE. [LB731]

CLERK: (READ TITLE OF LB731.) [LB731]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB731E PASS WITH THE EMERGENCY CLAUSE ATTACHED? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB731]

ASSISTANT CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1348.) VOTE IS 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB731]

PRESIDENT FOLEY: LB731E PASSES WITH THE EMERGENCY CLAUSE ATTACHED. WE'LL NOW PROCEED TO LB736. [LB731 LB736]

ASSISTANT CLERK: (READ LB736 ON FINAL READING.) [LB736]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB736 PASS? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB736]

ASSISTANT CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1349.) VOTE IS 46 AYES, 0 NAYS, 1 PRESENT AND NOT VOTING, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB736]

PRESIDENT FOLEY: LB736 PASSES. NEXT BILL, MR. CLERK, IS LB750. [LB736 LB750]

ASSISTANT CLERK: (READ LB750 ON FINAL READING.) [LB750]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB750 PASS? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB750]

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ASSISTANT CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1350.)
VOTE IS 45 AYES, 0 NAYS, 2 PRESENT AND NOT VOTING, 2 EXCUSED AND NOT
VOTING, MR. PRESIDENT. [LB750]

PRESIDENT FOLEY: LB750 PASSES. WE'LL NOW PROCEED TO LB770E. [LB750
LB770]

ASSISTANT CLERK: (READ LB770 ON FINAL READING.) [LB770]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING
BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB770E PASS WITH THE
EMERGENCY CLAUSE ATTACHED? ALL THOSE IN FAVOR VOTE AYE; THOSE
OPPOSED VOTE NAY. RECORD PLEASE. [LB770]

ASSISTANT CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1351.)
VOTE IS 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB770]

PRESIDENT FOLEY: LB770E PASSES WITH THE EMERGENCY CLAUSE ATTACHED.
WE'LL NOW PROCEED TO LB770AE. [LB770 LB770A]

ASSISTANT CLERK: (READ LB770A ON FINAL READING.) [LB770A]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING
BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB770AE PASS WITH THE
EMERGENCY CLAUSE ATTACHED? ALL THOSE IN FAVOR VOTE AYE; THOSE
OPPOSED VOTE NAY. RECORD PLEASE. [LB770A]

ASSISTANT CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES
1351-1352.) VOTE IS 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING. [LB770A]

PRESIDENT FOLEY: LB770AE PASSES WITH THE EMERGENCY CLAUSE ATTACHED.
NEXT BILL IS LB783. MR. CLERK, THE FIRST VOTE IS TO DISPENSE WITH THE AT-
LARGE READING. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE
NAY. RECORD PLEASE. [LB770A LB783]

ASSISTANT CLERK: 39 AYES, 1 NAY TO DISPENSE WITH THE AT-LARGE READING,
MR. PRESIDENT. [LB783]

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PRESIDENT FOLEY: THE AT-LARGE READING IS DISPENSED WITH. MR. CLERK, PLEASE READ THE TITLE. [LB783]

ASSISTANT CLERK: (READ TITLE OF LB783.) [LB783]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB783 PASS? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB783]

ASSISTANT CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1352-1353.) VOTE IS 46 AYES, 0 NAYS, 1 PRESENT AND NOT VOTING, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB783]

PRESIDENT FOLEY: LB783 PASSES. WE'LL NOW PROCEED TO LB783A. [LB783 LB783A]

ASSISTANT CLERK: (READ LB783A ON FINAL READING.) [LB783A]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB783A PASS? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB783A]

ASSISTANT CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1353.) THE VOTE IS 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB783A]

PRESIDENT FOLEY: LB783A PASSES. WE'LL NOW PROCEED TO LB784E. [LB783A LB784]

ASSISTANT CLERK: (READ LB784 ON FINAL READING.) [LB784]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB784E PASS WITH THE EMERGENCY CLAUSE ATTACHED? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB784]

ASSISTANT CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1354.) VOTE IS 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING. [LB784]

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PRESIDENT FOLEY: LB784E PASSES WITH THE EMERGENCY CLAUSE ATTACHED. WE'LL NOW PROCEED TO LB790. MR. CLERK, THE FIRST VOTE IS TO DISPENSE WITH THE AT-LARGE READING. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB784 LB790]

CLERK: 43 AYES, 0 NAYS, MR. PRESIDENT, ON THE MOTION TO DISPENSE WITH THE AT-LARGE READING. [LB790]

PRESIDENT FOLEY: THE AT-LARGE READING IS DISPENSED WITH. MR. CLERK, PLEASE READ THE TITLE. [LB790]

CLERK: (READ TITLE OF LB790.) [LB790]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB790 PASS? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB790]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1355.) 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB790]

PRESIDENT FOLEY: LB790 PASSES. PROCEEDING NOW TO THE NEXT BILL, LB813. [LB790 LB813]

CLERK: (READ LB813 ON FINAL READING.) [LB813]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB813 PASS? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB813]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1355-1356.) 46 AYES, 0 NAYS, 1 PRESENT AND NOT VOTING, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB813]

PRESIDENT FOLEY: LB813 PASSES. WE'LL NOW PROCEED TO LB814. [LB813 LB814]

CLERK: (READ LB814 ON FINAL READING.) [LB814]

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PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB814 PASS? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB814]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1356.) 46 AYES, 0 NAYS, 1 PRESENT AND NOT VOTING, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB814]

PRESIDENT FOLEY: LB814 PASSES. WE'LL NOW PROCEED TO LB814A. [LB814 LB814A]

CLERK: (READ LB814A ON FINAL READING.) [LB814A]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB814A PASS? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB814A]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1357.) 44 AYES, 0 NAYS, 3 PRESENT AND NOT VOTING, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB814A]

PRESIDENT FOLEY: LB814A PASSES. WE'LL NOW PROCEED TO LB816. [LB814A LB816]

CLERK: (READ LB816 ON FINAL READING.) [LB816]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB816 PASS? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB816]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1357-1358.) 46 AYES, 0 NAYS, 1 PRESENT AND NOT VOTING, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB816]

PRESIDENT FOLEY: LB816 PASSES. WE'LL NOW PROCEED TO LB823E. [LB816 LB823]

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CLERK: (READ LB823 ON FINAL READING.) [LB823]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB823E PASS WITH THE EMERGENCY CLAUSE ATTACHED? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB823]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1358-1359.) 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB823]

PRESIDENT FOLEY: LB823E PASSES WITH THE EMERGENCY CLAUSE ATTACHED. PROCEEDING NOW TO THE NEXT BILL, LB842. [LB823 LB842]

CLERK: (READ LB842 ON FINAL READING.) [LB842]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB842 PASS? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB842]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1359.) 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB842]

PRESIDENT FOLEY: LB842 PASSES. PROCEED NOW WITH LB865. [LB842 LB865]

CLERK: (READ LB865 ON FINAL READING.) [LB865]

PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB865 PASS? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB865]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGE 1360.) 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB865]

PRESIDENT FOLEY: LB865 PASSES. LAST BILL OF FINAL READING, LB875, MR. CLERK. [LB865 LB875]

CLERK: (READ LB875 ON FINAL READING.) [LB875]

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PRESIDENT FOLEY: ALL PROVISIONS OF LAW RELATIVE TO PROCEDURE HAVING BEEN COMPLIED WITH, THE QUESTION IS, SHALL LB875 PASS? ALL THOSE IN FAVOR VOTE AYE; THOSE OPPOSED VOTE NAY. RECORD PLEASE. [LB875]

CLERK: (RECORD VOTE READ, LEGISLATIVE JOURNAL PAGES 1360-1361.) 47 AYES, 0 NAYS, 2 EXCUSED AND NOT VOTING, MR. PRESIDENT. [LB875]

PRESIDENT FOLEY: LB875 PASSES. WHILE THE LEGISLATURE IS IN SESSION AND CAPABLE OF TRANSACTING BUSINESS, I PROPOSE TO SIGN AND DO HEREBY SIGN LB567, LB677, LB678, LB679, LB680E, LB680AE, LB684, LB694, LB712, LB725, LB726, LB731E, LB736, LB750, LB770E, LB770AE, LB783, LB783A, LB784E, LB790, LB813, LB814, LB814A, LB816, LB823E, LB842, LB865, AND LB875. ARE THERE ANY ITEMS FOR THE RECORD, MR. CLERK? [LB567 LB677 LB678 LB679 LB680 LB680A LB684 LB694 LB712 LB725 LB726 LB731 LB736 LB750 LB770 LB770A LB783 LB783A LB784 LB790 LB813 LB814 LB814A LB816 LB823 LB842 LB865 LB875]

CLERK: THERE ARE, MR. PRESIDENT. THANK YOU. ENROLLMENT AND REVIEW REPORTS LB959 TO SELECT FILE WITH E&R AMENDMENTS ATTACHED. SENATOR MELLO OFFERS LR611, MR. PRESIDENT; THAT WILL BE LAID OVER AT THIS TIME. THAT'S ALL THAT I HAVE. (LEGISLATIVE JOURNAL PAGES 1361-1362.) [LB959 LR611]

PRESIDENT FOLEY: PROCEEDING ON WITH THE AGENDA, GENERAL FILE, 2016 COMMITTEE PRIORITY BILL. MR. CLERK.

CLERK: MR. PRESIDENT, LB958 WAS A BILL INTRODUCED BY SENATOR GLOOR AT THE REQUEST OF THE GOVERNOR. (READ TITLE.) THE BILL WAS INTRODUCED ON JANUARY 14 OF THIS YEAR, REFERRED TO THE REVENUE COMMITTEE, ADVANCED TO GENERAL FILE. THERE ARE COMMITTEE AMENDMENTS, MR. PRESIDENT. (AM2717, LEGISLATIVE JOURNAL PAGE 1265.) [LB958]

PRESIDENT FOLEY: THANK YOU, MR. CLERK. SENATOR GLOOR, YOU'RE RECOGNIZED TO OPEN ON LB958. [LB958]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. GOOD MORNING, MEMBERS. YESTERDAY YOU HAD ACT ONE ON THE PRODUCTION KNOWN AS THE "PROPERTY TAX DIALOGUES," I THINK. I HOPE YOU HAD A GOOD INTERMISSION. I'M GLAD TO SEE YOU CAME BACK AND THAT A LOT OF PEOPLE ARE NOT HEADED FOR THE EXITS. THIS WOULD BE ACT TWO, LB958. IT'S THE WORK OF

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THE REVENUE COMMITTEE AS RELATES TO PROPERTY TAX RELIEF. MEMBERS, I'M GOING TO COVER LB958 IN ITS ORIGINAL FORM, BUT UNDERSTAND THAT THE COMMITTEE AMENDMENT IS SIGNIFICANTLY DIFFERENT. BUT I'VE DECIDED TO COVER LB958 IN ITS ORIGINAL FORM FOR YOU TO HAVE AN UNDERSTANDING OF THE AMOUNT OF WORK THAT WENT INTO EVALUATING THIS BILL AND WHAT THE REVENUE COMMITTEE ULTIMATELY BOILED DOWN TO, WHAT WE FELT IS BOTH APPROPRIATE, EFFECTIVE, AS WELL AS SOMETHING THAT WE BELIEVE CAN BE ENACTED BY THIS BODY. SO BEAR WITH ME AS I COVER THE ORIGINAL FORM OF LB958. THE INTENT OF LB958 IS TO SLOW DOWN THE INCREASE IN STATEWIDE AGRICULTURAL AND HORTICULTURAL LAND VALUATION, TO SLOW THE GROWTH OF SPENDING AND, THEREFORE, PROPERTY TAXES LEVIED BY THE POLITICAL SUBDIVISIONS. SLOWING DOWN THE GROWTH OF SPENDING BY SCHOOL DISTRICTS WAS WHAT WE TALKED ABOUT YESTERDAY UNDER LB959 AND, AS I'VE POINTED OUT, WAS A COMPANION BILL. YESTERDAY WE SPENT SOME TIME TALKING ABOUT THE COMPANION BILL, THE WORK THAT WENT INTO THE REVENUE AND EDUCATION COMMITTEES, THE HEARINGS THAT WERE HELD, SO UNDERSTAND, AGAIN, THIS IS A COMPANION BILL. THIS PARTICULAR BILL HAS THREE PARTS: LIMITING THE BUDGETED GROWTH OF RESTRICTED FUNDS, ELIMINATING EXCLUSIONS TO THE LEVY LIMIT, AND LIMITING THE STATEWIDE INCREASE IN AGRICULTURAL AND HORTICULTURAL LAND VALUATION TO 3 PERCENT. IT ELIMINATES CERTAIN EXCLUSIONS TO RESTRICTED FUNDS. IT LIMITS THE CARRYOVER OF UNUSED RESTRICTED FUNDS AUTHORITY TO FUTURE BUDGETED YEARS FOR LOCAL GOVERNMENTAL UNITS OTHER THAN SCHOOLS. THIS WILL BE A CHANGE THAT WILL BE SPOKEN TO IN THE AMENDMENT BECAUSE THIS PARTICULAR COMPONENT WILL AFFECT ONLY COMMUNITY COLLEGES. THE CARRYOVER WILL BE LIMITED TO 3 PERCENT OF THE BUDGETED RESTRICTED FUNDS FOR THE BUDGETED FISCAL YEAR 2017-18. UNUSED RESTRICTED FUNDS WILL NOT BE ABLE TO EXCEED 3 PERCENT OF THE 2016-17 BUDGETED RESTRICTED FUNDS. THIS PROVISION WILL BEGIN WITH THE 2017-2018 FISCAL YEAR. A TRANSITION PERIOD IS ALLOWED FOR BUDGETS ADOPTED FOR THE 2016-17 FISCAL YEAR. IT ELIMINATES MOST EXCLUSIONS TO THE PROPERTY TAX LEVY LIMITS FOR RETIRING BOND INDEBTEDNESS. BONDS ISSUED AFTER JULY 1, 2016, MUST BE APPROVED BY THE VOTERS TO BE EXCLUDED FROM THE LEVY LIMITS. IT REPEALS THE PROVISIONS FOR EXCEEDING THE PROPERTY TAX LEVY LIMIT BY A VOTE OF THE PEOPLE ATTENDING A TOWN MEETING. IT PROVIDES A PROCESS TO LIMIT THE ANNUAL AGGREGATE STATEWIDE INCREASE IN AGRICULTURAL AND HORTICULTURAL LAND TO 3 PERCENT. THIS ALSO IS GONE. THERE WAS AN AWFUL LOT OF CONFUSION OVER THIS PROVISION. WE FOUND OURSELVES SPENDING A LOT OF TIME TRYING TO EXPLAIN WHAT IT MEANT. AND QUITE HONESTLY, EVEN THE

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EXPLANATIONS, HANDOUTS, AND MAPS AND DRAWINGS DIDN'T HELP AND MIGHT HAVE ADDED TO THE CONFUSION OVER THIS. HOWEVER, IF, AS IT WAS PRESENTED, THE INCREASE IN AGRICULTURE AND HORTICULTURAL LAND IN ANY YEAR EXCEEDED 3 PERCENT ON A STATEWIDE AGGREGATE BASIS, THE PROPERTY TAX ADMINISTRATOR WOULD DETERMINE THE FACTOR NEEDED TO UNIFORMLY AND PROPORTIONATELY REDUCE THE VALUE OF EVERY PARCEL OF AGRICULTURAL AND HORTICULTURAL LAND, SO THAT THE STATEWIDE AGGREGATE INCREASE ON AGRICULTURAL AND HORTICULTURAL LAND DID NOT EXCEED 3 PERCENT AS PART OF THE ANNUAL EQUALIZATION MEETING OF THE TAX EQUALIZATION AND REVIEW COMMISSION, WHICH YOU ALL KNOW FONDLY AS TERC. TERC WILL APPROVE OR ADJUST THE FACTOR CALCULATED BY THE PROPERTY TAX ADMINISTRATOR. THESE STEPS WILL BE COMPLETED BY MAY 20 OF EACH YEAR. ANY CHANGES OF VALUATION NOTICES SENT AFTER JUNE 1, 2016, WOULD INCLUDE THE VALUE OF THE REAL PROPERTY BEFORE AND AFTER ANY ADJUSTMENT REQUIRED BY LB958. ADJUSTED VALUATION USED FOR THE CALCULATION AND CERTIFICATION OF TEEOSA WOULD HAVE BEEN ADJUSTED BY THE FACTOR DETERMINED BY THE PROPERTY TAX ADMINISTRATOR IN TERC. AND IT CONTAINED THE EMERGENCY CLAUSE. AND THAT IS THE OPENING ON LB958. WITH YOUR PERMISSION, I'LL MOVE TO THE COMMITTEE AMENDMENT, MR. PRESIDENT. [LB958 LB959]

PRESIDENT FOLEY: THANK YOU, SENATOR GLOOR. AS THE CLERK INDICATED, THERE ARE AMENDMENTS FROM THE REVENUE COMMITTEE. SENATOR GLOOR, AS CHAIR OF THE COMMITTEE, YOU'RE RECOGNIZED TO OPEN ON THE COMMITTEE AMENDMENT. [LB958]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. AS I STATED, LB958 WAS INTRODUCED ON BEHALF OF THE GOVERNOR. WE HAD A LOT OF COLLABORATIVE WORK WITH THE GOVERNOR AND HIS STAFF DURING THE INTERIM, AS SENATOR SULLIVAN POINTED OUT YESTERDAY. WE CONTINUED THOSE DISCUSSIONS AND DIALOGUES AS WE MOVED FORWARD INTO THIS YEAR. WHAT I'M BRINGING FORWARD TO YOU AS THE COMMITTEE AMENDMENT IS THE BILL NOW, AND IT IS CONSIDERABLY DIFFERENT FROM WHAT WAS ORIGINALLY PROPOSED. LET ME GET INTO IT AND ITS DIFFERENT COMPONENTS. PROPERTY TAX RELIEF, I WANT TO TALK ABOUT THIS BECAUSE IT SCULPTED A LOT OF WHAT COMES FORWARD AND THE RECOMMENDATIONS IN THE COMMITTEE AMENDMENT, AM2717. THERE ARE CONSTITUTIONAL RESTRICTIONS IN THE STATE OF NEBRASKA THAT ARE DIFFERENT THAN IN MANY OTHER STATES. TAXES MUST BE UNIFORM AND PROPORTIONATE. EVERYONE, EVERY PROPERTY OWNER, EVERY PIECE OF PROPERTY HAS TO BE TREATED THE SAME. AG

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PROPERTY MAY BE TREATED DIFFERENTLY FROM OTHER CLASSES OF PROPERTY--THE OTHER CLASSES ARE RESIDENTIAL AND COMMERCIAL--BUT WE MUST STILL BE UNIFORM AND PROPORTIONATE WITH THAT...WITH THE CLASSES OF AG PROPERTY. THIS LEAVES US VERY FEW OPTIONS WHEN IT COMES TO PROPERTY TAX RELIEF. THE TAX MODERNIZATION COMMITTEE, OF A COUPLE OF YEARS AGO THAT GETS REFERENCED A LOT HERE, STRUGGLED WITH HOW TO PROVIDE PROPERTY TAX RELIEF, JUST AS WE ARE STRUGGLING. THE RESULT WAS AN ADDITIONAL \$25 MILLION IN FUNDING FOR THE PROPERTY TAX CREDIT FUND. THAT'S WHAT CAME OUT OF THE TAX MODERNIZATION COMMITTEE. OUR JOINT COMMITTEES DURING THE INTERIM LOOKED FOR WAYS TO PROVIDE PROPERTY TAX RELIEF THAT WAS VERY DIRECT AND SPECIFIC TO AG. THE GOVERNOR CAME TO US WITH LB958. THE 3 PERCENT STATEWIDE AGGREGATE LIMIT ON AGRICULTURAL LAND VALUATION INCREASES THAT I TALKED ABOUT THAT WAS ADDRESSED UNDER THE OTHER BILL, THE ORIGINAL BILL, RESULTS IN HUNDREDS OF MILLIONS OF DOLLARS IN LOST PROPERTY TAXES FOR LOCAL GOVERNMENTS. AND WE HEAR A HUE AND CRY ABOUT UNFUNDED MANDATES, SO THERE WAS THAT ISSUE TO CONSIDER. STATE IS NOT IN THE POSITION TO COME UP WITH THE REVENUE TO REPLACE THE KIND OF MONEY WE'D BE TALKING ABOUT THERE. THE COMMITTEE WASN'T COMFORTABLE TAKING THIS APPROACH. I'VE ALSO TALKED ABOUT THE CONFUSION THAT EXISTED OVER TAKING THIS APPROACH AND WHAT AGGREGATE MEANT WHEN YOU TALKED ABOUT 3 PERCENT. WE ALSO LOOKED AT EITHER A FOUR- OR FIVE-YEAR SALES FILE TO SMOOTH OUT VALUE INCREASES FOR AG LAND. AND WE HAD BILLS THAT WERE HELPFUL IN THIS DISCUSSION, INTRODUCED BY OTHER MEMBERS IN THIS BODY, THAT WERE PART AND PARCEL OF THE CONSIDERATION AS WE DELIBERATED THIS. BUT THIS CREATED SIGNIFICANT INCREASE IN TEEOSA. HOWEVER, MOST OF THE MONEY WOULD GO TO EQUALIZE SCHOOL DISTRICTS. THAT'S A PROBLEM FOR A NUMBER OF INDIVIDUALS IN THIS BODY, NOT TO MENTION A NUMBER OF SCHOOL DISTRICTS. NONEQUALIZED DISTRICTS WOULD SEE LITTLE PROPERTY TAX RELIEF. THAT WASN'T ACCEPTABLE TO US. WE LOOKED AT THE OPTION OF DOING THIS JUST FOR AG LAND--STILL NOT COMFORTABLE THAT IT WOULD PROVIDE SIGNIFICANT DOLLARS AT THE LOCAL LEVEL. SO NONE OF THESE OPTIONS PROVIDED WHAT WE CONSIDERED TO BE DOLLAR-FOR-DOLLAR RELIEF. JOINT COMMITTEE HEARD SEVERAL TIMES THAT IF YOU WANT TO GIVE DOLLAR-FOR-DOLLAR RELIEF YOU NEED TO BE DIRECT. THIS GOES BACK TO THE HEARINGS WE HELD WHERE WHAT WE WERE BASICALLY ADMONISHED NOT TO DO IS TRY AND PROVIDE PROPERTY TAX RELIEF BY INSERTING DOLLARS INTO COMPLICATED FORMULAS, THAT IT'S NOT AS LIKELY THAT THOSE DOLLARS WILL FIND THEIR WAY TO THE HEART OF THE MATTER. PROPERTY TAX CREDIT FUND, MEMBERS, IS THE BEST WAY TO DO THIS.

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AND YOU'LL RECALL THAT LAST YEAR, WHEN WE PUT TOGETHER OUR BUDGET, WE ALLOCATED ANOTHER \$60 MILLION--I THINK IT WAS \$60 MILLION--TOWARDS PROPERTY TAX CREDIT. WE'RE UP TO \$204 MILLION A YEAR WITH THAT IN PROPERTY TAX CREDIT. THIS IS DIRECT DOLLAR-FOR-DOLLAR RELIEF. IT'S DISTRIBUTED BASED UPON VALUE, THEREFORE, IT MEETS THE CONSTITUTIONAL REQUIREMENTS THAT I TALKED ABOUT: IT'S UNIFORM, IT'S PROPORTIONATE. SO THIS BILL PURPORTS TO DO THIS. AND YOU HAVE A HANDOUT IN FRONT OF YOU. YOU HAVE MULTIPLE HANDOUTS IN FRONT OF YOU; NOT ALL ARE FROM US. PROPERTY TAX CREDIT IN THE AMENDMENTS TO LB958, THAT WOULD BE A GOOD REFERENCE DOCUMENT FOR YOU TO LOOK AT. THE NEW LANGUAGE SPECIFIES THE AMOUNT OF PROPERTY TAX CREDIT FOR THE YEAR 2017 WILL BE INCREASED BY \$30 MILLION FOR A TOTAL OF \$234 MILLION A YEAR. THIS DOLLAR AMOUNT IS BASED UPON THE CONCEPT OF RAISING AG VALUES TO 100 PERCENT OF MARKET VALUE FOR PURPOSES OF THE CREDIT INSTEAD OF USING THE TAXABLE VALUE WHICH IS 75 PERCENT OF MARKET VALUE. THE AMOUNT, AND THIS IS IMPORTANT AND HAS BEEN MISUNDERSTOOD, IS NOT COMING FROM RESIDENTIAL AND COMMERCIAL. IT HOLDS THEM HARMLESS IN THIS PROCESS AND CALCULATION. THE MONEY WE'RE NOT ROBBING FROM PETER TO PAY PAUL; ON THE OTHER HAND, IT DOES REQUIRE NEW FUNDS TO BE INSERTED TO THE TUNE OF ABOUT \$30 MILLION. IT HAS NO FISCAL IMPACT UNTIL THE UPCOMING NEW FISCAL YEAR. TAXPAYERS WILL NOT SEE AN INCREASE IN THE AG CREDIT UNTIL THE END OF 2017, SO IT'S A WAYS DOWN THERE. IT IS NOT--I WANT THIS CLEAR--IT'S NOT IMMEDIATE, THIS UPCOMING YEAR, PROPERTY TAX RELIEF FOR AG HOLDERS. THE SECOND COMPONENT--AND YOU ALSO HAVE ANOTHER HANDOUT THAT REFERENCED NEBRASKA COMMUNITY COLLEGES--RELATES TO COMMUNITY COLLEGE LIMITS. WHAT WE ARE LEFT WITH WHEN IT COMES TO TRYING TO HOLD DOWN SOME OF THE EXPENDITURE SIDE OF TAX DOLLARS DOESN'T INCLUDE ALL OF THE LEVYING ENTITIES. WE TOOK A LOOK AT JUST THE COMMUNITY COLLEGES FOR A SMALL PIECE OF THEIR BUDGETING AND FUND-COLLECTING PROCESS. IT CLARIFIES THAT THE LIMIT ON THE CARRYOVER OF UNUSED FUNDS IS WHAT WE'RE FOCUSING ON, CLARIFIES THAT THE NEW LIMITATION DOES NOT TAKE EFFECT UNTIL FISCAL YEAR '17-18, DOES NOT CHANGE THE CALCULATION OF RESTRICTED FUNDS. IT DOES NOT PROHIBIT THE CARRYOVER OF UNUSED RESTRICTED FUNDS, BUT IT DOES LIMIT THE AMOUNT THAT MAY BE USED IN ANY ONE YEAR. THE LIMIT IS 3 PERCENT OF THE TOTAL OF RESTRICTED FUNDS FROM THE PREVIOUS FISCAL YEAR, AFTER ACCOUNTING FOR THE EXCLUSIONS THAT ARE ALLOWED. AND WE DID NOT FOOL WITH EXCLUSIONS. DRAFTED TO MIRROR AS CLOSELY AS POSSIBLE, AND THIS IS IMPORTANT FOR YOU TO RECOGNIZE, IT WAS DRAFTED TO MIRROR AS CLOSELY AS POSSIBLE THE SIMILAR LANGUAGE THAT CURRENTLY EXISTS FOR

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SCHOOLS K-12. WHY ARE WE FOCUSING ON COMMUNITY COLLEGES? I REFERENCE AGAIN THE HANDOUT. COMMUNITY COLLEGES HAVE INCREASED TAXES, LEVIED ON PROPERTY OWNERS BY AN ANNUALIZED RATE OF 12.91 PERCENT PER YEAR OVER THE PAST TEN YEARS. IT'S THE HIGHEST INCREASE IN LEVIED TAXES THAT WE SAW OF THE ENTITIES THAT WERE ORIGINALLY SPOKEN TO IN THE ORIGINAL BILL, LB958. ON AVERAGE, PROPERTY OWNERS HAVE SEEN 129 PERCENT INCREASE ON PROPERTY TAXES PAID TO COMMUNITY COLLEGES IN THE PAST TEN YEARS. AS THE ABILITY TO INCREASE LEVIES HAS INCREASED ANNUALLY WITH RISING PROPERTY VALUATIONS, COMMUNITY COLLEGES HAVE INCREASED THEIR TAX ASKING ABOUT 3 PERCENT, ASKING 3 PERCENT ABOVE THE 9.5 PERCENT INCREASE IN PROPERTY VALUATIONS; IN OTHER WORDS, THEY'RE AT ABOUT 12.9 PERCENT TO THE 9.58 PERCENT IN PROPERTY VALUATIONS. IT'S IMPORTANT TO UNDERSTAND THAT WE DON'T KNOW THAT THIS IS AN ISSUE OF SPENDING CHALLENGES OR PROBLEMS WITHIN A COMMUNITY COLLEGE. BUT FUNDING IS VERY HIGH, AND WE ARE TRYING TO ADDRESS THE ISSUE OF FUNDING WITH THIS SMALL PIECE OF RESTRICTED SPENDING THAT WE'RE TALKING ABOUT HERE. I WANT TO THANK MEMBERS OF THE REVENUE COMMITTEE WHO HAVE SPENT HOURS AND HOURS, NOT JUST PRIOR TO SESSION BUT DURING THE SESSION, IN WORK SESSIONS AND EXECUTIVE SESSIONS TRYING TO HAMMER OUT WHAT WE THINK IS A GOOD BILL BRINGING FORWARD IN LB958. IT PROVIDES PROPERTY TAX RELIEF DIRECTLY TO AG, WHICH IS WHERE WE'RE TOLD AND THAT WE...AND I THINK MOST IN THE BODY, NOT ALL, MOST IN THE BODY BELIEVE THE CHALLENGE HAS BEEN WHEN IT COMES TO THE INCREASE IN VALUATIONS OF PROPERTY. IT ALSO BEGINS THE PROCESS... [LB958]

PRESIDENT FOLEY: ONE MINUTE. [LB958]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT...ALSO BEGINS THE PROCESS OF LOOKING AT THE EXPENDITURE OF TAX DOLLARS BY LEVYING ENTITIES. AND WITH THAT I'LL CLOSE AND WE'LL BE READY FOR THE NEXT STEP IN THIS PROCESS TODAY. THANK YOU, MR. PRESIDENT. [LB958]

PRESIDENT FOLEY: THANK YOU, SENATOR GLOOR. SENATOR BURKE HARR, FOR WHAT PURPOSE DO YOU RISE? [LB958]

SENATOR HARR: I WOULD REQUEST A...DIVIDE THE QUESTION. [LB958]

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PRESIDENT FOLEY: SENATOR, WOULD YOU PLEASE BRIEFLY DESCRIBE THE PROPOSED DIVISION. [LB958]

SENATOR HARR: I WOULD ASK TO DIVIDE SECTIONS 1 AND 2 FROM THE REMAINDER OF THE BILL. [LB958]

PRESIDENT FOLEY: SENATOR HARR AND SENATOR GLOOR, WOULD YOU PLEASE APPROACH THE DESK FOR A DISCUSSION OF THE DIVISION. THE CHAIR RULES THAT THE QUESTION IS DIVISIBLE. MR. CLERK, WOULD YOU PLEASE EXPLAIN THE DIVISION TO THE MEMBERS OF THE BODY. [LB958]

CLERK: MR. PRESIDENT, PURSUANT TO SENATOR HARR'S REQUEST, THERE WILL BE TWO COMPONENTS. AS I UNDERSTAND IT, THE FIRST COMPONENT TO BE CONSIDERED WILL BE THE PROPERTY TAX PORTION OF THE ORIGINAL COMMITTEE AMENDMENT. THE SECOND COMPONENT WILL BE THE COMMUNITY COLLEGES PORTION. IN ADDITION, I MIGHT INDICATE TO THE MEMBERSHIP THAT AMENDMENTS THAT HAD BEEN FILED TO THE ORIGINAL COMMITTEE AMENDMENTS HAVE BEEN REDRAWN TO THE APPROPRIATE COMPONENT, AND THOSE WILL BE TAKEN UP IN THE ORDER AS FILED. SO, MR. PRESIDENT, THE FIRST COMPONENT WILL BE THE PROPERTY TAX PIECE, WHICH IS AM2780, AM2780. YOU SHOULD FIND THAT ON YOUR COMPUTERS. (LEGISLATIVE JOURNAL PAGES 1363-1364.) [LB958]

PRESIDENT FOLEY: SENATOR GLOOR, I BELIEVE WE'LL START WITH YOU FIRST, PLEASE, IF YOU COULD LEAD US INTO THIS DEBATE. [LB958]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. DOES THIS MEAN I'M GIVEN THE OPPORTUNITY TO SPEAK ON THE DIVISION OF THE QUESTION? [LB958]

PRESIDENT FOLEY: YES, SIR. [LB958]

SENATOR GLOOR: WELL, SENATOR HARR, IN HIS USUAL AND TRADITIONAL, PROFESSIONAL MODE, GAVE ME PLENTY OF HEADS UP THAT THIS WAS THE CASE. MEMBERS, WE'VE HAD A CHANCE AS WE'VE TALKED ABOUT THIS TO MAKE SURE THAT WE LINED UP DEBATE IN A MANNER THAT I THINK IS MOST CONDUCIVE TO OUR DISCUSSION ON IT, NUMBER ONE. AND NUMBER TWO IS THERE ARE SOME AMENDMENTS OUT THERE, AND THIS HAS ALSO GIVEN US AN OPPORTUNITY TO FOCUS THOSE AMENDMENTS ON THE APPROPRIATE SECTIONS.

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AGAIN, WE'RE TALKING ABOUT THE PROPERTY TAX CREDIT PIECE WHICH IS, AS I EXPLAINED, \$30 MILLION JUST FOR AG, NOT COMING AT THE EXPENSE OF COMMERCIAL AND RESIDENTIAL. THE OTHER HALF OF THIS IS THE ISSUE OF TRYING TO HOLD DOWN SOME OF THE SPENDING OF LEVYING ENTITIES, JUST THE COMMUNITY COLLEGE, JUST THE UNUSED RESTRICTED FUNDS, BUDGETED RESTRICTED FUNDS PIECE. SO THE FIRST WILL BE ON THE PROPERTY TAX PIECE. ANY QUESTIONS ABOUT THAT, I'M SURE I CAN EXPLAIN IT AS BEST I AM ABLE OFF THE MIKE. IF THE QUESTION IS AM I SUPPORTIVE OF THIS OR NOT, THE FACT OF THE MATTER IS WHEN THE DIVISION IS OFFERED UP IT'S DONE. THE BILL DOES LEND ITSELF TO THIS. AND IT'S ABOUT SIX AND ONE-HALF DOZEN OR THE OTHER. I THINK HOOKED TOGETHER THERE'S A CHANCE THAT ONE PULLS THE OTHER ALONG, BUT HOOKED TOGETHER THERE'S A POSSIBILITY THAT ONE PULLS THE OTHER DOWN. IN THIS CASE THEY BOTH HAVE TO STAND ON THEIR OWN. AND AS I'VE SAID, IT'S ALMOST A COIN FLIP TO ME AS TO WHETHER DIVIDING THE QUESTION MAKES SENSE OR NOT. IF I KNEW EXACTLY HOW EACH OF YOU WOULD VOTE ON THE COMBINED BILL, IT WOULD BE AN EASY DECISION. BUT I DON'T KNOW THAT. AND HOW MANY OF US WOULD WISH TO KNOW EXACTLY HOW PEOPLE WILL VOTE ON THE BILL BEFORE WE BEGIN DEBATE? IT WOULD CERTAINLY RESULT IN EITHER A LOT LONGER OPENINGS OR A LOT SHORTER OPENINGS. IN THIS CASE, I'LL TRY AND BE BRIEF. THERE'S AN UNKNOWN HERE, AND WE'LL CONTINUE WITH THE DEBATE ON THE FIRST SECTION AND SEE WHERE WE GO. THANK YOU. [LB958]

PRESIDENT FOLEY: THANK YOU VERY MUCH, SENATOR GLOOR. (VISITORS INTRODUCED.) MR. CLERK. [LB958]

CLERK: MR. PRESIDENT, I DO HAVE AMENDMENTS TO THIS COMPONENT. FIRST OF ALL, SENATOR SMITH, THIS IS YOUR ORIGINAL AMENDMENT, SENATOR. I THINK YOU WANT TO WITHDRAW THIS AM2775 BECAUSE WE'VE REDRAFTED IT, AS YOU KNOW. [LB958]

SENATOR SMITH: THAT IS CORRECT. [LB958]

CLERK: OKAY. MR. PRESIDENT, SENATOR SMITH WOULD THEN MOVE TO AMEND THIS COMPONENT OF THE COMMITTEE AMENDMENT WITH AM2795, AM2795. (LEGISLATIVE JOURNAL PAGE 1366.) [LB958]

PRESIDENT FOLEY: SENATOR SMITH, YOU'RE RECOGNIZED TO OPEN ON AM2795. [LB958]

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SENATOR SMITH: THANK YOU, MR. PRESIDENT. AND GOOD MORNING, COLLEAGUES. WE'VE HAD A LOT OF DISCUSSION ON TAXES THIS WEEK AND WE EVIDENTLY ARE GOING TO HAVE A GOOD DEAL MORE TODAY. I JUST WANT TO MAKE SOME CLARIFICATIONS. THERE'S A COURTESY OF NOT AMENDING BILLS THAT ARE CURRENTLY IN COMMITTEE TO BILLS ADVANCED TO THE FLOOR. AND SOME PEOPLE HAVE COME UP TO ME AND ASKED ME AND...AS TO WHETHER THIS IS LB357, WHICH IS THE INCOME TAX REFORM BILL THAT I INTRODUCED LAST YEAR IN REVENUE COMMITTEE AND THAT CONTINUES TO SIT IN REVENUE COMMITTEE. THIS IS NOT LB357, COLLEAGUES. FROM THE DISCUSSIONS THAT WE HAD IN COMMITTEE THAT I HAD HEARD FOLLOWING DISCUSSION OF LB357 IN COMMITTEE, WE DID...I DID MAKE SEVERAL CHANGES, AND THOSE ARE REFLECTED IN THIS AMENDMENT. THIS AMENDMENT PROTECTS THE CASH RESERVE. IT ADDRESSES ALL TAX BRACKETS FOR INDIVIDUALS AND CORPORATE INCOME TAXES. IT DOES NOT HAVE A PROPERTY TAX CREDIT FUND COMPONENT TO IT AS DID LB357. THE TRIGGERS WORK DIFFERENTLY IN THIS BILL. IT HAS A SHORTER EXECUTION PERIOD. AND RATHER THAN A TARGET ON THE UPPER TAX BRACKET BEING 5 PERCENT, IT'S JUST UNDER 6 PERCENT. SO AGAIN, I WANTED YOU TO KNOW THAT I'M TRYING TO OBSERVE THOSE COURTESIES OF NOT AMENDING A BILL THAT IS CURRENTLY SITTING IN COMMITTEE. SO LET ME TALK A LITTLE BIT ABOUT THIS AMENDMENT. I DO WANT TO RECOGNIZE SENATOR GLOOR. BEING THE CHAIR OF THE REVENUE COMMITTEE IS NOT AN EASY TASK. THERE IS A...THERE ARE MANY, MANY DEMANDS ON OUR STATE, DEMANDS ON OUR BUDGET, AND WE HEAR A SIGNIFICANT AMOUNT OF BILLS INTRODUCED EACH YEAR. AND SENATOR GLOOR HAS DONE A VERY FINE JOB AS REVENUE CHAIR TO TRY TO JUGGLE THOSE AND TO HEAR A BALANCED MESSAGE AND TO BUILD CONSENSUS. AND UNFORTUNATELY WE'VE NOT BEEN ABLE TO DO MUCH OF THAT OVER THE LAST COUPLE OF YEARS. ALSO, I WANT TO MAKE CERTAIN I ACKNOWLEDGE THE BURDEN THAT IS ON AGRICULTURAL BUSINESSES IN OUR STATE. SENATOR FRIESEN SPOKE AT LENGTH ABOUT THAT YESTERDAY WITH HIS AMENDMENT, CERTAINLY UNDERSTAND THAT, AND I WANT TO STAND...AGAIN, I WANT TO STAND WITH MY RURAL COLLEAGUES IN TRYING TO FIND SOLUTIONS TO THIS BURDENSOME...THIS BURDEN ON AG BUSINESSES. TAXES ARE ESSENTIAL TO OUR STATE FOR PROVIDING THE NECESSARY SERVICES. AND WE HAVE ELECTIONS IN OUR STATE TO MAKE CERTAIN THAT GOVERNMENT DOES NOT OVERREACH. I CONTINUE TO BELIEVE THAT PROPERTY TAXES ARE A LOCAL ISSUE, AND THAT'S WHAT ELECTIONS ARE FOR. NOW, GRANTED, IF THERE'S SOMETHING WE CAN DO, WE NEED TO DO THAT, BUT WE NEED TO THINK ABOUT IT IN TERMS OF A MORE COMPREHENSIVE APPROACH AND A BALANCED MESSAGE. MY PHILOSOPHY IS THAT GOVERNMENT'S ROLE IS BEST WHEN IT'S

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LIMITED. AND I'M GOING TO TALK PERHAPS AT A 30,000-FOOT VIEW, BECAUSE WE KNOW THAT THERE ARE CENTRAL SERVICES THAT GOVERNMENT NEEDS TO PROVIDE. BUT IT'S BEST FOR OUR FAMILIES, IT'S BEST FOR OUR BUSINESSES AND OUR STATE WHEN GOVERNMENT'S ROLE IS LIMITED. GOVERNMENT SHOULD ENCOURAGE FREE-MARKET PRINCIPLES IN OUR STATE, WHETHER THAT'S AGRICULTURE OR NONAGRICULTURE. WE NEED TO LET BUSINESSES AND THE FAMILIES IN OUR STATE PROSPER. THROUGH PROSPERITY WE GAIN, WE GROW. OUT OF PROSPERITY OUR STATE CAN GROW. AND AS OUR STATE GROWS, WE CAN FUND MORE OF THOSE ESSENTIAL SERVICES IN OUR STATE. AND THAT'S WHERE PRODUCTIVE TAX POLICY COMES IN, COLLEAGUES. NEBRASKA IS A DIVERSE STATE--AGRICULTURE, NONAGRICULTURE, BIG BUSINESS AND SMALL BUSINESS--AND WE'RE INTERCONNECTED. AS ONE GOES, SO GOES THE OTHERS. I'M NO MORE OF AN ADVOCATE FOR INCENTIVES FOR BIG BUSINESS AS ANY OF MY COLLEAGUES IN HERE ARE, BUT WE DEPEND ON BIG BUSINESSES PROSPERING. BUT YOU KNOW WHAT THOSE BIG BUSINESSES DEPEND ON? SMALL BUSINESSES, BECAUSE THAT'S WHERE THE MAJORITY OF JOBS ARE CREATED IN THE STATE. AND THEN AG AND NONAG, WE'RE INTERDEPENDENT AS WELL. AS GOES AG, SO GOES THE STATE. BUT AG IS NOT GOING TO BE SUCCESSFUL IF WE DON'T HAVE A STRONG BUSINESS CLIMATE THAT'S NONAG. WE NEED A UNIFYING MESSAGE IN THIS STATE, AND THIS IS SOMETHING I'VE BEEN HARPING ON FOR TWO YEARS. WE HAVE TO COME TOGETHER. THOSE BUSINESS-MINDED MEMBERS OF THIS LEGISLATURE, LIKE MYSELF, WE HAVE TO COME TOGETHER AND WE NEED TO LOOK AT COMPREHENSIVE TAX REFORM FOR OUR STATE THAT HELPS ALL BUSINESSES IN OUR STATE AND THAT HELPS ALL FAMILIES IN OUR STATE. AND I SEE NO PATH FORWARD IF WE DON'T DO THAT. I WANT TO GIVE A SHOUT OUT TO SENATOR McCOY. HE'S NOT HERE, BUT A COUPLE YEARS AGO, MAYBE IT'S BEEN MORE THAN THAT NOW, AND AT THAT TIME GOVERNOR HEINEMAN, THEY BROUGHT LB405 AND LB406. NOW THAT CREATED A LOT OF CONTROVERSY. BUT YOU KNOW WHAT, THEY WERE MAKING AN ATTEMPT TO ADJUST IN OUR STATE WHAT IS TOO MUCH GOVERNMENT, TOO MUCH SPENDING, AND TOO MANY TAXES. AND NOTHING CAME OF THAT, BUT THEY GAVE IT A GOOD EFFORT. BUT WE CAN'T LET THAT JUST FALL AWAY. AND SOME OF YOU IN HERE MAY FEEL THAT WE DON'T NEED A BALANCED APPROACH. MAYBE SOME OF YOU IN HERE TRULY DO FEEL THAT IT SHOULD BE ALL AGRICULTURE RELIEF THIS YEAR. STAND UP AND SAY THAT THIS MORNING ON THE MICROPHONE. THAT'S OKAY. BUT IF YOU FEEL THAT THERE SHOULD BE A COMPREHENSIVE APPROACH TO TAX RELIEF FOR BUSINESSES AND FAMILIES IN OUR STATE, I'D APPRECIATE YOU STANDING UP AND SAYING THAT AS WELL. I'M NOT A FAN OF LB958, THIS PORTION OF LB958 AS IT STANDS ALONE. AND I'M NOT GOING TO SUPPORT LB958, DID NOT SUPPORT IT COMING OUT OF COMMITTEE.

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AND AGAIN, THAT'S NOT CRITICISM TO MY COLLEAGUES. THEY'RE TRYING TO PUT SOMETHING ON THE TABLE FOR AGRICULTURE PROPERTY TAX RELIEF THIS YEAR. THAT'S OKAY. I UNDERSTAND WHERE THEY'RE COMING FROM. I'M JUST TELLING YOU THAT, FROM MY PERSPECTIVE, THAT'S NOT A UNIFYING MESSAGE. AND I'M GOING TO OPPOSE THIS PORTION OF LB958 WHICH ONLY FOCUSES ON PROPERTY TAX. UNTIL WE CAN BRING TOGETHER A MORE COMPREHENSIVE PACKAGE, I CANNOT ACCEPT THIS ANY LONGER. LET ME TALK TO YOU A LITTLE BIT ABOUT THIS BILL OR THIS AMENDMENT. THE TAX FOUNDATION 2016 STATE BUSINESS TAX CLIMATE INDEX RANKS NEBRASKA'S CORPORATE TAX 31st. OUR INCOME TAXES RANK 24. OUR OVERALL RANKING IS 27th. THAT'S A BURDEN TO OUR STATE. OF OUR SURROUNDING STATES, ONLY IOWA RANKS LOWER THAN NEBRASKA. IOWA ALSO HAS A HIGHER INCOME TAX. ACCORDING TO A JANUARY 30, 2015, WALL STREET JOURNAL ARTICLE, OVER 50 DIFFERENT STUDIES PROVE STATES WITH HIGH PERSONAL AND BUSINESS TAX RATES PRODUCE FEWER JOBS AND ARE UNABLE TO GROW THEIR ECONOMIES. DURING THE LEGISLATURE'S TAX MODERNIZATION COMMISSION WORK IN 2014, THE LINCOLN AND OMAHA CHAMBERS OF COMMERCE COMMISSIONED A STUDY BY THE UNIVERSITY OF NEBRASKA BUREAU OF BUSINESS RESEARCH. THAT STUDY, ENTITLED "A TAX MODERNIZATION STUDY FOR NEBRASKA," STATES: ANALYSIS DEMONSTRATES THAT THE OVERALL BURDEN OF TAXES, INCLUDING PERSONAL INCOME TAX, CORPORATE INCOME TAX AND SALES TAXES,... [LB958 LB357]

PRESIDENT FOLEY: ONE MINUTE. [LB958]

SENATOR SMITH: ...INFLUENCES ECONOMIC GROWTH. THE STUDY PROVIDED A LIST OF RECOMMENDATIONS INCLUDING REDUCING MARGINAL INCOME TAX RATES. AND FORBES' 2016 RANKING OF BEST AND WORST STATES FOR TAXES RANKS NEBRASKA AT THE 21st WORST. COLLEAGUES, WE CAN DO BETTER. AND WE NEED TO COME TOGETHER AND NOT BE A DIVIDED STATE. WE SHOULD NOT BE DIVIDED ALONG URBAN AND RURAL LINES. WE SHOULD COME TOGETHER AND WE NEED TO CREATE A BETTER STATE FOR ALL BUSINESSES AND FOR ALL TAXPAYERS. WE HAVEN'T FARED TOO WELL OVER THE LAST COUPLE OF YEARS IN PUTTING TOGETHER SUCH A COMPREHENSIVE APPROACH, BUT I AM HOPEFUL THAT WE CAN DO THAT NEXT YEAR. I'M LOOKING AROUND THIS ROOM AND I SEE SOME VERY BRIGHT, VERY CAPABLE SENATORS FROM RURAL AND FROM URBAN NEBRASKA. AND WE NEED TO COME TOGETHER AND DO WHAT WE WERE ELECTED TO COME HERE TO DO: TO SERVE ALL NEBRASKANS. THANK YOU, MR. PRESIDENT. [LB958]

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PRESIDENT FOLEY: THANK YOU, SENATOR SMITH. DEBATE IS NOW OPEN ON LB958 AND THE RELATED AMENDMENTS. SENATOR COOK, YOU'RE RECOGNIZED. [LB958]

SENATOR COOK: THANK YOU, MR. PRESIDENT. AND GOOD MORNING, COLLEAGUES. I RISE TO MAKE SOME GENERAL COMMENTS ON THE TOPIC OF PROPERTY TAX RELIEF REALLY CONSUMING A LOT OF OUR TIME HERE IN THE LEGISLATURE, PARTICULARLY AS IT RELATES TO AG LAND VALUES. I AM NO DUMMY. I'VE BEEN ACCUSED OF MANY, MANY THINGS, NOT BEING SMART HAS NEVER BEEN ONE OF THEM. SO I UNDERSTAND THAT THE DOLLAR AMOUNT OF THE BURDEN HAS GROWN IN SOME CASES EXPONENTIALLY OVER THE YEARS AND THAT CAN BE AN UNEXPECTED AND DISPARATE BURDEN TO PEOPLE WHO ACTUALLY FARM FOR THEIR LIVING. WHAT I'M NOT ABLE TO UNDERSTAND--AND I DO REPRESENT ABOUT A DOZEN FARMS, BELIEVE IT OR NOT, WORKING FARMS IN LEGISLATIVE DISTRICT 13--WHAT I'VE NEVER BEEN...UNDERSTAND IS WHY THE AG LAND VALUE PROPERTY TAX CONVERSATION HAS NEVER INCLUDED SOME SORT OF GRADUATED APPROACH, THAT IS, TO REALLY REPRESENT THE SITUATION THAT FARMERS THAT CANNOT AFFORD TO PAY THEIR PROPERTY TAXES ARE IN. WHAT I'VE HEARD IS YOU HAVE X TENS OF THOUSANDS OF ACRES OR HUNDREDS OF ACRES AND YOU FARM IT AND YOU'RE TAXED THIS, THAT WAY, AND THE OTHER THROUGH INCOME, SALES, YOUR COMMERCIAL BUILDINGS, THE LAND ITSELF. WHAT I ALSO HEAR IS THAT YOU'VE CHOSEN TO HAVE THAT MUCH LAND IN ORDER TO EARN THE KIND OF LIVING THAT YOU WANT, AT LEAST THAT IS MY PERCEPTION WHEN I HEAR YOU SAY THINGS LIKE, MY RETIREMENT IS LAND AND NOT IN A 401(k) OR IN THE STOCK MARKET OR IN KRUGERRANDS OR IN CASH UNDERNEATH MY BED. SO THIS CONVERSATION HAS NEVER QUITE INCLUDED, AND I UNDERSTAND THERE HAVE BEEN PROPOSALS OVER THE YEARS, TO INCLUDE MORE OF A CIRCUIT-BREAKER APPROACH. UNFORTUNATELY, THESE PROPOSALS DON'T GET TRACTION IN THE STATE OF NEBRASKA, AND RIGHT NOW I'M NOT CERTAIN IF THAT'S A CULTURAL THING. NEBRASKA PERCEIVES ITSELF TO BE AN AG STATE WITH AG INTERESTS, OF COURSE, BY NECESSITY, ECONOMICALLY TAKING A FRONT SEAT, EVEN THOUGH THE POPULATION OF THE STATE LIVES, MORE THAN HALF, THE CITY OF LINCOLN EAST. SO I BRING THIS UP TO SAY THAT, ONCE AGAIN, I UNDERSTAND THAT THIS IS AN ISSUE. I HEARD IT ON BOTH MY CAMPAIGN TRAILS AS IT RELATES TO RESIDENTIAL PROPERTY TAX RELIEF. INCIDENTALLY THE MEDIAN HOUSEHOLD VALUE IN LEGISLATIVE DISTRICT 13 IS \$143,000. SO I WANT TO LISTEN AND PARTICIPATE. IT'S HARD FROM MY PERSPECTIVE, AND I LIKE MONEY AND I THINK PEOPLE SHOULD MAKE AS MUCH OF IT AS POSSIBLE THAT WE CAN AVOID SOME OF THE SITUATIONS THAT WE SEE WORKING FAMILIES IN, BUT IT'S

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AWFULLY HARD TO LISTEN TO FOLKS TALK ABOUT THE BURDEN OF TAXES AND THEN NEVER QUITE MENTION THAT THAT IS A CAREER CHOICE THAT THEY ENJOY. PERHAPS THEY INHERITED SOME OF THE LAND, PERHAPS THEY PURCHASED MORE LAND, PERHAPS THEY'RE RENTING LAND. [LB958]

PRESIDENT FOLEY: ONE MINUTE. [LB958]

SENATOR COOK: BUT THE OTHER SIDE OF THAT THAT I'VE HEARD HERE THE LAST EIGHT YEARS IN THE LEGISLATURE IS THAT PEOPLE WORKING IN MORE OF AN URBAN OR SUBURBAN ENVIRONMENT, LET'S SAY THEY LOSE THEIR JOB OR THEY'RE UNABLE TO AFFORD THEIR HOME OR THEIR LIFESTYLES, THE ANSWER IS, WELL, YOU KNOW, YOU NEED TO GET OUT OF THAT BIG HOUSE OR YOU NEED TO GET RID OF THAT CELL PHONE OR WHAT ABOUT THAT FANCY CAR. I'M NOT HEARING THAT SAME THING WHEN IT COMES TO THE BURDEN OF PROPERTY TAX FOR RICH LANDOWNERS. I'M NOT TALKING ABOUT THE ONES THAT ARE FILING THE SCHEDULE F. WITH THAT, I WOULD YIELD THE BALANCE OF MY TIME TO THE CHAIR. [LB958]

PRESIDENT FOLEY: THANK YOU, SENATOR COOK. SENATOR KRIST, YOU'RE RECOGNIZED. [LB958]

SENATOR KRIST: THANK YOU, MR. PRESIDENT. GOOD MORNING, COLLEAGUES. GOOD MORNING, NEBRASKA. I WONDER IF SENATOR GLOOR WOULD YIELD TO A QUESTION OR TWO. [LB958]

PRESIDENT FOLEY: SENATOR GLOOR, IF YOU'RE ON THE FLOOR, COULD YOU YIELD, PLEASE. [LB958]

SENATOR KRIST: OKAY. [LB958]

PRESIDENT FOLEY: I DON'T SEE HIM, SENATOR. OH, HERE HE IS. [LB958]

SENATOR KRIST: SO, SENATOR GLOOR, THANK YOU FOR YIELDING TO A QUESTION. I HAVE SEVERAL. THE FIRST ONE IS, VERY BRIEFLY AND FOR THE RECORD DESCRIBE TO ME HOW WE HAVE THE MONEY TO GIVE BACK TAXES WITH REFERENCE TO PROPERTY TAX RELIEF. [LB958]

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SENATOR GLOOR: AND IN GENERAL--AND HEAVEN KNOWS NOBODY HAS EVER ACCUSED ME OF BEING VERY GOOD AT BEING BRIEF BUT I WILL TRY, SENATOR--PROPERTY TAX REVENUE GOES TO THE COUNTIES. WE WRITE CHECKS TO OUR COUNTY TREASURER FOR OUR PROPERTY TAX, DOESN'T COME TO THE STATE. IT'S NOT STATE MONEY. IT'S MONIES THAT IS COLLECTED BY THE COUNTIES, DISBURSED BY THE COUNTIES TO THE LEVYING ENTITIES BASED UPON BUDGETS THAT THEIR LOCAL BOARDS THAT ARE ELECTED BOARDS HAVE PUT TOGETHER. AND SO WHEN WE PROVIDE PROPERTY TAX CREDIT, WHAT WE ARE DOING TO TAXPAYERS IF THEY LOOK AT THEIR STATEMENTS, IF ALL OF US LOOK AT OUR STATEMENTS, YOU WILL SEE THAT THERE IS A DEDUCT (SIC). IT SAYS: STATE TAX CREDIT. AND THE AMOUNT THAT WE'RE PROVIDING OF TAX CREDIT IS THEN DEDUCTED OFF THAT TOTAL AMOUNT THAT IS PULLED TOGETHER BY ALL THE LEVYING ENTITIES. WE WRITE A CHECK AS THE STATE OF NEBRASKA, NOT MAYBE IN LITERAL TERMS, BUT WE BASICALLY TRANSFER FUNDS, A CHECK, TO THE COUNTIES TO MAKE UP THAT DIFFERENCE. SO THAT EVERYONE IS WHOLE WITHIN THOSE LEVYING ENTITIES, THE STATE OF NEBRASKA TAKES THOSE MONIES THEN OUT OF THE GENERAL FUND TO PAY THE COUNTIES, TO MAKE SURE THAT THE COUNTIES ARE WHOLE. IT IS LITERALLY LIKE WRITING A CHECK TO TAXPAYERS FOR WHATEVER PROPERTY TAX CREDIT WE HAVE OUT THERE. I HOPE THAT EXPLAINS IT. [LB958]

SENATOR KRIST: PERFECTLY, THANK YOU. AND SO TO MAKE MY POINT AND THE POINT THAT I TRIED TO MAKE YESTERDAY, THE COUNTY ASSESSORS ARE RAISING TAXES IN THE COUNTIES AND WE ARE TAKING GENERAL FUNDS AND GIVING BACK TO THE COUNTIES. DOES THAT MAKE SENSE TO YOU? IT MAKES NO SENSE TO ME. AND THE ANALOGY I USED YESTERDAY--THE TWO FARMS SITTING SIDE BY SIDE WITH SOMEONE'S FARM IN BETWEEN AND THAT LAND WOULD BE ACQUIRED BY FARM A AND FARM B, CALL THE MIDDLE ONE "MIDDLE FARM," AND THEY GET INTO A BIDDING WAR AND THEY SPEND \$12,000 AN ACRE BUT ORIGINALLY FARM A AND FARM B WERE LESS THAN \$6,000 AN ACRE--THE ASSESSOR IS GOING TO COME IN AND THAT DIRT NOW IS WORTH MORE THAN EITHER ONE OF THOSE TWO FARMS. AND THE COUNTY ASSESSOR PUMPS IT UP AND WHOEVER YOU ARE--RESIDENTIAL, FARM, CORPORATE, SMALL BUSINESS--YOU COME TO THE STATE AND SAY, MY TAXES ARE TOO HIGH, DO SOMETHING. I GET IT BUT I DON'T GET IT. I DON'T UNDERSTAND HOW WE CAN'T ADJUST WHAT IS ASSESSED AT FAIR MARKET VALUE. THIS IS A RUNAWAY ASSESSMENT PROCESS. I REMEMBER MY FATHER IN THE '70s AND '80s DOWN AT CITY HALL, KNOCKING ON EVERY DOOR, TELLING THEM THE SAME THING. JUST BECAUSE THE HOUSE DOWN THE STREET SOLD FOR \$1.2 MILLION--AND THAT WASN'T MY FATHER'S NEIGHBORHOOD, BY THE WAY--BUT SOLD FOR \$1.2 MILLION AND I PAID

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\$500,000 FOR MY HOUSE, MY HOUSE IS NOT WORTH \$1.1 MILLION OR THE ASSESSED VALUE. AND HERE IS THE WORST PART ABOUT IT: WHATEVER YOU'RE ASSESSED AT GOES INTO PLACE RIGHT THEN AND THERE. [LB958]

PRESIDENT FOLEY: ONE MINUTE. [LB958]

SENATOR KRIST: THANK YOU, MR. PRESIDENT. IT'S NOT GOING DOWN. THAT THREE-YEAR CYCLE IS LOCKED IN. I GAVE YOU AN EXAMPLE YESTERDAY OF FARM PROPERTY THAT DIDN'T EVEN CHANGE HANDS AND WENT UP 180 PERCENT. WE'VE GOT AN ASSESSMENT PROBLEM. I THINK WE NEED TO DEAL WITH IT. IN MY LAST FEW SECONDS, AND I WON'T SAY ANYTHING ELSE ON THIS BILL, I WOULD JUST SAY THAT I WOULD SUPPORT WHAT'S COME OUT OF THE REVENUE COMMITTEE. I KNOW WE'VE DIVIDED THE QUESTION UP. I HAVE TO SAY THAT THIS IS THE BEST IMMEDIATE SOLUTION TO TRY TO PUT SOME AID BACK INTO THAT STRUCTURE. BUT WE HAVE A LOT OF WORK TO DO IN THE NEXT FEW YEARS TO REALLY LOOK AT OUR ASSESSMENT PROCESS, AND I CONTEND WE DO HAVE AN ASSESSMENT PROBLEM. THANK YOU, MR. PRESIDENT. [LB958]

PRESIDENT FOLEY: THANK YOU, SENATOR KRIST. (VISITORS INTRODUCED.) CONTINUING WITH DEBATE, SENATOR SCHUMACHER. [LB958]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. THIS WILL UNDOUBTEDLY BE A LENGTHY DISCUSSION TODAY. AND I THINK WE CAN MAYBE START OUT SOME OF THE DISCUSSION BY A GENERAL OVERVIEW OF THE TAXING MECHANISMS WE HAVE AVAILABLE AND WHY IT HAS BEEN SUCH A FRUSTRATING EXPERIENCE, BECAUSE THERE IS VERY LITTLE, IF ANY, WIGGLE ROOM IN THE SYSTEM AND EXPECTING ANY DRAMATIC CHANGES IN TAXES IS LIKE EXPECTING MAGIC. WE HAVE...AND I'VE SAT IN ON...I THINK I'M THE, IN TERMS OF TIME, THE LONGEST SERVING MEMBER OF THE REVENUE COMMITTEE. WITH TERM LIMITS THAT'S NOT SAYING MUCH. AND I WAS ONE THAT HAD LEGISLATION THAT INITIALLY TRIGGERED THE TAX MODERNIZATION COMMITTEE. SAT THROUGH LOTS AND LOTS OF MEETINGS WITH EXPERTS, LOTS AND LOTS OF HEARINGS, LOTS AND LOTS OF LISTENING TO PEOPLE COMPLAIN ABOUT TAXES. BOTTOM LINE, OUR TAX SYSTEM IS PROBABLY NOT THAT DIFFERENT AND OUT OF WHACK, CONSIDERING THE NATURE OF OUR STATE, FROM ANY OTHER STATE SIMILARLY SITUATED. WE COULD TWEAK BACK AND FORTH BUT BY AND LARGE, TO HAVE ANYONE SAY THAT WE ARE COMPLETELY OUT OF WHACK, COMPLETELY OUT OF LINE, IS PROBABLY NOT A REASONABLE

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STATEMENT. WE HAVE THREE TAXING MECHANISMS. WE HAVE AN INCOME TAX. OUR INCOME TAX RATES ARE ON THE HIGH END OF NORMAL. THERE ARE SOME BUSINESS ARGUMENTS THAT COULD BE MADE THAT THEY...WOULD BE NICE IF IT WAS LESS. PROBLEM IS, EVERY PERCENT DROP IN INCOME TAX COSTS YOU \$300-400 MILLION IN REVENUE AND NO ONE HAS BEEN ABLE TO FIGURE OUT HOW TO MAKE THAT UP. WE HAVE A SALES TAX MECHANISM WHICH, WITH THE CITY SALES TAX ON TOP, IS ABOUT 7 PERCENT EVERYWHERE. AND WE KNOW THAT THE SALES TAX MECHANISM HITS HARDEST AT THE PEOPLE MAKING BETWEEN \$20,000 AND \$120,000 A YEAR, AND WHO PROBABLY SHOULD NOT BE TARGETED. WE ALSO HAVE A STUDY ON SALES TAX DONE BY COMMISSIONER EWALD JUST BEFORE HE LEFT OFFICE SAYING THAT IF WE WANTED TO GET ECONOMIC BANG FOR OUR BUCK, A SALES TAX REDUCTION BRINGS MORE BANG FOR THE BUCK IN ECONOMIC DEVELOPMENT THAN ANYTHING ELSE. AND THAT WAS DONE BY SOME HIGHFALUTIN COMPUTER THEY HAVE OVER AT THE DEPARTMENT OF REVENUE AND WAS AN UNEXPECTED RESULT. I THINK THEY WERE EXPECTING TO SEE INCOME TAXES. WE THEN HAVE A PROPERTY TAX MECHANISM WHICH FUNDS LOCAL GOVERNMENT, COUNTY ROADS, BRIDGES, BUT PRINCIPALLY SCHOOLS, AND THAT PARTICULAR MECHANISM IS UNDER LOCAL CONTROL. WHAT HAPPENED FOLLOWING THE 2008 FINANCIAL ISSUE WAS THAT--AND AN INTERNATIONAL SITUATION THAT DROVE UP THE PRICE OF GRAIN--WAS A LOT OF CASH CAME IN TO THE AGRICULTURAL SECTOR. NO ONE WANTED TO INVEST THAT CASH AT 0 PERCENT CDs. EVERYONE WAS LEERY OF THE STOCK MARKET, AND SO THAT CASH WENT PRINCIPALLY INTO TWO THINGS. IT WENT INTO INVESTMENTS THAT WERE DEDUCTIBLE UNDER SECTION 179 OF THE INTERNAL REVENUE CODE AND INTO BIDDING UP FARMLAND. AND WE SAW A DRAMATIC RISE IN THE WEALTH OF THE AGRICULTURAL SECTOR. PROPERTY TAXES DON'T GO UP UNLESS THE VALUE OF YOUR LAND GOES UP. RECOGNIZE WHAT SENATOR KRIST SAID: WELL, YOU KNOW, YOU HAVE THESE THREE FARMS AND, GEE WHIZ, THE VALUE WENT UP ON THE TWO ALONGSIDE; AND IF THOSE FARMS WERE PUT ON AUCTION, THEY WOULD SELL PROBABLY FOR WHAT THE ASSESSOR HAS THEM VALUED AT. THAT'S WHAT DROVE THE INCREASE IN VALUE. NOW THERE WERE SOME LOCAL SUBDIVISIONS, MORE THAN MAYBE A FEW,... [LB958]

SENATOR KRIST PRESIDING

SENATOR KRIST: ONE MINUTE. [LB958]

SENATOR SCHUMACHER: ...WHO TOOK ADVANTAGE OF THE SITUATION AND DID NOT REDUCE THEIR LEVIES IN RESPONSE TO THE INCREASE IN VALUE. YOU

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MULTIPLY VALUE TIMES LEVY TO GET TAX. THEY HELD THEIR LEVIES CONSTANT. TAXES OR...LAND VALUES DOUBLED AND TRIPLED, MAKING FOR REALLY NICE BALANCE SHEETS, BUT SO DO TAXES THEN. AND THEN THEY COULD GRANT EVERY ADMINISTRATOR'S WISH. AND LOCAL SPENDING WENT UP, LOCAL TAX BILLS WENT UP, BUT THE PEOPLE ON THE BOARDS COULD SAY, WE DIDN'T RAISE YOUR TAXES. WELL, THAT WAS BALONEY BUT, NEVERTHELESS, THAT'S WHAT HAPPENED. THAT'S WHAT BRINGS US HERE TODAY. AND THIS IS A COMPLEX THING WHICH I WILL SPEAK ON AGAIN. BUT THE BOTTOM LINE IS THERE IS NO ANSWER AND ANY ANSWER WE COME UP WITH TODAY OR...AND THIS BILL WILL RESULT IN A FISCAL PROBLEM THAT WE WILL NOT ENJOY DEALING WITH AS WE SEE OUR RESERVES ERODE AND OUR PRESSURES ON OUR BUDGETS, FOR A WHOLE BUNCH OF REASONS, GO WAY UP. THE REASON THAT THE SUPER COMMITTEE THIS SUMMER COULD COME TO NO REAL CONCLUSIONS WAS BECAUSE, IF THERE WERE EASY ANSWERS, THEY WOULD HAVE ALREADY BEEN DONE. AS SUCH, LB958 IS PROBLEMATIC, AND RIGHT NOW I CANNOT SUPPORT IT. VOTED IT OUT OF COMMITTEE FOR TRANSPARENCY REASONS, BUT I CANNOT SUPPORT IT. AND WE WILL TALK ABOUT THESE ISSUES AND ALTERNATIVES AND WHY THE ALTERNATIVES ARE REJECTED MANY TIMES AS TODAY GOES ON. THANK YOU. [LB958]

SENATOR KRIST: THANK YOU, SENATOR SCHUMACHER. (VISITORS INTRODUCED.) THOSE STILL WISHING TO SPEAK: SENATOR BOLZ, MURANTE, GLOOR, BRASCH, FRIESEN, AND OTHERS. SENATOR BOLZ, YOU'RE RECOGNIZED. [LB958]

SENATOR BOLZ: THANK YOU, MR. PRESIDENT. PROPERTY TAX RELIEF, OF COURSE, IS A PRIORITY FOR THIS BODY. WE'RE ALL AWARE THAT WE'RE OVERRELIANT ON PROPERTY TAXES, AND EVERY SESSION OF THIS BODY CAN AND SHOULD DELIBERATE THIS ISSUE JUDICIOUSLY. LB958 IS AN IMPORTANT DISCUSSION TO HAVE AND AM2775 HAS ITS PLACE ON THIS FLOOR AS WELL. AS WE ENGAGE IN THIS DISCUSSION THIS MORNING, I WANT TO SHARE MY PERSPECTIVE AS AN APPROPRIATIONS COMMITTEE MEMBER WHO WILL BE RETURNING TO THE BODY NEXT YEAR. I WANT TO DRAW YOUR ATTENTION TO LINE 38 OF YOUR GREEN STATUS SHEET, ILLUSTRATING THAT WE WILL RETURN WITH A \$196 MILLION GAP TO FILL THIS NEXT SESSION. THE BILL, OF COURSE, WILL TAKE THAT TO OVER \$256 MILLION FOR THE BIENNIUM. AND AM2775, ACCORDING TO THE INFORMATION THAT I HAVE, WOULD ADD ANOTHER \$40 MILLION. SO, COLLEAGUES, CAN WE MANAGE THIS SHORTFALL? WELL, OF COURSE SOME OF THAT DEPENDS ON OUR REVENUE PICTURE, WHICH IN MY VIEW IS MIXED. WE HAVE HAD STAGNANT EMPLOYMENT AND A SLOWING AG ECONOMY, BUT WE HAVE SEEN STRENGTH IN CONSTRUCTION AND FINANCIAL

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SERVICES. WE MAY OR MAY NOT ACHIEVE THE 4.7 PERCENT REVENUE GROWTH. I WOULD SUGGEST THAT IT IS MORE LIKELY THAT WE WILL NOT, WHILE I HOPE I'M WRONG. AND SOME OF IT, OF COURSE, DEPENDS ON CONTROLLING THE GROWTH OF SPENDING TO 3 PERCENT. AND WHILE I BELIEVE THAT CERTAIN INITIATIVES, SUCH AS THE MANAGED CARE IN MEDICAID AND EFFICIENCIES IN TECHNOLOGY AND STAFFING WILL HELP US BEND THE COST CURVE, I'M NOT SURE THAT 3 PERCENT IS REALISTIC GIVEN THE CHRONIC AND URGENT CHALLENGES THAT WE HAVE FACED IN THIS BODY RANGING FROM CHILDREN IN POVERTY AND SPECIAL EDUCATION, AS WE DISCUSSED YESTERDAY, TO CORRECTIONS REFORM, AS WE HAVE DISCUSSED YEAR AFTER YEAR, NOT TO MENTION SOME OF THE PROACTIVE THINGS WE WOULD LIKE TO DO AS A BODY, SOME OF THE THINGS WE ALL AGREE ARE IMPORTANT, LIKE INVESTMENTS IN EARLY EDUCATION AND WATER SUSTAINABILITY PROJECTS. I KNOW THESE ISSUES ARE NOT LOST ON YOU, BUT THEY ARE ISSUES WE NEED TO DISCUSS ON THE FLOOR TODAY. AND WE NEED TO MOVE FORWARD WITH OUR EYES WIDE OPEN. CERTAINLY, COLLEAGUES, AS THE APPROPRIATIONS COMMITTEE WE HAVE MANAGED SHORTFALLS IN THE PAST. BUT, COLLEAGUES, THERE ARE TOOLS THAT WE DON'T HAVE IN OUR TOOLBOX MOVING FORWARD. IN THE PAST WE HAVE USED FEDERAL STIMULUS DOLLARS TO FILL OUR BUDGET SHORTFALL. I DON'T EXPECT TO SEE THOSE AGAIN. COLLEAGUES, IN THE PAST WE HAVE SEEN UNEXPECTEDLY HIGH REVENUES DUE TO CHANGES ON THE FEDERAL LEVEL RELATED TO CAPITAL GAINS TAXATION. I DON'T EXPECT TO SEE THOSE BENEFITS AGAIN EITHER. AND THIS YEAR WE BENEFITED FROM THE USE OF REAPPROPRIATED FUNDS, BUT WE HAVE STRATEGICALLY AND INTENTIONALLY TAKEN THAT TOOL OFF THE TABLE TO RIGHTSIZED OUR BUDGET. SO, COLLEAGUES, WE ARE NARROWING THE TOOLS IN THE TOOLBOX FOR THE APPROPRIATIONS COMMITTEE TO FILL OUR BUDGET HOLES WHILE ALSO COMMITTING OURSELVES TO FUTURE SPENDING OBLIGATIONS. AND I ALSO WANT TO MENTION THAT SOMETIMES FUTURE SPENDING OBLIGATIONS AREN'T EXACTLY AS PREDICTED. ONE EXAMPLE OF THIS IS LB259, THE PERSONAL PROPERTY TAX EXEMPTION FROM LAST YEAR WHICH IS HAVING A HIGHER THAN EXPECTED REVENUE IMPACT. I ALSO WANT TO BE CLEAR ABOUT THE POTENTIAL CONSEQUENCES OF THIS KIND OF BUDGET GAP. HISTORY SHOWS THAT WHEN WE HAVE A SHORTFALL, TEEOSA IS OFTEN CUT. THE IRONY IS THAT IF THE GOAL OF THIS BILL IS TO REDUCE PROPERTY TAXES BY CREATING A SHORTFALL, WE MAY RUN THE RISK OF BECOMING EVEN MORE RELIANT ON PROPERTY TAXES. [LB958 LB259]

SENATOR KRIST: ONE MINUTE. [LB958]

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SENATOR BOLZ: COLLEAGUES, I COME FROM A FARM FAMILY MYSELF. THE PRESSURE OF AGRICULTURAL PROPERTY TAXATION IS NOT LOST ON ME, AND THIS IS NOT A COMMENTARY ABOUT WHETHER OR NOT PROPERTY TAX RELIEF IS NEEDED. IT IS CLEARLY NEEDED. THE QUESTION TODAY: IS THIS THE RIGHT BILL? IS THIS THE RIGHT POLICY? ARE OTHER POLICIES, LIKE THE CIRCUIT BREAKER THAT SENATOR COOK REFERENCED, BETTER STRATEGIES, MORE TARGETED STRATEGIES? AND THE HEART OF THE QUESTION TODAY IS, CAN THOSE OF US WHO RETURN MANAGE THE FISCAL CIRCUMSTANCES OF NEXT YEAR AND MAKE SURE THAT THIS YEAR'S PRIORITIES, YOU KNOW, ARE PRIMARY TO NEXT YEAR'S GOALS AND VISIONS. SO I WANT YOU TO THINK CAREFULLY, TO TAKE A STEP BACK, TO LOOK AT THE NUMBERS, AND TO UNDERSTAND WHAT WE'RE COMMITTING OURSELVES TO IN THE FUTURE IF WE DECIDE TO MOVE FORWARD. REGARDLESS, I URGE CAUTION. THANK YOU, MR. PRESIDENT. [LB958]

SENATOR KRIST: THANK YOU, SENATOR BOLZ. SENATOR MURANTE, YOU'RE RECOGNIZED. [LB958]

SENATOR MURANTE: THANK YOU, MR. PRESIDENT. MEMBERS, GOOD MORNING. I'D LIKE TO SHARE MY PERSPECTIVE AS WELL. I SUPPORT SENATOR SMITH'S AMENDMENT AND THE UNDERLYING BILL. AND I THINK THERE ARE A FEW ISSUES THAT ARE MORE IMPORTANT TO THE STATE OF NEBRASKA THAN OUR TAX CLIMATE, WHICH I DO BELIEVE TO BE EXCESSIVELY HIGH. AND PART OF MY CONCERN RANGES FROM THE FLOOR DEBATE THAT I'VE HEARD ON DIFFERENT SUBJECT MATTERS THIS YEAR AND A COUPLE OF TALKING POINTS THAT HAVE BEEN THROWN OUT. AND THE FIRST THAT I'LL ADDRESS IS THAT BUSINESSES DON'T PAY TAXES. LET ME ASSURE YOU, COLLEAGUES, THAT IS NOT TRUE. BUSINESSES PAY A LOT OF TAXES. IN MY SMALL BUSINESS, MY WIFE IS IN CHARGE OF PAYING THE TAXES SO I HEAR ABOUT IT FREQUENTLY, JUST HOW MANY TAXES WE PAY. AND I'VE ALSO HEARD THAT, I BELIEVE ON A SENATOR BRASCH BILL, THAT BUSINESSES ONLY CARE ABOUT PROFITS. AND WHILE THERE'S A CERTAIN DEGREE TO WHICH SUCCESS IN A BUSINESS CAN BE MEASURED IN PROFITS, I WOULD SUBMIT THAT THE FUNDAMENTAL GOAL IS NOT PROFIT IN AND OF ITSELF, BUT IT IS GROWTH. THE FUNDAMENTAL GOAL OF ANY BUSINESS IS TO GROW; AND IN ORDER TO GROW, BUSINESSES NEED TO INVEST IN THEMSELVES. AND THAT DOESN'T MEAN SITTING ON A PILE OF CASH. THAT MEANS TAKING THAT CASH AND PUTTING IT TO GOOD USE. IT MEANS HIRING PEOPLE, IT MEANS EXPANDING INFRASTRUCTURE, AND THAT IS THE PRIVATE SECTOR TAKING CARE OF THAT. AND WHEN WE HAVE A TAX CLIMATE THAT WE HAVE TODAY THAT TAKES MONEY OUT OF THOSE BUSINESSES, WHOSE FUNDAMENTAL GOAL IS TO GROW AND IT IS TO HIRE PEOPLE, WE LIMIT THEIR

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CAPACITY TO DO THAT. AND THERE'S ONLY ONE EMOTION I CAN COME UP WITH THAT WOULD MAKE A BUSINESS OWNER SIT ON A PILE OF CASH RATHER THAN INVESTING IT FOR GROWTH, AND THAT EMOTION IS FEAR. IF THEY ARE AFRAID OF WHAT IS COMING DOWN THE PIPES, EITHER ECONOMICALLY OR WITH PUBLIC POLICY, EITHER ON THE STATE, THE FEDERAL, OR THE LOCAL LEVEL. AND WE HAVE A MAJOR ROLE TO PLAY IN THAT. WE CAN SEND THE MESSAGE THAT WE ARE OUT TO CREATE A FAVORABLE TAX CLIMATE, A FAVORABLE CLIMATE IN WHICH BUSINESSES ARE FREE TO INVEST, ARE FREE TO HIRE PEOPLE AND, IF THEY DO SO, THEY WILL BE REWARDED. THERE ARE SOME WHO SAY WE NEED TO TAKE CAUTION IN REDUCING THE OVERWHELMING TAX BURDEN IN THIS STATE UNTIL WE COME TO THE TIME WHERE WE HAVE LOWERED SPENDING, WE'VE GONE TO THE APPROPRIATIONS COMMITTEE AND FOUND LINE ITEMS OF BUDGETS TO CUT. I WOULD SUBMIT TO YOU THAT THAT IS THE WRONG FIRST STEP. IN MY VIEW, THE FIRST STEP IN SPENDING RESTRAINT LIES IN THE REVENUE COMMITTEE BECAUSE I DON'T CARE IF YOU'RE TALKING ABOUT A CITY COUNCIL, A STATE LEGISLATURE, A CONGRESS, ANY LEGISLATIVE BRANCH OF GOVERNMENT, IF THEY HAVE MONEY LEFT OVER TO SPEND, THEY WILL SPEND IT. IT'S NOT BECAUSE THE MEMBERS OF EVERY SINGLE LEGISLATIVE BRANCH ARE LIBERALS OR CONSERVATIVES. [LB958]

SENATOR KRIST: ONE MINUTE. [LB958]

SENATOR MURANTE: IT'S BECAUSE THAT'S THE NATURE OF THE GOVERNMENT ITSELF. AND IF YOU WANT TO CONTROL SPENDING, YOU HAVE TO ENSURE THAT THERE IS NOT ENOUGH MONEY OUT THERE TO SPEND, AND THE BEST WAY TO DO THAT IS TO RETURN THE MONEY TO THE TAXPAYERS IN THE FIRST PLACE. SO CUTTING SPENDING IN MY VIEW DOES NOT START IN APPROPRIATIONS COMMITTEE, IT STARTS IN THE REVENUE COMMITTEE. AND WHEN WE HAD HUNDREDS OF MILLIONS OF DOLLARS TO FIND IN THE LAST ECONOMIC COLLAPSE, WE FOUND IT, AND WE WILL FIND IT AGAIN. WE PRIORITIZED AND WE WERE DEDICATED TO THE PRINCIPLE THAT WE WOULD BALANCE THE BUDGET WITHOUT RAISING TAXES, AND WE DID. AND WE CAN DO IT AGAIN, BUT THIS TIME WITHOUT A CRISIS, THIS TIME BECAUSE WE ARE GOING TO CREATE TAX POLICY IN THE STATE OF NEBRASKA THAT GROWS THE STATE, THAT GROWS THE BUSINESSES, AND ALLOWS THE PEOPLE OF THE STATE OF NEBRASKA TO INVEST IN THEMSELVES, WHICH IS THE BEST FORM OF ECONOMIC DEVELOPMENT THAT WE CAN CREATE. SO I ENCOURAGE YOUR SUPPORT OF THE AMENDMENT AND THE UNDERLYING BILL. THANK YOU, MR. PRESIDENT. [LB958]

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SENATOR KRIST: THANK YOU, SENATOR MURANTE. SENATOR GLOOR, YOU'RE RECOGNIZED. [LB958]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. I WONDER IF SENATOR SMITH WOULD YIELD TO A QUESTION OR TWO. [LB958]

SENATOR KRIST: SENATOR SMITH, WILL YOU YIELD TO A QUESTION? [LB958]

SENATOR SMITH: YES, I WILL. [LB958]

SENATOR GLOOR: THANK YOU, SENATOR SMITH. SENATOR SMITH, I KNOW YOU'RE A PASSIONATE ADVOCATE FOR INCOME TAX RELIEF. YOU HAVE BEEN AS LONG AS I'VE KNOWN YOU DOWN HERE. YOU'RE STRAIGHTFORWARD ABOUT THAT, NO PRETENSE WHATSOEVER. BUT I HAVE TO ASK YOU, YOU MENTIONED THAT YOUR AMENDMENT IS NOT THE BILL THAT WE CURRENTLY HOLD IN COMMITTEE, DOES IT CARRY NO SIMILARITIES AT ALL TO THE BILL IN COMMITTEE? [LB958]

SENATOR SMITH: IT CARRIES THE SIMILARITIES THAT IT PROVIDES TAX RELIEF FOR INDIVIDUALS AND BUSINESSES. [LB958]

SENATOR GLOOR: DOES IT...AND IT DOES STRIKE ALL THE PROVISIONS RELATED TO PROPERTY TAX RELIEF, IN ESSENCE TURNING THIS BILL FROM A PROPERTY TAX BILL INTO AN INCOME TAX BILL, IS THAT CORRECT? [LB958]

SENATOR SMITH: THAT IS CORRECT BECAUSE THERE'S PROPERTY TAX IN THE COMMITTEE AMENDMENT. [LB958]

SENATOR GLOOR: AND DO YOU HAVE ANY IDEA WHAT THE PRICE TAG WOULD BE ON THIS BILL? [LB958]

SENATOR SMITH: THE PRICE TAG ON THIS BILL WILL BE LESS THAN THAT OF LB357. MY ESTIMATES ARE ABOUT \$30 MILLION, ABOUT THE SAME AMOUNT THAT THE COMMITTEE AMENDMENT TO LB958 WILL COST. [LB958 LB357]

SENATOR GLOOR: HOWEVER, UNLIKE LB958 WHICH HAS A ONE-TIME OR A SET AMOUNT OF \$30 MILLION BEING ADDED TO THE PROPERTY TAX CREDIT, THERE

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WILL BE...AS INCOMES INCREASE, THERE WILL BE A GROWING TAX COMPONENT TO THIS BILL THAT WILL COST THE STATE MONEY AS OPPOSED TO THAT SET AMOUNT WITH PROPERTY TAX. IS THAT ALSO NOT TRUE? [LB958]

SENATOR SMITH: WELL, I THINK WE ATTEMPTED, OR I ATTEMPTED, TO HANDLE THAT THROUGH THE TRIGGERS THAT YOU HAVE, AND ALSO PROTECTING THE CASH RESERVE. THOSE WERE...THE TRIGGERS AND THE CASH RESERVE ARE COMPONENTS THAT YOU DID NOT SEE IN LB357. [LB958 LB357]

SENATOR GLOOR: THANK YOU, SENATOR SMITH. AND I APPRECIATE THE ANSWERS FROM SENATOR SMITH. SO, MEMBERS, LET'S MAKE IT CLEAR HERE. LB958, IF WE ADOPT SENATOR SMITH'S AMENDMENT, MOVES US FROM A PROPERTY TAX DISCUSSION TO AN INCOME TAX DISCUSSION, A PRETTY DRAMATIC CHANGE IN THIS BILL AND NOT ONE THAT I CAN SUPPORT, WHICH IS MY WAY OF SAYING THE BILL WON'T GO FORWARD IF THIS IS ADOPTED. AND SO LOOK AT IT AS A POISON PILL OR LOOK AT IT AS A STATEMENT OF SENATOR SMITH'S PASSION AND A CONTINUATION OF WHICH I'M SURE YOU'LL HEAR NEXT YEAR. BUT I WANT TO MAKE SURE EVERYBODY IS CLEAR: THIS WOULD NO LONGER BE A PROPERTY TAX BILL, IT WOULD BE AN INCOME TAX BILL. AND LET ME IN THE REMAINDER OF THE TIME I HAVE...HOW MUCH TIME DO I HAVE, MR. PRESIDENT? [LB958]

SENATOR KRIST: 2:00. [LB958]

SENATOR GLOOR: ...TALK JUST A SECOND ABOUT THE DOLLARS AND CENTS INVOLVED IN THIS. I'M GLAD IT FINALLY CAME UP, AND I'LL TALK MORE ABOUT IT AS WE MOVE THROUGH HERE. I CHALLENGE ANYBODY HERE TO SAY THAT PROPERTY TAX HASN'T BEEN DISCUSSED AS A PRIORITY IN THIS STATE. CERTAINLY THE GOVERNOR HAS TALKED ABOUT IT AS A PRIORITY. WE'VE TRIED TO ADDRESS IT AS A PRIORITY. IT'S UNFINISHED BUSINESS FROM THE TAX MOD COMMITTEE. PROPERTY TAX RELIEF HAS BEEN TALKED ABOUT AS A PRIORITY. I'M ASKING THE BODY TO REMEMBER, JUST BECAUSE IT WAS HEARD LATE IN THE SESSION AS WE TRIED TO WORK THROUGH AND COME UP WITH A BILL WE FELT WAS PASSABLE AND AFFORDABLE, SHOULD NOT PENALIZE IT WHEN WE'VE ALREADY VOTED THROUGH ISSUES THAT ARE IMPORTANT TO MEMBERS HERE, LIKE LEVIES, LIKE STADIUMS AND CONVENTION CENTERS. THOSE THINGS SAILED THROUGH HERE, IMPORTANT TO THIS BODY, YET I DON'T HEAR STATEWIDE CRY THAT THOSE ARE PRIORITIES. I'M NOT SAYING THAT

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THEY'RE WRONG, SHOULDN'T BE FUNDED. I AM SAYING IT SEEMS TO ME SOMETHING THAT HAS GENERATED... [LB958]

SENATOR SCHEER PRESIDING

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR GLOOR: ...AN AWFUL LOT OF DISCUSSION AS A PRIORITY DESERVES TO BE AT THE TOP OF THE LIST. I THINK THE MONIES WILL BE OUT THERE AND WE'LL GET A CHANCE TO TALK ABOUT IT LATER. I DON'T KNOW ABOUT THE REST OF YOU...I DO KNOW ABOUT THE REST OF YOU. AS FAR AS I KNOW, I'M THE ONLY PERSON THAT'S INTRODUCED NEW REVENUE STREAMS AS A BILL THIS YEAR; NOT ACCEPTABLE, BUT THOSE ARE THE HARD DECISIONS THAT WE'RE GOING TO HAVE TO MAKE IN THE FUTURE IF WE WANT TAX RELIEF, WHETHER IT'S INCOME OR PROPERTY. I THINK REVENUE STREAMS WILL GROW, PERSONAL FEELING. I DON'T THINK THEY'LL GROW DRAMATICALLY. I THINK THE GOVERNOR WILL BE COMMITTED, AND I THINK THIS BODY WILL BE COMMITTED, TO HOLDING DOWN EXPENDITURES. SO I THINK WE'LL DO A GOOD JOB THERE. BUT THE QUESTION IS WHETHER THERE'S A WILL TO MAKE THOSE TOUGH DECISIONS, AND THERE'S AN INEVITABILITY HERE OF LOOKING AT WHERE THE MONEY COMES FROM AND THE DECISIONS WE NEED TO MAKE ON GETTING THAT MONEY. [LB958]

SENATOR SCHEER: TIME, SENATOR. [LB958]

SENATOR GLOOR: THANK YOU. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR GLOOR. (VISITORS INTRODUCED.) CONTINUING WITH DISCUSSION, THOSE WAITING IN THE QUEUE: SENATOR BRASCH, FRIESEN, KUEHN, AND SMITH. SENATOR BRASCH, YOU'RE RECOGNIZED. [LB958]

SENATOR BRASCH: THANK YOU, MR. PRESIDENT. AND THANK YOU, COLLEAGUES. A LITTLE BIT OF WHAT I HAVE TO SAY DOES COME OFF OF CHAIRMAN GLOOR'S CONVERSATION HERE. I BELIEVE THAT IN THIS BODY WE HAVE TO BE A CHAMPION FOR ALL THINGS, FOR ALL PEOPLE, WHETHER THEY ARE RURAL, WHETHER THEY ARE URBAN, RICH AND POOR ALIKE. WE REPRESENT THIS ENTIRE STATE. AND I DO FIND IT INTERESTING THAT SENATOR

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MURANTE WOULD BELIEVE THAT I WOULD SAY SOMETHING THAT IS NOT PRODUCTIVE TO SMALL BUSINESS. I HAVE BEEN, AND AM, A SMALL BUSINESS. MY HUSBAND DOES FARM. I HAVE SUCH AN INTERESTING ROLE IN MY LIFE WHERE HALF MY LIFE I GREW UP IN THE CITY, RIGHT HERE IN LINCOLN. AND IF, GOD WILLING, I LIVE TILL I'M 80, MY OTHER HALF OF MY LIFE WILL BE IN THE COUNTRY AS A FARMER. MY EARLY YEARS WERE AS AN INTERPRETER FOR LEGAL IMMIGRANT PARENTS. I FEEL LIKE I'M AN INTERPRETER HERE TO TELL THOSE OF YOU WHO DO NOT FARM THAT WHEN I PUT THIS ON THE TABLE--AND SENATOR SMITH DID USE THE WORD "TABLE," LET'S PUT THIS ON THE TABLE--I SPEAK IN EARNEST FOR OUR AG PRODUCERS WHO EVERY DAY THEIR JOB IS JUST AS IMPORTANT, PUTTING FOOD ON OUR TABLE. WHETHER WE THINK IT COMES FROM THE GROCERY STORE AND THERE'S NO ONE ELSE BEHIND IT, WE ARE TALKING ABOUT A GROUP OF INDIVIDUALS THAT...AN OCCUPATION UNLIKE ANY OTHER THAT I'VE KNOWN MY ENTIRE LIFE UNTIL I HAVE LIVED AND WORKED ON A FARM. BUT IT DOESN'T MEAN THAT I DON'T RESPECT THOSE OF YOU IN HERE WHO ARE NOT A FARMER. YOU MAY BE A TRUCK DRIVER. YOU MAY BE A ROOFER. YOU MAY PRODUCE GARAGE DOORS. YOU MAY BE A TEACHER. YOU HAVE ALL TYPES OF OCCUPATIONS: LAWYER, PROFESSIONAL, LABORER. BUT WE AS A BODY, AND IN MY SIX YEARS HERE NOW, WE HAVE STRUGGLED TO BE FAIR, TO MOVE ALONG AN AGREEMENT THROUGH THE TAX MODERNIZATION COMMITTEE, WHICH MANY OF YOU DID NOT SEE, DID NOT SERVE ON, BUT WE HAD STATEWIDE TOWN HALL MEETINGS. WE HAVE OFFERED INCOME TAX RELIEF. AND I, FOR ONE, WAS ONE THAT INITIALLY AND STILL DO NOT AGREE AS SENATOR SMITH INTRODUCED THE GAS TAX INCREASE AND NOW WANTS TO INTRODUCE AN INCOME TAX DECREASE. I MADE MY PRIORITY BILL ONE WHERE WITH THAT INCREASE WE USE THOSE DOLLARS WISELY. AND TALK ABOUT BUILDING BRIDGES, WHETHER THEY'RE CONCRETE MORTAR AND STEEL, A BRIDGE WAS CREATED BETWEEN SENATOR SULLIVAN, WHO WE APPLAUDED YESTERDAY FOR HER WORK. I APPLAUD SENATOR GLOOR FOR HIS WORK, TREMENDOUSLY DIFFICULT WHEN YOU TALK ABOUT EDUCATION AND TAXES, AND WORKING WITH THE GOVERNOR'S OFFICE WHO HAS BEEN ACROSS THE STATE FROM CORNER TO CORNER MULTIPLE TIMES. AS MANY OF US HAVE HEARD FROM OUR CONSTITUENTS, WHEN IS IT MY TURN FOR PROPERTY TAX RELIEF? WE ARE NOT ADDRESSING A FAVOR. WE ARE TALKING ABOUT DISPROPORTIONATE TAXING. THE DOCUMENTS ARE THERE, THE DATA IS THERE, THE FACTS ARE THERE THAT ONE TAX HAS DISPROPORTIONATELY INCREASED FOR MANY OF YOU. [LB958]

SENATOR LINDSTROM PRESIDING

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SENATOR LINDSTROM: ONE MINUTE. [LB958]

SENATOR BRASCH: MANY FARMERS GO TO OMAHA AND COME TO THE CITY BECAUSE THAT'S WHERE THEIR CHILDREN HAVE CHOSEN TO LIVE AND THEIR GRANDKIDS ARE HERE. WE DO NOT LOOK AT SOMEONE AND THINK LESS OF THEM BECAUSE OF THEIR OCCUPATION, BUT I THINK MORE OF THEM FOR WHAT THEY STAND FOR. AND WE HAVE STOOD IN LINE. PLEASE, LET US MOVE FORWARD. THANK YOU, MR. PRESIDENT. THANK YOU, COLLEAGUES. [LB958]

SENATOR LINDSTROM: THANK YOU, SENATOR BRASCH. SENATOR FRIESEN, YOU ARE RECOGNIZED. [LB958]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. THANK YOU, SENATOR SMITH, FOR BRINGING THIS UP, A LITTLE BIT LIKE WHAT I DID YESTERDAY. AND I DO AS A SMALL BUSINESS OWNER, WHICH I DO CONSIDER MYSELF, I DO UNDERSTAND WHAT YOU'RE ASKING FOR. IN THE AG BUSINESS WE HAVE MANY OF OUR SUPPLIERS THAT HELP US ACCOMPLISH OUR GOAL ARE SMALL BUSINESSES, AND UNFORTUNATELY THEY DON'T HAVE ANY GOVERNMENT SAFETY NETS OR INSURANCE THAT CAN COVER LOSSES. AND SO WHEN WE IN AG TAKE A DOWNTURN IN INCOME AND THE ECONOMY STRUGGLES, IN THE AG COMMUNITY THEY TAKE A PRETTY HARD HIT, SO ANYTHING I CAN DO DOWN THE ROAD TO HELP THEM I'M WILLING TO DO ALSO. BUT AS YOU'VE SEEN, THE AG PROPERTY TAX ISSUE TO ME IS MY PRIORITY BECAUSE NO ONE HAS SEEN THE KIND OF INCREASES IN PROPERTY TAXES THAT WE HAVE SEEN. IF YOU CAN SHOW ME ANY BUSINESS THAT HAS SEEN AN INCREASE OF 18 PERCENT PER YEAR OVER 10 YEARS IN THEIR TAXES THEY PAY, I'M WILLING TO LISTEN. IF THERE'S ANY BUSINESS OUT THERE WHO IS IN THE PRODUCT THEY MAKE, IF ONE OF THE TOP THREE INGREDIENTS OF MAKING THAT PRODUCT IS TAXES, I'M OPENING TO LISTENING HERE, I'M WILLING TO HELP. WE NEED TO HELP ALL OF SMALL BUSINESS GROW, BECAUSE THEY DO CREATE THE MOST JOBS IN THIS STATE. I WANT TO ADDRESS A COUPLE OTHER THINGS THAT I HEARD ON THE FLOOR AND ONE OF THEM WAS FROM SENATOR COOK. AND WHY DO I CHOOSE TO BUY LAND? FARMING IS MY BUSINESS. YES, I CHOSE IT AS A PROFESSION AND I LOVE IT DEARLY. BUT IF I DO NOT BUY SOME LAND TO CREATE A BASE AND I'M TOTALLY DEPENDENT UPON A LANDLORD TO RENT ME GROUND, I AM STILL GOING TO PAY THAT PROPERTY TAX THAT'S BEEN INCREASING BECAUSE THEY NEED A RETURN ON THEIR INVESTMENT AND THEY'LL RAISE MY RENT AND, THEREFORE, I END UP PAYING MORE. AND IN THESE TIMES WHEN COMMODITY PRICES ARE DOWN, I WOULD BE LOSING MONEY EVERY YEAR. I CHOOSE TO BUY LAND BECAUSE IT PROVIDES ME A BASE SO THAT IF A

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LANDLORD PASSES AWAY AND DECIDES TO SELL THE LAND, THAT I DON'T HAVE TO CHANGE PROFESSIONS. I CAN KEEP FARMING BECAUSE IF I DON'T HAVE CONTROL OF SOME OF THAT PROPERTY, I WOULDN'T NO LONGER BE ABLE TO FARM IF SUDDENLY I LOST HALF MY ACRES OR THREE-FOURTHS OF IT BECAUSE SOME LANDLORD DECIDED TO SELL THEIR PROPERTY OR RENT IT TO SOMEONE ELSE. SO IT PROVIDES STABILITY TO MY BUSINESS TO OWN IT. I DON'T CHOOSE TO PAY THE HIGH PRICES THAT HAVE BEEN PAID. MY AVERAGE PRICE OF GROUND IS CONSIDERABLY LOWER THAN WHERE IT'S BEEN GOING FOR LATELY. I JUST CHOOSE NOT TO BUY GROUND WHEN I THINK IT'S OVERPRICED. I THINK IT'S OVERPRICED. BUT THE COMPETITION THAT'S OUT THERE IS DRIVING THIS, AND WE ARE A VERY COMPETITIVE INDUSTRY, JUST LIKE SMALL BUSINESSES THAT SENATOR SMITH TALKS ABOUT. IT'S COMPETITIVE IN OMAHA. YOU DON'T...YOU CAN'T JUST SET PRICES WHEREVER YOU WANT. SOMEONE WILL UNDERCUT YOU AND YOU'LL BE OUT OF BUSINESS. AND SO THE COMPETITION OUT THERE DRIVES THE PRICE. I'VE BEEN A LITTLE SURPRISED AT HOW RESILIENT LAND PRICES HAVE BEEN. I THOUGHT THEY WOULD DROP A LITTLE FASTER, BUT I THINK THAT MAY COME YET. I DON'T KNOW. BUT WE'VE LOOKED AT DIFFERENT WAYS IN WHICH WE COULD VALUE PROPERTY, AND YOU COULD USE SOME SORT OF INCOME-BASED ASSESSMENT AGAINST THE ABILITY OF LAND TO PRODUCE. BUT THEN THE TAXES ON THAT WOULD VARY QUITE A BIT BECAUSE IN AG... [LB958]

SENATOR LINDSTROM: ONE MINUTE. [LB958]

SENATOR FRIESEN: ...WE ALWAYS HAVE THESE UP AND DOWN CYCLES. SO IT WOULDN'T PROVIDE A STABLE TAX INCOME FOR SCHOOLS, FOR INSTANCE. ONE OF THE ISSUES THAT CAME UP, SENATOR KRIST I THINK BROUGHT A VALUATION PROBLEM. I DON'T HAVE A PROBLEM WITH HOW THEY VALUE MY LAND. I THINK IT'S FAIR. I KNOW IT'S INCREASED BECAUSE PRICES OF LAND HAS INCREASED. I UNDERSTAND THAT. I CHOOSE NOT TO PARTICIPATE IN IT, BUT THAT'S...WE ARE FOLLOWING THE RULES AND THE VALUATION, THE PROCESS IS WORKING. I WILL NOT DISAGREE WITH THAT. ALL I'M CONCERNED ABOUT IS THE TAXES I HAVE TO PAY. EVERYTHING ELSE SEEMS TO BE FAIR. AND IT'S HOW WE FUND K-12 EDUCATION BASED ON PROPERTY TAXES. THANK YOU, MR. SPEAKER. [LB958]

SENATOR LINDSTROM: THANK YOU, SENATOR FRIESEN. SENATOR KUEHN, YOU'RE RECOGNIZED. [LB958]

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SENATOR KUEHN: THANK YOU, MR. PRESIDENT. THANK YOU, COLLEAGUES. A NUMBER OF ITEMS THAT I WOULD LIKE TO ADDRESS TO THE BODY TODAY WITH REGARD TO SOME SITUATIONS WHICH WERE BROUGHT UP AND SOME CHOICES WHICH HAVE BEEN PRESENTED FOR THE BODY BETWEEN PROPERTY TAXES VERSUS INCOME TAXES, THE PRIORITIZATION, SMALL BUSINESSES VERSUS AGRICULTURAL SMALL BUSINESSES AND OTHERS. SO FIRST I WOULD LIKE TO POINT OUT, WITH REGARD TO SENATOR KRIST'S COMMENTS EARLIER REGARDING COUNTY ASSESSORS, THE INDIVIDUALS WHO ARE ELECTED AS COUNTY ASSESSORS ARE SIMPLY FOLLOWING THE LAW AS ESTABLISHED BY THE STATE LEGISLATURE. SO MY COUNTY ASSESSOR DOES NOT MAKE A PERSONAL CHOICE OR A PERSONAL DECISION ON THE VALUATION OF LAND. SHE, LINDA LARSEN, FOLLOWS THE LAWS AS PRESCRIBED BY THE LEGISLATURE WITH REGARD TO COMPARATIVE SALES AND OTHERS. AND SO WHILE WE MAY HAVE CHALLENGES FROM A POLICY PERSPECTIVE ABOUT HOW WE DETERMINE THOSE VALUATIONS, WHICH SALES ARE INCLUDED, WHICH SALES ARE NOT INCLUDED, AND DETERMINING THAT ASSESSED VALUE, THAT'S NOT AT THE DISCRETION OF THE COUNTY ASSESSOR. THEY ARE SIMPLY FOLLOWING THE LAW. MOVING ON, I THINK IT'S IMPORTANT WE CANNOT DISCUSS PROPERTY TAXES, GIVEN THAT THEY ARE ULTIMATELY LEVIED BY LOCAL GOVERNMENTS AND THEY GO TO FUND LOCAL GOVERNMENTS, WITHOUT DISCUSSING SPENDING AT THE LOCAL LEVEL. NO OTHER LEVEL OF GOVERNMENT HAS SEEN THE INCREASES IN BUDGETING, THE INCREASES IN SPENDING OVER THE LAST DECADE THAT LOCAL GOVERNMENTS HAVE. SO WHILE WE ARE TAKING A FIRST STEP IN AM2780 MOVING ON INTO LB958 AT ADDRESSING SOME OF THE DISPARITIES THAT HAVE EMERGED AS WE'VE SEEN A DIFFERENTIAL INCREASE IN VALUATION AMONG DIFFERENT CLASSES OF PROPERTY, ULTIMATELY WE HAVE TO GET BACK TO THE ISSUE OF DISCUSSING LOCAL SPENDING. HOW ARE LOCAL SPENDING DECISIONS MADE? HOW ARE THEY INFLUENCED? AND WHAT EFFECT DOES THAT HAVE ON THOSE WHO ARE ULTIMATELY PAYING THE PROPERTY TAX BILL? AND I THINK THAT'S WHERE AN IMPORTANT EDUCATION COMPONENT COMES IN FOR MEMBERS OF THIS BODY, ESPECIALLY IN TERMS OF WHO THE LANDOWNERS ARE, THEIR ABILITY TO INFLUENCE BUDGETS AT THE LOCAL LEVEL, AND TRULY WHAT THEIR VOICE IS. JUST BECAUSE SOMEONE OWNS AGRICULTURAL PROPERTY DOES NOT MEAN THEY NECESSARILY EVEN HAVE A VOICE IN HOW THE PROPERTY TAXES GENERATED FROM THEIR AG LAND ARE SPENT. A NUMBER OF DIFFERENT INDIVIDUALS AND CLASSES OF INDIVIDUALS OWN AG LAND. SOME ARE ACTIVE AGRICULTURAL PRODUCERS. SOME ARE INDIVIDUALS WHO HAVE INHERITED IT. OTHERS ARE INDIVIDUALS WHO HAVE INVESTED IN THAT PROPERTY AS A LONG-TERM INVESTMENT VEHICLE OR EVEN A RETIREMENT. EVEN IF YOU'RE AN ACTIVE AGRICULTURAL

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PRODUCER WHO OWNS LAND DOES NOT MEAN THAT YOU HAVE A VOTE IN ANY OF THE SPENDING DECISIONS WITH REGARD TO THOSE PROPERTY TAXES. YOU MAY OWN LAND IN A SCHOOL DISTRICT DIFFERENT THAN YOUR RESIDENCE AND YOU HAVE NO INFLUENCE ON THE SCHOOL BOARD MEMBERS WHO ARE MAKING THOSE SPENDING DECISIONS, OR THE COUNTY SUPERVISORS. YOU MAY NOT GET TO VOTE IN A BOND ELECTION, WHICH MAY HAVE A SIGNIFICANT INCREASE IN YOUR PROPERTY TAXES AND BENEFITS THAT YOU DO NOT REAP FROM. EVEN IN THE CASE OF LIVING IN DISTRICTS, IF YOU LOOK AT THE ONE-MAN-ONE-VOTE RULE VERSUS THE DISTRIBUTION OF THE PROPERTY TAX BASE IN TERMS OF VALUATION AND WHO PAYS THE PROPERTY TAXES ON A BOND ISSUE OR ON AN ELECTION ISSUE, THE MAJORITY OF THE PEOPLE PAYING THE BILLS DON'T REPRESENT THE MAJORITY OF THE PEOPLE VOTING FOR THE ELECTED REPRESENTATIVES, VOTING FOR THE BOND ISSUE. A MINORITY OF INDIVIDUALS CAN FOOT THE BILL AND FOR A BOND ISSUE, WHICH IS PASSED OVER THEIR OBJECTIONS. AND IT HAPPENS OVER AND OVER THROUGHOUT RURAL NEBRASKA. THE COMMENT WAS MADE THAT THIS IS A CONSEQUENCE WITH REGARD TO WEALTHY LANDOWNERS. I THINK THAT'S AN INTERESTING MISUNDERSTANDING ABOUT WHETHER OR NOT PROPERTY TAXES ARE DUE, IF THAT PROPERTY IS EVEN PAID FOR. IF YOU'RE A YOUNG, BEGINNING FARMER AND YOU START OUT WITH A VARIETY OF FINANCIAL TOOLS, WHICH SOME OF OUR AG LENDERS IN THIS BODY CAN GIVE YOU A PRIMER ON SOME OF.. [LB958]

SENATOR SCHEER PRESIDING

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR KUEHN: THANK YOU, MR. PRESIDENT...THE DIFFERENT TOOLS THAT YOUNG FARMERS USE TO PURCHASE LAND, YOU MAY BE PAYING FOR LAND OVER A 30-YEAR PERIOD OF TIME. AND EVEN THOUGH THAT LAND PRICE DOUBLED IN TERMS OF VALUATION AND YOUR TAX BURDEN DOUBLED OVER THE TEN YEARS A YOUNG FARMER MAY OWN THAT PROPERTY, THEIR BALANCE SHEET IS NEGATIVE. THEY HAVE LESS EQUITY IN THE LAND THAN IT'S WORTH, BUT THEIR PROPERTY TAX BILL STILL CONTINUES TO GO UP. YOU CAN HAVE A NEGATIVE NET WORTH AND YOUR PROPERTY TAX BILL DOUBLE. HOW IS THAT AN ISSUE OR A CONSEQUENCE OF WEALTHY LANDOWNERS? IT'S A GROSS MISREPRESENTATION AND IT'S NOT TRUE TO LIFE. THERE ARE CERTAINLY A NUMBER OF OTHER ISSUES WHICH I THINK NEED TO COME BEFORE THE BODY FOR OUR DELIBERATION THROUGH THE COURSE OF TODAY AND DEALING WITH LB958. BUT I DO WANT TO...WITH REGARD TO THIS PARTICULAR AMENDMENT, IT'S CREATING A FALSE DICHOTOMY AND A FALSE CHOICE BETWEEN PROPERTY

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TAXES AND INCOME TAXES. AND CERTAINLY WE DO HAVE TO MAKE A CHOICE AND WE DO HAVE TO MAKE A PRIORITY. I THINK IT'S BEEN CLEAR BY THE PEOPLE OF THE STATE OF NEBRASKA... [LB958]

SENATOR SCHEER: TIME, SENATOR. [LB958]

SENATOR KUEHN: THANK YOU VERY MUCH, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR KUEHN. SENATOR SMITH, YOU ARE RECOGNIZED. [LB958]

SENATOR SMITH: THANK YOU, MR. PRESIDENT, AGAIN. I APPRECIATE WHAT SENATOR GLOOR WAS ON THE MIKE A LITTLE BIT EARLIER AND HE DID POINT OUT SOMETHING WE HAD IDENTIFIED BEFORE. AND WE ARE WORKING, TOO, ON A REPLACEMENT AMENDMENT, A REDRAFT THAT DOES NOT STRIKE THE PROPERTY TAX COMPONENT OF THE REVENUE AMENDMENT. THAT WAS NEVER THE INTENT. AND IN THE DRAFTING AND IN THE SPLITTING OF THE BILLS THERE WAS SOME CONFUSION THERE, SO WE WILL CORRECT THAT. THIS COMPLEMENTS AM2780. AND THIS BILL, COLLEAGUES, PROVIDES TAX RELIEF FOR ALL NEBRASKANS. AND NOT ALL NEBRASKANS OWN PROPERTY. THE STATE OF NEBRASKA...I WAS SPEAKING TO A GROUP YESTERDAY, AND THEY WERE CONFUSED. I EXPLAINED TO THEM THE STATE OF NEBRASKA DOES NOT COLLECT PROPERTY TAX. PROPERTY TAX IS COLLECTED AT THE LOCAL LEVEL. WE COLLECT INCOME TAX AND SALES TAXES; AND THEN TO THE TUNE OF \$204 MILLION A YEAR WE TAKE TAXPAYERS' INCOME TAX AND SALES TAX THAT THEY SEND TO THE STATE, AND WE RETURN IT IN PROPERTY TAX CREDITS. I UNDERSTAND THE INTENT OF THAT ORIGINAL LEGISLATION TO DO SO, TO PROVIDE RELIEF, BUT IT'S NOT FAIR TO ALL NEBRASKA TAXPAYERS. OUR FAMILIES ARE HURTING. OUR SMALL BUSINESSES ARE HURTING. WE HAVE TO DO SOMETHING FOR THEM. THE TOP INDIVIDUAL TAX RATE BRACKET, 6.84 PERCENT, WHAT MY BILL WOULD DO IS, OVER A PERIOD OF SIX TO SEVEN YEARS, BRING IT DOWN TO 5.98. THAT'S NOT DRASTIC. CORPORATE IS 7.81. BRINGING THAT DOWN TO 5.98, THAT'S NOT DRASTIC. ROUGHLY THE COST OF THIS BILL IS COMPARABLE TO THE PROPERTY TAX COMPONENT OF THIS BILL. WE NEED TO HELP ALL NEBRASKA TAXPAYERS, ALL NEBRASKA TAXPAYERS. TODAY THERE'S ABOUT \$89 PER \$100,000 OF VALUATION THAT IS RETURNED THROUGH THE PROPERTY TAX CREDIT FUND. WITH MY BILL, I'LL GIVE YOU A GENERAL IDEA. LET'S SAY A MIDDLE CLASS FAMILY, FILING AS MARRIED, ABOUT \$68,000 THEY PAY. THEY WOULD RECEIVE ABOUT \$380 TAX RELIEF A YEAR. NOW

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THAT'S NOT HUGE, BUT IT'S MORE THAN WHAT THEY WOULD GET WITH THEIR PROPERTY TAX RELIEF. AND ON AN AGGREGATE LEVEL THIS IS MORE MONEY BACK INTO OUR ECONOMY; IT'S MONEY BACK INTO THE HANDS OF OUR FAMILIES, OUR INDIVIDUAL TAXPAYERS. THEY DESERVE BETTER. WE HAVE TO HAVE A COMPREHENSIVE APPROACH. I SUPPORT A COMPREHENSIVE APPROACH TO TAX RELIEF FOR ALL NEBRASKANS. AND, YES, I WILL STAND SHOULDER TO SHOULDER WITH MY RURAL COLLEAGUES, AND WE WILL GET SOMETHING DONE ON... YOU KNOW, TO RELIEVE SOME OF THE BURDEN OF GOVERNMENT AT THE LOCAL LEVEL, BUT WE HAVE TO HAVE COMPREHENSIVE TAX RELIEF. AND, COLLEAGUES, I AM NOT GOING TO SUPPORT LB958 WITHOUT A BALANCED APPROACH. I AM NOT GOING TO SUPPORT THE REVENUE BILL AS IT STANDS ALONE OR THE REVENUE AMENDMENT TO THE UNDERLYING BILL ALONE. IT'S ONE-SIDED AND IT'S NOT FAIR. WE NEED TAX RELIEF FOR ALL NEBRASKANS. SMALL BUSINESSES, THE MAJORITY OF OUR SMALL BUSINESSES IN OUR STATE PAY THROUGH THE INDIVIDUAL TAX BRACKETS. THESE ARE NOT WEALTHY INDIVIDUALS THAT ARE PAYING TAXES. THESE ARE MOSTLY... MOST OF FOLKS AT THE HIGH LEVEL ARE SMALL BUSINESSES. THEY'RE PAYING THROUGH THE INDIVIDUAL TAX BRACKETS. [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR SMITH: AGAIN I WANT TO UNDERSCORE: WE HAVE TO COME TOGETHER WITH A UNIFYING VOICE IN OUR STATE FOR TAX RELIEF FOR ALL NEBRASKANS, WE NEED TO COME TOGETHER FOR TAX RELIEF FOR ALL BUSINESSES SO WE CAN GROW OUR STATE. AND WE NEED TO STOP THIS DIVIDE BETWEEN PROPERTY TAX AND INCOME TAX. I APPRECIATE THE COMMENTS THAT ARE BEING MADE, AND I KNOW THERE'S A NUMBER OF PEOPLE THAT STILL WANT TO SPEAK AND I HOPE WE WILL PROVIDE ENOUGH TIME TO HAVE THEIR VOICES HEARD. THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SMITH. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB958]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. SENATOR KRIST SAID WE HAD AN ASSESSOR PROBLEM, THAT THERE WAS BAD ASSESSMENT GOING ON. WELL, THAT'S POSSIBLE. I DON'T THINK THAT'S OUR PRIMARY ISSUE. I THINK WE HAVE A SPENDING PROBLEM. I HAVE TRIED TO FIND OUT. MY PROPERTY TAX HAS TRIPLED IN THE LAST TEN YEARS. I'VE TRIED TO FIND OUT WHERE THE MONEY WENT. NOBODY CAN TELL ME WHERE THAT MONEY WENT, 250 TO 300 PERCENT

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INCREASE IN MY TAXES. I HAVE TO ASSUME EVERYBODY ELSE THAT HAS FARM GROUND PAID THAT SAME INCREASE. BUT YOU GO TO THE COUNTY COMMISSIONERS. WE JUST HEARD THAT THE STATE DOESN'T GET THAT MONEY, AND WE KNOW THAT. YOU GO TO THE COUNTY COMMISSIONERS: WELL, WE HAVEN'T INCREASED ANY SPENDING. YOU GO TO THE SCHOOLS: WE'VE ONLY INCREASED 1 OR 2 PERCENT A YEAR. WHERE IN THE WORLD IS THAT MONEY? NOBODY SEEMS TO HAVE AN ANSWER, AND I CAN'T FIND IT. IT'S GONE SOMEWHERE. IT CERTAINLY CAME OUT OF MY POCKET; IT CAME OUT OF MY NEIGHBOR'S POCKET. BUT WHERE IS IT? NOBODY SEEMS TO KNOW. I ALSO WONDER, AND IT'S JUST THAT I DON'T KNOW. I WENT BACK TO TRY TO TALK TO SENATOR MELLO YESTERDAY, AND I CAUGHT HIM IN THE MIDDLE OF TAKING CARE OF SOME OTHER ISSUES AND DIDN'T GET A CHANCE TO TALK TO HIM. HOW OFTEN IS RESIDENTIAL PROPERTY, SUCH AS IN LINCOLN OR OMAHA, HOW OFTEN IS THAT ASSESSED AND THE VALUATION CHANGED? WE GET IT EVERY TWO YEARS. I DON'T KNOW WHAT LINCOLN AND OMAHA GETS. I'D LIKE TO FIND OUT TO THAT. AND SENATOR KUEHN ALREADY MENTIONED ONE OF THE BIG ISSUES. WHEN FARMERS GO TO VOTE ON NEW SCHOOL FUNDING, WE GET "OVERVOTED" BY THE FOLKS THAT LIVE IN TOWN THAT DON'T PAY A FAIR SHARE IN MY MIND. MY WIFE AND I HAVE NO KIDS AT HOME, NO KIDS IN THE SCHOOL DISTRICT. SOMEBODY THAT RENTS A HOUSE IN TOWN WITH FOUR KIDS GOING TO SCHOOL PAYS NOTHING. I SEE NO FAIRNESS THERE, COLLEAGUES. AND I'LL ADDRESS SOME OF SENATOR SMITH'S COMMENTS A LITTLE LATER ON. BUT RIGHT NOW I'D LIKE TO YIELD THE REMAINDER OF MY TIME TO SENATOR KUEHN. [LB958]

SENATOR SCHEER: SENATOR KUEHN, YOU'RE YIELDED 2:20. [LB958]

SENATOR KUEHN: THANK YOU, MR. PRESIDENT. AND THANK YOU, SENATOR BLOOMFIELD, FOR THAT TIME. I DO WANT TO JUST REITERATE THAT CREATING A CHOICE BETWEEN INCOME TAX REFORM OR PROPERTY TAX REFORM IS JUST PART OF THE PRIORITY PROCESS THAT WE DO HERE IN THIS BODY. AND CERTAINLY NEBRASKANS HAVE SPOKEN. I HAD DONE SOME POLLING AND I HAD PROVIDED THAT INFORMATION ON ANOTHER ISSUE FOR YOU ALREADY THAT DEMONSTRATES THAT AT A 2-1 MARGIN ACROSS THE STATE, 45 PERCENT TO 19.3 PERCENT OF NEBRASKANS PRIORITIZE PROPERTY TAX REFORM OVER INCOME TAX REFORM. INTERESTINGLY ENOUGH FOR MY COLLEAGUES IN THE SECOND CONGRESSIONAL DISTRICT, NEBRASKA'S SECOND CONGRESSIONAL DISTRICT HAD THE HIGHEST PROPORTION OF INDIVIDUALS REPORTING THAT THEIR TOP PRIORITY FOR STATE GOVERNMENT TAX RELIEF WAS PROPERTY TAXES. SO WE CERTAINLY HAVE TO TACKLE AS POLICYMAKERS ISSUES ONE STEP AT A TIME, ONE BITE AT A TIME. AND NEBRASKANS HAVE CLEARLY STATED THAT THEIR

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FIRST AND PRIMARY GOAL IS PROPERTY TAX REFORM, WHICH IS WHY WE'RE HERE NOW, WHY ARE WE DISCUSSING THIS AS A BODY. I WOULD ALSO LIKE TO POINT OUT JUST A LITTLE BIT WITH REGARD TO THE ISSUE OF SMALL BUSINESS TAX BURDEN. IF YOU HAVE A GARAGE DOOR COMPANY, THE RAW MATERIALS FOR YOU TO RUN YOUR BUSINESS AND MAKE YOUR PROFIT... [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR KUEHN: THANK YOU, MR. PRESIDENT...ARE PERSONAL PROPERTY. THEY DEPRECIATE OVER TIME. YOU GAIN THE ADVANTAGES ON YOUR BALANCE SHEET OF THAT DEPRECIATION. YOU'RE NOT TAXED ON THE NEW PRICE OF NUTS AND BOLTS AND GARAGE DOOR COMPONENTS EVERY YEAR, YEAR AFTER YEAR, IN YOUR INVENTORY. IN AGRICULTURE, REGARDLESS OF WHAT I PAID FOR AN ACRE OF LAND, I PAY FOR THE CURRENT MARKET VALUE OVER AND OVER AND OVER AGAIN AS LONG AS I OWN THAT PROPERTY. IT IS A BURDEN. IT IS UNLIKE ANY OTHER SMALL BUSINESS THAT DEALS WITH THAT KIND OF TAX BURDEN BEYOND THE CONTROL OF THE BUSINESS OWNER, BEYOND THE EVEN CONTROL OF THE BUSINESS OWNER WHEN THEY MAKE THOSE PURCHASING DECISIONS. AS SENATOR FRIESEN INDICATED, HE'S CHOSEN RIGHT NOW NOT TO PURCHASE LAND. I'VE MADE THE SAME CHOICE AS WELL, BUT I STILL HAVE TO PAY THE TAX BURDEN OF THE CHOICES OF OTHERS WITH REGARD TO THE LAND CHOICES. NO OTHER BUSINESS DEALS WITH THAT. NO OTHER BUSINESS HAS THAT BURDEN. SO WHEN WE TALK ABOUT EQUITY AND FAIRNESS, LET'S TALK ABOUT THE WAY IN WHICH WE ASSESS THAT LAND, THOSE MECHANISMS,... [LB958]

SENATOR SCHEER: TIME, SENATOR. [LB958]

SENATOR KUEHN: ...AND THE BURDEN ON THOSE FARMERS. THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR KUEHN AND SENATOR BLOOMFIELD. (VISITORS INTRODUCED.) GOING BACK TO DISCUSSION ON LB958, THOSE WAITING IN THE QUEUE: SENATOR DAVIS, SCHUMACHER, JOHNSON, KINTNER, AND OTHERS. SENATOR DAVIS, YOU'RE RECOGNIZED. [LB958]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. COLLEAGUES, I'M GOING TO ASK YOU TO PLEASE PAY ATTENTION AND DIRECT YOUR ATTENTION TO THE DOCUMENTS THAT I PASSED OUT EARLIER. I'M GOING TO WALK THROUGH ONE

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OF MY CONSTITUENT'S TAX ISSUES WITH YOU. AND I THINK THAT IT'S VERY ENLIGHTENING AND AFTER YOU HEAR THAT YOU WILL REALLY UNDERSTAND WHY THE COMMITTEE DECIDED TO LOOK AT THE PROPERTY TAX PIECE IN THE WAY THAT WE DID. SO I'VE LONG ARGUED THAT SCHOOL FINANCE IS ONE OF THE THINGS THAT WE HAVE TO DO TO ADDRESS THE PROPERTY TAX PROBLEM IN THE LEGISLATURE HERE. BUT WE DON'T HAVE TIME THIS YEAR. WE'VE WORKED ON IT BEFORE AND IT BECOMES AN INTRACTABLE PROBLEM WITHOUT MORE REVENUE. YOU KNOW, SENATOR SMITH TALKED EARLIER ABOUT PROPERTY BEING A LOCAL ISSUE, BUT LET'S REMEMBER THIS: THAT THE STATE IMPOSES A LOT OF OBLIGATIONS ON OUR SCHOOL DISTRICTS IN TERMS OF ACCREDITATION AND, THEREFORE, THERE IS A STATE OBLIGATION. AND A LOT OF OUR SALES AND INCOME TAX FROM WESTERN NEBRASKA AND RURAL NEBRASKA GOES TOWARDS URBAN DISTRICTS. SO MY CONSTITUENT FRANCIS BEJOT SENT THIS INFORMATION. I ASKED HIM IF I COULD SHARE IT WITH THE COMMITTEE. THE FIRST PAGE IS JUST SIMPLY A COVER LETTER WHERE HE TALKS ABOUT HOW THE TAXES HAVE INCREASED IN THE LAST FOUR YEARS ON PROPERTY THAT HE OWNS IN BROWN COUNTY. AND YOU CAN SEE THAT EVERYTHING WENT UP EXCEPT THE FIRE DEPARTMENT, WHICH WENT DOWN, AND THAT WAS PROBABLY A RESULT OF SOMETHING THAT HAPPENED WHEN THEY HAD AN OVERRIDE ELECTION AND THEY STEPPED OUTSIDE. I WILL POINT OUT, INTERESTINGLY ENOUGH, THAT THE COMMUNITY COLLEGE WENT UP 40 PERCENT OVER THOSE FOUR YEARS, DESPITE THE FACT THAT THE AINSWORTH SCHOOL SYSTEM, WHICH WAS AN EQUALIZED DISTRICT, MOVED OUT OF EQUALIZATION IN THAT TIME AND ONLY WENT UP 36 PERCENT. THAT TELLS YOU WHY THE COMMUNITY COLLEGE PIECE WAS IN THE BILL IN THE FIRST PLACE AND WHY IT'S GOING TO BE DISCUSSED LATER ON. SO WHEN YOU MOVE INTO THE SECOND AND THIRD DOCUMENT, YOU'LL NOTICE THAT ONE SAYS "FARM" AND ONE SAYS "RESIDENCE." SO I'M GOING TO PICK UP THE ONE THAT SAYS "RESIDENCE" FIRST AND TALK A LITTLE BIT ABOUT THAT. MR. BEJOT'S HOME IN AINSWORTH IS VALUED AT \$87,268 AND HAS BEEN AT THAT LEVEL FOR THE LAST FOUR YEARS, RATHER TYPICAL OF ALL RESIDENTIAL REAL ESTATE IN THE STATE OF NEBRASKA. AND YOU CAN SEE WHAT'S HAPPENED TO HIS TAXES THERE. SO IN 2011 MR. BEJOT PAID \$1,921.08 IN PROPERTY TAXES, AND FOUR YEARS LATER HE PAID \$1,732.34. AND WHY WAS THAT? BECAUSE THE VALUATION WITHIN BROWN COUNTY AND WITHIN THE AINSWORTH SCHOOL DISTRICT INCREASED SO MUCH THAT...AND SHIFTED TO THE COUNTRY, THAT MR. BEJOT'S TAXES IN TOWN ACTUALLY WENT DOWN. THE PROPERTY TAX CREDIT PIECE WENT UP \$20. THAT WAS A FUNCTION OF WHAT WE DID HERE WHEN WE INCREASED THAT, SO THAT CERTAINLY HELPED HIM. ONE OF THE THINGS THAT I THINK IS REALLY PERTINENT TO THE DISCUSSION ON HIS RESIDENCE IS THE BONDS. SO THE

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AINSWORTH K-8 BOND, WHEN IT WAS PUT IN PLACE SOME TIME MANY, MANY YEARS AGO, EACH PIECE OF PROPERTY WAS PAYING A CERTAIN AMOUNT OF TAXES. BUT THAT WENT DOWN \$23, THE COST ON THAT RESIDENCE IN TOWN, AND THAT WAS SHIFTED OUT TO THE COUNTRY. SO WHEN A BOND ISSUE PASSES IT JUST DOESN'T MEAN THAT THAT'S THE END OF THE TAX SHIFT. IT CAN GO ON AND ON. NOW I'LL REFER YOU TO THE DOCUMENT THAT SAYS "FARM": 2012 WAS VALUED AT \$260,000 AND THEN BY 2015 IT WAS VALUED AT \$428,000. THE TAX CREDIT WENT FROM \$186 TO \$403, BUT THE TAX HE HAD TO PAY WENT UP BY \$1,700 ON THAT PARCEL. WE HAVE SEEN OVER THE TIME WE'VE BEEN HERE, OR I'VE BEEN HERE, THIS ISSUE OF PROPERTY TAXES BEFORE US EVERY YEAR. IT WAS A PART OF THE TAX MODERNIZATION COMMITTEE,... [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT...STILL IS AN IMPORTANT PIECE. BUT THE COMMITTEE DECIDED SENSIBLY THAT WE NEEDED TO DIRECT SOME SPECIFIC AID TO SPECIFIC ENTITIES AND AGRICULTURE WAS THE ENTITY THAT NEEDED THE AID. WHEN YOU INCREASED THE PROPERTY TAX CREDIT FUND AND YOU TARGETED AID TO AGRICULTURE, WE COULDN'T WALK OUT OF THERE AND SAY, BUT EVERYBODY ELSE IS GOING TO HAVE TO PAY FOR THAT. SO WE HAD A HOLD-HARMLESS PIECE IN THAT BILL AND THAT'S WHAT THE \$30 MILLION IS. IT'S TO MAKE SURE THAT RESIDENTIAL AND COMMERCIAL IS NOT SLIGHTED BY WHAT WE'RE DOING. AND THE OTHER THING THAT THIS WILL DO IS THIS PROPERTY TAX CREDIT PIECE FOR AGRICULTURE ADDRESSES THE PROBLEM THAT AGRICULTURE HAS HAD. IT'S TARGETED AND IT GETS THE RELIEF TO WHERE IT'S NEEDED. AND IT ISN'T ENOUGH, I GET THAT, BUT IT'S SOMETHING THAT WILL BE BENEFICIAL TO AGRICULTURE. SO, COLLEAGUES, I WOULD URGE YOU TO PASS THIS. IT'S REALLY AN IMPORTANT PIECE OF LEGISLATION. AGRICULTURE NEEDS IT IN THE STATE. SENATOR FRIESEN JUST TOLD ME THAT CORN HAD COME DOWN ANOTHER FEW CENTS HERE JUST THIS MORNING IN THE PROJECTIONS. THE TIME IS NOW. WE CAN'T WAIT ANOTHER YEAR. [LB958]

SENATOR SCHEER: TIME, SENATOR. [LB958]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR DAVIS. SENATOR SCHUMACHER, YOU'RE RECOGNIZED. [LB958]

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SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. AS WE PROCEED THROUGH A DISCUSSION ON THESE ISSUES, AND HOPEFULLY WE WILL ALL BE MORE ENLIGHTENED AT THE END OF THE DAY AS TO THE COMPLEXITY OF THIS ISSUE. THIS FIVE MINUTES I'LL ADDRESS A LITTLE BIT OF TAX JUSTICE. WE'LL TALK ABOUT SOLUTIONS AND POTENTIAL SOLUTIONS LATER ON IN THE DAY AS THINGS EVOLVE. SENATOR SMITH IS CORRECT. WE NEED A BALANCED APPROACH. NOW LET'S LOOK AT WHAT WE HAVE IN LB958: \$30 MILLION A YEAR, \$60 MILLION A BIENNIUM. BECAUSE OF OUR PROPORTIONALITY RULE, THE BIGGEST PIECE OF THAT \$30 MILLION, THE BIGGEST PIECES OF THAT PIE GO TO THE BIGGEST LANDOWNERS. THE BIGGEST LANDOWNERS GET MOST OF THE PIE. WHAT ABOUT THE LITTLE GUY OR GAL, 160 ACRES, GRANDMA OR GRANDPA IN THE NURSING HOME? WELL, AT \$10,000 AN ACRE THAT'S \$1.6 MILLION. THE RATE OF RELIEF IS \$235 PER MILLION DOLLARS OF VALUATION ROUGHLY. SO GRANDMA OR GRANDPA WITH THE 160 ACRES, THE LITTLE GUY OR LITTLE GAL WILL GET A WHOPPING \$370, GIVE OR TAKE SOME FOR GOVERNMENT WORK, SO ABOUT A DAY OR TWO IN THE NURSING HOME. ALL RIGHT? LET'S PUT THIS ALL IN CONTEXT. IT'S COSTING US \$60 MILLION A BIENNIUM. BUT LET'S LOOK AT SOME OTHER PEOPLE WHO COULD BE HERE COMPLAINING ABOUT TAX INJUSTICE. LET'S LOOK AT THOSE NEBRASKANS WHO WORK A SECOND JOB. THEY'VE PAID THEIR TAX, THEIR INCOME TAXES ON THEIR FIRST JOB. THEY CHOOSE, BECAUSE OF THEY HAVE TO IN MOST CASES, WORK THAT SECOND JOB TO MAKE ENDS MEET, AND WE TAX THEM ON THAT SECOND INCOME, WHICH CONTRIBUTES TO OUR EMPLOYMENT, HELPS SOLVE ALL OUR WORKER SHORTAGES. WE TAX THEM FULL BORE, NO BREAKS. BUT THEY BRING IN FROM THE SECOND JOB IN INCOME TAXES ROUGHLY \$50 MILLION A YEAR. WE'RE GOING TO TAKE THAT \$50 MILLION AND WE'RE GOING TO GIVE IT TO SOME OF THE BIGGEST LANDOWNERS. LET'S LOOK AT ANOTHER GROUP: THE FOLKS WHO ARE STILL WORKING EVEN THOUGH THEY'RE 65 YEARS OLD OR MORE. LET'S LOOK AT THEM! THE WALMART GREETERS--I'M NOT TALKING ABOUT SOMEBODY RETIRED IN THAT GROUP THAT COMES IN ALWAYS BEFORE THE REVENUE COMMITTEE COMPLAINING THAT THEY NEED CUTS IN INCOME TAXES ON THEIR RETIREMENT INCOME, INCOME WHICH THEY NEVER PAID TAX ON TO BEGIN WITH BECAUSE IT WAS IN A TAX-DEDUCTIBLE PLAN FOR THEIR EMPLOYER OR THEIR 401(k) OR OTHER TAX-DEDUCTIBLE MECHANISMS--THOSE POOR FOLKS OVER 65, STILL WORKING, A YEAR CONTRIBUTE IN INCOME TAXES ON THEIR EARNED INCOME, THEIR WAGES, \$110 MILLION A YEAR. TALK ABOUT INJUSTICE! FURTHER INJUSTICE: LET'S LOOK AT THE KID WHO DID WHAT HE WAS SUPPOSED TO DO, GRADUATED FROM COLLEGE, WENT ON TO GRADUATE SCHOOL TO GET A PROFESSIONAL DEGREE SO HE COULD EARN A DECENT INCOME AND BE TAXED AT OUR HIGH INCOME

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TAX RATES. ALL RIGHT, LET'S LOOK AT HIM OR HER. SHE PAYS DOWN THE COLLEGE LOAN, MAKES A DOLLAR. WE GRAB 6.84 PERCENT OUT OF THAT DOLLAR AND USE IT AT 94 CENTS, 93 CENTS TOWARD THE LOAN. [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR SCHUMACHER: YET, IF YOU WERE A DOCTOR OR A LAWYER ON A CARIBBEAN CRUISE IN WHICH YOU HAD CONTINUING EDUCATION, YOU'D GET TO DEDUCT THE WHOLE CRUISE AND THE WHOLE EDUCATION. THOSE GRADUATE STUDENTS WHO CHOSE TO STAY HERE WE STICK WITH \$10 MILLION A YEAR IN INCOME TAXES ON THE MONEY THEY USE TO PAY DOWN THEIR PRINCIPAL LOAN ON THEIR GRADUATE DEGREES. THEY COULD ALL BE HERE COMPLAINING TOO. IF WE'RE GOING TO DO TAX JUSTICE, WE CANNOT JUST PICK \$30 (MILLION) TO \$60 MILLION A YEAR AND SLOSH IT OUT THERE IN HOPES THAT SOMEHOW SOME OF THE RICHEST LANDOWNERS WILL MAKE IT ALL GOOD. AND EVERYONE WHO TESTIFIED IN FAVOR OF LB958 SAID, THIS IS NOT ENOUGH, THIS IS JUST A START, WE'LL BE ASKED BACK NEXT YEAR ASKING MORE TAX CUTS FOR OUR SECTOR. THIS BILL DOESN'T WORK IN THIS UNBALANCED FORM. THANK YOU. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SCHUMACHER. SENATOR JOHNSON, YOU'RE RECOGNIZED. [LB958]

SENATOR JOHNSON: THANK YOU, MR. PRESIDENT. I TRULY HAVE LISTENED AND ENJOYED AND BEEN FRUSTRATED ALL AT THE SAME TIME AS WE'VE TALKED ABOUT PROPERTY TAX RELIEF. AND I MIGHT BE THE LAST SPEAKER BEFORE WE TAKE OUR RECESS FOR LUNCH. I JUST WANT TO TALK TO YOU ABOUT, WHET YOUR WHISTLE A LITTLE BIT MAYBE ON AN AMENDMENT THAT HOPEFULLY WE'LL GET TO IT, AMENDMENT THAT I OFFER, AND JUST TWO OR THREE BULLET POINTS OF THAT AMENDMENT. IT PROVIDES A ONE-YEAR ALTERNATIVE TO THE NEED TO INCREASE THE STATE TAX CREDITS. IT ADDRESSES THE REAL PROBLEM, A REAL SITUATION THAT WE'RE GOING TO SEE IN THE NEXT YEAR OR TWO WITH OUR AG LAND VALUATIONS. AND IT ALSO...I'LL TALK A LITTLE BIT ABOUT A PLAN THAT I...WE'RE GOING TO DO A STUDY ON IT THIS SUMMER. WE TALKED ABOUT THE BASEBALL GAME YESTERDAY, AND WE NEED TO LOOK AT MAYBE WE'RE GOING TO HAVE A BUNT. WE'RE GOING TO TAKE LITTLE STEPS. MAYBE IT WILL BE A SINGLE. I HOPE IT'S NOT A STRIKEOUT. BUT IT'S A WAY TO LOOK AT A DIFFERENT WAY, VIA STUDY, TO LOOK AT A DIFFERENT WAY TO VALUE AG PROPERTY THAT COINCIDES CLOSER TO THE PRODUCTION VALUE OF

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THAT PARTICULAR LAND. IT'S A SMALL STEP. I THINK IT WILL BE A STEP IN THE RIGHT DIRECTION AS WE START TO FOCUS ON THE BIG PICTURE IN YEARS TO COME. THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR JOHNSON. SENATOR KINTNER, YOU'RE RECOGNIZED. [LB958]

SENATOR KINTNER: WELL, THANK YOU, MR. PRESIDENT. YOU KNOW, I'VE BEEN LISTENING HERE, AND WE'VE HAD SENATORS WARN US ABOUT GOING TOO FAR IN THE HOLE HERE FOR NEXT YEAR. WE MAY HAVE A HOLE IN THE BUDGET. WE MAY HAVE ALL KIND OF ASSORTED PROBLEMS IF WE TRY TO PROVIDE SOME RELIEF TO AG DISTRICTS, AG, FARMS, THE FARMERS, THE PEOPLE THAT MAKE MONEY OFF THEIR LAND. AS A MATTER OF FACT, I'VE GOT THIS CHART HERE THAT SOMEONE PUT TOGETHER AND SAYS THAT WE COULD HAVE A 240-SOME MILLION DOLLAR SHORTFALL NEXT YEAR IN THE BIENNIUM AND THERE'S SOME REASONS WHY THAT'S NOT SO. I THINK THE "OPEN WALLET" INSTITUTE HAS BEEN TALKING ABOUT THAT. BUT, YOU KNOW, ANYTIME YOU WANT PEOPLE TO KEEP THEIR OWN MONEY, IT'S JUST THE MOST HORRIBLE THING IN THE WORLD FOR GOVERNMENT. WOULD SENATOR McCOY YIELD TO A QUESTION? [LB958]

SENATOR SCHEER: SENATOR McCOY, WILL YOU PLEASE YIELD? [LB958]

SENATOR McCOY: YES. [LB958]

SENATOR KINTNER: SENATOR McCOY, IF WE TAKE \$30 MILLION AND WE PUT IT BACK IN TAXPAYERS' POCKET, WHAT'S THE PRACTICAL EFFECT OF THAT FOR OUR STATE? [LB958]

SENATOR McCOY: WELL, SENATOR KINTNER, I'M A FIRM BELIEVER IN CAPITALISM AND THE FREE ENTERPRISE SYSTEM. AND I BELIEVE THAT THE SUREST WAY TO SHRINK THE SIZE OF GOVERNMENT IS TO NEVER GET IN A POSITION THAT THE GOVERNMENT HAS ALL OF THE DOLLARS OR A SIGNIFICANT PORTION OF THE DOLLARS, BECAUSE I BELIEVE THE TAXPAYERS, BOTH INDIVIDUAL TAXPAYERS AND BUSINESSES HERE IN NEBRASKA, KNOW HOW TO SPEND THEIR DOLLARS BETTER THAN WE DO IN STATE GOVERNMENT. [LB958]

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SENATOR KINTNER: SO IF THERE WAS \$30 MILLION LESS TO SPEND, THAT IS, THE PEOPLE SPENT THE MONEY RATHER THAN THE GOVERNMENT, IS THERE ANYTHING WRONG WITH THAT? [LB958]

SENATOR McCOY: WELL, HYPOTHETICALLY, AND FROM A GENERAL SENSE, NO, SENATOR KINTNER. I WILL JUST TELL YOU, FOR ALL THE YEARS THAT I WAS A BUSINESS OWNER PAYING THE OVERWHELMING TAX BURDEN THAT YOU'VE HEARD SENATOR SMITH AND OTHERS TALK ABOUT THAT WE PAY, INCLUDING OUR AG PRODUCERS HERE IN NEBRASKA, WHENEVER WE LOOKED AT WHATEVER PROFITS WERE LEFTOVER AT THE END OF THE YEAR OR THE END OF THE QUARTER, WHATEVER THE CASE MAY BE, AS A BUSINESS OWNER WE WOULD LOOK AT WAYS WE COULD REINVEST MONEY INTO OUR BUSINESS, REINVEST THOSE PROFITS TO GROW OUR BUSINESS, TO HIRE A NEW MEMBER OF OUR TEAM, TO TRY AND BE MORE PROFITABLE TO GROW OUR BUSINESS. AND I THINK THAT'S WHAT BUSINESS OWNERS, AND I THINK THAT'S WHAT AS FAMILIES, WHEN FAMILIES HAVE MONEY LEFTOVER, THEY PROBABLY LOOK AT WAYS TO PAY DOWN DEBT IF THEY HAVE IT OR WAYS TO REINVEST TO EITHER DO SOMETHING NICE FOR THEIR FAMILY OR TO GIVE IT AWAY. WE'RE A VERY CHARITABLE STATE, THANKFULLY. I THINK ANYTIME WE PUT DOLLARS BACK INTO THE POCKETS OF THE TAXPAYERS WHO WORK VERY HARD TO EARN THOSE DOLLARS, WE SUCCEED. [LB958]

SENATOR KINTNER: THANK YOU, SENATOR McCOY. SO THE PRACTICAL EFFECT OF \$30 MILLION IN THE POCKETS OF FARMERS IS THE GOVERNMENT COULDN'T SPEND IT. I THINK IT'S A PRETTY GOOD REASON TO DO IT. [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR KINTNER: I'D MUCH RATHER HAVE PEOPLE SPENDING THE MONEY THAN 49 PEOPLE IN THIS CHAMBER. I THINK THAT'S A REAL GOOD REASON. IF NOTHING ELSE, IT KEEPS THIS BODY FROM SPENDING THE MONEY. I THINK THAT'S A DARN GOOD REASON, AND THAT'S A GOOD REASON TO SUPPORT SENATOR GLOOR'S LB958. THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR McCOY AND SENATOR KINTNER. MR. CLERK, FOR A COMMENT. [LB958]

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CLERK: JUST ONE ITEM, MR. PRESIDENT: LR612 IS OFFERED BY THE AGRICULTURE COMMITTEE. IT'S AN INTERIM STUDY RESOLUTION TO BE REFERRED TO THE BOARD. (LEGISLATIVE JOURNAL PAGE 1366.) [LR612]

SENATOR SCHEER: THANK YOU, MR. CLERK.

CLERK: AND, MR. PRESIDENT, REFERENCING WILL BE MEETING NOW IN ROOM 2102, REFERENCING IN ROOM 2102 NOW.

SENATOR SCHEER: THANK YOU, MR. CLERK. WE WILL BE STANDING AT EASE UNTIL 12:25. AT 12:25, WE WILL COMMENCE AT THAT POINT. SENATOR EBKE WILL BE ON THE MIKE; BEHIND SENATOR EBKE, SENATORS McCOY AND BOLZ. WE ARE AT EASE.

EASE

SPEAKER HADLEY PRESIDING

SPEAKER HADLEY: MEMBERS OF THE LEGISLATURE, WE WILL CEASE STANDING AT EASE. THOSE IN THE QUEUE ARE SENATORS EBKE, McCOY, BRASCH, GLOOR, WATERMEIER, AND OTHERS. SENATOR EBKE, YOU'RE RECOGNIZED. [LB958]

SENATOR EBKE: THANK YOU, MR. PRESIDENT. AND AS COLLEAGUES COME BACK IN FROM LUNCH, LET ME JUST MAKE A COUPLE OF COMMENTS WITH REGARD TO THE BILL AT HAND AND THE COMMITTEE...AND THE AMENDMENTS THAT UNDERLIE THEM. FIRST OF ALL, I WANT TO THANK SENATOR SMITH FOR BRINGING AM2795. I THINK THAT IT IS TERRIBLY IMPORTANT THAT WE TALK ABOUT NOT JUST PROPERTY TAXES, BUT ABOUT BROAD-BASED TAX RELIEF. I DO INDEED COME FROM ONE OF THOSE RURAL DISTRICTS, AND I UNDERSTAND JUST HOW PINCHED FARMERS ARE TODAY, BUT I ALSO THINK THAT IT'S IMPORTANT TO REMEMBER THAT THERE ARE A LOT OF OTHER PEOPLE WHO ARE PINCHED AS WELL. HOMEOWNERS WHOSE PROPERTY TAXES MAY NOT HAVE GONE UP THAT MUCH, BUT YOU KNOW WHAT, THEY ALSO HAVEN'T SEEN THEIR PRIVATE INCOME GO UP THAT MUCH. I THINK SENATOR KRIST MADE MENTION OF A PROBLEM, ASSESSMENT PROBLEMS. AND THAT IS CERTAINLY A PROBLEM. I'VE HAD SEVERAL FARMERS TALK TO ME ABOUT THIS THAT, YOU KNOW, THEY'VE HAD LAND IN THEIR FAMILY FOR 40 YEARS. THEY BOUGHT IT AT ONE PRICE AND THE PRICE...THE TAXES HAVE CONTINUED TO GO UP BECAUSE ONE FARMER

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DOWN THE ROAD SOLD A QUARTER OF A SECTION OF LAND. THAT BEING SAID, WE DO NEED TO LOOK AT OUR ASSESSMENT METHODS, AND AGAIN THAT IS SOMETHING THAT WE AS A STATE LEGISLATURE CAN DO. I DON'T THINK WE CAN DO THAT BEFORE THE END OF THE SESSION, SO WE NEED TO PUT THAT ON THE LIST OF THINGS TO DO NEXT YEAR. BUT IF YOU LOOK AT OUR OVERALL TAX RANK, AND I THINK SENATOR SMITH MAY HAVE REFERENCED THAT EARLIER FROM THE TASK FOUNDATION, NEBRASKA IS CERTAINLY IN THE TOP HALF OF THE COUNTRY. AND THAT, OF COURSE, INCLUDES ALL OF OUR TAXES, NOT JUST PROPERTY TAXES, BUT ALSO INCOME TAXES AND SALES TAXES. AS SENATOR SCHUMACHER SUGGESTED EARLIER, WE DON'T HAVE A LOT OF WIGGLE ROOM, CERTAINLY NOT WITH THE CURRENT SPENDING LEVELS THAT WE'RE ON. AS LONG AS WE HAVE EXPECTATIONS, THE GOVERNMENT SERVICES ARE GOING TO PROVIDE WHAT THEY ARE PROVIDING. WE'VE GOT TO FIGURE OUT HOW TO PAY FOR IT. AND I THINK WE ALL HAVE EXPECTATIONS OF GOVERNMENT SERVICES. SO THE DEEPER QUESTION IS, HOW MANY GOVERNMENT SERVICES AND HOW MUCH DO WE EXPECT GOVERNMENT TO PAY BECAUSE WE'RE GOING TO HAVE TO PAY FOR IT ONE WAY OR THE OTHER. I AM NOT AN ACCOUNTANT. I AM JUST A POLITICAL SCIENTIST, BUT THE BOTTOM LINE IS THAT THERE ARE LIMITED SOLUTIONS TO THE PROBLEM WE FIND OURSELVES IN. WE NEED TO ADDRESS SPENDING AT ALL LEVELS OF GOVERNMENT, 3.5 PERCENT, 4 PERCENT INCREASE. I KNOW VERY FEW PEOPLE IN THE PRIVATE SECTOR WHOSE INCOMES HAVE CONSISTENTLY RAISED AT THE 3.5 TO 5 PERCENT RANGE EVERY YEAR. PROPERTY TAX RELIEF ALONE WILL ULTIMATELY RESULT IN SOME SORT OF A SHIFT. SOMEHOW, YOU GOT TO PAY FOR IT. AS LONG AS GOVERNMENT EXPENSES ARE GOING UP, YOU'VE GOT TO PAY FOR IT. SO IF YOU TAKE MONEY OUT OF PROPERTY TAXES, AND WE KNOW THIS, IT'S A TAX SHIFT. WE'RE GOING TO HAVE TO PAY MORE IN INCOME TAXES OR WE'RE GOING TO HAVE TO CONTINUE TO SPEND DOWN ON THE CASH RESERVES. THE BOTTOM LINE FROM MY PERSPECTIVE IS THIS. WE NEED MORE TAXPAYERS AND MORE REVENUE SOURCES, AND THE QUESTION IS, HOW DO WE GET THEM? I THINK THAT WE NEED TO PROVIDE A BETTER TAX ENVIRONMENT FOR ALL. YES, THE AG COMMUNITY NEEDS A BETTER TAX ENVIRONMENT. BUT BUSINESSES NEED A BETTER... [LB958]

SPEAKER HADLEY: ONE MINUTE. [LB958]

SENATOR EBKE: ...TAX ENVIRONMENT. INDIVIDUALS NEED A BETTER TAX ENVIRONMENT. RETIREES NEED A BETTER TAX ENVIRONMENT. WE NEED TO BE ABLE TO GO TO THE STORE AND SPEND LESS MONEY IN SALES TAXES. WE NEED TO KNOW THAT WE GET TO KEEP MORE OF OUR MONEY IN INCOME. THE THING

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THAT I AM VERY CONCERNED ABOUT, FRIENDS, IS THAT WE DON'T WANT TO CONTINUE TO GO DOWN THE ROAD OF LANDOWNERS VERSUS EVERYBODY ELSE. NEBRASKANS ARE IN THIS TOGETHER. WHEN THE AG SECTOR DOES WELL, THE REST OF THE STATE DOES WELL. WHEN THE METROPOLITAN AREAS DO POORLY, THE REST OF THE STATE DOES POORLY. WE'RE IN IT TOGETHER. WE'VE BEEN TOLD THIS OVER AND OVER, BUT ECONOMICALLY, I THINK THAT'S THE TRUTH. YOU LOOK AT THE KINDS OF BUSINESSES THAT COME TO LINCOLN, OR OMAHA, OR TO CRETE, OR TO GRAND ISLAND, OR ANYPLACE ELSE IN THE CITIES, YOU FIND THAT MANY OF THEM ARE DEPENDENT ON THAT AG ECONOMY. [LB958]

SPEAKER HADLEY: TIME, SENATOR. [LB958]

SENATOR EBKE: THANK YOU, MR. PRESIDENT. [LB958]

SPEAKER HADLEY: THANK YOU, SENATOR EBKE. SENATOR McCOY, YOU'RE RECOGNIZED. [LB958]

SENATOR McCOY: THANK YOU, MR. PRESIDENT AND MEMBERS. IT'S A VERY INTERESTING DISCUSSION THAT WE'RE HAVING TODAY, AND FOR THE LEGISLATURE IT'S ONE THAT I HAVE BEEN GLAD TO BE A PART OF THROUGHOUT MY EIGHT YEARS HERE IN THE LEGISLATURE. OBVIOUSLY, IT WILL BE THE LAST TIME THAT WE PROBABLY HAVE A MAJOR CONVERSATION, AT LEAST ON GENERAL FILE, WHEN IT COMES TO TAXATION IN MY LEGISLATIVE CAREER HERE IN THE UNICAMERAL. I ACTUALLY HAD THE GOOD FORTUNE, AND I'M THANKFUL I WAS ABLE TO BE A PART OF THIS PROCESS TO PRIORITIZE LB970, WHICH WAS SIGNED INTO LAW BACK IN 2012. IT'S HARD TO BELIEVE IT'S ALREADY BEEN FOUR YEARS, OR JUST ALMOST FOUR YEARS HERE ON APRIL 10, WHICH WAS THE LAST TIME WE ACTUALLY CUT THE RATES, INCOME TAX RATES HERE IN NEBRASKA IN A SUBSTANTIVE WAY. I CARE VERY MUCH, AS I KNOW ALL OF US DO, ABOUT TRYING TO REDUCE THE TAX BURDEN FOR NEBRASKANS WHETHER IT BE BY PROPERTY TAXES, AND I HAVE SPONSORED AND SUPPORTED REDUCTION IN AG LAND VALUATION PERCENTAGES IN MY LEGISLATIVE CAREER. AND AS SENATOR SMITH TALKED ABOUT EARLIER, I DID INTRODUCE AT THE REQUEST OF GOVERNOR HEINEMAN SEVERAL YEARS AGO, LB405 AND LB406 WHICH RECEIVED A LOT OF ATTENTION AT THE TIME BECAUSE WE PROPOSED SOMETHING THAT I DON'T KNOW THAT HAD EVER BEEN PROPOSED BEFORE IN NEBRASKA, AND THAT WAS TO ACTUALLY GET RID OF CORPORATE AND PERSONAL INCOME TAX BY ELIMINATING SOME OF THE SALES TAX EXEMPTIONS THAT WE HAVE HERE IN NEBRASKA. BECAUSE, AND AS IT'S BEEN

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TALKED ABOUT BEFORE, OUR SALES TAX BASE IS VERY POROUS, I THINK WOULD BE A FAIR WAY TO CHARACTERIZE IT, WITH A GREAT NUMBER OF EXEMPTIONS TO THE TUNE OF ALMOST \$2 BILLION A YEAR. AND A LOT OF THOSE ARE FOR GOOD REASON. THEY'RE INPUTS ON BUSINESSES AND THEY'RE IMPORTANT SALES TAX EXEMPTIONS. BUT SO ARE INCOME TAX REDUCTIONS FOR HARDWORKING NEBRASKANS AND NEBRASKA BUSINESSES. THIS IS A CRITICAL DISCUSSION FOR A NUMBER OF REASONS. NO MATTER WHAT HAPPENS TO THIS AMENDMENT OR TO THIS DISCUSSION, I WOULD AGREE WITH SENATOR EBKE IN THE SENSE THAT WE EITHER HAVE TO FIND NEW THINGS TO DEVELOP REVENUE ON AND AS A CONSERVATIVE TO ME THAT DOESN'T MEAN FIND SOMETHING ELSE TO TAX. IF IT MOVES, TAX IT. WE ALSO...AND I DON'T THINK IT DID HER EITHER TO BE FAIR, BUT IT ALSO INVOLVES BRINGING MORE PEOPLE TO OUR STATE, KEEPING MORE OF OUR YOUNG PEOPLE HERE SO THAT WE HAVE THE ABILITY TO HAVE EVERYONE PARTICIPATE. AND KEEP OUR STATE GOVERNMENT HEALTHY AND, IN TURN, OUR STATE HEALTHY AND OUR ECONOMY HEALTHY. OF COURSE, THERE IS NO EASY ANSWER, BUT THIS DOES NEED TO BE FAIR OR AS FAIR AS WE CAN MAKE IT. I GREW UP IN AGRICULTURE. IT'S OUR NUMBER ONE INDUSTRY IN NEBRASKA, BUT WE CAN'T ALSO LOSE SIGHT OF THE FACT, AND I REPRESENT A LOT OF THEM, I REPRESENT A LOT OF FOLKS IN AGRICULTURE AND STILL IN MY DISTRICT EVEN THOUGH IT BORDERS SUBURBAN OMAHA, BUT WE HAVE A LOT OF HARDWORKING FAMILIES IN MY DISTRICT AND YOURS WHO REALLY COULD BENEFIT FROM A REDUCTION IN PROPERTY TAXES, AND WHO COULD REALLY BENEFIT FROM A REDUCTION IN INCOME TAXES. THE SAME AS OUR VERY VALUED MEMBERS IN THE AG COMMUNITY ARE CRYING OUT FOR RELIEF, SO ARE A LOT OF OTHER NEBRASKANS. [LB958]

SENATOR KRIST PRESIDING

SENATOR KRIST: ONE MINUTE. [LB958]

SENATOR McCOY: AND THEN IT PUTS US IN THE UNENVIABLE POSITION OF, TO WHOM DO WE GIVE RELIEF TO AND WHERE DOES THE PRIORITY LIE? THAT'S THE CHALLENGE, OBVIOUSLY, WE FACE. HOW DO WE DO THAT? OBVIOUSLY, WE WRESTLED WITH THIS FOR A LONG TIME. WHAT WE DON'T WANT TO HAVE HAPPEN IS TO END UP IN A SITUATION LIKE OUR NEIGHBOR STATE TO THE SOUTH, THE STATE OF KANSAS, THE SITUATION THEY PUT THEMSELVES IN THE LAST FEW YEARS. THANK GOODNESS THIS LEGISLATURE HAS SEEN FIT TO NOT DO THAT, REGARDLESS OF WHERE YOU COME DOWN ON THE SIDE OF LESS TAXES OR MORE TAXES. WE'LL DO IT OUR WAY AND I THINK WE'LL GET IT DONE. THANK YOU, MR. PRESIDENT. [LB958]

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SENATOR KRIST: THANK YOU, SENATOR McCOY. SENATOR BRASCH, YOU'RE RECOGNIZED. [LB958]

SENATOR BRASCH: THANK YOU, MR. PRESIDENT, AND THANK YOU, COLLEAGUES. IT'S VERY QUIET IN HERE. IT WAS VERY, VERY BUSY, GROUPS OF PEOPLE NOSE TO NOSE, DISCUSSING THIS, AND I HOPE THE DISCUSSION HAS BEEN IN A GOOD WAY AND IN A WAY THAT WE DO UNDERSTAND THAT ALTHOUGH THIS MAY BE YOUR FIRST, SECOND YEAR HERE, THAT WE HAVE BEEN DILIGENT IN TALKING TO PEOPLE ACROSS THE STATE THROUGH PUBLIC HEARING; THAT WE DID ENGAGE IN A TAX MODERNIZATION STUDY. AND I'M CONFIDENT, AS YOU WILL HAVE YOUR YEARS AHEAD OF YOU, AND I STILL HAVE TWO, THAT WE DO SO MANY THINGS FOR ALL OF NEBRASKA HERE AS WE SHOULD. GO ONLINE, LOOK AT THE BUDGET, SEE THE DOLLARS THAT WE INVEST IN JUVENILE JUSTICE; THE DOLLARS THAT WE INVEST IN YOUNG WORKING FAMILIES; THE DOLLARS WE'VE INVESTED IN EARLY CHILDHOOD; THE DOLLARS WE INVESTED IN THE OPPORTUNITIES THAT WE TRY TO GIVE RELIEF TO OUR VETERANS, OUR ELDERLY. WE LOOK AT A WIDE, WIDE BRUSH OF NEBRASKANS. AND CIRCLING BACK, THAT TAX MODERNIZATION STUDY TALKS ABOUT AN ORDER OF ADDRESSING TAXES AND NEEDS THAT HAVE PROVEN TO BE AGREED UPON AS DISPROPORTIONATE, THE TAXING WHEN IT COMES TO OUR PROPERTY TAX, THE BUSINESS, RESIDENTIAL, OR COMMERCIAL RESIDENTIAL AND AG LAND. AG LAND IN NEBRASKA, IF YOU LOOK AT THE SURROUNDING STATES AND YOU LOOK AT THE COUNTRY, WE'RE THE HIGHEST. WE'RE LIKE CALIFORNIA AND TEXAS. SOME THINGS ARE JUST NOT RIGHT. AND ONE THING THAT I HAVE LEARNED MOVING AWAY FROM LINCOLN AND INTO A RURAL AREA IS SOMETIMES YOU JUST DO THE RIGHT THING. SENATOR BAKER STOOD UP AND TALKED ABOUT ALL THE CATASTROPHIC EVENTS THAT HE HAS SEEN IN HIS AREA. WHEN PEOPLE ARE ASKED TO COME AND HELP, THEY ARE THERE. IT ISN'T THE GOVERNMENT RUSHING TO HELP THEM. THAT'S BUREAUCRACY, THAT TAKES TOO MUCH PAPERWORK, AND WE ARE THAT BUREAUCRACY AND WE ARE THAT PAPERWORK HERE. AND LOOKING AT THE FAIRNESS OF THE TIMETABLE, STARTING BACK WAY BEFORE MY TIME HERE, BACK TO LATE SENATOR KREMER GOING TO SENATOR AND CHAIRMAN OF APPROPRIATIONS THEN, LAVON HEIDEMANN, WE HAVE MADE YEAR AFTER YEAR DELAYED HOPES OF PROPERTY TAX RELIEF. WE'VE ADDRESSED OTHER AREAS. WE'LL CONTINUE TO DO THAT. WE NEED TO LOOK AT WHAT IS RIGHT AND WHAT IS EXPECTED OF US AS A BODY, AND LISTEN TO THE VOICES OF THE SECOND HOUSE. WE JUST CAN'T KEEP FALLING ON DEAF EARS. YOU KNOW, IT...WHEN IT COMES TIME TO VOTE ON THIS, I CANNOT SUPPORT THIS AMENDMENT AND I DO HOPE SENATOR SMITH WILL PULL IT. WHEN I ASKED HIM, HE SAID HE'S NOT SURE. [LB958]

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SENATOR KRIST: ONE MINUTE. [LB958]

SENATOR BRASCH: HE'S THINKING ABOUT IT. I HOPE HE DOES PULL THIS AMENDMENT. I HOPE THE NEXT AMENDMENT THAT HE MENTIONED, AGAIN IS PULLING AWAY FROM ALL THE WORK THAT SENATOR SULLIVAN HAS DONE IN COOPERATION WITH CHAIRMAN GLOOR, CHAIRMAN, SENATOR, AND OUR EXECUTIVE BRANCH. LET US BE LEADERS IN TAX RELIEF AND NOT JUST WALK AWAY FROM THIS. THANK YOU, MR. PRESIDENT. THANK YOU, COLLEAGUES. [LB958]

SENATOR KRIST: THANK YOU, SENATOR BRASCH. THOSE STILL WISHING TO SPEAK: SENATOR GLOOR, WATERMEIER, HANSEN, KOLTERMAN, AND OTHERS. SENATOR GLOOR, YOU'RE RECOGNIZED. [LB958]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. GOOD AFTERNOON, MEMBERS. AGAIN, I STAND IN OPPOSITION TO AM2795 WHICH IS CAPTURING A PROPERTY TAX BILL AND TURNING IT INTO AN INCOME TAX BILL. AND AS HAS BEEN POINTED OUT HERE, WE HAVE MADE INCOME TAX RELIEF IN THE PAST FOR NEBRASKANS, AND I EXPECT THAT WILL HAPPEN AGAIN IN THE FUTURE. BUT WE ARE HERE TO TALK ABOUT WHAT HAS BEEN IDENTIFIED AS ONE OF OUR TOP PRIORITIES AND THAT IS TRYING TO PROVIDE SOME DEGREE OF PROPERTY TAX RELIEF, SPECIFICALLY IN THE AG SECTOR AND THAT'S WHAT LB958 ATTEMPTS TO DO. BUT I NEED TO POINT OUT, AS RELATES TO SENATOR SMITH'S BILL, THAT OUR LEGISLATIVE FINANCE OFFICE AS WELL AS DEPARTMENT OF REVENUE WORKING TOGETHER ON AM2795, SENATOR SMITH'S BILL, ARE ESTIMATING THAT WHEN FULLY IMPLEMENTED, WE'RE TALKING ABOUT A COST OF \$360 MILLION. THAT'S A DIP IN OUR REVENUES OF \$360 MILLION WHEN FULLY IMPLEMENTED. DOES KIND OF MAKE THE \$30 MILLION PRICE TAG GOING WITH LB958 LOOK PRETTY REASONABLE IN COMPARISON. AND AGAIN, IT'S WHEN IT'S FULLY IMPLEMENTED, BUT NONETHELESS, IF AM2795 GOES FORWARD ON THE LB958, AND IT GOES FORWARD, THAT'S WHAT WE'RE OBLIGATING OURSELVES TO LONG TERM. THAT MAY BE APPROPRIATE. I'M NOT ARGUING AGAINST THE BILL ITSELF AND THE NEED, BUT I DO THINK IF THAT'S GOING TO BE THE CASE, THEN IT OUGHT TO BE CONSIDERED ON ITS OWN AND BE A PART OF IT'S OWN INITIATIVE NEXT YEAR. SOMETHING WITH THAT HUGE OF FINANCIAL IMPACT BEING ATTACKED ON AS AN AMENDMENT ON THE FLOOR, MEMBERS, DOES REQUIRE A LITTLE DEEPER INVOLVED DISCUSSION AND PART OF THE DEEPER STRATEGY THAT HAS BUY-INS FROM BOTH THE EXECUTIVE BRANCH AS WELL AS OTHER ENTITIES ACROSS THE STATE WHO HAVE AN INTEREST IN THIS. I HAVE NO DOUBT THAT THERE WOULD BE PLENTY OF EXCITEMENT OVER INCOME TAX

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CUTS WITH THE VARIETY OF ORGANIZATIONS, BUT PLANNED AND IMPLEMENTED IN A WAY THAT BRINGS A BROADER BASE OF SUPPORT TO THE FLOOR IS THE MORE APPROPRIATE WAY TO DO THIS. I ALSO WANT TO ADDRESS SOME OF SENATOR SCHUMACHER'S COMMENTS. SENATOR SCHUMACHER, BY THE WAY, VOTED LB958 WITH THE AMENDMENT, COMMITTEE AMENDMENT OUT, AND HE KNOWS I'M GOING TO CALL HIM OUT ON THAT. BUT SENATOR SCHUMACHER, AS WE ALL KNOW, IS A DEEP THINKER AND CONTINUES TO THINK ABOUT BILLS HE VOTES FOR IN COMMITTEE, OUTSIDE OF COMMITTEE, AND THE AMENDMENTS THAT GO ALONG WITH THEM. SO, I UNDERSTAND HIS CONCERN SINCE HE IS COMING BACK NEXT YEAR, UNLIKE ME, AND IS CONCERNED ABOUT SHORTFALLS. HOWEVER, I DO WANT TO POINT SOMETHING OUT THAT'S AN IMPORTANT PART OF OUR EFFORTS TOWARDS PROPERTY TAX RELIEF IN RECENT YEARS AND THAT IS MY METAPHOR THAT'S BEEN USED SEVERAL TIMES ALREADY IN THE PAST COUPLE OF DAYS, AND THAT IS, CHANGES ARE BUNTS AND SINGLES. AND WE HAVE HAD A LOT OF BUNTS AND SINGLES WHEN IT COMES TO PROPERTY TAX RELIEF. A REPRESENTATIVE OF THE AG COMMUNITY, FARM BUREAU, AS A MATTER OF FACT, THIS MORNING SAID THAT IN RUNNING SOME NUMBERS, TAKING A LOOK AT WHAT THIS \$30 MILLION WOULD DO IN ADDITION TO THE ADDED MONIES WE'VE PUT IN AND I WOULD REFERENCE YOU AGAIN TO THE SINGLE SHEET I HANDED OUT THAT SAYS, PROPERTY TAX CREDIT AND AMENDMENTS TO LB958. IF YOU LOOK AT THE GRAPH ON THE BOTTOM, YOU'LL SEE THE GROWTH IN OUR PROPERTY TAX CREDIT FUND. AND WITH THE PASSAGE OF LB958, THE COMMITTEE AMENDMENT IN LB958... [LB958]

SENATOR KRIST: ONE MINUTE. [LB958]

SENATOR GLOOR: ...WITH THAT ADDITIONAL \$30 MILLION TACKED ON, WE'RE TALKING ABOUT BRINGING DOWN THE OVERALL, THE AVERAGE PROPERTY TAX BILL FOR AN AG PRODUCER BY 10 PERCENT. THAT'S SUBSTANTIAL. AND MAYBE \$30 MILLION SPREAD OVER THE ENTIRE STATE IN AND OF ITSELF ISN'T IMPRESSIVE, BUT THAT'S ADDED ON TO THE \$204 MILLION ANNUALLY WE ALREADY PUT THERE. AND THE COMBINATION OF THOSE THINGS GETS US UP TO AROUND A 10 PERCENT REDUCTION IS WHERE WE'RE AT ACCORDING TO SOME NUMBERS THAT HAVE BEEN RUN. AND ASSUMING THAT'S ADDED TO NEXT YEAR AND THE YEAR AFTER THAT OR WHENEVER WE CAN AFFORD TO DO IT AS WE CONTINUE TO ADD ON TO IT, IT WILL CONTINUE TO MAKE A DIFFERENCE. AND I'M ASSUMING SOME OF THOSE WILL BE NOT JUST AG RELATED BUT THEY'LL ALSO BE FOR RESIDENTIAL AND COMMERCIAL. THIS IS AN ISSUE OF STICKING TO A PLAN TO REDUCE TAXES YEAR AFTER YEAR AS WE CAN AFFORD IT. I THINK

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WE CAN AFFORD IT. AND I THINK WE NEED TO AFFORD IT BECAUSE IT'S A PRIORITY AND PRIORITIES SHOULD BE AT THE FRONT OF THE LINE WHEN IT COMES TO HANDING OUT DOLLARS. THANK YOU, MR. PRESIDENT. THANK YOU, MEMBERS. [LB958]

SENATOR KRIST: THANK YOU, SENATOR GLOOR. SENATOR WATERMEIER, YOU ARE RECOGNIZED. SENATOR HANSEN, YOU'RE RECOGNIZED. [LB958]

SENATOR HANSEN: THANK YOU, MR. PRESIDENT. COLLEAGUES, I RISE TODAY TO TALK ABOUT SOMETHING THAT WAS REFERENCED TO THE FLOOR EARLIER AND I BROUGHT IT UP BEFORE AND BEFORE, ON KIND OF RELATIVE ISSUES, BUT SENATOR KUEHN MENTIONED A POLL HE'D HANDED OUT REFERENCING THAT PROPERTY TAXES BY FAR AND LARGE THE LARGEST TAX ISSUE THAT WE SHOULD WORRY ABOUT. AND I BELIEVE THAT WAS IN THE CONTEXT OF SENATOR SMITH'S AM2795. I POINTED THIS OUT EARLIER SINCE THIS HANDOUT HAS BEEN ON MY DESK FOR A FEW DAYS, FOR A WEEK NOW. IF YOU LOOK AT THE ISSUES MOST IMPORTANT TO THE STATE, TAXES RANK FOURTH BEHIND THE ECONOMY, EDUCATION AND HEALTH CARE. I DEFINITELY THINK WE CAN MAKE PROGRESS IN THE STATE. I DEFINITELY...PROGRESS ON THE TAX BURDEN OF THE STATE. I DEFINITELY THINK THERE'S LOTS OF THINGS WE CAN DO AND I'VE BEEN INTERESTING TO SEE ALL THE MOVING PARTS TO DIFFERENT PROPOSALS OF LB958 AND THE RELATIVE AMENDMENTS. BUT I JUST WANT TO RISE WHEN WE'RE TALKING ABOUT THIS BEING THE ISSUE IN THE STATE, I CAN TELL YOU THIS IS AN ISSUE IN THE STATE, BUT THERE ARE MANY OTHER IMPORTANT ISSUES. SO, I'M GOING TO BE LOOKING AT THIS WITH A SKEPTICAL EYE, ESPECIALLY WHEN WE TALK ABOUT COMMUNITY COLLEGES LATER TODAY CONSIDERING BY SOME OF THE NUMBERS WE'VE BEEN GIVEN, SOME OF THE NUMBERS WE'VE BEEN REFERENCING, EDUCATION RANKS AS A HIGHER PRIORITY THAN TAXES AS A WHOLE. AND AS WE'VE SEEN THE ISSUE WITH TAXES EVEN SPLIT THE VARIOUS DIFFERENT WAYS WITH INCOME AND INHERITANCE AND OTHERS, SALES TAX ALL RANKING RELATIVELY HIGH AS WELL. WITH THAT, MR. PRESIDENT, I WOULD YIELD SOME TIME TO SENATOR SCHUMACHER SHOULD HE NEED IT. I SAW HIS LIGHT ON. [LB958]

SENATOR KRIST: SENATOR SCHUMACHER, 3:20. [LB958]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. AS WE STRUGGLE WITH THE TAX ISSUE, ONE THING THAT IS PRETTY TRUE IS THAT ANY NEW IDEA ON TAXES WILL BE MET WITH STIFF OPPOSITION FROM

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WHATEVER GROUPS OR LOBBIES FEEL THAT THEY ARE IMPACTED NEGATIVELY. AND PRETTY MUCH ALL NEW IDEAS HAVE VERY SLOW OR NO GOING FOR THAT REASON. BUT LET ME RAISE ONE IN THE CONTEXT OF PROPERTY TAX RELIEF FOR AGRICULTURE. REALITY IS, THESE LAND VALUES ARE VERY, VERY HIGH. TAXES ARE UP BECAUSE NET WORTH IS HIGH. WHAT HAPPENS IS, WHEN GRANDPA BUYS THE FARM FOR \$100 BACK IN THE '60S AND IT'S NOW WORTH \$10,100 AN ACRE, THERE'S \$10,000 AN ACRE PROFIT OR CAPITAL GAINS. AS A PRACTICAL MATTER, GRANDPA CAN'T SELL THAT FARM BECAUSE IF HE SELLS IT AND SHOWS \$10,000 AN ACRE, HE IS GOING TO PAY BETWEEN 15 AND 20 PERCENT IN FEDERAL CAPITAL GAINS TAX AND ANOTHER 6.84 PERCENT IN NEBRASKA TAXES. THAT'S A QUARTER OF THE VALUE OF THE LAND THAT GOES OUT THE WINDOW, UP IN SMOKE. SO GRANDPA IS REALLY RELUCTANT TO SELL THE FARM. AND THAT'S WHY LAND ONLY COMES ON THE MARKET MAYBE ONCE EVERY 60 YEARS, 70 YEARS, OR SO. EVENTUALLY IT GETS SOLD BECAUSE THE HEIRS WANT THEIR MONEY. IF GRANDPA SELLS IT, HE PAYS THE TAX. IF GRANDPA DIES AND THE HEIRS SELL IT, THEY PAY NO TAX EXCEPT MAYBE A 1 PERCENT INHERITANCE TAX, IF IT'S A DOWN THE FAMILY TREE SITUATION. THAT MEANS YOU HANG ON TO THE LAND AND WHEN YOU SELL IT, THE MONEY COMES IN TO THE LAWYER'S TABLE FOR DIVISION TO THE HEIRS. [LB958]

SENATOR KRIST: ONE MINUTE. [LB958]

SENATOR SCHUMACHER: WHEN THAT HAPPENS, WE HAVE A BUNCH OF HUNGRY HEIRS, ABOUT HALF OF WHICH LIVE OUT OF STATE, TAKING THAT PILE OF MONEY, HALF OF IT WITH THEM, NEVER, EVER TO BE SEEN AGAIN IN THIS STATE. TAX FREE. NOW, I'M GOING TO RUN OUT OF TIME HERE, MY BUTTON IS ON. LET ME TELL YOU WHAT WE CAN DO TO CHANNEL THAT MONEY THROUGH ONE OF SEVERAL MECHANISMS BACK INTO AN AG ONLY PROPERTY TAX RELIEF. IF YOU HAVE 75 PERCENT DISCOUNTED LAND, AG QUALIFIED, WE CAN GET YOU RELIEF. WE CAN GET YOU ALL THE RELIEF THAT YOU WANT BY REARRANGING THE FINANCES THAT ARE NOW CURRENTLY HANDLED WITH PROPERTY TAX. BUT IT REQUIRES ASKING THE QUESTION, IS THIS ABOUT PROPERTY TAX RELIEF OR JUST PLAIN TAX SHIFT TO SOME OTHER SECTOR OF THE ECONOMY? THANK YOU. [LB958]

SENATOR KRIST: THANK YOU, SENATOR HANSEN AND SENATOR SCHUMACHER. SENATOR KOLTERMAN, YOU ARE RECOGNIZED. [LB958]

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SENATOR KOLTERMAN: THANK YOU, MR. PRESIDENT. I RISE IN SUPPORT OF LB958. I HAVE A FEW CONCERNS ABOUT THE COMMUNITY COLLEGE ASPECT, BUT WE'RE GOING TO TALK ABOUT THAT, I GUESS, LATER ON. I WANTED TO JUST TALK A LITTLE BIT ABOUT MY EXPERIENCE AND SOME OF THE CHALLENGES THAT WE'RE SEEING IN MY AREA. THIS MORNING WE'RE TOLD THAT AG INCOMES ARE DOWN SOMEWHERE BETWEEN 50 TO 80 PERCENT FOR THE YEAR. IT'S HARD TO BELIEVE, BUT IT'S PROBABLY ACCURATE. OUR INPUTS ARE WAY UP. IT IS TRULY A PROBLEM AND I REALLY APPRECIATE THE FACT THAT WE'RE DISCUSSING THIS. I HAD AN OPPORTUNITY...I HAVE A FAMILY FARM THAT WAS IN THE FAMILY FOR 100 YEARS. MY RELATIVE PASSED AWAY AND THEY ASKED ME IF I...I HAD FIRST CHANCE AT BUYING THAT LAND JUST LESS THAN TWO MONTHS AGO, 80 ACRES OF LAND. THEY WANTED \$4,700 AN ACRE FOR DRYLAND FARM. THAT'S \$375,000. OUT OF THAT DRYLAND FARM THERE WAS ONLY 56 FARMABLE ACRES. SO I PENCILED THAT OUT THINKING, WELL, MAYBE THERE'S AN INVESTMENT HERE. IT DOESN'T TAKE LONG TO FIGURE OUT IT DOESN'T CASH FLOW. I LISTENED TO WHAT SENATOR KUEHN SAID YESTERDAY ABOUT HIS FAMILY AND THE FARM THAT THEY RENT WHERE THE LANDLORDS DON'T MAKE ENOUGH OFF THE FARM TO EVEN PAY THE TAXES ANY LONGER. THERE'S A BIG GENERATION SHIFT. SENATOR SCHUMACHER JUST ALLUDED TO THAT. THERE'S PLENTY OF CHALLENGES. I KNOW THAT WE AS A GROUP CAN COME TO SOME COMMONALITY ON ALL THIS. I KNOW WE CAN COME TO SOME AGREEMENT. WE'RE NOT GOING TO SOLVE THE PROBLEM. WHEN I TALK TO MY COLLEAGUES, MY CONSTITUENTS, WE TALK ABOUT INCREMENTAL STEPS, BUT WE HAVE TO TAKE THE FIRST STEP. AND I THINK LB958 IS THE FIRST STEP FOR AG, AG VALUATION, SOME SUPPORT FOR AGRICULTURE. SO I'D ENCOURAGE YOU TO GIVE IT A GREEN VOTE WHEN WE GET TO THAT POINT. WITH THAT, I WOULD GIVE THE REST OF MY TIME TO SENATOR SMITH. [LB958]

SENATOR KRIST: SENATOR SMITH, YOU'VE BEEN YIELDED 2:40. [LB958]

SENATOR SMITH: THANK YOU, MR. PRESIDENT, AND THANK YOU, SENATOR KOLTERMAN, FOR YIELDING ME SOME TIME. I DO APPRECIATE MANY OF MY BUSINESS-MINDED COLLEAGUES THAT HAVE STOOD UP AND HAVE EXPRESSED THEIR OPINIONS AND HAVE DEMONSTRATED A MORE OF A REASONABLE APPROACH THAT WE HAVE TO HAVE SOMETHING MORE COMPREHENSIVE THAT BUILDS A BROADER COALITION ACROSS OUR STATE IN A UNIFYING VOICE, ONE THAT DOES NOT DIVIDE. AND, UNFORTUNATELY, SOME HAVE STOOD UP AND NOT DONE THAT AND AMPED UP THE RHETORIC AND THAT'S UNFORTUNATE. LET ME ONCE AGAIN SHARE THAT I WANT TO HAVE BUSINESS...I WANT TO HAVE TAX RELIEF FOR ALL NEBRASKANS, INDIVIDUALS, FAMILIES THAT PAY THROUGH

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INDIVIDUAL TAX BRACKETS, SMALL BUSINESSES THAT ARE NOT AGRICULTURE, AND AGRICULTURE BUSINESSES. RECENTLY THE NEBRASKA CHAMBER OF COMMERCE, THE STATE CHAMBER OF COMMERCE, SENT OUT A NEWS UPDATE AND I THOUGHT IT WOULD BE INTERESTING TO READ THIS TO YOU. THIS COMES FROM THE TAX FOUNDATION. THEY HAD RELEASED A STUDY THAT FOUND NEBRASKA TAX CLIMATE LACKING, AND IT'S FAIRLY COMPETITIVE FOR SOME SELECT CORPORATIONS. BUT WHEN IT COMES TO SMALL BUSINESSES, LET ME READ THIS VERY INTERESTING STATISTIC. THE NEWSLETTER READS AND CONTINUES ON, HOWEVER, IT SHOULD BE NOTED THAT IN 2013, THE LATEST YEAR OF DATA AVAILABLE, MORE THAN... [LB958]

SENATOR KRIST: ONE MINUTE. [LB958]

SENATOR SMITH: ...90 PERCENT, THAT'S NINE, ZERO, MORE THAN 90 PERCENT OF NEBRASKA BUSINESSES FILED THEIR TAXES AT THE INDIVIDUAL INCOME TAX LEVEL, NOT AS CORPORATIONS, ACCORDING TO THE NEBRASKA DEPARTMENT OF REVENUE. THIS INCLUDES MORE THAN 187,000 "S" CORPORATIONS, PARTNERSHIPS, AND NONFARM SOLE PROPRIETORSHIPS. THAT'S A LOT OF BUSINESSES THAT PAY THROUGH THE INDIVIDUAL TAX BRACKETS. THESE ARE NOT WEALTHY NEBRASKANS THAT WE'RE TRYING TO PROVIDE RELIEF TO. THESE ARE OUR SMALL BUSINESSES THAT EMPLOY A BULK OF NEBRASKA. WE HAVE TO TAKE CARE OF THEM, COLLEAGUES. I'M LOOKING FOR SOMETHING HERE TO GIVE ME HOPE THAT WE CAN WORK ON SOMETHING COMPREHENSIVELY IN YEARS TO COME THAT BRINGS RURAL AND URBAN NEBRASKA TOGETHER TO HELP ALL NEBRASKANS HAVE TAX RELIEF, HAVE MORE CONTROL OF THEIR DOLLARS, OF THEIR HARD-EARNED DOLLARS. THANK YOU, MR. PRESIDENT. [LB958]

SENATOR KRIST: THANK YOU, SENATOR KOLTERMAN AND SENATOR SMITH. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB958]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. SENATOR SMITH MENTIONED AT AN EARLIER TIME AT THE MIKE HOW MUCH SALES AND INCOME TAX WAS BEING TURNED BACK TO OFFSET PROPERTY TAX. HELL, LET'S...MAYBE WE OUGHT TO BE LOOKING AT A WHOLE DIFFERENT APPROACH ON THIS. LET'S TAKE THE LEVY LID OFF, ELIMINATE THE LEVY LID, LET ANYBODY RAISE THEIR PROPERTY TAX TO WHEREVER IT GOES, AND ELIMINATE ALL STATE AID TO SCHOOLS. YOU COULD LOWER YOUR INCOME TAX. THAT'S WHAT THE UNEQUALIZED SCHOOL DISTRICTS ARE LOOKING AT NOW. MIGHT BE

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SOMETHING TO LOOK AT DOWN THE ROAD. I'M SURE YOU COULD LOWER PROPERTY TAX. THE SCHOOL DISTRICTS IN LINCOLN AND OMAHA MIGHT HAVE TO RAISE THEIR LEVY A LITTLE BIT, LIKE THREE TIMES OVER. BUT IF WE CAN'T DO ANY PROPERTY TAX, SO BE IT. I'D YIELD THE REMAINDER OF MY TIME TO SENATOR SCHEER. [LB958]

SENATOR KRIST: SENATOR SCHEER, 3:40. [LB958]

SENATOR SCHEER: THANK YOU, MR. PRESIDENT. I'M GOING TO CONTINUE DISCUSSION WE'VE HAD ON SEVERAL DIFFERENT OCCASIONS. WOULD SENATOR SCHUMACHER PLEASE RESPOND TO A FEW COMMENTS? [LB958]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB958]

SENATOR SCHUMACHER: YES. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SCHUMACHER. WE'VE HAD THIS DISCUSSION, SORT OF, ON SEVERAL OTHER OCCASIONS, BUT JUST TO CLARIFY IT ON THE FLOOR AGAIN THIS MORNING, YOUR COMMENT IN RELATIONSHIP THAT YOU WENT TO GREAT EXTENT ON THE FARM GROUND AND HAS IT AS APPRECIATED OVER THE 50 OR 60 YEARS AND THEN IT'S FINALLY SOLD BY THE HEIRS, AND WE DON'T RECOUP ANY OF THE TAXES, IS THAT ESSENTIALLY YOUR COMMENTS? [LB958]

SENATOR SCHUMACHER: BASICALLY, THE... WE DO NOT...WE ALLOW A STEPPED-UP CAPITAL GAINS. [LB958]

SENATOR SCHEER: CORRECT. [LB958]

SENATOR SCHUMACHER: THERE'S ALSO THE SALES TAX MECHANISM TO GET THE SAME RESULT. [LB958]

SENATOR SCHEER: RIGHT. NOW, JUST IN FAIRNESS, THOUGH, IF I HAPPEN TO OWN A SHARE OF BERKSHIRE HATHAWAY FOR 50 OR 60 YEARS OR UNION PACIFIC OR ANY OF THOSE, WEYERHAEUSER, AND I HAPPEN TO PASS AWAY AND IN MY ESTATE WHEN MY HEIRS RECEIVE THAT, WOULD NOT THE SAME THING HAPPEN TO THAT ASSET AS WELL? [LB958]

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SENATOR SCHUMACHER: TWO ANSWERS: NUMBER ONE, WE CAN STRUCTURE SUCH A SUGGESTION. [LB958]

SENATOR SCHEER: NO, NO, SENATOR. DOES THAT NOT HAPPEN RIGHT NOW IF IT IS, REGARDLESS IF IT'S GROUND OR IT IS A STOCK? [LB958]

SENATOR SCHUMACHER: YES. [LB958]

SENATOR SCHEER: THAT'S ALL I NEEDED TO KNOW. SO THOSE OF YOU THAT WERE LISTENING VERY INTENTLY IN REGARDS TO THE AG VALUATION AND THE LACK OF TAXES, BEAR IN MIND THAT IS THE SAME SCENARIO THAT ANYONE WOULD HAVE WITH ANY ESTATE WITH...IT HAD STOCK OR BONDS OR ANYTHING ELSE, EVERYTHING GETS THE STEPPED-UP BASIS AS IT IS NOW. I UNDERSTAND SENATOR SCHUMACHER BELIEVES THAT WE COULD CHANGE THAT, WHICH WE CAN. WE CAN CHANGE ANYTHING. ABSOLUTELY. BUT AS IT STANDS RIGHT NOW, FARMERS AREN'T AVOIDING ANYTHING MORE THAN ANYONE ELSE DOES BECAUSE THEY HAVE AN ASSET IN GROUND VERSUS AN ASSET IN A STOCK OR SOMETHING ELSE. ALL THOSE WOULD HAVE A STEPPED-UP VALUE. THANK YOU, MR. LIEUTENANT GOVERNOR. [LB958]

PRESIDENT FOLEY PRESIDING

PRESIDENT FOLEY: THANK YOU, SENATOR SCHEER. SENATOR HUGHES, YOU ARE RECOGNIZED. [LB958]

SENATOR HUGHES: THANK YOU, MR. PRESIDENT. MEMBERS OF THE BODY, I AM SUPPORTIVE OF SENATOR SMITH'S AMENDMENT. I'M SUPPORTIVE OF ALL TAX CUTS. I THINK NEBRASKA IS A TOO HIGH OF TAX STATE. UNFORTUNATELY, THE PROBLEM WE HAVE IN THIS BODY IS WE HAVE TO MAKE CHOICES, AND WE HAVE TO MAKE CHOICES OF WHERE TO SPEND LIMITED RESOURCES. AND AS FAR AS I'M CONCERNED, THE DISPARITY ON TAXPAYERS IN THE STATE OF NEBRASKA CURRENTLY LANDS SQUARELY ON THE BACKS OF AGRICULTURAL PROPERTY TAX OWNERS. I TALKED YESTERDAY ABOUT A PIECE OF PROPERTY I OWN. MY TAXES HAVE GONE UP 81 PERCENT. MY TAXES HAVE GONE UP 81 PERCENT IN THE LAST TEN YEARS. MY INCOME TAX RATES HAVE NOT. I HAVE GONE INTO HIGHER TAX BRACKETS BECAUSE I'VE MADE MONEY ON THE FARM. WITH THE INCREASE IN COMMODITY PRICES, I MADE MONEY. I WENT INTO A HIGHER TAX BRACKET. I PAID THAT. BUT THAT'S BECAUSE I MADE MONEY. BUT NOW I'M LOOKING AT A SITUATION ON THESE ACRES WHERE I'M GOING TO BE LOSING MONEY, BUT YET I

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STILL HAVE THIS 81 PERCENT INCREASE IN THE TAX. I'M SUPPORTING LB958. I'M SUPPORTIVE OF SENATOR SMITH'S ATTEMPT, BUT NOT THIS YEAR. WITH THAT, I'D LIKE TO YIELD THE REST OF MY TIME TO SENATOR LINDSTROM. [LB958]

PRESIDENT FOLEY: THANK YOU, SENATOR HUGHES. SENATOR LINDSTROM, 3:20. [LB958]

SENATOR LINDSTROM: THANK YOU, MR. PRESIDENT. THANK YOU, SENATOR HUGHES. IT'S MY CALCULATION, I THINK EVERYONE HAS SPOKEN ON THIS ISSUE, SO I WILL MAKE IT AN EVEN 49. YOU KNOW, I'D LIKE TO MAYBE BRING UP A DIFFERENT TYPE OF TAX, ONE THAT HAS CONCERNED ME FOR THE LAST COUPLE OF YEARS AND SOMETHING THAT DOESN'T INCLUDE PROPERTY TAX. IT DOES DEAL WITH INCOME TAX, BUT IT DEALS MORE WITH THE BABY BOOMER GENERATION, AND THE FOLKS THAT ARE AROUND 55 AND OLDER. AND WHAT WE HAVE SEEN HERE IN NEBRASKA IS AN OUT-MIGRATION OVER THE LAST SEVERAL YEARS TO STATES LIKE IOWA WHO HAVE PHASED OUT THEIR TAX ON SOCIAL SECURITY INCOME TO STATES LIKE MISSOURI, AND FOR THE WARMER CLIMATES, TEXAS, NOT HAVING A STATE INCOME TAX, FLORIDA. SO, I THINK WE NEED TO BE COMPETITIVE AND BE THOUGHTFUL IN THAT ENDEAVOR. AND IT IS A TAX, IT IS AN ISSUE THAT GOES...IT AFFECTS BOTH RURAL AND URBAN. I KNOW THAT WE ALL FOCUS ON PROPERTY TAX, WE FOCUS ON CORPORATE TAX, AND THE INDIVIDUAL INCOME TAX. AND I THINK THAT'S IMPORTANT. I DO BELIEVE THAT WE DO NEED TO HAVE A COMPREHENSIVE PLAN AS SENATOR SMITH SUGGESTED, AND I THINK WE WILL GET THERE. I DON'T BELIEVE IT'S A MATTER OF WANT TO, IT'S JUST A MATTER OF WILL. SO, WILL WE DO THAT? THANK YOU, MR. PRESIDENT. [LB958]

PRESIDENT FOLEY: THANK YOU, SENATOR LINDSTROM. SENATOR SCHUMACHER, YOU'RE RECOGNIZED. [LB958]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. GETTING BACK TO SOLUTIONS. SENATOR SCHEER WAS CORRECT. STOCK GETS A STEPPED-UP BASIS. NO REASON WE SHOULDN'T LOOK AT THAT, AT LEAST CONSIDER THAT ARGUMENT OF SENATOR SCHEER'S. IT'S NOT EXCLUSIVE OF THE ARGUMENT I MADE ON THIS. ALSO, A LOT OF STOCK THAT PASSES TO HEIRS IS IN THE FORM OF PENSION FUNDS OR IRAs, WHICH THE HEIRS WILL PAY TAX ON, NOT AT A CAPITAL GAIN RATE, BUT AT FULL ORDINARY INCOME RATES WHEN THEY PULL THE INCOME OUT BECAUSE THOSE KIND OF DEPOSITS WERE NOT TAXED ON INCOME IN. BUT LET'S TAKE THE ARGUMENT A LITTLE BIT FURTHER.

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WHAT WE'RE SUPPOSEDLY FOCUSING AT IS AG LAND TAX RELIEF. A TAX CASH FLOW PROBLEM THAT WHEN TIMES ARE A LITTLE TOUGH, FARMERS HAVE A LITTLE SHORTAGE OF MONEY TO PAY THE TAXES. WE ALSO KNOW THE REALITY THAT WHEN THAT HEIRS SELL THAT FARM AT \$10,000 AN ACRE PROFIT THAT WE DESCRIBED JUST A LITTLE BIT AGO, AND THEY HAVE THAT PILE OF TAX-FREE MONEY WITH THE EXCEPTION OF A 1 PERCENT COUNTY INHERITANCE TAX ON THE TABLE IN THE LAWYER'S OFFICE, AND HALF OF THOSE HEIRS ARE SITTING AROUND HAVING MOVED OUT OF STATE, WHICH IS A PRETTY FAIR GUESSTIMATE OF WHAT THE DEMOGRAPHIC IS, THERE'S A PILE OF MONEY. IF WE DEVISE A MECHANISM FOR GRABBING SOME OF THAT MONEY AND PUTTING IT INTO AN AG ONLY PROPERTY TAX FUND, THEN THE AG SECTOR CAN PAY FOR AG SECTOR PROPERTY TAX RELIEF AND WE RELIEVE THEIR CASH FLOW PROBLEM. THERE'S ANOTHER MECHANISM TO DO IT BESIDES THE CAPITAL GAINS MECHANISM. IT'S A SIMPLE SALES TAX ON THE SALE OF 75 PERCENT DISCOUNTED FARMLAND. WE KNOW WHAT THAT IS BECAUSE WE KNOW THE FARMLAND QUALIFIES FOR THE DISCOUNT AND PAYS TAXES AT 75 PERCENT. SO YOU PUT A SALES TAX ON THAT. IT DOESN'T HURT THE FAMILY FARM BECAUSE WHEN FAMILY FARM SELLS IS WHEN THE FAMILY IS GIVING IT UP. IF THEY DON'T SELL IT, THEY DON'T PAY THE TAX. IT IS ABSOLUTELY DUMB TO LET ALL THAT ACCUMULATED WEALTH LAY ON THAT TABLE UNTAXED, GRAB HALF OF IT, AND SEND IT OUT OF STATE NEVER TO BE SEEN AGAIN, AND THEN SIT HERE ON THE FLOOR OF THIS BODY AND COMPLAIN THAT THE AG SECTOR HAS GOT A CASH FLOW PROBLEM WITH FARMLAND. THERE IS SOMETHING WRONG WITH THAT PICTURE AND THIS IS WHY WE NEED TO FOCUS ON MORE UNCONVENTIONAL THINGS THAN SIMPLY TRYING TO QUIET THINGS BY THROWING ANOTHER \$30 MILLION A YEAR TOWARD THE AG SECTOR TAX RELIEF WHEN THEY TOLD US, THIS IS NOT GOING TO WORK. IT'S NOT GOING TO BE ENOUGH. WE'RE GOING TO BE BACK AGAIN NEXT YEAR AND WE'RE GOING TO WANT MORE AND WE'RE GOING TO BE FIRST IN LINE AGAIN BEFORE THE INCOME TAXPAYERS. WHEN IN THE BIGGER PICTURE WE KNOW THAT WE ARE NOT GOING TO BE ABLE TO HOLD THE LINE ON SPENDING AT 3 PERCENT. WE'VE GOT MENTAL HEALTH, WE'VE GOT A BIG, BIG PRISON PROBLEM. WE'VE GOT BABY BOOMERS AND PENSION FUNDS THAT ARE LOOKING FOR SOME TYPE OF RESCUE, AND WE'LL BE LOOKING FOR, TO WHICH WE OWE A STRONG CASH RESERVE. WE'VE GOT THE RISK OF DROUGHT. WE'VE GOT THE RISK OF SOME ECONOMIC CALAMITY AND WHO KNOWS WHAT THAT CONSERVATIVE PRINCIPLES OF FINANCE SAY, WE NEED STRONG RESERVES FOR. FOLKS, THIS BILL IS NO SOLUTION. IT IS A... WAS A LAST GASP EFFORT TO TRY TO QUOTE, WE GOT TO DO SOMETHING. AND I VOTED FOR IT TO COME OUT OF COMMITTEE FOR ONE REASON,... [LB958]

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PRESIDENT FOLEY: ONE MINUTE. [LB958]

SENATOR SCHUMACHER: ...TO HAVE THIS ISSUE TALKED ABOUT ON THE FLOOR RATHER THAN BURIED IN A COMMITTEE VOTE, BECAUSE IT'S AN IMPORTANT ISSUE. IT'S AN ISSUE, WHICH IF YOU LOOK AT WHERE WE'RE HEADED IN OUR BALANCE AND OUR SHORTFALL, JUST THIS YEAR, SHOULD SCARE THE LIVING PANTS OFF OF THOSE OF YOU WHO ARE GOING TO BE HERE FOUR AND SIX YEARS FROM NOW. I'LL BE GONE SO THE CASH RESERVE WILL STILL BE...A LITTLE BIT LEFT BEFORE I LEAVE. BUT THOSE CHICKENS ARE GOING TO COME HOME TO ROOST IN MANY OF YOUR CHICKEN COOPS. AND YOU'RE GOING TO BE LEFT TO CLEAN UP THE MESS UNDER THE ROOST. SO, FOLKS, THIS IS NOT GOOD TAX POLICY. THIS ISN'T EVEN A GOOD BUNT, AND WE COULD EASILY STRIKE OUT. THANK YOU. [LB958]

PRESIDENT FOLEY: THANK YOU, SENATOR SCHUMACHER, AND THAT WAS YOUR THIRD OPPORTUNITY, SENATOR. SENATOR BOLZ, YOU'RE RECOGNIZED. [LB958]

SENATOR BOLZ: QUESTION. [LB958]

PRESIDENT FOLEY: THE QUESTION HAS BEEN CALLED. DO I SEE FIVE HANDS? I DO. THE QUESTION IS, SHALL DEBATE CEASE? ALL THOSE IN FAVOR OF CEASING DEBATE VOTE AYE; THOSE OPPOSED VOTE NAY. SENATOR BOLZ. [LB958]

SENATOR BOLZ: I'D LIKE A CALL OF THE HOUSE, PLEASE. [LB958]

PRESIDENT FOLEY: THERE'S BEEN A REQUEST TO PLACE THE HOUSE UNDER CALL. THE QUESTION IS, SHALL THE HOUSE GO UNDER CALL? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. RECORD PLEASE, MR. CLERK. [LB958]

ASSISTANT CLERK: 27 AYES, 1 NAY TO GO UNDER CALL, MR. PRESIDENT. [LB958]

PRESIDENT FOLEY: THE HOUSE IS UNDER CALL. SENATORS, PLEASE RECORD YOUR PRESENCE. THOSE UNEXCUSED SENATORS OUTSIDE THE CHAMBER PLEASE RETURN TO THE CHAMBER AND RECORD YOUR PRESENCE. ALL UNAUTHORIZED PERSONNEL PLEASE LEAVE THE FLOOR. THE HOUSE IS UNDER CALL. SENATOR SCHNOOR, MURANTE, LARSON, GARRETT, HILKEMANN, LINDSTROM, HANSEN, PLEASE CHECK IN. STILL MISSING, SENATOR MURANTE

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AND SENATOR GARRETT. SENATOR BOLZ, WOULD YOU ACCEPT CALL-IN VOTES?
[LB958]

SENATOR BOLZ: YES, PLEASE. [LB958]

PRESIDENT FOLEY: THANK YOU. MEMBERS, THE QUESTION BEFORE US IS
WHETHER OR NOT TO CEASE DEBATE. SENATOR BOLZ WILL ACCEPT CALL-IN
VOTES. [LB958]

ASSISTANT CLERK: SENATOR WILLIAMS, VOTING YES. SENATOR LINDSTROM,
VOTING YES. SENATOR JOHNSON, VOTING YES. [LB958]

PRESIDENT FOLEY: RECORD, PLEASE, MR. CLERK. [LB958]

ASSISTANT CLERK: 25 AYES, 2 NAYS TO CEASE DEBATE, MR. PRESIDENT. [LB958]

PRESIDENT FOLEY: DEBATE DOES CEASE. SENATOR SMITH, YOU ARE
RECOGNIZED TO CLOSE ON AM2795 AND WE'RE STILL UNDER CALL. [LB958]

SENATOR SMITH: THANK YOU, MR. PRESIDENT, AND THANK YOU, COLLEAGUES.
THERE'S BEEN SOME GREAT DISCUSSION HERE EARLIER THIS MORNING AND
THIS AFTERNOON. I WANT TO MAKE A COUPLE OF CLARIFYING POINTS. THERE IS
NOTHING NEW IN LB958 AS AMENDED BY THE REVENUE COMMITTEE. THERE'S
NOTHING NEW FOR NONAG BUSINESSES AND NOTHING NEW FOR HOMEOWNERS
IN THE STATE, THOSE TAXPAYERS. THE ONLY NEW MONEY FLOWING THROUGH
LB958 WITH THE COMMITTEE AMENDMENT IS FOR AGRICULTURE. THAT'S FINE. I
STAND SHOULDER TO SHOULDER AS I SAID BEFORE WITH MY AGRICULTURAL
BRETHREN IN HERE. WE ALL NEED TAX RELIEF IN THE STATE, BUT WE NEED A
COMPREHENSIVE APPROACH. I AGREE WITH SENATOR DAVIS, WE HAVE
UNFUNDED MANDATES AFFECTING OUR LOCAL GOVERNMENTS THAT WE NEED
TO FIX. WE CAN WORK ON THAT, BUT AGAIN, WE DON'T COLLECT PROPERTY
TAXES. FAMILIES IN OUR STATE AND SMALL BUSINESSES IN OUR STATE THAT
ARE NONAG AND ALL FAMILIES AND THE SMALL NONAG BUSINESSES CANNOT
REMAIN AT THE BACK OF THE LINE. WE WANT A PLACE AT THE FRONT OF THE
LINE AS WELL. WE WANT TO STAND SHOULDER TO SHOULDER WITH ALL
BUSINESSES IN NEBRASKA. THERE ARE CERTAIN SENATORS IN HERE THROUGH
THE DISCUSSIONS, THEY WANT TO AMP UP THE RHETORIC TO PROTECT BAD
LEGISLATION. LB958, AS AMENDED WITH AM2780, IS BAD LEGISLATION. I ASK

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YOU, SENATORS, DO NOT SUPPORT THAT BILL. WE NEED TO HAVE RATIONAL, THOUGHTFUL, PRO-BUSINESS, PRO-FAMILY, SENATORS, STAND UP AND IN THE COMING YEARS WE HAVE TO COME TOGETHER, AND WE NEED TO HAVE COMPREHENSIVE TAX RELIEF FOR ALL NEBRASKANS AND ALL BUSINESSES. AGAIN, I'M ASKING YOU TO PLEASE OPPOSE AM2780 AND THE UNDERLYING BILL LB958. LET US COME TOGETHER FOR TAX RELIEF FOR ALL NEBRASKANS. I CAME DOWN HERE SIX YEARS AGO AS A VOICE FOR SMALL BUSINESS. WE HAVE CHAMBERS OF COMMERCE. SOMETIMES THOSE CHAMBERS REPRESENT BIG BUSINESS. THERE'S NO VOICE FOR SMALL BUSINESS IN OUR STATE. THEY'RE TOO BUSY AT HOME WORKING, TRYING TO MAKE ENDS MEET. I'VE WORKED VERY HARD OVER THE LAST SIX YEARS TO TAKE A BROADER VIEW TO REPRESENT ALL OF NEBRASKA. THAT'S WHY WE HAVE A COMPREHENSIVE ROADS PACKAGE THAT'S SITTING ON FINAL READING THIS YEAR. THAT HELPS ALL NEBRASKANS. I'VE STOOD HERE AND I'VE SUPPORTED PROPERTY TAX RELIEF FOR AGRICULTURE. SHAME ON THOSE SENATORS THAT STOOD UP AND DEFENDED ONCE AGAIN SPLITTING OUR STATE AND NOT TAKING ON A MORE UNIFORM, COMPREHENSIVE APPROACH TO TAX RELIEF. SENATOR GLOOR STOOD UP HERE AND SAID, WELL, WE CAN'T AFFORD \$300 MILLION WITH INCOME TAX RELIEF. WE ONLY HAVE \$30 MILLION WITH LB958. THAT'S \$30 MILLION IN ONE YEAR. HE WAS GIVING YOU A NUMBER OVER A NUMBER OF YEARS. CONSIDER THAT LB958 AS AMENDED IS GOING TO CONTINUE OVER A NUMBER OF YEARS AND YOU'RE GOING TO END UP WITH THE SAME AMOUNT OF COST. THAT'S OKAY, BUT CAN WE PLEASE JUST LOOK BEYOND AGRICULTURE. LOOK BEYOND AGRICULTURE. LOOK AT THE FAMILIES OF NEBRASKA. \$204 MILLION A YEAR GOES IN THE PROPERTY TAX CREDIT FUND. ONCE AGAIN, I'VE SPOKEN TO PEOPLE, THEY HAVE NO CLUE WHERE THAT MONEY IS COMING FROM. IT'S COMING FROM THEIR INCOME TAX AND THEIR SALES TAX. IT'S THE BEST WE HAVE TO TRY TO GET PROPERTY TAX RELIEF. WE'VE GOT TO COME TOGETHER AND FIGURE OUT LONG-RANGE SOLUTIONS. [LB958]

PRESIDENT FOLEY: ONE MINUTE. [LB958]

SENATOR SMITH: THE SAME SPIRIT OF COOPERATION THAT I BROUGHT THIS AMENDMENT, COLLEAGUES, I AM NOW WILLING TO WITHDRAW THIS AMENDMENT. LET'S CONTINUE THIS DISCUSSION. PLEASE, I ASK YOU, VOTE NO ON THIS REVENUE AMENDMENT. VOTE NO ON LB958. LET US HAVE COMPREHENSIVE TAX REFORM IN THIS STATE THAT HELPS ALL NEBRASKANS AND ALL BUSINESSES. THANK YOU. [LB958]

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PRESIDENT FOLEY: SENATOR SMITH, YOU'RE WITHDRAWING AM2795, IS THAT CORRECT? [LB958]

SENATOR SMITH: THAT'S CORRECT. [LB958]

PRESIDENT FOLEY: AM2795 IS WITHDRAWN. I RAISE THE CALL. I STILL HAVE A NUMBER OF SENATORS IN THE SPEAKING QUEUE. I ASSUME THEY STILL WANT TO SPEAK. OKAY, I'M SORRY. MR. CLERK. [LB958]

ASSISTANT CLERK: MR. PRESIDENT, I HAVE OTHER AMENDMENTS TO THE COMMITTEE AMENDMENT. SENATOR JOHNSON, I HAVE AM2786, BUT THIS IS THE EARLIER ONE WITH A NOTE TO WITHDRAW. IN THAT CASE, SENATOR JOHNSON, WOULD OFFER AM2796. (LEGISLATIVE JOURNAL PAGES 1367-1368.) [LB958]

SENATOR JOHNSON: THANK YOU. [LB958]

PRESIDENT FOLEY: SENATOR JOHNSON, YOU'RE RECOGNIZED TO OPEN ON AM2796. [LB958]

SENATOR JOHNSON: THANK YOU, LIEUTENANT GOVERNOR. YES, BECAUSE OF THE SPLIT THAT HAS BEEN REARRANGED, BUT THE WORDING IS STILL THE SAME. AGAIN, WE'VE HAD GREAT DISCUSSION AND IT'S DRIFTED INTO OTHER AREAS OF TAX REFORM AND THAT'S WHAT WE HAVE TO DO. WE'VE GOT TO LOOK AT THE ENTIRE PICTURE AND FIGURE IT OUT. IT'S NOT GOING TO BE AN EASY FIX. YESTERDAY, WE RELATED THIS TO A BASEBALL GAME AND MAYBE WE'VE GOT TO TAKE SMALL STEPS. MAYBE WE HAVE TO DO SOME BUNTING FIRST. MAYBE WE CAN GET A SINGLE IN ONCE IN A WHILE, BUT WE CAN'T, IF SOMEBODY SAYS STRIKEOUT, WE CAN'T STOP THERE, WE'VE GOT TO KEEP WORKING. DON'T GET BENT OUT OF SHAPE, SOME OF YOU THAT MIGHT BE LISTENING. IT DOES AFFECT LOCAL GOVERNMENT. LB...OR THE AMENDMENT, AM2796, SIMPLY STATES THIS. THE VALUATION SHOWN ON THE REAL ESTATE TAX STATEMENT YOU WILL RECEIVE IN DECEMBER OF 2016, THAT VALUATION WILL BE THE SAME AS THE ONE YOU RECEIVED LAST SUMMER. THE ONLY DIFFERENCE WOULD BE IF YOU HAD IMPROVEMENTS ON YOUR PROPERTY, WHETHER IT'S AG LAND, WHETHER IT'S COMMERCIAL, OR WHETHER IT'S RESIDENTIAL, THOSE IMPROVEMENTS WOULD AFFECT YOUR EVALUATION WHICH IS THE SAME NORMAL PROCESS. WHAT YOU PAY IN TAXES BASED ON WHAT YOUR LOCAL GOVERNMENTS DO WITH BUDGETS, THERE IS A CONCERN OUT HERE, AND THIS AMENDMENT HAS GONE THROUGH THE BILL WRITING

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THREE TIMES NOW, THINGS THAT I CAN'T DO. I WANTED TO PUT A CAP ON IT. THAT WOULD BE A CAP SO IT CAN'T GO UP, BUT IF IT GOES DOWN, IT COULD. THEY SAID THAT'S UNCONSTITUTIONAL. THEY'VE LOOKED AT OTHER THINGS AND IT'S COMING OUT WITHOUT ANY RESTRICTIONS THAT I KNOW OF, BUT THIS ONE THING HAS BEEN BROUGHT TO MY ATTENTION AND I JUST WANT TO BE OPEN ABOUT IT. THERE IS A COURT CASE THAT SAYS NEBRASKA STATE GOVERNMENT CANNOT FREEZE COUNTY BUDGETS, SCHOOL BUDGETS, ANY KIND OF LOCAL AGENCY BUDGET. THIS AMENDMENT DOES NOT FREEZE ANYBODY'S BUDGET. IT ONLY ADDRESSES THE VALUATION SO THE COUNTIES, THE CITIES, ALL OF THE COMMUNITIES, EVERYONE THAT GETS MONEY THROUGH PROPERTY TAX WILL BE ABLE TO CONTINUE WITH THEIR BUDGET. THIS DOES SLOW DOWN THE GROWTH OF THE VALUATION. WE'VE HEARD A LOT THAT COMPARABLE SALES NOW ARE OFF. THEY'RE DECREASING. BUT WHAT'S HAPPENING IS, WE'RE STILL IN THAT THREE-YEAR AVERAGE AND THE VALUATIONS IN THE STATE ARE STILL GOING UP, STILL GOING THE WRONG WAY. I'M GOING TO WALK THROUGH JUST REAL QUICK FOR THOSE OF YOU THAT MIGHT BE LISTENING OUT OR WATCHING OUT IN THE DISTRICT IN THE STATE. I THINK US IN HERE WE HOPEFULLY HAVE A HANDLE ON IT. LET'S SAY THERE'S THREE COOKIE JARS OUT THERE AND TEN YEARS AGO THOSE COOKIE JARS WERE ALL THE SAME SIZE, SAME AMOUNT OF MONEY WENT IN THAT'S SUPPOSED TO, AND THE COUNTIES, THE CITIES, ALL OF THE LOCAL AGENCIES TOOK ALL THAT MONEY OUT AND SPENT IT EVERY YEAR. THE COOKIE JARS FOR A COMMERCIAL AND RESIDENTIAL VARY BASED ON MAYBE A HOUSING BOOM OR A HOUSING BUST, MAYBE YOU LOST A FACTORY OR MAYBE YOU GAINED SOMETHING AND THAT AFFECTS THE NEED FOR HOUSING AND MAYBE THAT BRINGS THE VALUES UP. WHEN I WAS MAYOR, SOME OF THOSE RANGED FROM MAYBE A VERY SLIGHT INCREASE OR DECREASE, BUT PROBABLY NEVER MORE THAN MAYBE 20 PERCENT AT THE MOST. WHAT HAPPENED IN THE RURAL SECTOR--I'LL GO BACK TEN YEARS AGO--STARTED WITH A PERFECT STORM THAT PUT US IN THIS SITUATION. THE PERFECT STORM WAS THE VALUE OF GRAIN STARTED GOING UP. CORN WENT UP TO \$7, BEANS WENT UP TO \$14, WHEAT WENT UP TO \$10, JUST IN ROUND FIGURES. FEEDER CALVES, 800 POUNDS, WENT UP TO \$130 A HUNDRED WEIGHT. LAND VALUES WENT UP BECAUSE OF THE GOOD ECONOMY. PART OF THIS PERFECT STORM WAS, WHICH WAS THE BAD PART, IT WENT TOO HIGH. I THINK MOST FARMERS WILL AGREE WITH THAT, BUT ALSO IT CAME AT A TIME WHEN PEOPLE WERE THINKING ABOUT, OKAY, I DON'T HAVE ANYBODY COMING BACK TO MY FARM, MAYBE I SHOULD CASH IN ON THIS. OR ANOTHER GROUP THAT SAID, WE NEED TO EXPAND AND THERE'S SOME PROPERTY RIGHT UP BESIDE US THAT'S FOR SALE. THEY WANT TO MAYBE CASH OUT. AND SO WE'VE HAD PRICES GO UP, LAND PRICES GO UP. WE'RE STILL IN

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THAT THREE-YEAR AVERAGE RIGHT NOW AND THAT'S WHAT'S KEEPING THEM UP THERE. I BELIEVE, AND SENATOR KOLTERMAN STATED THIS, I HEARD THE SAME INFORMATION THIS MORNING AT THE AG BREAKFAST THAT FARM INCOME...FARM REVENUE THIS YEAR IS GOING DOWN AS MUCH AS 80 PERCENT IN SOME CASES DEPENDING ON WHAT INDUSTRY THEY'RE IN, WHETHER IT'S LIVESTOCK, WHETHER IT'S GRAIN, OR A COMBINATION. THE FREEZE THAT GOES ON RIGHT NOW MIGHT BE THE REAL NUMBER NEXT YEAR OR THE YEAR AFTER. IT MIGHT BE THE REAL NUMBER OF VALUATION AND WE'RE GOING TO SEE CONTINUED DROP IN VALUATIONS. SO, SOME OF THE QUESTION I HAVE IS, I DO SUPPORT LB958 AS A WAY TO GIVE CREDIT BACK, THAT \$30 MILLION. I'M NOT SURE IT SHOULD COME FROM COMMUNITY COLLEGES, BUT THAT'S FOR LATER ON. I SUPPORT IT, BUT IF WE WOULD FREEZE THE VALUATIONS THIS YEAR BECAUSE THEY'RE POSSIBLY GOING UP, AS MAYBE IN SOME AREAS...OR IN STATE AVERAGE MAYBE OF 7 TO 8 PERCENT. YESTERDAY, I QUOTED A FARM IN BROWN COUNTY IS GOING 21.5 PERCENT. SOME OF IT OUT THERE IS GOING UP MORE THAN 50 PERCENT IN VALUE. THIS FREEZE APPLIES TO ALL VALUATIONS WHETHER IT'S AGRICULTURAL LAND, WHETHER IT'S RESIDENTIAL, OR WHETHER IT'S COMMERCIAL. IF WE PUT THE FREEZE ON THERE FOR AT LEAST ONE YEAR, I'VE NOT HAD ACCESS TO ALL THE NUMBERS OR HAVEN'T GOTTEN THEM YET, THAT WILL BE MORE OF A SAVINGS TO THE AG PEOPLE THAN, I BELIEVE, THE \$30 MILLION WILL BE. SO, WE MIGHT NOT HAVE TO PUT THAT IN THERE IF WE FREEZE IT THIS YEAR. BECAUSE I THINK REALISTICALLY, THOSE VALUES WILL GO DOWN NEXT YEAR. THE TAX CREDITS HAVE BEEN VALUABLE, BUT WHAT WE'VE DONE WE'VE TAKEN PROPERTY TAX AND SAID THE...THERE'S TOO MANY COOKIES IN THIS JAR, WE NEED TO GIVE THEM SOME HELP. SO WE WENT OVER HERE IN THE KITCHEN AND GOT A COUPLE OF DRAWERS OUT AND THAT BEING SALES TAX AND INCOME TAX AND WE GAVE THEM SOME CREDITS. AND THEN, NOW WE NEED SOME MORE MONEY SO WE'RE GOING UP IN THE CUPBOARD AND FOUND ANOTHER COOKIE JAR. IT MIGHT BE THE COMMUNITY COLLEGES AND SAY, HEY, WE CAN TRIM THAT DOWN A LITTLE BIT. WE CAN GET \$30 MILLION OUT OF THERE. AGAIN, I SUPPORT THE CONCEPT, BUT I'M NOT SURE WE'RE HANDLING THIS IN THE PROPER WAY. WE NEED TO FIX THE FARM...OR THE AG LAND VALUATION PROCESS. WHAT I HAVE INTRODUCED IS A STUDY THAT WILL EVALUATE HOW WE VALUE FOR TAX PURPOSES AGRICULTURAL LAND. RIGHT NOW IT'S ON COMPARABLE SALES. WE'VE HAD HIGH SALES. I TOLD YOU A LITTLE BIT ABOUT WHY SOME OF THEM ARE OUT OF LINE, MAYBE BECAUSE A NEIGHBOR AGAINST A NEIGHBOR. SOMEBODY WANTED TO EXPAND. I THINK 1031 EXCHANGE MONEY HAS BEEN A FACTOR. MY STUDY IS GOING TO FOCUS ON A WAY... [LB958]

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PRESIDENT FOLEY: ONE MINUTE. [LB958]

SENATOR JOHNSON: THANK YOU, MR. LIEUTENANT GOVERNOR...ANOTHER WAY TO VALUE IT BASED ON THE PRODUCTION AND INCOME VALUE FOR AG PRODUCTS AND HOW THAT AFFECTS THE VALUE OF THE LAND. COMPARABLE SALES WILL PROBABLY STILL HAVE TO BE A PART OF THAT. I DON'T KNOW HOW THAT FORMULA WILL LOOK LIKE, BUT I WANT TO GATHER WITH PEOPLE. I WOULD HOPE THAT WE WORK WITH AND WE WILL WORK WITH THE REVENUE DEPARTMENT IN ORDER TO COMPLETE THIS STUDY FROM AN AG PERSPECTIVE. I INVITE YOUR COMMENTS ON THIS. THANK YOU, MR. LIEUTENANT GOVERNOR. [LB958]

PRESIDENT FOLEY: THANK YOU, SENATOR JOHNSON. MEMBERS, YOU'VE HEARD THE OPENING ON AM2796. SENATOR SCHILZ. [LB958]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY, GOOD AFTERNOON. AND AS WE HAVE THIS DISCUSSION, WHICH IS A DISCUSSION THAT WE SHOULD BE HAVING, WE NEED TO KEEP IN MIND SOME OF THE HISTORY THAT'S GONE ON AND WHAT'S HAPPENED OVER THE YEARS AS WE'VE GOTTEN TO THIS POINT. 2009 AND 2010 WHEN WE HAD THE BIG BUDGET SHORTFALL OF ALMOST \$1 BILLION THAT THIS LEGISLATURE HAD TO CONTEND WITH, WE DID A COUPLE OF THINGS. WE TOOK THE STATE AID AWAY FROM MUNICIPALITIES AND COUNTIES. AND THEN I REMEMBER, ON THE FLOOR, SENATORS STOOD UP, INCLUDING THE INTRODUCER OF THE BILL, AND SAID IF WE DO THIS, COUNTIES AND MUNICIPALITIES, DON'T WORRY, BECAUSE WE'LL COME BACK, AND WE'LL REDUCE THOSE MANDATES AND OTHER THINGS THAT CAUSED US TO MAKE US HAVE TO GIVE YOU THIS AID. I HAVE NEVER SEEN A BILL TO TAKE AWAY ANY OF THOSE MANDATES. AND FOLKS, WHEN YOU LOOK AT THE NUMBERS THAT ARE OUT THERE, WE CAN'T JUST CONTINUE TO FORK MONEY OVER TO PUT A BAND-AID OVER THE REAL PROBLEM. IF WE DO THIS TODAY, IF WE DO THIS TODAY, THIS IS NOT A TAX CUT. I MEAN, LET'S BE HONEST ABOUT IT, WE'RE TAKING FROM ONE HAND AND GIVING IT TO THE OTHER. NOT SAYING THAT THOSE FOLKS THAT ARE GETTING IT AREN'T DESERVING, I'M NOT SAYING THAT AT ALL, BUT OUR STRUCTURE IS WHAT WE NEED TO FIX. AND UNTIL WE GET THAT STRUCTURE FIXED, WE NEED TO DO THINGS THAT WE'VE TALKED ABOUT HERE BEFORE, ECONOMIC DEVELOPMENT THAT GROWS OUR POPULATION AND GROWS THE PIE BIGGER FOR TAXES. BRINGING BUSINESSES IN THAT FIT NEBRASKA'S ECONOMY AND WHAT WE'RE DOING. PUTTING INCENTIVES IN PLACE THAT ACTUALLY BRING PROPERTY ONLINE AND IMPROVEMENTS TO PROPERTY TO HELP GROW THAT PIE AS WELL. IF PROPERTY

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TAXES ARE OUR BIGGEST ISSUE, THERE IS A NUMBER OF DIFFERENT WAYS TO ATTACK IT. AND QUITE HONESTLY, WE NEED TO BE ATTACKING IT WITH EVERY ONE OF THOSE AVENUES. A REAL PUSH FOR ECONOMIC DEVELOPMENT WHERE IT ACTUALLY ADDS BUSINESSES AND PROPERTY TO BOLSTER THOSE THINGS. TAKING AWAY MANDATES AND REGULATIONS THAT KEEP BUSINESSES FROM HAPPENING AND KEEP COMMUNITIES FROM BEING ABLE TO CUT THEIR SPENDING. CUTTING TAXES WHERE WE CAN AND WHEN WE CAN, INCLUDING THE INCOME TAX BECAUSE I CAN TELL YOU THIS, I DON'T CARE WHAT KIND OF BUSINESS YOU'RE IN, IF YOU DON'T PAY INCOME TAX ONCE IN A WHILE, YOU WON'T BE AROUND. THAT'S JUST THE WAY IT WORKS. AND I DON'T CARE WHAT BUSINESS YOU'RE IN WHETHER IT'S AGRICULTURE, SMALL BUSINESS IN OMAHA, SMALL BUSINESS IN BRIDGEPORT, ANYTHING WE CAN DO TO HELP THOSE FOLKS, TO HELP ALL OF US, I THINK IS A BIG THING. AND IF YOU'RE ACTUALLY GOING TO SOLVE THE PROBLEM THAT'S HERE, YOU CAN'T JUST DO IT PIECEMEAL. [LB958]

PRESIDENT FOLEY: ONE MINUTE. [LB958]

SENATOR SCHILZ: I DON'T DISAGREE WITH THE FOLKS THAT HAVE SAID THAT. WE HAVE TO TAKE A LOOK AT THIS COMPREHENSIVELY, AND IT'S TOUGH. BUT IN THE MEANTIME, WE NEED TO GROW OUR ECONOMY. WE NEED TO BE WELCOMING OF BUSINESSES THAT WANT TO COME IN, BUSINESSES THAT PAY PROPERTY TAXES, BUSINESSES THAT EMPLOY PEOPLE. AND THEN WE NEED TO ENTICE THOSE PEOPLE TO COME BACK AND COME TO OUR STATE. ARE OUR INCENTIVES SET UP TO DO THAT? ARE OUR INCENTIVES SET UP TO BRING NEW BUSINESS IN? AND IS THAT MONEY BEING SPENT MOST EFFICIENTLY TO DO THAT BECAUSE WITHOUT ALL OF THESE DIFFERENT THINGS THAT I TALKED ABOUT, AND I'M SURE THERE'S MANY MORE THAT WE NEED TO BE DOING, THIS PROBLEM WILL PERSIST AND IT WILL PROBABLY ONLY GET WORSE. IF YOU LOOK AT AGRICULTURE AND IRRIGATED LAND... [LB958]

PRESIDENT FOLEY: TIME, SENATOR. [LB958]

SENATOR SCHILZ: THANK YOU. [LB958]

PRESIDENT FOLEY: THANK YOU, SENATOR SCHILZ. SENATOR BRASCH, YOU'RE RECOGNIZED. [LB958]

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SENATOR BRASCH: THANK YOU, MR. PRESIDENT, AND THANK YOU, COLLEAGUES. THIS IS TURNING OUT TO BE A MOST ADVENTUROUS DAY. WE'VE GONE TO A LOT OF NOOKS AND CRANNIES AND IDEAS FAR OUT OF THE BOX, AND COMMENTS HAVE BEEN MADE, AND ONE COMMENT THAT I FIND THE MOST DISTURBING IS ANY COLLEAGUE THAT WOULD SHAME ANYONE IN HERE. WE'RE SHAMELESS, THAT'S OBVIOUS. (LAUGH) WE FIGHT NOON, MORNING, NIGHT, ALL THE WAY. NO, WE ARE NOT SHAMELESS. WE ARE HUMAN BEINGS. WE HAVE 1.8 MILLION FAMILIES, INDIVIDUALS WE SERVE, AGAIN FROM ALL WALKS OF LIFE. I WAS HOPING SENATOR LINDSTROM WOULD BE BACK IN THE FLOOR. I'VE BEEN WATCHING FOR A LITTLE BIT BECAUSE HE MADE A COMMENT. HE IS BACK. THANK YOU. SENATOR LINDSTROM, WOULD YOU YIELD TO A QUESTION? [LB958]

PRESIDENT FOLEY: SENATOR LINDSTROM, WOULD YOU YIELD, PLEASE? [LB958]

SENATOR LINDSTROM: YES, I WILL. [LB958]

SENATOR BRASCH: ARE YOU FAMILIAR WITH LEGISLATION WE PASSED TWO YEARS AGO TO REDUCE SOCIAL SECURITY TAX? [LB958]

SENATOR LINDSTROM: I AM, SENATOR BRASCH. [LB958]

SENATOR BRASCH: SO WE HAVE DONE MEASURES. WE'RE TAKING STEPS TODAY. IF INDIVIDUALS ARE MARRIED AND THEIR INCOME IS \$58,000 OR LESS, THEY ARE NOT TAXED ON SOCIAL SECURITY, IS THAT CORRECT? [LB958]

SENATOR LINDSTROM: THAT'S CORRECT, AND \$43,000 ON A SINGLE FILER. [LB958]

SENATOR BRASCH: YES. AND I DID NOT HEAR YOU, DID YOU SAY THAT ON THE FLOOR? [LB958]

SENATOR LINDSTROM: I DID NOT SAY THAT, NO. [LB958]

SENATOR BRASCH: OKAY. ALL RIGHT, THANK YOU, I HAVE NO OTHER QUESTIONS. I JUST FOR THOSE LISTENING, AND SOME ARE RETIRED, THAT WE HAVE BEEN WORKING ON RELIEF FOR EVERYONE. AND TO ADDRESS SENATOR SCHUMACHER'S COMMENT ABOUT THE HOARDS OF MONEY AND IT REMINDS ME OF SOMETHING TERRIBLE I HEARD YEARS AGO, AND IT WAS ACTUALLY FROM MY FAMILY, MY PARENTS. THEY TALKED ABOUT MY GRANDFATHER WHO WAS A

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FARMER IN THE UKRAINE AND STALIN DECIDED THE FARMERS HAD TOO MUCH MONEY. SO WHAT DID HE DO, HE TOOK AWAY ALL THE FARMLAND, CHANGED IT INTO WHAT THEY CALLED KOLKHOZ, OR COMMUNITY FARMS. MY GRANDFATHER'S EYES WERE PUT OUT. HE WAS SENT TO SIBERIA AND STALIN'S CURE TO...OR SOLUTION FOR INHERITANCE TAX WAS HE KILLED ANYONE, ANY MALE THAT WOULD INHERIT THE WEALTH OF A FARM. WE ARE NOT STALIN. WE HAVE EVOLVED, YOU KNOW, AND SENATOR CHAMBERS TALKS ABOUT ALL THE HORROR THAT UKRAINIANS PERFORMED, OTHER NATIONALITIES. I THINK WE NEED TO WORK TO BE BETTER THAN THAT. AND I THINK TODAY, YOU KNOW, BACK TO THE BUSINESS OF THE DAY IS BACK TO THE TAX MODERNIZATION STUDY. THE REVENUE COMMITTEE DATING BACK TO MANY CHAIRMEN, INCLUDING SPEAKER HADLEY, CHAIRMAN GLOOR, HAVE WORKED DILIGENTLY TO HEAR VOICES OF TAXPAYERS, TO WORK INCREMENTALLY ON TAX RELIEF, WHERE WE CAN TRULY ADDRESS, AND YOU SEE THAT IN OUR FISCAL, IN OUR BUDGET BOOK. YOU HEAR IT ANNUALLY AT WHAT WE HAVE DONE BETTER, AND THAT'S WHAT I THINK WE CAN DO IS CONTINUE WORKING BETTER AND NOT TRY TO MAKE ANYONE FEEL POORLY OR BAD ABOUT THE GROUP OF PEOPLE THAT THEY ARE SERVING. THANK YOU, MR. PRESIDENT AND THANK YOU RESPECTFULLY, COLLEAGUES. [LB958]

PRESIDENT FOLEY: THANK YOU, SENATOR BRASCH. SENATOR DAVIS, YOU'RE RECOGNIZED. [LB958]

SENATOR DAVIS: THANK YOU, MR. PRESIDENT AND COLLEAGUES. I JUST WANT TO TOUCH ON A FEW THINGS. FIRST OF ALL, I GOT THE IMPRESSION FROM SENATOR SMITH THAT INCOME TAX WAS PARAMOUNT AND WE WEREN'T DOING ENOUGH FOR THE INCOME TAXPAYER AND THAT WAS A MISTAKE AND IT WAS A TERRIBLE THING AND A TRAGEDY AND HE WAS GOING TO BE OPPOSING THIS BILL BECAUSE IT WAS SO OUTRAGEOUS. WELL, LET ME REMIND YOU, THAT TWO YEARS AGO THIS BODY DID PASS A BILL THAT DID BENEFIT INCOME TAX BY INDEXING THAT, AND IT'S \$10 MILLION PER YEAR. SO BY THIS TIME NEXT YEAR, THE INCOME TAX REDUCTIONS WILL BE ABOUT \$30 MILLION BECAUSE IT'S ACCUMULATIVE AND MULTIPLIES. SO THAT'S \$30 MILLION WHICH IS WHEN THIS \$30 MILLION KICKS IN. SO IT LOOKS TO ME LIKE WE'VE DONE SOME INCOME TAX RELIEF AND IN SOME RESPECTS, IT'S LIKE FOR LIKE. SENATOR SCHUMACHER BRINGS UP OFTEN THIS DISCUSSION OF TAXING CAPITAL GAINS ON FARM AND RANCH PEOPLE. OBVIOUSLY, THAT WOULD BE SOMETHING THAT ALL THE AG PEOPLE IN HERE WOULD OPPOSE BECAUSE IT'S COMPLETELY UNFAIR, AND I REALLY AM TIRED OF HEARING SENATOR SCHUMACHER TALK ABOUT THESE RICH PEOPLE THAT ARE OUT THERE. YEAH, THERE'S A LOT OF WEALTH OUT

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THERE. I GET THAT, I UNDERSTAND THAT. THERE'S ALSO A LOT OF DEBT. YOU'VE GOT A YOUNG FAMILY THAT GOES OUT TO BUY A FARM OR A RANCH AND THEY'RE GOING TO BORROW PROBABLY 80 PERCENT OR SO OF THAT MONEY THAT THEY NEED. SO EVEN THOUGH THEY'RE PAYING A LOT OF PROPERTY TAXES, THEY'VE GOT A LOT OF DEBT ON THE SIDE, AND THEY PAY THAT PROPERTY TAX EVEN THOUGH THAT DEBT SOMETIMES REDUCES THEIR INCOME DOWN TO ZERO. I KNOW YOU HEARD SENATOR FRIESEN YESTERDAY TALK ABOUT PAYING INCOME TAX AND YOU HEARD ME SAY THE SAME THING. I'M VERY HAPPY TO PAY THAT. THAT MEANS I MADE MONEY. THAT MEANS THAT I HAD A GOOD YEAR. PROPERTY TAXES ARE A DIFFERENT THING ON A FARM, AND A FARM IS A SMALL BUSINESS. WHY CAN'T PEOPLE RECOGNIZE THAT? IN RURAL NEBRASKA WHEN OUR SMALL BUSINESSES ARE SAPPED OUT BECAUSE THEY'RE PAYING SO MUCH IN PROPERTY TAXES, THEY DO NOT REINVEST IN THEIR BUSINESS. THEY DON'T HAVE THE OPPORTUNITY TO DO THAT. THEY CAN'T BUY A NEW TRACTOR. THEY CAN'T BUY A NEW TRUCK. THEY CAN'T IMPROVE THEIR RESIDENCE OR THEIR FACILITIES. AND OVER TIME, THEY BECOME OBSOLETE. SO THIS IS SOMETHING THAT WE NEED TO DO. NEBRASKA IS WAY OUT OF LINE IN COMPARISON TO OUR NEIGHBORING STATES. AND I THINK A LOT OF PEOPLE IN HERE UNDERSTAND THAT AND SYMPATHIZE WITH THE AG COMMUNITY. THIS IS A PIECE OF LEGISLATION THAT'S A GOOD PIECE OF LEGISLATION. IT'S TARGETING THE RESOURCES TO WHERE IT NEEDS TO GO. I REVIEWED MY DATA EARLIER TODAY ABOUT MR. BEJOT'S PARCELS. I WOULD URGE YOU TO LOOK AT THOSE AGAIN. REMEMBER IN 2011, MR. BEJOT PAID A CERTAIN AMOUNT ON HIS RESIDENTIAL REAL ESTATE AND IT'S GONE DOWN EVER SINCE BECAUSE THE BALANCE OF THAT HAS BEEN SHIFTED OUT TO AGRICULTURE. SO WHEN WE TARGET A PIECE OF LEGISLATION TOWARDS AGRICULTURAL PROPERTY TAX RELIEF, WE'RE JUST TRYING TO BRING A LITTLE EQUITY BACK INTO THAT. AND IF WE WANT TO HAVE THE INCOME TAX DISCUSSION NEXT YEAR, FINE, LET'S HAVE IT. YOU KNOW, SENATOR SMITH TALKS ABOUT A MODEST REDUCTION. I'M GOING TO TELL YOU, IF YOU'RE TAKING THE INCOME TAX FROM 7.4 TO 5.9 OR WHATEVER HIS FIGURES WERE, THAT'S ANYTHING BUT A MODEST REDUCTION. THAT'S A HUGE REDUCTION. THANK YOU, MR. PRESIDENT. [LB958]

PRESIDENT FOLEY: THANK YOU, SENATOR DAVIS. SENATOR WATERMEIER, YOU'RE RECOGNIZED. [LB958]

SENATOR WATERMEIER: THANK YOU, MR. PRESIDENT. GOOD AFTERNOON, NEBRASKA. I HAD MY MIKE ON WHEN WE HAD TO CALL THE QUESTION EARLIER THERE AND WANTED TO SPEAK TOWARDS SENATOR SMITH'S BILL. I WOULD FULLY SUPPORT THE IDEA OF LOOKING AT OUR INCOME TAX STRUCTURE IN THE

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STATE OF NEBRASKA, BOTH THE INCOME TAX, PERSONAL, AND THE CORPORATE LEVEL. AND WHAT SENATOR SMITH HAD PROPOSED IS EXACTLY WHERE I WANT TO GO IN THIS BODY SOME DAY. YESTERDAY, WE HAD A DISCUSSION, AND I HAD MENTIONED SEVERAL TIMES, AND I DON'T KNOW IF MY POINT GOT ACROSS ANYWHERE PAST MY OWN DESK, BUT WE STILL HAVE, OUT OF BALANCE IN THE STATE OF NEBRASKA. THIS WHOLE ENTIRE TAX STRUCTURE WAS BUILT IN THE '30S, '40S AND '50S. IT'S JUST NOT ACCURATE. AND IT ADJUSTED WHEN WE FINALLY HAD INCOME TAX AND SALES TAX. IT'S STILL BASED OFF OF MANUFACTURING AND INDIRECTLY AGRICULTURE. WE ARE NOT BASED OFF OF THAT ANYMORE. EVEN THOUGH AGRICULTURE IS OUR BIGGEST INDUSTRY, WE ARE A SERVICE INDUSTRY. AND I'VE HAD SEVERAL CALLS FROM CONSTITUENTS THE LAST COUPLE DAYS AND I'VE TOLD EACH ONE OF THEM THE SAME THING. WHAT WE FINALLY GOT ON THIS FLOOR THE LAST COUPLE OF DAYS IS REALLY GOOD, HONEST DEBATE. IT'S BEEN A LITTLE BIT DISAPPOINTING UP UNTIL THIS POINT. WE ARE FINALLY GETTING TO THE NUTS AND BOLTS ABOUT WHAT WE SHOULD BE TALKING ABOUT IN NEBRASKA. OUR TAX STRUCTURE IS OUT OF BALANCE. I WOULD BE FULLY SUPPORTIVE OF INCLUDING AN INCOME TAX, CORPORATE TAX DISCUSSION, ALONG WITH PROPERTY TAX. I WILL WANT TO ADDRESS ONE THING ABOUT SENATOR JOHNSON'S AM2796. I'M GOING TO HAVE TROUBLE WITH THAT AMENDMENT. IT'S MUDDY, IT'S CUMBERSOME, AND I'M GOING TO SUSPECT THAT'S GOING TO HAVE A HARD TIME EVEN CONSTITUTIONALLY, BUT I'M GOING TO JUST SET THOSE DISCUSSIONS ASIDE AND MAKE IT VERY CLEAR THAT I AM FOR AM2780. I AM FOR LB958. AND SENATOR GLOOR IS CLOSE BY. I'D LIKE TO YIELD HIM THE REST OF MY TIME.
[LB958]

PRESIDENT FOLEY: THANK YOU, SENATOR WATERMEIER. SENATOR GLOOR, 3:00.
[LB958]

SENATOR GLOOR: THANK YOU, SENATOR WATERMEIER. THANK YOU, MR. PRESIDENT. I'D LIKE TO SPEAK TO AM2786...AM2796, SENATOR JOHNSON'S AMENDMENT. I STAND IN OPPOSITION TO THAT AMENDMENT. IT IS A VARIATION ON LB940, WHICH HE HAD IN FRONT OF US, AND I'VE BEEN VISITING WITH PEOPLE OFF MIKE SO IF HE'S COVERED THAT OR OTHERS HAVE COVERED THAT, I APOLOGIZE FOR THE REDUNDANCY. BUT HERE WERE THE PROBLEMS WE HAD WITH LB940. THE SAME PROBLEMS CARRY FORWARD TO AM2796. FREEZING VALUATION RAISES ISSUES OF CONSTITUTIONALITY. THAT HAS NOT BEEN SETTLED TO AT LEAST THE COMFORT LEVEL OF THE COMMITTEE WHEN WE WERE HEARING THE LB940. FREEZING VALUATIONS DOES NOT ALLOW POLITICAL SUBDIVISIONS ACCESS TO TAX ON ANY HIGHER VALUATIONS THAT COME

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THROUGH. AND WE'RE HAVING A LOT OF DISCUSSION ABOUT THE FACT VALUATIONS CONTINUE TO INCREASE FOR RESIDENTIAL, COMMERCIAL, AND CERTAINLY AG. AND IF THAT HAPPENS WITH THE FREEZE, THE TAXING ENTITIES OUT THERE AND WE HAD A HEALTHY DISCUSSION IN EDUCATION ON THE FACT THAT PROPERTY TAX DOESN'T GO TO THE STATE, IT GOES TO THE LOCAL ENTITIES, THEY DON'T GET ANY OF THAT INCREASED VALUATION. THEY'RE FROZEN FROM ACCESS TO THAT INCREASE. THIS IS GOING TO BE CALLED AN UNFUNDED MANDATE BY THOSE TAXING ENTITIES THAT ARE OUT THERE, COUNTIES, CITIES, COMMUNITY COLLEGES, AIRPORT AUTHORITIES. FREEZING VALUATION LOWERS TAX BASE FOR POLITICAL SUBDIVISIONS, ONLY EQUALIZED SCHOOL DISTRICTS WILL RECEIVE STATE MONIES TO OFFSET THIS LOSS IN THE TAX BASE. SO IF YOU'RE UNEQUALIZED, THIS IS GOING TO HURT YOU. FREEZING VALUATIONS IS A LOSE-LOSE SITUATION FOR TAXPAYERS AND POLITICAL SUBDIVISIONS. THE TAX BASE IS REDUCED. TAX RATES WILL INCREASE TO FUND THE BASIC OPERATIONS OF A POLITICAL SUBDIVISION. IF THE MONEY ISN'T COMING IN, THEY'RE GOING TO HAVE TO MAKE THOSE ADJUSTMENTS TO DRIVE MORE REVENUE TO COVER THOSE EXPENSES. [LB958 LB940]

PRESIDENT FOLEY: ONE MINUTE. [LB958]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. ONLY EQUALIZED SCHOOLS WILL SEE A BENEFIT, MORE EQUALIZATION AID. AND ONE OF THE OTHER PROBLEMS IN A FREEZE IS THAT ASSUMING YOU'RE DEALING WITH INCREASED VALUATIONS OF SOME KIND, YOU'RE ONLY PUTTING OFF UNTIL TOMORROW WHAT YOU'D HAVE TO PAY FOR TODAY. IN OTHER WORDS, AFTER THE MORATORIUM LIFTS, THAT NEXT YEAR PEOPLE WILL GET THE VALUATION OF THAT PAST YEAR, THAT FROZEN YEAR, PLUS THE NEXT YEAR. AND SO, THERE'S GOING TO BE A HIGHER TAX BILL COMING DUE IF, IN FACT, TAX PRICES...TAX VALUATIONS ARE GOING DOWN, YOU'RE PUTTING OFF FOR A YEAR A DECREASED VALUATION, WHICH MEANS LESS TAXES TO PAY. SO YOU LOSE IN EITHER SCENARIO. THERE ARE CHALLENGES WITH FREEZING, AND THAT'S SOMETHING THAT HAS TO BE POINTED OUT. I KNOW SENATOR JOHNSON, AND I APPRECIATE HIS CONVERSATIONS WITH ME ON THIS BILL, HE UNDERSTANDS SOME OF THESE. [LB958]

PRESIDENT FOLEY: TIME, SENATOR. [LB958]

SENATOR GLOOR: THANK YOU. [LB958]

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PRESIDENT FOLEY: THANK YOU, SENATOR GLOOR. SENATOR GROENE, YOU'RE RECOGNIZED. [LB958]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. I USUALLY AGREE WITH, OR MAYBE SENATOR SCHUMACHER JUST MISSPOKE WHEN HE SAID THE REASON TAXES ARE GOING UP IS BECAUSE THESE VALUATIONS ARE GOING UP. NO, TAXES ARE GOING UP BECAUSE GOVERNMENT SPENDING IS GOING UP. VALUATIONS HAVE NOTHING TO DO WITH THE NUMBER OF DOLLARS THAT ARE SPENT AND COLLECTED. IT'S BUDGETS. IT'S SPENDING BY GOVERNMENT. WE ARE OUT OF CONTROL IN NEBRASKA. AND THIS PERIOD THAT WE'VE HAD THIS HUGE CRISIS, WE'VE GONE FROM \$2.3 BILLION TO \$3.8 BILLION IN TEN YEARS IN PROPERTY TAXES THAT LOCAL ENTITIES HAVE COLLECTED. AS A YOUNGER PERSON, I REMEMBER SEEING FIVE AND TEN-YEAR-OLD PICKUPS AROUND THE COUNTY AND THE SCHOOLS AND BUSES WERE TRADED EVERY TEN YEARS OR EIGHT YEARS. BUILDINGS WERE FUNCTIONAL. GOT THE BASICS OF GOVERNMENT. GO TO ANY OF YOUR LOCAL GOVERNMENT ENTITIES NOW. IF THAT'S HOW YOU PRIDE YOURSELF IS HOW SHINY THE VEHICLES ARE AND THE WAGES AND THE BENEFITS OF YOUR GOVERNMENT EMPLOYEES, WELL, YOU'VE DONE GOOD IN NEBRASKA BECAUSE THEY SPEND IT IF YOU GIVE IT TO THEM. THE PROBLEM IS NOT VALUATIONS, IT'S SPENDING. WE'RE OUT OF CONTROL. I SAID YESTERDAY WE'RE 18th IN THE NATION SPENDING ON PUBLIC EDUCATION. MOST OF THAT IS PROPERTY TAXES. A COST OF LIVING, WE'RE DOWN IN THE THIRTIES AND FORTIES, BUT YET WE GOT TO SPEND IT. HAVE WE GOT BETTER EDUCATION? NO. UNIVERSITY OF NEBRASKA, LOWEST TUITION IN THE BIG 14, BIG TEN, 14 SCHOOL. WHY? ISN'T AS GOOD A VALUE OR WHAT? WHY? WE'RE THIRD OR FOURTH IN THE NATION PER CAPITA SPENDING...TAXING AND SPENDING ON THE UNIVERSITY SYSTEM. WHY? I HAVE TO DISAGREE WITH SENATOR GLOOR. I HAPPEN TO THINK IF WE FROZE THE VALUATIONS, IT WOULDN'T HURT ANYTHING. WE'RE WAY PAST BASICS. WE'RE WAY PAST BASICS IN GOVERNMENT THE WAY WE SPEND. WE'RE NOT EVEN CLOSE TO BASICS. WE'RE SPENDING ON EVERYTHING UNDER THE SUN, NEW BUILDINGS, NEW FACILITIES THAT WE DON'T NEED BECAUSE THE MONIES LAYING THERE, THEY TAKE IT AND THEY SPEND IT. WE HAVE A SPENDING PROBLEM IN THE STATE OF NEBRASKA. I RELUCTANTLY, THIS WHOLE IDEA WITH THE PROPERTY TAX CREDIT FUND, THE SPENDERS IN THIS STATE JUST LOVE IT BECAUSE WE'RE NOT LOOKING AT SPENDING. WE'RE ROBBING PETER AND PAYING PAUL AND THEY KEEP SPENDING. YOU KNOW, I TOLD A COUPLE SENATORS, REMINDS, WE'VE TALKED ABOUT PROSTITUTES AND DRUG ADDICTS IN THIS BODY, BUT THIS IS LIKE THE PIMP GIVING AN EXTRA TEN BUCKS IN COMMISSION FOR EVERY TRICK TO THE PROSTITUTE, BUT THEN RAISING HER HEROIN \$15. THAT'S WHAT WE'RE DOING

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HERE. WE JUST OFFSET THE SPENDING A LITTLE BIT. WE TAKE PETER'S MONEY AND WE GIVE IT TO PAUL. IF YOU LOOK AT WHAT SENATOR DAVIS PASSED OUT, THAT'S WHY THE FARMERS AND EVERYBODY IS UPSET WITH THESE TAX CREDITS. THE INCREASED AMOUNTS AND SPEND IN TAX ASKING HAS OUTPACED THE CREDITS. WE HAVE A SPENDING PROBLEM. WE NEED TO QUIT THIS PHONY ACCOUNTING PRACTICE OF GIVING...TAKING MONEY FROM THE INCOME AND SALES TAXPAYER AND GIVE IT TO THE PROPERTY TAXPAYERS. AND WE NEED TO FIX TEEOSA. WE NEED TO FIX IT BECAUSE THAT'S THE BIG ONE. WE NEED TO SLOW DOWN THAT SPENDING, SORRY, BECAUSE NOBODY CAN SHOW ME SPENDING MORE MONEY DOES A BETTER JOB OF EDUCATION. I CAN PROVE YOU WITH TEST SCORES IN THE LAST TEN YEARS HOW FAST WE'VE INCREASED SPENDING. POVERTY, THEY KEEP TELLING ME, IS INCREASING IN THIS STATE. PROBABLY HAS BECAUSE THEY'RE THE ONLY FOLKS CAN AFFORD TO MOVE HERE BECAUSE THEY DON'T PAY MUCH TAXES. [LB958]

PRESIDENT FOLEY: ONE MINUTE. [LB958]

SENATOR GROENE: I RELUCTANTLY SUPPORT LB958 BECAUSE IT'S ANOTHER GIMMICK. THERE'S NO PROMISE WE'RE GOING TO HAVE ALL THAT MONEY HERE IN THE NEXT FISCAL BUDGET TO PASS OUT AS CANDY, OR WHATEVER YOU WANT TO CALL IT, TO THE PROPERTY TAXPAYER. BUT IT'S NOT THE ANSWER, NEVER WAS, NEVER WILL BE. BUT I KEEP HEARING THE WHYS WHEN THE MATH GETS TOO HARD FOR SOME OF MY COLLEAGUES HERE, AND THEY CAN'T FIGURE OUT THE NUMBERS, FIRST THING THEY GO TO, IS LET'S DO ANOTHER CREDIT. THAT'S EASY FOR ME TO FIGURE OUT. IT DOES NOTHING. IT DOES NOTHING. ALL IT DOES, AS SENATOR SMITH SAID, IS CAUSES MORE STRIFE BETWEEN URBAN AND RURAL. AND I WAS HOPING I COULD VOTE ON SENATOR SMITH'S BILL. I WOULD HAVE VOTED YES. WISEST MAN I EVER KNEW WAS MY DAD, EIGHTH GRADE EDUCATION. [LB958]

PRESIDENT FOLEY: TIME, SENATOR. [LB958]

SENATOR GROENE: ANYWAY, I'LL FINISH IT LATER. THANK YOU. [LB958]

PRESIDENT FOLEY: THANK YOU, SENATOR GROENE. (VISITORS INTRODUCED.) CONTINUING DEBATE. SENATOR BLOOMFIELD. [LB958]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. THE LAST TIME SENATOR SCHUMACHER WAS ON THE MIKE HE PAINTED THIS PICTURE: PEOPLE

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INHERITING THEIR FARMS, THE VALUE GOING WAY UP, AND WHEN IT CHANGES HANDS THE MONEY LEAVES THE STATE. AND THEN HE SAID, THERE'S SOMETHING WRONG WITH THIS PICTURE. YES, THERE IS. AND IT'S THE ARTIST DOING THE PAINTING. MY WIFE AND I DIDN'T INHERIT OUR FARM. IF WE PASS BEFORE WE SELL IT, IT WILL BE DIVIDED BETWEEN EIGHT HEIRS; SEVEN OF THEM RESIDE IN NEBRASKA. THE MONEY WILL NOT BE LEAVING THE STATE. FOUR OF THOSE HEIRS WILL PAY CONSIDERABLY MORE THAN THE PITTANCE THAT SENATOR SCHUMACHER REFERRED TO IN INHERITANCE TAX. I BELIEVE THEIR SHARE WILL BE 8 PERCENT APIECE. THEN SENATOR SCHUMACHER, WHEN HE WAS DRAWING THIS LOVELY PICTURE OR PAINTING THIS PICTURE, SUGGESTED THAT WE PUT A SALES TAX ON WHEN THE FARM IS SOLD. I WONDER, DOES THAT INCLUDE WHEN YOU SELL YOUR HOME TOO? IF YOU DON'T HAPPEN TO LIVE IN THE COUNTRY, ARE WE GOING PUT THAT SAME SALES TAX ON EVERY TIME A HOME CHANGES HANDS? WHAT ABOUT WHEN YOU SELL A FEW SHARES OF COMMON STOCK? ARE WE GOING TO PUT A SALES TAX ON THAT AS WELL? THAT WOULD BE MORE INCOME FOR THE STATE. WHETHER YOU SELL IT AT A LOSS OR GAIN, SHOULD THERE BE A SALES TAX THERE? YOU KNOW, THIS IS BEGINNING TO SOUND A LOT LIKE A TRANSACTION TAX. THAT IDEA HAS BEEN FLOATED FROM WASHINGTON, D.C. DO WE WANT TO PUT A LITTLE TAX ON WHEN YOU CASH YOUR PAYROLL CHECK OR WHEN YOU DEPOSIT IT IN THE BANK? MAYBE WE PUT A LITTLE ADDITIONAL TAX ON WHENEVER YOU HAVE YOUR CHECK DIRECTLY DEPOSITED. THE TRANSACTION, MAYBE WE SHOULD TAX THAT A LITTLE MORE. GOD KNOWS WE DON'T HAVE ENOUGH TAXATION IN NEBRASKA. LET'S FIND NEW WAYS TO RAISE TAXES RATHER THAN THE CURE, THE REAL ISSUE, AND THAT'S RUNAWAY SPENDING IN THE STATE OF NEBRASKA. THANK YOU, MR. PRESIDENT. [LB958]

PRESIDENT FOLEY: THANK YOU, SENATOR BLOOMFIELD. SENATOR STINNER, YOU'RE RECOGNIZED. [LB958]

SENATOR STINNER: THANK YOU, MR. PRESIDENT. MEMBERS OF THE LEGISLATURE, I RISE IN SUPPORT OF LB958. BOY, IT'S HARD TO SEE FROM HERE, (LAUGH) LB958 AND AM2780. YOU KNOW, THIS IS...IT ISN'T A PERFECT SITUATION. IT'S ANOTHER SMALL BITE ON THAT APPLE, AND IT DOES RETURN DOLLARS BACK TO THE TAXPAYERS WHO ARE PAYING A DISPROPORTIONATE AMOUNT TO SCHOOLS, TO LOCAL GOVERNMENTS, AND SO THEN I SUPPORT THAT PROPOSITION. BUT I'VE CERTAINLY ENJOYED THE DISCUSSION ON TAX POLICY WITH THE BASIS OF FAIR AND EQUITABLE AND TALKING ABOUT WHO WE TAX, WHEN WE TAX, HOW WE TAX, IS ALWAYS INTERESTING. AND I THINK I COMMEND SENATOR SMITH FOR TAKING A LOOK AT THE INCOME TAX SITUATION THAT

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BENEFITS THAT ALL OF US SEEM TO HAVE TO PAY, CERTAINLY FROM AN INDIVIDUAL SIDE OF THINGS. THAT'S THE BIGGEST NUMBER THAT COMES IN IN TERMS OF A REVENUE SOURCE. AND I CERTAINLY BELIEVE THAT WE NEED TO LOOK AT THAT ON AN ONGOING BASIS AND TRY TO ASSESS WHAT WE CAN DO AND WHAT THE POSSIBILITIES ARE. BUT FIRST, I WOULD CAUTION THIS, AND THE TIMING MAY NOT BE RIGHT FOR SMITH'S BILL, BUT I WOULD CAUTION IT THIS WAY. WE HAVE YET TO PROVE THAT WE CAN RUN THIS GOVERNMENT AT 3 PERCENT OR 3.5 PERCENT. OUR GOVERNOR IS TASKING US WITH THE ABILITY TO SHOW THAT WE CAN RUN THIS GOVERNMENT ON 3 PERCENT. AND OBVIOUSLY, WHEN WE START TO LOOK AT REVENUE GROWTH OVER THE NEXT COUPLE YEARS, WE'RE GOING TO GET A PRETTY GOOD FEEL FOR WHERE THAT REVENUE GROWTH TRULY IS AT. IS IT AT 4 PERCENT? IS IT AT 4.5 PERCENT, OR IS IT AT 4.7 PERCENT WHICH WE SEEM TO UTILIZE? IF IT IS THERE, THEN IT CERTAINLY GIVES US THE OPPORTUNITY FOR INCOME TAX RELIEF. IT'S ALWAYS INTERESTING, TOO, IN THE DISCUSSION AS TO HOW MUCH TAX IS BALANCED AGAINST THAT YOU CAN AFFORD TO TAKE OUT OF THE PRIVATE SECTOR AND STILL RUN YOUR GOVERNMENT EFFECTIVELY AND EFFICIENTLY, BUT STILL LEAVE ENOUGH IN THAT PRIVATE SECTOR SO THAT YOU CONTINUE TO HAVE THAT DYNAMIC ECONOMY CONTINUING TO GROW NEBRASKA AND CONTINUING TO PROVIDE BUSINESSES THEIR OPPORTUNITIES TO GROW. SO THAT'S THE RUB, AND THAT'S THE INTERESTING DISCUSSION. AS IT RELATES TO PROPERTY TAX, THE TAX MODERNIZATION COMMITTEE, THEY'RE NUMBER ONE RECOMMENDATION WAS TO REESTABLISH STATE AID. AND THAT STATE AID REALLY CAME TO A NUMBER OF \$500 MILLION TO MOVE PROPERTY TAX TO THE MIDDLE OF ALL THE STATE. HOW DO YOU DO THAT? WELL, YOU GOT ALL THESE SALES TAX EXEMPTIONS, YOU GOT THE CREDIT AND YOU GOT DEDUCTIONS. THAT ALL NEEDS TO BE PUT ON THE TABLE AND REVIEWED AND LOOKED AT IF INDEED WE'RE GOING TO HAVE MEANINGFUL REFORM. AS I LOOK AT THE CASE FOR WHY WE'RE DOING \$30 MILLION TODAY FOR AGRICULTURE, THEY'RE THE ONES THAT HAD THE 200 PERCENT INCREASE IN PROPERTY VALUATIONS. THEY'RE THE ONES THAT ARE BEARING A HEAVY LOAD. IF WE LOOK AT THE TEEOSA FORMULA, THE STATE REALLY HAD AN AVERAGE OF 2.3 PERCENT INCREASE IN TEEOSA AS OPPOSED TO AN HISTORICAL RATE OF ABOUT 5 PERCENT. SO THERE HAS BEEN A SHIFT AWAY FROM STATE AID TO THE LOCAL LEVEL. OVER 150 SCHOOL DISTRICTS NOW DO NOT GET EQUALIZATION. THAT'S ANOTHER CASE FOR THROWING MONEY AT AGRICULTURE. THE OTHER THINGS I LOOK AT THE \$30 MILLION AND THE STATE AID IDEA AND WHY WE SHOULD HAVE STATE AID, THIS IS A STATE-AID PACKAGE. THAT \$200 MILLION, \$204 MILLION REALLY IS STATE AID THAT GOES...INSTEAD OF GOES TO MUNICIPALITIES, INSTEAD OF GOES TO SCHOOL DISTRICTS. [LB958]

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PRESIDENT FOLEY: ONE MINUTE. [LB958]

SENATOR STINNER: IT NOW GOES BACK TO THE INDIVIDUALS WHO ARE ACTUALLY PAYING IT. SO, IN ESSENCE, THIS \$30 MILLION WILL BE A DIRECT STATE AID PACKAGE TO THE PEOPLE WHO ARE ACTUALLY PAYING IT. AND IF YOU REMEMBER BACK WHEN THE CRUNCH TIME CAME 2010, 2012, I WASN'T HERE, BUT STATE AID TO MUNICIPALITIES IN CITIES WERE CUT. THAT'S SOMEWHERE THAT WE NEED TO TAKE A LOOK AT. WE RAIL ON THE FACT, WE GOT TOO MUCH SPENDING. NO, WE CUT THE REVENUE. WE CONTINUE TO HAVE MANDATES, OVER 20 MANDATES TO CITIES AND COUNTIES HAVE BEEN ESTABLISHED OVER A 15-YEAR PERIOD OF TIME AND I BELIEVE WE PASSED ANOTHER MANDATE ON SOME OF THE COUNTIES OUT THERE THIS SESSION. SO, GOOD DISCUSSION. CERTAINLY A SHIFT IN TAXES THAT HAS BENEFITED THE STATE. SHIFTING TAXES BACK TO THE AGRICULTURAL FOLKS, AND THIS IS A STEP IN THE DIRECTION OF GETTING MONEY BACK TO WHENCE IT CAME. THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER PRESIDING

SENATOR SCHEER: THANK YOU, SENATOR STINNER. SENATOR GLOOR, YOU'RE RECOGNIZED. [LB958]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. I'D LIKE TO YIELD MY TIME TO SENATOR JOHNSON. [LB958]

SENATOR SCHEER: SENATOR JOHNSON, YOU'VE BEEN YIELDED 4:50. [LB958]

SENATOR JOHNSON: THANK YOU, MR. PRESIDENT, AND THANK YOU, SENATOR GLOOR. WE'VE HAD GOOD CONVERSATION. WHEN I FIRST INTRODUCED AM2796, I WAS OPEN WITH THE CONCERNS THAT ARE OUT THERE, AND I WAS AWARE OF THEM, AND I'M NOT DISPUTING THEM. I THINK MAYBE THAT NEEDS TO BE LOOKED AT A LITTLE BIT TO SEE WHETHER IT REALLY APPLIES FOR FREEZING BUDGETS VERSES FREEZING EVALUATIONS. I SUPPORT LB958. I STILL THINK WE'RE PUTTING A BAND-AID ON A PROBLEM AND WE'RE NOT SOLVING THE PROBLEM. LOCAL GOVERNMENTS HAVE HAD A PRETTY GOOD RUN IF THEY'VE BEEN DEPENDENT ON VALUATIONS. JUST MAKING SOME GENERAL COMMENTS HERE BEFORE I CLOSE. JUST A QUESTION. AT WHAT POINT IN TIME--WE DON'T KNOW THIS RIGHT NOW--BUT AT WHAT POINT IN TIME WILL WE NOT HAVE TO PUT ANYMORE CREDITS INTO THE FORMULA OR BACK INTO PROPERTY TAX

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RELIEF FOR AG LAND? AND AT WHAT POINT IN TIME WILL WE BE ABLE TO TAKE THOSE CREDITS OUT OF THERE AND USING THOSE CREDITS FOR EDUCATION? I THINK THAT'S WHERE WE NEED TO BE EVENTUALLY, AND WE'VE GOT A LOT OF WORK TO DO WITH THE ENTIRE SUBJECT OF TAXATION. I HOPE TO BE ABLE TO CREATE AT LEAST A BUNT, MAYBE A BUNT, SINGLE AFTER A STUDY THIS SUMMER, AND IF I'M ABLE TO BE BACK IN THE BODY NEXT YEAR, TO BE ABLE TO COME UP WITH A SMALL FIX, AT LEAST AS FAR AS THE WAY WE VALUE AG PROPERTY IN NEBRASKA. IT'S A BAND-AID RIGHT NOW, BUT IT HELPS THE BLEEDING A LITTLE BIT, AND THAT'S WHAT A BAND-AID IS EQUIPPED TO DO. IT DOESN'T FIX THE PROBLEM. IT'S THERE UNTIL WE CAN HEAL IT. MR. PRESIDENT, AT THIS POINT I WILL WITHDRAW AM2796. THANK YOU. [LB958]

SENATOR SCHEER: WITHOUT OBJECTION, MOTION IS WITHDRAWN. WE WILL RETURN BACK TO THE COMMITTEE AMENDMENTS, AM2780. SENATOR SMITH, YOU'RE RECOGNIZED. [LB958]

SENATOR SMITH: THANK YOU, MR. PRESIDENT. HAD TO SHOO SOME OF MY COLLEAGUES AWAY THERE SO I COULD HEAR MYSELF THINK. THANK YOU, MR. PRESIDENT. THANK YOU, COLLEAGUES. I APPRECIATE SENATOR JOHNSON REMOVING HIS AMENDMENT FROM THIS BILL, AND I CONTINUE TO OPPOSE THE REVENUE AMENDMENT AND THE UNDERLYING BILL. I THOUGHT I MIGHT JUST TAKE A MOMENT HERE TO EXPLAIN. I THINK THERE'S SOME MISINFORMATION AS TO EXACTLY WHAT'S TAKING PLACE HERE. SO LET ME JUST TAKE A MOMENT, AND THIS MAY BE OVERLY SIMPLIFIED, AND IF ANY OF MY COLLEAGUES FROM THE REVENUE COMMITTEE WOULD LIKE TO SPEAK UP ON THIS AND TELL ME I'M WRONG, PLEASE DO SO. BUT AGAIN, THIS BILL HAS A PRICE TAG OF ABOUT \$30 MILLION. NONE OF THAT, THERE'S NO NEW MONEY GOING TO NONAG BUSINESS. THERE'S NO NEW MONEY GOING TO THE RESIDENTIAL PROPERTY TAXPAYER. THE ENTIRE NOTE ON THIS BILL IS GOING TO AGRICULTURE. ONCE AGAIN, I AGREE. PROPERTY TAXES ARE TOO HIGH. IT'S A BURDEN TO OUR AGRICULTURAL BUSINESSES, BUT I WANT TO WORK TOGETHER WITH MY RURAL COLLEAGUES, AND I WANT TO HAVE COMPREHENSIVE TAX REFORM. I DON'T WANT TO TAKE \$30 MILLION, AND THAT \$30 MILLION IS GOING TO BE YEAR AFTER YEAR AFTER YEAR INCREASES ONLY FOR AGRICULTURE. SENATOR LINDSTROM, SENATOR McCOLLISTER, SENATOR MURANTE, SENATOR MORFELD, SENATOR FOX, AND WE CAN CONTINUE ON AND ON AND ON, SOME OF YOU HAVE NO AGRICULTURE IN YOUR DISTRICTS. SOME OF YOU HAVE A SMALL AMOUNT OF AGRICULTURE IN YOUR DISTRICTS. I WANT YOU TO THINK LONG AND HARD. THIS IS NOT HELPING YOUR DISTRICTS. THIS IS NOT HELPING THE AVERAGE FAMILY. WE WANT TO DO SOMETHING COMPREHENSIVELY, BUT AS YOU'RE PULLED OUT TO THE LOBBY

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AND YOU'RE LOBBIED ON THIS, JUST SUPPORT IT, JUST SUPPORT IT, IT'S GOING ENTIRELY FOR AGRICULTURE. AND, AGAIN, WE NEED TO HELP AGRICULTURE IN OUR STATE AS WE NEED TO HELP ALL BUSINESSES AS WE NEED TO HELP ALL TAXPAYERS. SO I RECEIVED AN E-MAIL FROM AFP NEBRASKA, AND THEY SENT THIS TO ME AND THEY SAY, SENATOR SMITH, ON BEHALF OF THE MORE THAN 43,000 AMERICANS FOR PROSPERITY NEBRASKA ACTIVISTS, THIS...ACROSS THE STATE, I AM WRITING TODAY TO URGE YOU TO VOTE YES ON LB958. I LIKE AFP. I THINK THEY DO A LOT OF GREAT WORK, AND I SUPPORT THEIR IDEALS, BUT I WOULD DARE SAY THAT THEIR 43,000 MEMBERS DON'T KNOW THAT THESE TAXES THAT THEY ARE SUPPORTING OR BEING REPRESENTED TO SUPPORT IS ONLY GOING FOR AGRICULTURE. NONE OF IT IS GOING FOR THE RESIDENTIAL HOMEOWNER. NONE OF IT IS GOING FOR THE NONAGRICULTURE BUSINESS. I HEARD SOME OF MY COLLEAGUES SAY, WELL, DON'T YOU THINK IT WOULD BE A GREAT IDEA TO GO AHEAD AND PASS THIS BILL, AND THAT WAY WE CAN KIND OF HOLD ONTO THAT MONEY AND DO A COMPREHENSIVE REFORM IN SUBSEQUENT YEARS USING THAT MONEY. AND I WOULD ALMOST GO ALONG WITH THAT IF IT WAS DISTRIBUTED EVENLY AMONG ALL TAXPAYERS, BUT I CAN'T AGREE TO THAT IF IT'S ONLY GOING TO ONE SEGMENT OF OUR TAXPAYER. [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR SMITH: IF SOMEONE CAN STAND UP AND SAY NEBRASKA FAMILIES AND NONAGRICULTURAL BUSINESSES WILL BE FIRST IN LINE NEXT YEAR, I MAY GET ON BOARD WITH THIS. I'M ASKING YOU, COLLEAGUES, DON'T SUPPORT THIS BILL, DON'T SUPPORT THIS AMENDMENT. LET US HAVE COMPREHENSIVE TAX RELIEF DISCUSSIONS WHERE ALL NEBRASKA FAMILIES, ALL NEBRASKA BUSINESSES RECEIVE RELIEF. LET US MOVE FORWARD TOGETHER. THIS IS NOT GOOD TAX POLICY, COLLEAGUES. THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SMITH. SENATOR SCHUMACHER, YOU'RE RECOGNIZED. [LB958]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. PART OF OUR PROBLEM WITH DEALING AND TARGETING AG TAX RELIEF COMES OUT OF OUR UNIFORM AND PROPORTIONALITY CLAUSE IN THE CONSTITUTION WHICH REQUIRES, KIND OF ON A PER-ACRE BASIS ALMOST, FOR GRANDMA IN THE NURSING HOME TO BE TREATED THE SAME WAY AS A LARGE MOVIE STAR WHO OWNS PROPERTY SOMEWHERE, LOTS OF IT IN THE STATE. TWO

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YEARS AGO I PRIORITIZED A BILL THAT WOULD HAVE AMENDED THE CONSTITUTION TO MODIFY THAT UNIFORMITY AND PROPORTIONALITY PROVISION. HERE'S WHY THE BILL WENT NOWHERE. LIKE I ALWAYS SAY, WHENEVER THERE'S AN IDEA, THERE'S A GOOD REASON NOT TO DO IT IN THE EYES OF SOME POWERFUL GROUPS. WELL, YOU HAD RAILROADS, YOU HAD UTILITY COMPANIES SAYING, UH-UH, WE GOT TO BE TREATED EQUALLY AND PROPORTIONATELY BECAUSE WE KNOW WHAT THOSE PEOPLE IN THE LEGISLATURE ARE GOING TO DO; IF NOT, THEY'RE GOING TO REALLY GET US. AND THEY'RE GOING TO GRANT RELIEF TO FARMERS AND RELIEF TO BUSINESSMEN AND THEY'RE GOING TO GET US; NO, NO, THAT CAN'T GO. THEY PROBABLY WERE RIGHT, BUT THAT'S PART OF THE PROBLEM THAT WE HAD. THE SUGGESTION THAT SENATOR JOHNSON WAS JUST MAKING, WHAT DOES THAT DO? THAT HAS TEEOSA IMPLICATIONS BECAUSE THE SCHOOLS MEANS WOULD DROP. IT HAS IMPLICATIONS ON...SCREWS UP NEXT YEAR'S BUDGETS FOR OTHER LOCAL GOVERNMENTS, FOR NRDS AND COUNTIES AND CITIES AND MESSES WITH THEIR CONTRACTS BECAUSE THEY DON'T HAVE PLANNED INCOME COMING IN. YOU HAVE ALL THOSE REASONS WHY THINGS WON'T WORK AND THAT IS WHY A VERY FRUSTRATED REVENUE COMMITTEE ADVANCED THIS BILL. NOT BECAUSE IT SOLVES ANYTHING, BUT BECAUSE WE GOT TO DO SOMETHING. WELL, WE'RE DOING SOMETHING. WE'RE STANDING HERE BEFORE THE CAMERAS OF THE STATE. WE'RE TALKING AMONGST OURSELVES, AND WE'RE BEGINNING TO REALIZE THAT THERE AIN'T NO FREE LUNCH. THE MOST WE CAN DO IS TAX SHIFT UNLESS WE ARE ALLOWED TO CREATIVELY THINK, AND ALMOST ALL CREATIVE THOUGHT IS GOING TO BE BLOCKED BY SOMEBODY. WOULD LIKE TO COMMENT BRIEFLY ON SENATOR GROENE SAID, SENATOR GROENE, I AGREE WITH YOU. TAXES...I SAID TAXES ARE GOING UP BECAUSE VALUE IS GOING UP, AND BECAUSE LEVIES WERE NOT ADJUSTED APPROPRIATELY DOWNWARD IN ORDER TO KEEP THE TAX THE SAME. IT'S A MULTIPLICATION FUNCTION. SO I THINK WE'RE ON THE SAME PAGE THERE. BASICALLY, WE HAVE NOT SOLVED AND ARE NOT SOLVING THE PROBLEM OF TAXES WITH LB958. I ONLY WISH THAT I WERE HERE 30 YEARS FROM NOW WHEN WE PROBABLY WILL BE ABLE TO DO AWAY WITH PROPERTY TAXES, INCOME TAXES, AND SALES TAXES BECAUSE ALL THOSE ARE INDICATIVE OF PAST ECONOMIES AND OLD IDEAS. I PREDICT THAT BETWEEN 30 AND 50 YEARS FROM NOW WE WILL SEE A TAX ON CREDIT BECAUSE THAT IS THE NEW ECONOMY. IMAGINE A 5 PERCENT LOAN, 5 PERCENT SALES TAX ON THE RENTAL OF MONEY, 5.25 PERCENT LOAN, AND THAT IS A HUGE AMOUNT OF MONEY. I THINK WE'RE GOING TO SEE THE FEDERAL GOVERNMENT MOVE THAT WAY AND THE STATES WILL MOVE IN LOCKSTEP. THAT'S AN ANSWER. IT'S NOT HERE TODAY. WHAT IS HERE TODAY IS VERY HARD CHOICES BETWEEN A BUNCH OF DESERVING PEOPLE AND A NEED TO FUND A

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GOVERNMENT WHICH IS GOING TO GROW FASTER IN EXPENSES THAN WE HAVE IN THE PAST BECAUSE WE HAVE A BUNCH OF OLD BABY BOOMERS THAT ARE GOING TO GET OUT OF PULLING THE WAGON AND START GETTING ON THE WAGON, BECAUSE WE'VE NEGLECTED PRISONS AND MENTAL HEALTH BECAUSE WE'VE GOT TO TRY TO... [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR SCHUMACHER: ...FIGURE OUT HOW WE'RE GOING TO EDUCATE KIDS IN RURAL AREAS WHEN YOU HAVE A LOW POPULATION THERE AND THE COMMUNITY BASE FOR EDUCATION JUST ISN'T THERE TO VIABLY CONDUCT THEM. WE'VE GOT TO COME TO GRIPS WITH THE FACT THAT AS A STATE WE HAVE GONE THROUGH A METAMORPHOSIS FROM THE SMALL FARM TO CORPORATE FARMING, AND WE WILL BE SEEING IN THE VERY NEAR FUTURE THE ACQUISITION OF THOSE CORPORATE FARMS BY REAL ESTATE INVESTMENT TRUST AND BY LARGER ACQUISITIONS. IT HAPPENS EVERYWHERE IN CAPITALISM. AND IT'S GOING TO HAPPEN HERE, LIKE IT OR NOT. WE VOTED THE PIG BILL OUT. OKAY? THAT'S PART OF THE PHENOMENA. FOLKS, THIS IS A COMPLICATED ISSUE. LB958 MAKES IT HARDER INSTEAD OF EASIER, AND I AGREE WITH SENATOR SMITH. WE HAVE TO DO THIS IN A COMPREHENSIVE PACKAGE THAT PUTS EVERYBODY FIRST AND IT TREATS EVERYONE FAIRLY. THANK YOU. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SCHUMACHER. SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB958]

SENATOR SCHNOOR: THANK YOU, MR. PRESIDENT. WELL, WE'VE BEEN TALKING ABOUT PROPERTY TAXES NOW FOR SEVERAL HOURS, SO I GUESS I'LL GET MY TWO CENTS' WORTH IN. YOU KNOW, SENATOR SCHILZ TALKED ABOUT BRINGING IN NEW INDUSTRY INTO THE STATE, AND THAT IS TRUE. WE BRING IN NEW INDUSTRY; IT WILL GROW THE STATE DEPENDING ON WHERE THAT'S AT. IT WILL REDUCE A PORTION OF PROPERTY TAXES, ALL VERY TRUE. BUT FIRST AND FOREMOST, THE PEOPLE THAT LIVE THERE HAVE TO ACCEPT THAT WHETHER THAT'S WIND ENERGY, WHETHER THAT'S ANY NEW INDUSTRY COMING IN, THE PEOPLE HAVE TO ACCEPT IT. AND WE HAVE TO REMEMBER THAT WE'RE HERE FOR THE PEOPLE. WE MAY THINK THIS IS...THESE INDUSTRIES ARE THE GREATEST THING IN THE WORLD AND THEY MAY HAVE GREAT POTENTIAL. YOU CAN NEVER DENY THAT. BUT WE HAVE TO SUPPORT THE PEOPLE. AND RIGHT NOW WE HAVE HEARD TIME AND TIME AGAIN OUR RURAL COMMUNITIES ARE

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SAYING PROPERTY TAXES ARE TOO HIGH. DOES THIS FIX THE PROBLEM? NO, IT DOESN'T. IT'S A SMALL, LIKE EVERYBODY SAYS, IT'S A BAND-AID; BUT, YET, IT'S SOMETHING...IT'S SOMETHING. THESE PROBLEMS DIDN'T HAPPEN OVERNIGHT; WE'RE NOT GOING TO FIX THEM OVERNIGHT. SO ANYTHING WE CAN DO TO HELP, I'M SURE WILL BE APPRECIATED. BUT NO MATTER WHAT HAPPENS, WE HAVE TO REMEMBER WE'RE HERE TO SUPPORT THE PEOPLE. SO, THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SCHNOOR. SENATOR JOHNSON, YOU'RE RECOGNIZED. NOT SEEING SENATOR JOHNSON, SENATOR GROENE, YOU'RE RECOGNIZED. SENATOR GROENE, YOU'RE RECOGNIZED. [LB958]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. I'LL FINISH MY QUOTE I SAID EARLIER I STARTED ABOUT MY DAD. HE WAS THE WISEST MAN I EVER KNEW, EIGHTH GRADE EDUCATION. WHEN IT CAME TO POLITICS HE SAID, YOU'RE GOING TO FIND OUT THAT SOME DAY DON'T...YOU CAN LISTEN TO ALL THE RHETORIC, BUT VOTE FOR THE GUY WHO SAYS HE'S GOING TO CUT TAXES. IT'S AS SIMPLE AS THAT. THEY AIN'T GOT IT, THEY CAN'T SPEND IT. WE NEED TO CUT SPENDING. WE NEED TO CUT TAXES. I AGREE WITH SENATOR SMITH. MAYBE THAT'S THE ONLY THING WE CAN DO IF WE GET A MAJORITY IN HERE. DON'T LISTEN TO ALL THE FLUFF AND THE PROMISES AND SPEND MORE MONEY AND KIDS WILL BE BRIGHTER AND THE WORLD WILL BE A BETTER PLACE. IT NEVER HAPPENED YET, IT NEVER WILL. SO MAYBE WE JUST NEED TO CUT THE TAXES. THAT'S ANOTHER DAY AND ANOTHER SESSION HERE. PROBLEM I HAVE WITH LB958, WHICH I SAID I'M GOING TO HOLD MY NOSE AND RELUCTANTLY VOTE FOR IT, BECAUSE THEY NEED RELIEF, IS THAT IT REALLY DOESN'T DO ANYTHING. IT DOESN'T CONTROL SPENDING; IT DOESN'T GIVE A MESSAGE TO LOCAL GOVERNMENTS THAT THEY HAVE TO...HAVE TO CUT SPENDING. WHAT IT ACTUALLY DOES IS ENCOURAGES SPENDING BECAUSE IT'S A NEGATIVE ON YOUR TAX. THE LOCAL ENTITY CAN RAISE YOUR TAXES \$10. WE GIVE THEM AN \$8 CREDIT, AND THEY CAN SIT THERE AND TELL THE TAXPAYERS, WELL, LOOK, IT'S YOUR BOTTOM DOLLAR, WE ONLY RAISED YOUR SPENDING \$2. ALL THESE CREDITS DO IS GIVE AN EXCUSE AND A PLACE TO HIDE BEHIND FROM LOCAL GOVERNMENTS TO SPEND. THAT'S THE REALITY OF IT. BECAUSE IF THOSE CREDITS WEREN'T THERE AND THEY'D INCREASED SPENDING AS MUCH AS THEY DID THE LAST DECADE, IT WOULDN'T HAVE HAPPENED. SOMEBODY WOULD HAVE ROSE UP AND SAID--ENOUGH'S ENOUGH. ALL WE DID WAS GIVE THEM COVER. THIS IS A BAND-AID THAT DOESN'T EVEN...YOU'RE BETTER OFF LEAVING THE WOUND OPEN BECAUSE THEN SOMEBODY WOULD REALLY ADDRESS THE

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PROBLEM. ALSO, I HAD A QUESTION FOR SENATOR SCHUMACHER IF HE'D TAKE IT. [LB958]

SENATOR SCHEER: SENATOR SCHUMACHER, ARE YOU AVAILABLE? [LB958]

SENATOR GROENE: OH, HE'S NOT HERE. WELL, HE CAN CORRECT ME LATER. BUT HE MADE THE POINT THAT PROBABLY WE'RE GOING TO END UP WITH CORPORATE FARMS, BECAUSE REALITY, CORPORATIONS HAVE BETTER TAX RATES, MORE PLACES TO HIDE MONEY. AND YOU KNOW ONE THING ABOUT A CORPORATION, IT NEVER DIES. IT EXISTS, IT HAS DIFFERENT SHAREHOLDERS, BUT IT NEVER DIES. SO IT NEVER HAS TO PAY CAPITAL GAINS TAX OR INHERITANCE TAX WHILE THE FARMER DOES AND HIS HEIRS. CORPORATIONS JUST ROLL RIGHT ALONG. THEY HAVE HUGE ADVANTAGES. I OFTEN WONDERED IF THE REASON SOME OF MY PROGRESSIVE FRIENDS HATE FARMERS IS BECAUSE THEY KNOW THEY DID IT THEMSELVES AND THEY DESPISE ANYBODY ACTUALLY BEING SUCCESSFUL ON THEIR OWN. THEY PREFER CORPORATIONS, FACELESS CORPORATIONS WHERE EVERYBODY'S AN OWNER AND NOBODY IS AN OWNER. BUT WHEN SOMEBODY STANDS TALL AND SAYS I DID IT MYSELF, I BUILT THIS COMPANY MYSELF; THEY DESPISE THEM. THEY WANT EVERYBODY TO WORK FOR A CORPORATION. SO THEY TAX THE INDIVIDUAL AND THEY TAX THE INDIVIDUAL SO HE HAS NO CHOICE BUT TO GIVE UP. I WOULD HOPE NEBRASKA WOULDN'T DO THAT IN THE FUTURE AS IT'S DOING IT NOW. LOOK AT A CORPORATION TAX, WHICH THERE PROBABLY SHOULDN'T BE ANY, IT'S A LOT LESS THAN WHAT AN INDIVIDUAL FARMER PAYS ON HIS TAXES. [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR GROENE: WHY DOES THAT FACELESS CORPORATION GET A BETTER TAX RATE? WE NEED TO REVAMP OUR ENTIRE TAX SYSTEM. THESE BANDAGES THAT ALLOW LOCAL GOVERNMENTS TO HIDE BEHIND THE CREDITS HAVE TO STOP. WE ARE PUTTING FUEL ON THE FIRE WHEN WE GIVE THESE CREDITS, BECAUSE IT ALLOWS THE LOCAL GOVERNMENT TO SPEND MORE AND HIDE BEHIND THOSE CREDITS. THANK YOU, MR. SPEAKER. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR GROENE. SENATOR KINTNER, YOU'RE RECOGNIZED. [LB958]

SENATOR KINTNER: WELL, THANK YOU, MR. PRESIDENT. A FEW MINUTES AGO, SENATOR STINNER STOOD UP HERE AND SPOKE A FEW WORDS OF WISDOM,

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WHICH I FULLY AGREE WITH EVERYTHING HE SAID. THIS ISN'T THE PERFECT BILL, BUT IT'S A START. AND WE DON'T WANT TO...THE PERFECT BE THE ENEMY OF THE GOOD. AND YOU KNOW, WE ARE GROWING OUR ECONOMY ABOUT 2.2 PERCENT THIS YEAR; 2.5 PERCENT THIS YEAR. AND WE'RE HOLDING SPENDING SOMEWHERE AROUND 4 PERCENT, I THINK WHEN ALL SAID AND DONE. SO THAT DIFFERENCE RIGHT THERE IS SOME PEOPLE SEE IT IN HERE AS THEIR MONEY TO SPEND. BUT I SEE IT AS TAXPAYER MONEY. WE DON'T HAVE A REVENUE PROBLEM. I'VE BEEN DOWN HERE, THIS IS MY FOURTH YEAR. I CAN TELL YOU, WE HAVE A SPENDING PROBLEM...5 PERCENT, 7 PERCENT, 3.5 (PERCENT) LAST YEAR, A LITTLE BIT MORE THAN THAT THIS YEAR. WE DON'T NEED TO BE LOOKING FOR NEW REVENUE; WE NEED TO BE PUTTING THE BRAKES ON SPENDING, ON NEW PROGRAMS. I SIT THERE IN APPROPRIATIONS AND I WATCH IT ALMOST DAILY. WE GOT TO HELP THESE PEOPLE; WE GOT TO HELP THOSE PEOPLE. WELL, YOU KNOW, I HEARD SENATOR GROENE SAY A FEW MINUTES AGO: IF THEY DON'T HAVE IT, THEY CAN'T SPEND IT. THIS WOULD BE \$30 MILLION THAT WE WOULD KEEP AWAY FROM THIS BODY AND KEEP IT IN THE POCKETS OF THE PEOPLE WHO ACTUALLY EARNED IT. ISN'T THAT A NOVEL IDEA THAT THE PEOPLE THAT EARN THE MONEY CAN SPEND IT BETTER THAN 49 JOKERS DOWN HERE IN LINCOLN? ISN'T THAT A NOVEL IDEA? WHAT SEEMS TO BE FOREIGN TO A LOT OF THE PEOPLE WHO SIT IN THIS VERY BODY WHO THINK THEY CAN SPEND YOUR MONEY BETTER THAN YOU AND THEY GOT EVERY SCHEME IN THE WORLD TO SPEND IT. WELL, IF WE VOTE FOR THIS, THERE'S \$30 MILLION THEY'RE NOT GOING TO SPEND. IF FOR NO OTHER REASON THAN THAT, IT'S A GOOD IDEA. AND YOU KNOW WHAT? WHEN WE LET PEOPLE HAVE \$30 MILLION OF THEIR OWN MONEY BACK, I DON'T CARE WHAT THEY SPEND IT ON. IT'S NONE OF MY DOGGONE BUSINESS WHAT THEY SPEND IT ON. GIVE IT TO THEM; LET THEM FIGURE IT OUT. THE ARROGANCE IN THIS BODY AT TIMES, I THINK HAS PEOPLE SHAKING THEIR HEAD ACROSS THE STATE. THEY THINK WE LOOK A LITTLE TOO MUCH LIKE WASHINGTON SOMETIMES AND THAT WE JUST CAN'T STOP SPENDING MONEY. WE WOULDN'T BE HAVING THIS WRETCHED DEBATE ON \$30 MILLION TAX CREDIT IF WE COULD ONLY CONTROL SPENDING, IF WE COULD JUST SAY NO. SO I APPRECIATE SENATOR GLOOR. I APPRECIATE THE REVENUE DEPARTMENT...OR THE COMMITTEE WORKING HARD TO FASHION THIS AND COMPROMISING AND GETTING IT OUT ON THE FLOOR. [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR KINTNER: I FULLY SUPPORT IT. MY MESSAGE TO THE FARMERS AT HOME--I KNOW THIS ISN'T MUCH, I KNOW THIS IS MEAGER, BUT, YOU KNOW, WHEN YOU'RE TAKING A THOUSAND-MILE JOURNEY IT STARTS WITH THE FIRST

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STEP. AND AT LEAST IN MY FOUR YEARS HERE, THIS IS THE FIRST STEP FROM THE FLOOR. THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR KINTNER. SENATOR GLOOR, YOU'RE RECOGNIZED. SENATOR GLOOR. SENATOR FRIESEN, YOU'RE RECOGNIZED. [LB958]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. I WILL SAY THAT THIS IS NOT THE SOLUTION THAT I AM STILL LOOKING FOR, BUT IT DOES ATTEMPT, I GUESS, TO CORRECT THE INEQUITY THAT HAS BEEN GOING ON. AND I WILL SAY THIS IS TARGETED TOWARDS AG, BECAUSE AG HAS BEEN PICKING UP THE LARGEST LOAD OF FUNDING FOR EDUCATION BECAUSE OF THE VALUATION INCREASE, BECAUSE OF THE HIGH TAXES I'VE HAD TO PAY, TEEOSA HAS GROWN AT A VERY LOW RATE OF ABOUT 2 PERCENT...3 PERCENT. THERE'S 170 SCHOOLS IN THE STATE THAT DO NOT RECEIVE ANY EQUALIZATION AID, AND THAT'S BECAUSE THE AG PROPERTY TAX OWNERS WERE PAYING THAT DIFFERENCE. WE SAVED THE STATE A LOT OF MONEY. LET'S EQUALLY DISTRIBUTE THE \$900-SOME MILLION THAT'S IN TEEOSA. I'LL GLADLY SPLIT FUNDING ON \$30 MILLION IF WE CAN DO TEEOSA THE \$900-SOME MILLION; LET'S DO IT THE SAME WAY. LET'S FUND ALL SCHOOLS WITH SOME STATE AID. IF IT WASN'T FOR THE INCREASE IN VALUATION OF AG LAND, TEEOSA WOULD HAVE GROWN AT A MUCH LARGER RATE. CURRENTLY, SCHOOL DISTRICTS WERE ABLE TO LEVERAGE ALL THEIR TAX NEEDS AND THEREFORE THEY DIDN'T REQUIRE ANY EQUALIZATION AID, AND THEREFORE THE STATE SAVED MONEY. LET'S DO A FISCAL NOTE ON THAT. IT WAS BOUNCED ON THE BACK OF AG. THIS DOES NOT EVEN BEGIN TO MAKE UP THAT DIFFERENCE, BUT IT HELPS. AND I WILL LOOK FOR A SOLUTION THAT WE CAN WORK WITH BOTH INCOME TAX AND PROPERTY TAXES DOWN THE ROAD, AND IT'S NOT GOING TO BE EASY. AND IT'S GOING TO TAKE SOME WORK; AND IT'S GOING TO TAKE SOME TIME, BUT IF ANYTHING, I'M PERSISTENT. AND I FIND IT HARD TO GET EMOTIONAL ON THE MIKE AND RAMP UP MY VOICE, BUT MAYBE IF I TALK SLOW AND LOUD THE MESSAGE WILL KEEP GETTING OUT. AG DOES HAVE A PROBLEM. THIS STARTS TO ADDRESS IT. IT STILL DOESN'T FIX IT. THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR FRIESEN. SENATOR SMITH, YOU'RE RECOGNIZED. [LB958]

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SENATOR SMITH: THANK YOU, MR. PRESIDENT; AND GOOD AFTERNOON, AGAIN, COLLEAGUES. WOULD SENATOR KINTNER YIELD TO A QUESTION, PLEASE? [LB958]

SENATOR SCHEER: SENATOR KINTNER, WOULD YOU PLEASE YIELD? [LB958]

SENATOR KINTNER: CERTAINLY. [LB958]

SENATOR SMITH: SENATOR KINTNER, I WAS LISTENING TO YOUR COMMENTS, AND YOU WERE TALKING ABOUT PEOPLE HAVING CONTROL OF THEIR OWN MONEY. WHICH OF YOUR CONSTITUENTS ARE GOING TO RECEIVE ANY OF THIS MONEY...IN THIS BILL...IN THIS BILL...THE \$30 MILLION IN THIS BILL? [LB958]

SENATOR KINTNER: (INAUDIBLE) IT WOULD BE FOR, PROBABLY, BE MORE CASS COUNTY, LITTLE BIT SARPY (INAUDIBLE). [LB958]

SENATOR SMITH: WHAT TYPE OF PROPERTY OWNERS WOULD THEY BE? [LB958]

SENATOR KINTNER: AG. [LB958]

SENATOR SMITH: AG. WOULD ANY OF THE HOMEOWNERS IN YOUR DISTRICT RECEIVE ANY OF THIS MONEY? [LB958]

SENATOR KINTNER: NO, I DON'T BELIEVE SO. [LB958]

SENATOR SMITH: WOULD ANY OF THE NONAG BUSINESSES IN YOUR DISTRICT RECEIVE ANY OF THIS MONEY? [LB958]

SENATOR KINTNER: NO. [LB958]

SENATOR SMITH: OKAY, CAN YOU TELL ME WHERE THE MONEY IN THIS BILL'S COMING FROM? [LB958]

SENATOR KINTNER: IT'S COMING FROM THE REVENUES OF SALES AND INCOME TAXES. [LB958]

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SENATOR SMITH: WOULD THAT BE A DISTRIBUTION OF INCOME? WOULD THAT BE A REDISTRIBUTION OF TAXES? WOULD THAT A BE TAX SHIFT? WOULD THAT BE...LET ME THINK OF ANOTHER WAY OF DESCRIBING THAT. SO WE'RE TAKING THE INCOME TAX AND THE SALES TAX FROM HARD WORKING NEBRASKANS, AND WE'RE REDISTRIBUTING IT IN PROPERTY TAX ONLY FOR AGRICULTURE. DO YOU...HOW DO YOU THINK YOUR CONSTITUENTS WOULD FEEL ABOUT THAT, SENATOR KINTNER? WOULD THEY BE PLEASED WITH THAT? [LB958]

SENATOR KINTNER: PROBABLY THE SAME WAY THEY FELT ABOUT IT WHEN WE PUT THE FIRST \$200 MILLION TOWARD TAX RELIEF...(INAUDIBLE)... [LB958]

SENATOR SMITH: OKAY, THANK YOU, SENATOR KINTNER. THAT'S ENOUGH. [LB958]

SENATOR KINTNER: THIS IS JUST \$30 MILLION ON TOP OF IT. [LB958]

SENATOR SMITH: THAT'S ENOUGH, THANK YOU. HE'S ABSOLUTELY RIGHT-- PROBABLY THE SAME WAY THEY FELT ABOUT THE FIRST \$204 MILLION. WE NEED A PERMANENT SOLUTION, AND THIS IS NOT A PERMANENT SOLUTION. SO THERE'S A DECISION BEFORE ME AS TO HOW FAR...MUCH FURTHER TO TAKE THIS. AND I THINK WE'VE HAD PLENTY OF DISCUSSION TODAY. AND, AGAIN, IN THAT SPIRIT OF COOPERATIVENESS, I'M NOT GOING TO BE PUSHING THIS ANY FURTHER. I'M NOT GOING TO BE ON THE MIKE ANYMORE ON THIS PARTICULAR BILL. BUT I WILL TELL YOU, COLLEAGUES, THIS IS A TAX SHIFT. WE'RE TAKING FROM HARDWORKING NEBRASKANS IN THEIR INCOME TAXES AND THEIR SALES TAXES AND WE'RE REDISTRIBUTING IT. AND WE'RE NOT EVEN REDISTRIBUTING IT BACK TO ALL PROPERTY OWNERS. WE NEED A PERMANENT SOLUTION. I ASK-- DO NOT DO THIS ANYMORE. LET'S HAVE MEANINGFUL, LONG-TERM TAX RELIEF FOR ALL NEBRASKANS. IF THAT MEANS REDUCING UNFUNDED MANDATES THAT ARE AFFECTING OUR COUNTIES, THAT ARE FORCING THEM TO TAX MORE ON PROPERTY, LET'S DO THAT. YOU KNOW WHAT, LET ME THROW SOMETHING CRAZY OUT THERE. WHY DON'T WE JUST MAKE ALL TEACHERS IN NEBRASKA EMPLOYEES OF THE STATE? THAT'S ONE WAY TO HAVE THE STATE TAKE CONTROL OF THE COST OF EDUCATION. YOU KNOW WHAT, LET'S GET REALLY, REALLY SERIOUS AND DO SOMETHING MEANINGFUL FOR TAXPAYERS IN OUR STATE AND STOP WITH THIS BAND-AID STUFF. COLLEAGUES, THINK ABOUT WHAT YOU'RE DOING. MAKE CERTAIN PEOPLE REALLY UNDERSTAND WHAT'S GOING ON HERE. THIS IS A TAX SHIFT. I STAND WITH MY RURAL COLLEAGUES.

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WE'RE GOING TO GET SOMETHING DONE. AND I'M NOT SURE EXACTLY WHAT THAT LOOKS LIKE, BUT IT SHOULD NOT BE TAKING... [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR SMITH: ...INCOME TAX AND SALES TAX AND REDISTRIBUTING IT. THAT'S NO DIFFERENT THAN THE DISCUSSIONS WE WERE GOING TO HAVE, POSSIBLY ON THIS FLOOR, IT DIDN'T COME OUT OF COMMITTEE, ABOUT TOBACCO TAX. YOU KNOW, THERE'S A LOT OF DISCUSSION IN COMMITTEES ABOUT TAXING SMOKERS AND CHEWERS AND GETTING THAT IN PROPERTY TAX RELIEF, AND THAT DIDN'T COME OUT OF COMMITTEE. WE'RE BETTER THAN THIS. WE NEED TO TAKE A COMPREHENSIVE, LONG-TERM VIEW. I ASK YOU, COLLEAGUES, OPPOSE THIS UNDERLYING BILL. IT'S THE RIGHT THING TO DO AT THIS MOMENT IN TIME. AND LET US HAVE COMPREHENSIVE TAX RELIEF FOR ALL NEBRASKANS. THANK YOU. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SMITH. SENATOR MORFELD, YOU'RE RECOGNIZED. [LB958]

SENATOR MORFELD: THANK YOU, MR. PRESIDENT. I RISE TODAY TO TALK A LITTLE BIT ABOUT THE COMMUNITY COLLEGE PORTION OF THIS LEGISLATION, WHICH I HAVE SERIOUS CONCERNS WITH. I ALSO AGREE WITH SENATOR SMITH THAT WHILE HIM AND I MAY DISAGREE, OVERALL, IN OVERALL TAX POLICY, OFTENTIMES, I DO BELIEVE THAT WE NEED TO TAKE A DEEPER LOOK AT COMPREHENSIVE AND SYSTEMIC REFORM IN OUR TAX SYSTEM BEFORE WE TAKE THE NEXT STEP WITH LB958. THAT BEING SAID, I DID WANT TO GET UP AND SPEAK VERY BRIEFLY ABOUT THE COMMUNITY COLLEGE PORTION AND HOW THAT WOULD NEGATIVELY IMPACT PARTICULARLY SOUTHEAST COMMUNITY COLLEGE IN MY DISTRICT WHICH PROVIDES CRITICAL, RETRAINING AND JOB TRAINING FOR INDUSTRIES WITHIN MY DISTRICT AND OUTSIDE MY DISTRICT. IT IS A LOW-COST SOLUTION, RIGHT NOW, TO A LOT OF OUR WORK FORCE NEEDS AND A CRITICAL SOLUTION TO OUR WORK FORCE NEEDS. AND BASED ON THE INFORMATION I'VE RECEIVED, AND, QUITE FRANKLY, BASED ON COMMON SENSE ON HOW THIS WOULD PLAY OUT FOR THE COMMUNITY COLLEGES, THIS WOULD RESULT IN TUITION INCREASES; IT WOULD REDUCE THE ACCESSIBILITY FOR MANY OF THE STUDENTS; AND ALSO STRAIN A SYSTEM THAT, QUITE FRANKLY, IS WORKING VERY WELL IN FULFILLING MANY OF OUR WORK FORCE NEEDS. AND I DON'T UNDERSTAND, QUITE FRANKLY, HOW THE COMMUNITY COLLEGES ARE THE SOURCE OF THE PROBLEM. NOW, I DID HEAR SOME STORIES IN

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EDUCATION COMMITTEE ABOUT SOME OF THE COMMUNITY COLLEGES OUT IN MORE RURAL DISTRICTS AND SOME OF THE CONCERNS THAT THEY MAY HAVE. SO THERE MAY BE LEGITIMATE CONCERNS THERE, AND I WON'T DISCOUNT THAT. THAT BEING SAID, I DO NOT WANT TO PUNISH COMMUNITY COLLEGE, PARTICULARLY WITHIN MY DISTRICT, THAT HAS BEEN PERFORMING VERY WELL, HAS BEEN VERY SUCCESSFUL IN FULFILLING THE WORK FORCE NEEDS AND THE RETRAINING NEEDS OF OUR LOCAL ECONOMY AND, QUITE FRANKLY, SOME OF THE AG ECONOMIES IN THE SOUTHEAST NEBRASKA AREA. SO I JUST WANTED TO REGISTER MY OPPOSITION TO THAT PORTION OF THE BILL. AND THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR MORFELD. SENATOR McCOLLISTER, YOU'RE RECOGNIZED. SORRY, SENATOR, THERE ARE OTHERS THAT HAVE NOT SPOKEN YET. ARE YOU WAIVING YOUR TIME? THE CHAIR RULES THERE HAS NOT BEEN SIGNIFICANT DISCUSSION ON THIS AMENDMENT. WE HAVE HAD DISCUSSION ON OTHER AMENDMENT, NOT THIS AMENDMENT. WE HAVE OTHERS THAT HAVE NOT SPOKEN YET ON THIS AMENDMENT. SENATOR GROENE. [LB958]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. I'D LIKE TO TALK ABOUT THE COMMUNITY COLLEGES. YOU KNOW, THERE SEEMS TO BE IN GOVERNMENT A ONE-TO-ONE RATIO OF...IN A LOT OF MINDS, THAT DOLLARS SPENT EQUAL QUALITY. I FIND THAT HARD TO UNDERSTAND THAT IF YOU CONTROL THEIR SPENDING THAT SOMEHOW THE EDUCATION OPPORTUNITIES IN THAT CLASSROOM WITH THE SAME INSTRUCTOR IS GOING TO CHANGE. MAYBE THE THERMOSTAT MIGHT GO DOWN TO 65 DEGREES, AND MAYBE THE BENEFITS WILL BE RENEGOTIATED ON THEIR HEALTHCARE OF THE EMPLOYEES. MAYBE THE VEHICLES WOULD RUN ANOTHER YEAR. MAYBE ANOTHER ATHLETIC PROGRAM WOULDN'T BE ADDED. THERE'S EXCESS IN GOVERNMENT. THE POINT THAT I'VE SEEN IN THE COMMUNITY COLLEGE FUNDING OVER THE LAST DECADE, OF ALL THE ENTITIES OF PROPERTY TAXES, COMMUNITY COLLEGES, IN THE LAST DECADE, WENT FROM \$89.2 MILLION TO \$204.5 MILLION COLLECTED. THAT'S 129 PERCENT INCREASE. NO OTHER TAX ENTITY IS EVEN CLOSE. NO OTHER ENTITY IS ACTUALLY CLOSE. AND IF YOU LOOK AT THE STATE BUDGET, I KEEP HEARING THIS OLD THING OUT THERE, WELL, WE SLASHED OUR BUDGETS BACK IN FUNDING BACK IN THE LAST DECADE. STATE AID TO LOCAL GOVERNMENTS, COMMUNITY COLLEGES,...WHERE IS IT?...SPECIAL AID TO COMMUNITY COLLEGES--3 PERCENT INCREASE, 3 PERCENT INCREASE, A 2.3 PERCENT AVERAGE. NO OTHER AID TO LOCAL GOVERNMENT IS EVEN CLOSE TO THAT: 2.3, 2.5. THEY'VE GOT A LOT OF MONEY, THEY'RE ROLLING IN THE MONEY. AND THE REASON THEY'RE ROLLING IN THAT MONEY, WE HAVE NO LIDS ON THEM, NOT AS

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TIGHT OF LIDS AS OTHER TAX ENTITIES DO. THEY'RE BUILDING NEW BUILDINGS WHERE THEY USED TO USE THE HIGH SCHOOLS IN A TOWN AND HAVE A CLASS IN THE EVENING; THEY'VE GOT TO HAVE THEIR OWN BUILDING NOW. TAKE A LOOK AT YOUR HEALTH BENEFITS AT YOUR LOCAL COMMUNITY COLLEGE, COMPARE THEM TO YOUR OWN. THEY'RE ROLLING IN MONEY BECAUSE NOBODY'S CONTROLLING THEIR BUDGETS. TO SAY THAT THE MONEY IS A ONE-TO-ONE RATIO OF OUTCOME OF THE QUALITY. THAT CAN'T BE PROVEN; NEVER HAS BEEN, NEVER WILL BE. IF YOU GIVE THEM MONEY, THEY'LL SPEND MONEY. THEY'LL SPLIT IT UP AMONGST THEMSELVES. AND AS TO, YOU KNOW, SENATOR FRIESEN KIND OF HIT ON SOMETHING THAT I'D FORGOTTEN ABOUT. IF YOU LOOK AT WHAT THE SCHOOL DISTRICTS RECEIVED, \$150 MILLION TO \$141 MILLION INCREASE, FROM \$2.14 BILLION TO \$2.2 BILLION LAST YEAR, THOSE ARE PROPERTY TAXES; MOST OF IT COMING FROM AGRICULTURE INCREASES BECAUSE RESIDENTIAL HAS ONLY BEEN 2 OR 3 PERCENT INCREASE. THAT OFFSET INCOME TAXES AND SALES TAXES THAT TEEOSA STATE AID WOULD TO HAD TO FILL IN. SO THE REALITY IS THAT \$30 MILLION IN LB958 REALLY BELONGED TO THE COMMUNITY SCHOOLS, THE SMALL SCHOOL DISTRICTS FUNDED BY AGRICULTURE, BECAUSE THE STATE DIDN'T HAVE TO SPEND IT BECAUSE THE FARMER PAID A LOT MORE IN PROPERTY TAXES. SO DON'T TELL ME THAT THAT MONEY DOESN'T BELONG BACK TO THEM, BECAUSE THEY SAVED THE STATE MILLIONS AND MILLIONS OF DOLLARS OVER THE LAST DECADE IN STATE AID TO EDUCATION BECAUSE THEY PAID IT. THEY FUNDED THE SCHOOLS WITH THEIR PROPERTY TAXES. I HEARD SENATOR SCHUMACHER SAY, WELL,... [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR GROENE: ...IF WE FROZE IT FOR ONE YEAR, JOHNSON WILL THEN...TEEOSA WOULD BE AFFECTED. DUH! THAT'S THE POINT. THE STATE WOULD FILL ITS RESPONSIBILITY AND FUND PUBLIC EDUCATION. THAT'S IN GOOD HUMOR, SENATOR SCHUMACHER, BECAUSE I GO TO YOU AS MY EXPERT LEGAL, OUT OF ALL THE LAWYERS HERE, YOU KNOW THAT. IT SAYS SOMETHING...I DON'T KNOW IF THAT SAYS SOMETHING ABOUT YOUR INTELLIGENCE, BUT IT SAYS SOMETHING. BUT, NO, THAT \$30 MILLION BELONGS TO THOSE FARMERS BECAUSE THEY DIDN'T GET IT IN STATE AID TO EDUCATION. SO I'LL ARGUE THAT. LIKE I SAID, I'LL SUPPORT LB958 BECAUSE I THINK IT'S BAD POLICY, TAX POLICY, IN THE LONG RUN. BUT DON'T TELL THE FARMER THAT SOMEBODY'S GIVING THEM A GIFT. THANK YOU. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR GROENE. MR. CLERK. [LB958]

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CLERK: MR. PRESIDENT, I HAVE A PRIORITY MOTION. HOWEVER, IF I MAY, AMENDMENTS TO BE PRINTED TO LB835 AND LB947 BY SENATOR MELLO, AND A CONFIRMATION REPORT FOR HEALTH AND HUMAN SERVICES. (LEGISLATIVE JOURNAL PAGES 1368-1369.) [LB835 LB947]

MR. PRESIDENT, SENATOR SCHUMACHER WOULD MOVE TO RECOMMIT LB958 TO THE REVENUE COMMITTEE. [LB958]

SENATOR SCHEER: SENATOR SCHUMACHER, YOU'RE WELCOME TO OPEN ON YOUR RECOMMIT MOTION. [LB958]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. I FILE THIS MOTION TO RECOMMIT BECAUSE IT'S THE RIGHT THING TO DO. IF WE PASS AN AMENDED VERSION OF LB958, WE'LL BE DOING SOMETHING THAT LOCKS OURSELVES INTO \$30 MILLION A YEAR, \$60 MILLION A BIENNIUM FOREVER AND EVER BECAUSE IT IS REALLY HARD TO BACK OUT OF THESE DEALS. THIS IS NOT TAX REFORM NOR IS IT TAX RELIEF. IT IS, AS SENATOR SMITH POINTED OUT, A SHIFT, AND THAT'S IT...A SHIFT THAT DOES NOT ADDRESS THE MAJORITY OF THE NEBRASKA POPULATION. THERE'S NOTHING CREATIVE ABOUT IT, AND WE WILL GET NO MORE THANKS FOR IT THAN WE GOT THANKS FOR THE FIRST \$204 MILLION USING THE PROPERTY TAX CREDIT MECHANISM. WE'VE ALREADY BEEN TOLD, AND YOU SHOULD...THOSE OF YOU THAT WERE WATCHING THE HEARING OR SITTING ON THE HEARING, FROM THE VARIOUS GROUP THAT GAVE VERY, VERY LUKEWARM SUPPORT TO THE CONCEPT OF AM2780...VERY, VERY LUKEWARM SUPPORT THAT THIS WAS A SCRAWNY BIRD IN HAND, AND THAT THIS DOESN'T SOLVE THE ISSUE, AND WE WILL BE BACK AGAIN NEXT YEAR EXPECTING TO BE THE FIRST IN LINE. AND THEN WHAT DO WE DO NEXT YEAR? SIXTY MILLION DOLLARS ADDITIONALLY DOWN IN THE BIENNIAL REVENUES, HOPING AND PRAYING--IF I WERE SENATOR CHAMBERS I'D PROBABLY FINISH OUT THAT SONG--BUT HOPING AND PRAYING THAT WE COULD SOMEHOW HOLD STATE SPENDING TO A UNREALISTICALLY LOW LEVEL IN THE FACE OF INCREASING NEEDS. THAT SOMEHOW THERE WAS GOING TO BE SOME DRAMATIC INCREASE IN REVENUE FROM INCOME AND SALES TAXES WHEN THERE'S NO INDICATION IN THE NATIONAL ECONOMY OR IN THE STATE ECONOMY OF ANY TYPE OF DRAMATIC CHANGE. WE DON'T HAVE THE THREAT OF A FISCAL CLIFF THAT WILL DRIVE REVENUE INTO THE COFFERS BECAUSE PEOPLE SELL BECAUSE THEY'RE AFRAID OF THIS, THAT, OR THE OTHER THING HAPPENING ON THE NATIONAL LEVEL. AND THERE'S A CERTAIN, KIND OF DANGEROUS IDEA GOING AROUND THAT IF WE JUST CREATE A BIG ENOUGH MESS, NEXT YEAR SOMEBODY WILL CLEAN IT UP. AND MAYBE I'D FEEL THAT

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WAY IF IT WAS MY LAST TEN DAYS, BUT I'VE GOT A FEW MORE DAYS THAN THAT LEFT, AND A LOT OF YOU GOT A LOT MORE DAYS THAN THAT LEFT. WE CANNOT PROCEED DOWN A ROAD WITHOUT A CLEAR THOUGHT OF WHAT WE WANT AS AN OUTCOME OR A REALISTIC ASSESSMENT OF THE NEEDS OF THE STATE. THE RESERVES THAT WOULD BE RESPONSIBLE TO HAVE FOR ALL THOSE THINGS THAT WE'VE TALKED ABOUT INNUMERABLE TIMES ALREADY THIS SESSION THAT ARE REAL SNAKES IN THE GRASS. OUR PRIMARY RESPONSIBILITY IS TO STEER THE SHIP OF STATE AND NOT TO MAKE POLITICAL DEALS OR END THIS GAME WHILE OUR UNIFORMS ARE STILL CLEAN, NOW THAT WE'RE DOWN TO THE BOTTOM OF THE NINTH AND SOME STILL HAVE VERY PRISTINE UNIFORMS ON. OUR JOB IS TO GOVERN. AND ALL THE TALK ABOUT TAXES: TAXES BEING EVIL, MISUSED TAXES ARE EVIL, MISUSED PRIVATE WEALTH IS EVIL. BUT WELL-USED TAXES ARE A VEHICLE FOR THE ORGANIZATION AND MOBILIZATION OF CAPITAL TO EDUCATE KIDS AND TO BUILD ROADS, TO PREPARE FOR CONTINGENCIES WITH A WHOLE BUNCH OF OLD PEOPLE WHO DON'T HAVE ANY MONEY AND ARE LOOKING FOR SOME KIND OF A SAFETY NET. ALL THOSE THINGS WHICH, AS LONG AS WE LIVE IN A CIVILIZED SOCIETY, WE MUST SOMEHOW FIGURE OUT HOW TO MANAGE AND STILL APPEAR TO BE A CIVILIZED SOCIETY. THIS NEEDS FURTHER WORK. THIS IS A WAKE-UP CALL, HOPEFULLY, TO EVERYONE THAT THESE ARE NOT SIMPLE ISSUES THAT CAN BE RESOLVED WITH POLITICAL RHETORIC OR ELECTING A DIFFERENT FLAVOR OF GOVERNOR OR SENATOR OR EVEN SCHOOL BOARD. THESE ARE THINGS WHICH WE NEED TO REALISTICALLY LOOK AT. AND I VENTURE TO SAY, IN THE REAL WORLD, THE TAX ISSUE, THE RATE OF TAX IS LESS IMPORTANT IN SIGNIFICANCE TO THE GROWTH OF THIS STATE THAN MANY, MANY OTHER ISSUES THAT WE DON'T SEE BECAUSE WE ARE STANDING IN THE SMOKE OF A TAX BATTLE THAT'S RENEWED YEAR AFTER YEAR, ELECTION AFTER ELECTION, WITH THE SAME OUTCOME. WE DON'T LIKE TAXES. BUT WE DON'T WANT TO CUT SPENDING. NOT BECAUSE WE DON'T WANT TO, BUT BECAUSE THERE'S NO FUNCTIONAL ALTERNATIVE. RHETORIC DOES NOT PAY THE BILLS. TAX SHIFT DOES NOT MAKE FOR A BETTER ECONOMY. AND LB958, SIMPLY, IS NOTHING BUT A SOLUTION THAT IS NOT A SOLUTION. THAT'S NOT TO EVEN GET INTO THE POINT OF THE COMMUNITY COLLEGE THING. THE REASON THE COMMUNITY COLLEGE THING IS ON THERE, IT'S A POORLY THOUGHT-OUT DEAL, A LAST-MINUTE KNEE-JERK EFFORT TO EXPRESS WHAT I THINK WAS IN THE MINDS OF THE REVENUE COMMITTEE TO BE ABSOLUTE FRUSTRATION WITH A COUPLE OF COMMUNITY COLLEGES WHO SEEM NOT TO REALIZE THAT THERE'S A PROPERTY TAX PROBLEM AND WHO WERE CLEARLY JUST OUT OF LINE IN THEIR SPENDING. NOW, MAYBE IT WAS FOR GOOD REASONS, BUT THE PEOPLE WHO APPEARED AT OUR HEARING FROM THOSE COLLEGES, DIDN'T TESTIFY TO US. PERSONALLY THAT MADE ME KIND OF

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UNHAPPY BECAUSE I WANTED TO HEAR THE EXCUSE THAT THEY HAD FOR BEING OUT OF LINE, SO MUCH OUT OF LINE ON SPENDING. THEY DIDN'T OPEN THEIR MOUTH. AND SO THAT PART OF THE BILL PROBABLY NEVER WAS INTENDED TO GO VERY FAR, EXCEPT TO SEND A STRONG WARNING MESSAGE THAT WATCH OUT NEXT YEAR; DON'T MEET WITH YOUR ACCREDITATION TEAMS, WHICH I UNDERSTAND CENTRAL DID, AND TELL THEM, TAXES AREN'T A PROBLEM, JUST WITHIN THE LAST MONTH OR SO. WHAT OUT OF TOUCH...WHAT DISCONNECT FROM WHAT WE'VE ALL BEEN HEARING? I'D LIKE TO HAVE AN ANSWER; A VERY, VERY WELL-THOUGHT OUT ANSWER TO THE PROBLEM. BUT THE FACT THAT WE IN REVENUE COMMITTEE BOUNCED AROUND FROM THE INITIAL PROPOSAL OF LB958, REJECTED IT ALMOST IN TOTAL, BECAUSE THE EVIDENCE WASN'T THERE TO SUPPORT IT. BOUNCED BACK AND FORTH THROUGH PROBABLY THREE OR FOUR DIFFERENT IDEAS THAT ONCE WE FINALLY CRUNCHED THE NUMBERS ON SAID THIS CAN'T WORK, TO COME UP WITH THIS PARTICULAR SOLUTION SIMPLY, NOT FOR POLICY REASONS, BUT FOR REASONS THAT WE HAVE TO DO SOMETHING, AND AMOUNTING TO--LET'S JUMP OFF A BRIDGE NOW, THAT WAY WE WON'T HAVE TO JUMP OFF OF IT NEXT YEAR. WELL, FOLKS, WE HAVE A RESPONSIBILITY TO THE STATE. AND I THINK ENOUGH OF US REALIZE THAT RESPONSIBILITY EXISTS SO THAT THIS BILL WILL EITHER BE RECOMMITTED TO COMMITTEE OR DIE HERE ON THE FLOOR. UNLESS, OF COURSE, THERE'S SOME DEALS MADE WHERE... [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR SCHUMACHER: ...MAYBE END OF THE LEARNING COMMUNITY IS TRADED FOR THIS, BUT THOSE KIND OF TRADES BACK AND FORTH ARE NOT IN THE LONG-TERM PUBLIC INTEREST, AND WE NOT ONLY OWE THAT TO THE PEOPLE OUT THERE ON THE STREETS TODAY, BUT THOSE PEOPLE WHO WILL SIT IN THIS CHAMBER AND THE PEOPLE THAT THEY WILL GOVERN FOR THE NEXT DECADE OR TWO OR THREE. WE ARE SAILING THE SHIP OF STATE. WE DARE NOT SCUTTLE IT WITH ITS CARGO. THAT IS OUR RESPONSIBILITY. THANK YOU VERY MUCH. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SCHUMACHER. THOSE WAITING IN THE QUEUE: SENATOR HANSEN, BAKER, GLOOR, BRASCH, AND OTHERS. SENATOR HANSEN, YOU'RE RECOGNIZED. [LB958]

SENATOR HANSEN: THANK YOU, MR. PRESIDENT. I RISE TODAY, FRANKLY, UNDECIDED ON LB958, THE AM AND THE RECOMMIT TO COMMITTEE MOTION,

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ALTHOUGH, I WILL NOTE, I DID HAVE MY LIGHT ON BEFORE THAT LAST ONE. I CAME UP, I CAME UP AND I GOT TO GIVE SENATOR SMITH CREDIT FOR ALREADY REBUTTING SOME THIS, BUT I CAME UP BECAUSE THERE WAS AT LEAST ONE, IF NOT TWO, IMPASSIONED FLOOR SPEECHES ABOUT HOW THIS PROPERTY TAX CREDIT FUND IS GIVING PEOPLE BACK THEIR MONEY. WELL, IT CAN'T BE PEOPLE GETTING BACK THEIR MONEY BECAUSE WE, AS A STATE, DON'T COLLECT PROPERTY TAXES. WE'RE GIVING BACK PROPERTY TAXPAYERS SOME MONEY AND CERTAINLY MONEY THAT WE HAVE RAISED THROUGH OUR OTHER FORMS OF INCOME, NAMELY SALES AND INCOME. AND SURE, PROPERTY TAXPAYERS IN NEBRASKA LARGELY PAY SALES TAX AND PAY INCOME TAX, BUT IT'S NOT A ONE FOR ONE. WE'RE NOT JUST DIRECTLY GIVING PEOPLE THEIR MONEY BACK, THEIR TAXES BACK, BECAUSE IT'S COMING FROM A WHOLE DIFFERENT POOL, A WHOLE DIFFERENT INCOME STREAM. SO I'M GLAD THAT ISSUE HAS ALREADY BEEN ADDRESSED. I PRINTED IT OFF WITH THE INTENT OF GETTING MORE AND MORE INTO IT, BUT WHEN WE TALK ABOUT THE STATE, ABOUT THE VARIOUS POLICIES WE HAVE FOR AGRICULTURE, THE SALES TAX EXEMPTIONS, THE VARIOUS OTHER THINGS, THESE ARE ALL DECISIONS INDIVIDUALLY THIS BODY CAN MAKE AND I UNDERSTAND AND RESPECT THEM. AND IF THIS IS THE WAY WE AS A BODY WANT TO GO, WE DECIDE THIS IS NEEDED TO PROTECT OUR AGRICULTURE INDUSTRY IN THE STATE, YOU KNOW, I CAN UNDERSTAND THAT AND RESPECT THE BODY'S DECISION ON THAT. BUT LET'S NOT PRETEND THAT THIS IS JUST SIMPLY A TURN BACK OF TAX DOLLARS. I THINK WE AS A BODY ARE COMING INTO THE CLARITY HERE OF IT'S TOUGH TO MAKE PROPERTY TAXES THE NUMBER ONE ISSUE FOR THE STATE. IT'S TOUGH TO...IT'S TOUGH TO ADDRESS THAT AS A STATE BEING THAT WE DON'T LEVY OR COLLECT THEM AND HAVEN'T. YOU KNOW, I'VE BEEN FOLLOWING THIS BILL AND ALL ITS TWISTS AND TURNS. AND FRANKLY, I'M GLAD WE'VE DIVIDED THE AMENDMENT UP. WE DID THE DIVISION OF THE QUESTION EARLIER TO ADDRESS THE PROPERTY TAX CREDIT FUND, THE COMMUNITY COLLEGES SEPARATELY. I'M APPRECIATIVE OF SENATOR SCHUMACHER'S RECENT SPEECH TO GIVE ME A LITTLE BIT MORE HISTORY OF WHY THE COMMUNITY COLLEGE PROVISION WAS STILL INCLUDED AND WHY THAT WAS SO, YOU KNOW, BECAUSE I COULD APPROACH THIS. I UNDERSTAND THAT EVEN THOUGH I'M AN URBAN SENATOR, I'M A LINCOLN SENATOR, I HAVE TO REPRESENT THE INTERESTS OF THE WHOLE STATE OR AT LEAST BALANCE THE INTEREST OF THE WHOLE STATE. AND I UNDERSTAND THAT THERE MIGHT BE SOME BILLS THAT, FRANKLY, BENEFIT DIFFERENT PARTS OF THE STATE, RURAL AREAS, FARMERS, HOWEVER WE WANT TO DIVVY THE STATE UP. I UNDERSTAND THAT THERE'S SOME BILLS THAT CAN BENEFIT ONE MORE THAN THE OTHER. AND THEY'LL BE TIMES (INAUDIBLE) THERE WILL BE BILLS THAT I'LL SUPPORT THAT WILL PROBABLY BENEFIT MY CONSTITUENTS MORE THAN

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SOME OF MY WESTERN COLLEAGUES, AND I APPRECIATE THAT. BUT WHEN I'M LOOKING AT MY DISTRICT, WHICH HAS SOUTHEAST COMMUNITY COLLEGE, I'M LOOKING HOW THIS BILL'S GOING TO GO, YOU KNOW, WE'RE TALKING ABOUT EMPLOYERS; WE'RE TALKING ABOUT INDUSTRY; WE'RE TALKING ABOUT THE ABILITY; WE'RE TALKING ABOUT WORK FORCE DEVELOPMENT. THE IMPACT IN MY DISTRICT IS THE BENEFIT OF THE COMMUNITY COLLEGE. NOW, I MAY NEED TO PULL SENATOR SCHUMACHER OFF THE MIKE AND FIND OUT WHICH COMMUNITY COLLEGES ARE MISBEHAVING SO I CAN BE A LITTLE BIT MORE INFORMED, BUT WHEN WE'RE TALKING ABOUT ALL THE PROTECTING OF THE INDUSTRIES AND INDUSTRY OF THE STATE, I GET WORRIED WHEN WE DEAL WITH THE COMMUNITY COLLEGES IN SUCH A SEEMINGLY HARSH WAY. WE'RE TALKING ABOUT WORK FORCE DEVELOPMENT; WE'RE TALKING ABOUT ALL THE IMPROVEMENTS; WE'RE TALKING ABOUT ALL THE INVESTMENTS; WE'RE TALKING ABOUT CAREER ACADEMIES; WE'RE TALKING ALL SORTS OF DIFFERENT THINGS THAT WE WANT AS A STATE. WE WANT TO DRIVE THE ECONOMY OF THE STATE THROUGH WORK FORCE DEVELOPMENT, THROUGH EDUCATION THAT FITS EVERY STUDENT, THROUGH, YOU KNOW, THROUGH THAT; AND THEN WE'RE GOING TO TURN AROUND AND BE PRETTY HEAVY-HANDED WITH COMMUNITY COLLEGES. I THINK THAT'S WARY OF A VERY SKEPTICAL EYE. THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR HANSEN. SENATOR BAKER, YOU'RE RECOGNIZED. [LB958]

SENATOR BAKER: THANK YOU, MR. PRESIDENT. WOULD SENATOR GROENE YIELD TO A COUPLE QUESTIONS? [LB958]

SENATOR SCHEER: SENATOR GROENE, WILL YOU YIELD, PLEASE? [LB958]

SENATOR GROENE: YES. [LB958]

SENATOR BAKER: SENATOR GROENE, DO YOU REMEMBER ED JAKSHA? [LB958]

SENATOR GROENE: YES, I DO. YEAH. MET HIM ONCE, GOOD MAN. [LB958]

SENATOR BAKER: I WOULD CALL YOU THE MODERN-DAY ED JAKSHA. THAT'S NOT A COMPLIMENT, IT'S NOT AN INSULT. [LB958]

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SENATOR GROENE: AT LEAST YOU DIDN'T CALL ME TRUMP. [LB958]

SENATOR BAKER: NOT YET. SO YOU'VE TALKED ABOUT SCHOOLS. EVERYBODY SHOULD GET BACK WHATEVER STATE AID IS PAID SHOULD GO EQUALLY TO ALL DISTRICTS, RIGHT? BASED ON A PER-PEOPLE BASIS OR SOMETHING LIKE THAT, BECAUSE YOU THINK SMALL DISTRICTS THAT ARE NOT RECEIVING EQUALIZATION ARE NOT GETTING THEIR OWN MONEY BACK, IS THAT CORRECT? [LB958]

SENATOR GROENE: THEIR INCOME AND SALES TAX, RIGHT, CORRECT. [LB958]

SENATOR BAKER: OKAY. ALL RIGHT. BY THE WAY, I INTEND TO SUPPORT THIS PART OF LB958, SO DON'T GET ME WRONG HERE, BECAUSE I AM. THE COMMUNITY COLLEGE SAVINGS, THAT'S ANOTHER MATTER. SENATOR GROENE, IN YOUR...IN YOUR KNOWLEDGE DO...YOU KNOW, THE PEOPLE PAY A LOT OF PROPERTY TAXES, RIGHT? THE FARM AND RANCH LANDOWNERS PAY QUITE A BIT OF PROPERTY TAXES? [LB958]

SENATOR GROENE: WELL, IF YOU TALK TO MY RAILROADERS AND PEOPLE WHO LIVE IN THE SMALL TOWNS OF NEBRASKA, THEY BELIEVE THEY PAY A LOT, TOO, ON THEIR HOMES. [LB958]

SENATOR BAKER: RIGHT, RIGHT, SO TO YOUR KNOWLEDGE, DO THE FARMERS AND RANCH LAND PEOPLE, DO THEY GET ANY GOVERNMENT SUBSIDIES? [LB958]

SENATOR GROENE: I WOULDN'T KNOW AND I DON'T ASK THEM ANYMORE THAN I ASK THE BUSINESSES IN TOWN WHO GOT TIF OR WHO GOT THE ADVANTAGE ACT. [LB958]

SENATOR BAKER: WELL, DOES TIF MONEY GO TO ANY INDIVIDUALS THAT YOU KNOW OF? [LB958]

SENATOR GROENE: FARMERS, AS I SAID EARLIER, PRODUCTION AGRICULTURE, THEY'RE A BUSINESS. DON'T CALL THEM A FARMER, CALL THEM AN OWNER OF AN AG BUSINESS. THE PROPERTY TAXES ARE EXPENSIVE BUSINESS... [LB958]

SENATOR BAKER: (INAUDIBLE.) [LB958]

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SENATOR GROENE: YEAH, THE PROPERTY TAXES TO ME ARE AN EXPENSE OF THAT BUSINESS. [LB958]

SENATOR BAKER: SENATOR GROENE, DO YOU THINK CORN PRICES HAVE BEEN HELPED BY THE USE OF ETHANOL? [LB958]

SENATOR GROENE: THAT COULD BE DEBATED. YOU COULD TALK ABOUT THE HEDGE FUNDS WHO MESSED UP THE MARKET BECAUSE IF ETHANOL WAS THE FACTOR, WE'RE USING MORE CORN NOW FOR ETHANOL THAN EVER AND PRICES ARE AT \$3. [LB958]

SENATOR BAKER: BUT DO YOU THINK WITHOUT USE OF ETHANOL, CORN PRICES MIGHT BE LOWER? [LB958]

SENATOR GROENE: IF YOU TALK TO THE AG ECONOMISTS, YEAH, THE FUEL THAT DROVE THE HEDGE FUND MARKET IN NEW YORK ON COMMODITIES WAS DRIVEN BY THE BELIEF THAT CORN WAS GOING TO BE SHORT BECAUSE OF ETHANOL. [LB958]

SENATOR BAKER: YOU'RE NOT GOING TO LET ME PIN YOU DOWN, ARE YOU? [LB958]

SENATOR GROENE: NO, ANYMORE THAN I'M GOING TO PIN YOU DOWN. WHEN YOU GOT A HUGE RAISE AS A SUPERINTENDENT, DID YOU PAY MORE PROPERTY TAXES ON YOUR HOUSE? [LB958]

SENATOR BAKER: FAIR ENOUGH. BY THE WAY, DO YOU BELIEVE IN THE FREE ECONOMY, FREE MARKET? [LB958]

SENATOR GROENE: YES, I DO, BIG BELIEVER. [LB958]

SENATOR BAKER: DID YOU REALIZE THE SUPERINTENDENT MARKET IS FREE MARKET? THERE'S NO SUPERINTENDENT UNION. THERE'S NO SUPERINTENDENT PAY SCALE. [LB958]

SENATOR GROENE: I UNDERSTAND THAT. [LB958]

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SENATOR BAKER: IT'S WHATEVER COMES TO AGREEMENT BETWEEN THE SCHOOL DISTRICT AND THE SUPERINTENDENT. [LB958]

SENATOR GROENE: I UNDERSTAND THAT. [LB958]

SENATOR BAKER: OKAY. [LB958]

SENATOR GROENE: PROPORTIONALLY, YOUR INCOME WASN'T EVEN CLOSE WHAT YOU PAID IN PROPERTY TAXES WHAT A FARM BUSINESS DOES. [LB958]

SENATOR BAKER: WELL, THAT'S WHY I RAISE THE QUESTIONS. I AGREE, TOO, THAT IT HAD GONE UP TOO FAST, BUT THERE'S ALSO THE FACTOR OF SUBSIDIES THAT WE HAVEN'T TALKED ABOUT, AND I DON'T KNOW EITHER WHAT THOSE ARE. I DO BELIEVE THAT ETHANOL HAS CREATED A GREATER DEMAND FOR THE CORN CROP. AND MY QUESTION ON BOTH THOSE THINGS, WHO PAYS THAT? [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR BAKER: YOU KNOW, IT'S NOT...IT'S PEOPLE LIKE THE CITY PEOPLE ARE PAYING THE SUBSIDIES FOR ETHANOL INDUSTRY. SOMEBODY'S PAYING FOR SUBSIDIES, THE PRICE SUPPORTS, OR THE CROP INSURANCE, SOMEBODY'S PAYING FOR THAT. THAT'S EVERYBODY. IT'S NOT A SELECT FEW. SO THERE'S A BALANCE HERE TOO. AND THAT'S THE ONLY POINT I WANT TO MAKE. AND AGAIN, I DO INTEND TO VOTE FOR THIS PORTION OF LB958. THANK YOU. [LB958]

SENATOR SCHEER: THANK YOU, SENATORS GROENE AND BAKER. SENATOR BRASCH, YOU'RE RECOGNIZED. [LB958]

SENATOR BRASCH: THANK YOU, MR. PRESIDENT, AND THANK YOU, COLLEAGUES. I HAVE NO INTENTION OF SPEAKING AT LENGTH HERE. I JUST WANT TO MAKE ONE MORE APPEAL TO NOT KICK THIS CAN DOWN THE ROAD. YESTERDAY, WE BACKED UP SENATOR SULLIVAN. AND IF YOU NOTICED, I DID NOT VOTE BECAUSE MAYBE I DIDN'T HAVE FAITH IN MY COLLEAGUES TODAY. I THOUGHT THIS WAS A THREE-LEGGED STOOL. AND TODAY, IT LOOKS LIKE ONE OF THOSE LEGS IS GETTING KICKED OUT FROM UNDER US. I HOPE I'M WRONG. AND SENATOR BAKER, I DO WANT TO LET YOU KNOW THAT...SENATOR BAKER, WILL YOU YIELD TO A QUESTION, PLEASE? [LB958]

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Transcriber's Office

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SENATOR SCHEER: SENATOR BAKER, WILL YOU PLEASE YIELD? SENATOR BAKER, COULD YOU YIELD, PLEASE? [LB958]

SENATOR BRASCH: SENATOR BAKER, WILL YOU YIELD TO A QUESTION, PLEASE? [LB958]

SENATOR BAKER: YES, I WOULD. [LB958]

SENATOR BRASCH: SENATOR BAKER, DO YOU REALIZE THAT FARMERS ALSO PAY INTO THOSE SUBSIDIES? [LB958]

SENATOR BAKER: ABSOLUTELY. EVERYBODY DOES. EVERYBODY WHO IS EARNING AN INCOME DOES. [LB958]

SENATOR BRASCH: EVERYBODY DOES, AND DO YOU REALIZE WHY THERE ARE SUBSIDIES? [LB958]

SENATOR BAKER: I DO. [LB958]

SENATOR BRASCH: IT'S TO MAKE SURE THAT FOOD IS AFFORDABLE. [LB958]

SENATOR BAKER: I AGREE. [LB958]

SENATOR BRASCH: ABSOLUTELY. SO THE FARMERS ARE PUTTING MONEY BACK INTO THE MARKET AND THEY'RE PAYING INTO THE SUBSIDIES. I WANTED THAT TO BE ON RECORD AND CLEAR. [LB958]

SENATOR BAKER: NO DISAGREEMENT. THANK YOU. [LB958]

SENATOR BRASCH: AND NOT EVERY FARMER TAKES SUBSIDIES. I'LL HAVE TO TELL YOU, I CALLED HOME LAST NIGHT BECAUSE OF SENATOR CHAMBERS' COMMENT ABOUT FARMERS AND SUBSIDIES. AND I SAID TO MY HUSBAND, I SAID, I LEARNED YOU HAVE MILLIONS OF DOLLARS OF HIDDEN SUBSIDIES, AND IF I FIND THAT OUT YOU'RE IN BIG TROUBLE, SIR. WE DO NOT HAVE ANY SUBSIDIES. THERE'S TOO MUCH BUREAUCRACY. THERE'S TOO MUCH INVASION OF PRIVACY. MY HUSBAND CHOOSES NOT TO ASK FOR SUBSIDIES BECAUSE WE HAVE NOT NEEDED IT. IF WE DO, WE WILL. THEY CARE ABOUT PEOPLE. THAT'S

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WHY THEY FARM, NOT FOR RICHES, NOT FOR GLAMOUR, BUT FOR FOOD AND SUSTAINED LIFE AS WE KNOW IT. I JUST HAD TO GET THAT OFF MY CHEST. THANK YOU. PLEASE DO NOT RECOMMIT THIS. PLEASE, LET'S MOVE FORWARD. THANK YOU, COLLEAGUES. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR BAKER AND SENATOR BRASCH. SENATOR BOLZ, YOU'RE RECOGNIZED. [LB958]

SENATOR BOLZ: THANK YOU, MR. PRESIDENT. I APPRECIATE THE CONVERSATION AND THE DIALOGUE TODAY, AND I HAVE BEEN THINKING THROUGH WHAT THIS PIECE OF LEGISLATION WOULD MEAN FOR ME, AND MEAN FOR MY DISTRICT, AND MEAN FOR THE STATE, BECAUSE MY FOCUS HAS ALWAYS BEEN ON MEANINGFUL TAX RELIEF. NOT THAT I DON'T BELIEVE IN BUNTS AND SINGLES, BUT BUNTS AND SINGLES MATTER MORE IF YOU'VE GOT SOMEBODY ON THIRD BASE AND YOU CAN GET THEM HOME, RIGHT? SO THERE IS MEANINGFUL TAX RELIEF, AND THEN THERE IS A STRATEGY JUST TO GET ON BASE. SO I WANT TO THINK THROUGH WHAT OTHER STRATEGIES ARE OUT THERE THAT ADDRESS PROPERTY TAX RELIEF. AND IN MY EXPERIENCE ON THE TAX MODERNIZATION COMMITTEE, THERE WERE TWO ALTERNATIVE STRATEGIES THAT APPEAL TO ME. AND THE FIRST WAS A CIRCUIT BREAKER APPROACH, AND THE SECOND WAS INVESTING MORE DOLLARS IN THE TEEOSA FORMULA. SO FIRST, A CIRCUIT BREAKER APPROACH WOULD TIE TAX RELIEF TO A SIGNIFICANT INCREASE IN VALUATION AS IT RELATES TO A PERSON'S INCOME. AND IN THAT WAY WE CAN TARGET PROPERTY TAX RELIEF TO THE PEOPLE WHO NEED IT MOST. WHEN YOUR VALUES GO UP AND YOUR INCOME DOESN'T, YOU GET A KICKBACK FROM THE STATE AND WE MANAGE THE MOST INTENSE PROPERTY TAX DEMANDS FOR THE PEOPLE OF OUR STATE. SO I BROUGHT A BILL RELATED TO THAT ISSUE, RELATED TO HOMEOWNERS, BUT IT COULD APPLY TO AG TAX RELIEF AS WELL. SO I BRING THAT UP IN PART TO SAY THAT THERE ARE ALTERNATIVE STRATEGIES THAT CAN PROVIDE TARGETED PROPERTY TAX RELIEF, WHICH I BELIEVE IS BETTER POLICY. THE OTHER STRATEGY, INVESTING MORE IN TEEOSA, CAN HELP US TO MANAGE OUR PROPERTY TAX DEMANDS BY MAKING SURE THAT WE'RE SHORING UP SCHOOL DISTRICTS THAT MIGHT NEED ADDITIONAL RESOURCES IN ORDER TO PREVENT AN INCREASE IN THEIR LEVY. AND I THINK BOTH OF THOSE STRATEGIES DESERVE ADDITIONAL CONVERSATION. NOW IN NO WAY, SHAPE, OR FORM AM I CRITIQUING THE WORK OF THE REVENUE COMMITTEE. I KNOW IT'S DIFFICULT WORK; I KNOW THAT THERE ARE MULTIPLE PEOPLE AND MULTIPLE STAKEHOLDERS THAT NEED TO COME TO THE TABLE AND COME TOGETHER AROUND A CONSENSUS. HOWEVER, I DO THINK THAT THERE ARE ALTERNATIVE STRATEGIES, AND WE DON'T HAVE TO SIMPLY GO WITH WHAT'S IN FRONT OF US,

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BECAUSE THAT'S WHAT'S IN FRONT OF US TODAY. AND I WONDER IF SENATOR SCHUMACHER WOULD YIELD TO A QUESTION. [LB958]

SENATOR SCHEER: SENATOR SCHUMACHER, WILL YOU YIELD, PLEASE? [LB958]

SENATOR SCHUMACHER: YES, I WILL. [LB958]

SENATOR BOLZ: SENATOR SCHUMACHER, YOU'RE ON THE REVENUE COMMITTEE, AND YOU SERVED ON THE TAX MODERNIZATION COMMITTEE AS WELL, AND I WONDER IF YOU HAVE THOUGHTS OR IDEAS ABOUT ALTERNATIVE STRATEGIES THAT COULD PROVIDE MORE MEANINGFUL TAX RELIEF? [LB958]

SENATOR SCHUMACHER: WELL, YOU MENTIONED THE ONE THAT YOU RAISED. THAT'S ALWAYS ACCOMPANIED WITH QUESTIONS OF IT'S CONSTITUTIONALITY. CIRCUIT BREAKERS HAVE NOT BEEN USED IN NEBRASKA, AND FOR THAT REASON PROBABLY HAVE NOT RECEIVED AS MUCH ATTENTION AS THEY MIGHT HAVE IN THE REVENUE COMMITTEE. YOU'RE VERY CORRECT. THE THEORY THERE IS THAT IF YOUR PROPERTY TAXES RISE ABOVE A CERTAIN PERCENTAGE OF YOUR INCOME, THEN INSTEAD OF A PROPERTY TAX REDUCTION, THERE WOULD BE AN INCOME TAX ADJUSTMENT AND THAT WOULD HELP OFFSET SOME OF IT IN CASES OF LOWER INCOME PEOPLE. THAT'S ONE MECHANISM FOR DOING IT. ANOTHER MECHANISM THAT HAS BEEN DEBATED AND TALKED AROUND AND THERE'S SOME EFFORT OF TRYING TO DO IT THIS YEAR WAS TO FUND STATE AID TO EDUCATION MORE USING THE TEEOSA FORMULA. AND SENATOR SULLIVAN, I'M SURE, REALIZES THAT ONCE YOU START TRYING TO EQUITABLY MAKE AMENDMENTS TO THE TEEOSA THING, IT GETS REASONABLY COMPLICATED. AND THERE AGAIN, THERE IS STRONG OPPOSITION GROUPS FROM ONE SIDE OR THE OTHER... [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR SCHUMACHER: ...TO THE WAY THAT PARTICULAR FUND IS DIVIDED. I'VE MENTIONED ALREADY TODAY THE IDEA OF AN EXCLUSIVE TAX, A SALE OF LAND TO FUNNEL THAT MONEY BACK EXCLUSIVELY TO AG RELIEF. SOMETHING SIMILAR POSSIBLY COULD BE DONE FOR URBAN RELIEF. BUT IT SEEMS THAT MOST OF THE TESTIMONY THAT WE HEARD THIS YEAR WAS FROM THE AG SECTOR, BECAUSE I THINK THE SIGNAL WENT OUT THAT SOMEHOW THERE WOULD BE A SCORE THIS YEAR ON ONE OF THOSE BUNTS. [LB958]

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SENATOR BOLZ: AND I DO APPRECIATE THE ANALYSIS AND I APPRECIATE THE DIALOGUE WITH ME. AND I GUESS I WOULD SAY THAT IN SPITE OF THE COMPLEXITY, AND SOME OF THE CHALLENGES WITH PROVIDING MEANINGFUL TAX RELIEF, I THINK IN THIS SET OF CIRCUMSTANCES SOMETIMES THE COMPLEXITY IS WORTH IT. SOMETIMES DOING SOMETHING NUANCED IS THE MOST EFFECTIVE AND EFFICIENT USE OF OUR RESOURCES, BECAUSE, FRANKLY, IF WE DON'T PROVIDE MEANINGFUL TAX RELIEF, THE APPETITE FOR TAX RELIEF WILL NOT BE ABATED AND WE'LL CONTINUE TO HAVE THESE CONVERSATIONS ON THE FLOOR. SO I CONTINUE TO BE HESITANT ABOUT PURSUING THE STRATEGY, NOT ONLY... [LB958]

SENATOR SCHEER: TIME, SENATOR. [LB958]

SENATOR BOLZ: THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SCHUMACHER AND SENATOR BOLZ. SENATOR HILKEMANN, YOU ARE RECOGNIZED. [LB958]

SENATOR HILKEMANN: THANK YOU, MR. SPEAKER. AND I WANT TO THANK SENATOR SCHUMACHER HERE FOR HIS AMENDMENT, BECAUSE THIS IS THE...I'VE BEEN IN THIS...FOLLOWING THIS DEBATE AND THIS SEEMS TO BE ABOUT THE FIRST ONE THAT MAKES A WHOLE LOT OF SENSE. I HAVE BEEN FOLLOWING THIS AND TALKING WITH A LOT OF PEOPLE, AND IF YOU...IF YOU THAT ARE WATCHING THIS ARE A LITTLE BIT CONFUSED, IF YOU'RE WATCHING THIS ON NET, I'M EVEN CONFUSED BEING HERE IN THE BODY. I WENT TO FOUR SENATORS AND GOT FOUR DIFFERENT ANSWERS. I DO THINK I KNOW ABOUT WHAT WE'RE DEALING WITH AT THIS POINT. BUT I HAVE A QUESTION TO SENATOR GLOOR, IF HE IS AVAILABLE. [LB958]

SENATOR SCHEER: SENATOR GLOOR, WILL YOU PLEASE YIELD? [LB958]

SENATOR HILKEMANN: I DON'T SEE SENATOR GLOOR. SENATOR SCHUMACHER, WOULD YOU TAKE A QUESTION? [LB958]

SENATOR SCHEER: SENATOR SCHUMACHER, WILL YOU YIELD, PLEASE? [LB958]

SENATOR SCHUMACHER: YES, I WILL. [LB958]

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SENATOR HILKEMANN: IF WE WERE TO PASS YOUR RECOMMIT TO COMMITTEE, WOULD THAT AFFECT THE COMMUNITY COLLEGES AS WELL? OR WAS THAT TAKEN OUT OF THIS WHOLE BILL, AS I UNDERSTOOD IT? [LB958]

SENATOR SCHUMACHER: I THINK THAT IF WE RECOMMIT THE ENTIRE BILL TO COMMITTEE, THAT TAKES CARE OF THE ENTIRE BILL. [LB958]

SENATOR HILKEMANN: AND SO WE WOULD NOT BE ADDRESSING THE COMMUNITY COLLEGE SITUATION. [LB958]

SENATOR SCHUMACHER: RIGHT. THE COMMUNITY COLLEGE PIECE WOULD GO BACK THERE ANYWAY. THAT PIECE WAS A VERY HASTILY DRAWN, SHOT ACROSS THE BOW, PROBABLY UNDER SCRUTINY HERE WOULD GO NOWHERE ANYWAY. [LB958]

SENATOR HILKEMANN: I NOW SEE SENATOR GLOOR. WOULD SENATOR GLOOR YIELD TO A QUESTION? [LB958]

SENATOR SCHEER: SENATOR GLOOR, WOULD YOU PLEASE YIELD? [LB958]

SENATOR GLOOR: CERTAINLY. [LB958]

SENATOR HILKEMANN: SENATOR GLOOR, DID YOU HEAR THE QUESTION I HAD OF SENATOR SCHUMACHER? IF WE SENT THIS BACK TO COMMITTEE, WOULD THIS AFFECT THE COMMUNITY COLLEGE PORTION OF THIS BILL? [LB958]

SENATOR GLOOR: CERTAINLY. MY UNDERSTANDING IS, YES, IT WOULD. [LB958]

SENATOR HILKEMANN: OKAY. BUT WAS...I WAS TOLD EARLIER THAT THE COMMUNITY COLLEGE PORTION WAS NOT IN THIS DISCUSSION, THAT IT HAD BEEN SPLIT OUT. IS THAT TRUE OR NOT...OR FALSE? [LB958]

SENATOR GLOOR: NO, THAT'S TRUE FOR PURPOSES OF THIS DISCUSSION. BUT IF WE ARE RECOMMITTING THE BILL, WE'RE DRAGGING ALL COMPONENTS OF THE BILL ALONG WITH ME. IF I'M INCORRECT IN THAT, I'M SURE THE CLERK'S OFFICE WILL CORNER ME AND TELL ME AND I'LL COME UP AND CORRECT IT WITH YOU. BUT WE'RE RECOMMITTING THE BILL, WE'RE NOT JUST RECOMMITTING A

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COMPONENT OF THE BILL. WE'RE RECOMMITTING THE BILL TO COMMITTEE.
[LB958]

SENATOR HILKEMANN: OKAY. THANK YOU, VERY MUCH. SENATORS. I JUST, YOU KNOW, WE HAD THIS CONVERSATION OF--IS THIS A TAX SHIFT? I'M ON THE APPROPRIATIONS COMMITTEE, AND I CAN TELL YOU THAT THIS IS A TAX SHIFT. WE TOOK \$60 MILLION EACH OF THE NEXT...OF THE LAST TWO YEARS, FISCAL YEARS, AND UTILIZED THEM FOR PROPERTY TAX RELIEF. THIS IS MONEY THAT HAS BEEN GOTTEN FROM EXCESS INCOME AND SALES TAX. THAT'S WHAT CONSTITUTES THE EXCESS TAX, THE PROPERTY TAX RELIEF, OR OUR CASH RESERVE FUND. THAT CASH RESERVE FUND IS NOT MADE OF EXTRA PROPERTY TAXES THAT WE HAVE MADE, SO THIS IS...THIS IS A FACTOR OF SHIFTING MONEY. I WANT YOU TO UNDERSTAND THAT. AND THANK YOU VERY MUCH, MR. SPEAKER. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR HILKEMANN. SENATOR SCHUMACHER, YOU ARE RECOGNIZED. [LB958]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. SOME OF YOU MAY REMEMBER, AT THE COMMITTEE MEETING WE HAD AT INNOVATION CAMPUS, I COMMENTED THAT THE PRINCIPLES THAT WOULD GOVERN MY BEHAVIOR REGARDING TAXES WERE THREEFOLD. NUMBER ONE, THAT WE PAY THE BILLS FOR THE NECESSARY FUNCTION OF GOVERNMENT, AS WE MAY HAVE THEM IN OUR BUDGET AND REASONABLY FORESEE THEM IN OUR FUTURE. NUMBER TWO, THAT WE PRESERVE OUR RAINY DAY FUND. IT IS ONLY...OR WAS ONLY TWO MONTHS OF REVENUE, AND THAT NUMBER WAS NOT DREAMT OUT OF SOMEWHERE. IT WAS A RESULT OF CAREFUL ANALYSIS, I THINK AROUND THE YEAR 2006, 2007, WHEN THEY SETTLED ON THAT WAS A PRUDENT NUMBER AND THAT IT WAS IMPORTANT GIVEN THE UNCERTAINTY OF THE WORLD WE LIVE IN TO PRESERVE THAT FUND SO THAT WE WOULDN'T FIND OURSELVES SHORT AGAIN ON MONEY AND HAVING TO MAKE EMERGENCY TAX INCREASES OR SLASH INTO THE NECESSARY FUNCTIONS OF GOVERNMENT. THE THIRD PRINCIPLE WAS THAT WE WOULD NOT INCREASE THE TAX BURDEN FROM THE STATE LEVEL ON FOLKS MAKING \$20,000 TO \$120,000 A YEAR. UNDER THE CONFINES OF WHAT SEEMED TO BE VERY, VERY COMMONSENSE NOTIONS, WE FIND OURSELVES WITH NOT MUCH WIGGLE ROOM ANYWHERE. AND, WHEN WE WIGGLE IN ONE DIRECTION, WE VIRTUALLY CERTAIN TO LIMIT EVEN OUR ABILITY TO WIGGLE IN ANY OTHER DIRECTION. IF YOU LOOK AT THAT PROJECTION AND A REASONABLE EXPECTATION OF OUR FUTURE EXPENSES, WE ARE REALLY BEGINNING TO DIG INTO THAT RAINY DAY FUND. ONCE YOU START

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SPENDING ON THAT DEBIT CARD, YOU WILL SOON RUN THE ACCOUNT EMPTY. I DON'T THINK THAT IS A WISE POLICY. I DON'T SEE US BEING ABLE TO RAISE MONEY OUT OF SALES TAX, OUT OF THAT \$120,000 AND BELOW GROUP. AND I KNOW FOR A FACT THAT WE WILL FACE LARGE REQUESTS FROM CORRECTIONS IF WE...EITHER FROM THE DEPARTMENT OR FROM THE FEDERAL COURT, WE WILL SEE LARGE NECESSITIES IN MENTAL HEALTH. WE WILL HAVE REQUESTS FOR ADDITIONAL, AND THE MATH JUST MAY WORK IT OUT, TEEOSA FUNDING. SOMEWHERE ALONG THE LINE WE HAVE BEEN TOLD THAT WE'RE GOING TO HEAR REQUESTS FOR NOTICEABLE INCOME TAX RELIEF. AND THOSE THINGS ALL ARE GOING TO BE ON OUR PLATE NEXT YEAR AND HEAP UP AND UP INTO FUTURE YEARS. WE CANNOT BE FISCALLY IRRESPONSIBLE, NOR CAN WE COUNT CHICKENS BEFORE THEY ARE HATCHED. I WOULD BE MORE THAN HAPPY IF WE HAD 110 PERCENT OF OUR RESERVE FUNDS SITTING THERE TO SAY, LOOK IT, WE MET OUR NEEDS, LET'S REDUCE TAXES TO EAT UP THAT PERCENTAGE. BUT A BUDGET CUT, A REALISTIC ONE, IF THERE IS TO BE ONE, HAS TO COME BEFORE A TAX CUT OR YOU PUT YOURSELF IN A BIND. [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR SCHUMACHER: AND WE ARE DOING THAT RIGHT NOW. AND WE ARE DOING IT OUT OF A TONE OF EXPEDIENCY, A TONE THAT WE HAVE TO DO SOMETHING. AND WE DON'T HAVE TO DO SOMETHING FOOLISH. THIS RECOMMIT MOTION IS A GOOD MOTION. SENATOR GLOOR ASKED ME IF THIS WAS A FILIBUSTER. I TOLD HIM I DIDN'T KNOW. BUT I KNOW THAT THIS IS A GOOD IDEA THAT WE OUGHT TO GIVE DUE CONSIDERATION TO. THIS IS AN IMPORTANT TREND-SETTING THING THAT CAN PLUNGE THIS STATE, WHICH HAS A REASONABLY HEALTHY FINANCIAL SITUATION, INTO A REASONABLY UGLY DETERIORATING SITUATION OVER TIME, INTENSIFYING EACH YEAR. [LB958]

SENATOR SCHEER: TIME, SENATOR. [LB958]

SENATOR SCHUMACHER: THANK YOU. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SCHUMACHER. SENATOR MELLO, YOU ARE RECOGNIZED. [LB958]

SENATOR MELLO: QUESTION. [LB958]

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SENATOR SCHEER: DO I SEE FIVE HANDS? I DO. THERE HAS BEEN A REQUEST...THE QUESTION BEFORE YOU IS, SHALL DEBATE CEASE? ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. HAVE ALL THOSE VOTED THAT WISH TO? RECORD, MR. CLERK. [LB958]

CLERK: 26 AYES, 0 NAYS TO CEASE DEBATE. [LB958]

SENATOR SCHEER: DEBATE CEASES. SENATOR SCHUMACHER, YOU'RE WELCOME TO CLOSE ON YOUR MOTION. [LB958]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. I WOULDN'T BE SO PERSISTENT ON THIS WERE NOT FOR THE FACT OF ITS LONG-LASTING CONSEQUENCES, IF AFTER ALL OF THIS, WE PASS LB958, A BILL THAT, ADMITTEDLY, DOES NOT SOLVE THE AG PROBLEM. ADMITTEDLY, IS A VERY TINY AMOUNT ON THE AVERAGE SMALL FARMER, THAT MILLION DOLLARS IN VALUE THIS WILL ADD...PER MILLION DOLLARS IN VALUE, \$235 IN NURSING HOME ASSISTANCE, IF YOU WANT TO LOOK AT IT THAT WAY, PUT IT INTO CONTEXT...VERY LITTLE. TO A THING THAT IMMEDIATELY WILL PUT US NEXT YEAR WITH A NEW BARRAGE OF PROPERTY TAX RELIEF BILLS; BILLS THAT WILL REQUEST EVERY APPROACH UNDER THE SUN IN ORDER TO REDUCE PROPERTY TAXES ON THE AG SECTOR. THAT'S A PROMISE; THAT'S NOT A THREAT. THEY PROMISED US THAT. NOT ONE OF THE GROUPS TESTIFYING IN SUPPORT OF THIS SAID, THANK YOU, THIS WILL BE ENOUGH. NO. WE EXPECT TO BE BACK IN THE FRONT OF THE LINE. THIS NOTION THAT WE CAN SOMEHOW MAKE SOMETHING OUT OF NOTHING, THAT WE CAN SOMEHOW SOLVE THE PROBLEMS OF THE WORLD BY \$235 CUTS IN TAXES, THAT SOMEHOW A \$30 MILLION A YEAR, \$60 MILLION BIENNIUM AMOUNT, DISTRIBUTED PROPORTIONATELY TO THE ONES WHO ARE PROPORTIONATELY BIGGER, MOSTLY, IS JUST WHEN WE HAVE ALL KINDS OF OTHER TAXPAYERS WHO ARE EQUALLY DESERVING OF RELIEF, IF THERE COULD BE RELIEF, ALL KINDS OF OTHER TAXPAYERS SIMPLY BEING IGNORED BECAUSE THEY ARE NOT NOISY ENOUGH OR BECAUSE THEY'RE AT WORK WHEN THE COMMITTEE HEARINGS COME UP OR THEY CAN'T AFFORD A LOBBYIST TO WRITE UP A BILL FOR THEM. THERE ARE--SENATOR BOLZ IS CORRECT--OTHER ALTERNATIVES THAT MAY NEED EXPLORATION, BUT WE HAVE TO BE RESPONSIBLE IN THE FINANCING OF THIS STATE. WE HAVE TO BE ABLE TO LOOK OURSELVES IN THE EYE AND SAY WE DID THE RIGHT THING, NOT THE EXPEDIENT THING. WE CAN'T LIE TO THE PEOPLE AND TELL THEM THAT SOMEHOW WHAT THEY WANT FROM GOVERNMENT SERVICES WILL CONTINUE AND SOMEHOW THE MONEY IS GOING TO COME FROM SOMEBODY ELSE. WE ARE ALL THE SOMEBODY ELSSES, WE ARE ALL THE PEOPLE WHO HAVE GOT TO FLOAT

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THIS STATE, AND WHO HAVE A DESPERATE OBLIGATION NOT TO LEAVE THOSE WHO FILL THESE CHAIRS AFTER US IN A LURCH. WE DO NOT NEED TO GO DOWN THE PATH OF CUT SPENDING AND, BY GOSH, EVERYTHING ELSE WILL WORK. WE DO NOT NEED TO HAVE TO DEFEND BEFORE THE SUPREME COURT EDUCATION FUNDING LIKE THEY HAD IN KANSAS. [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR SCHUMACHER: WE DO NOT NEED TO PUT OURSELVES IN THAT SITUATION. THAT IS AN OBLIGATION THAT WE CANNOT SHIRK. MR. CHAIRMAN, I WOULD ASK FOR A CALL OF THE HOUSE AND A ROLL CALL VOTE. THANK YOU. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SCHUMACHER. THERE HAS BEEN A REQUEST TO PLACE THE HOUSE UNDER THE CALL. THE QUESTION IS, SHALL THE HOUSE GO UNDER CALL? ALL THOSE IN FAVOR VOTE AYE; ALL OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB958]

CLERK: 37 AYES, 0 NAYS TO PLACE THE HOUSE UNDER CALL. [LB958]

SENATOR SCHEER: THE HOUSE IS UNDER CALL. SENATORS, RECORD YOUR PRESENCE. THOSE UNEXCUSED SENATORS OUTSIDE THE CHAMBER PLEASE RETURN TO THE CHAMBER AND RECORD YOUR PRESENCE. ALL UNAUTHORIZED PERSONNEL PLEASE LEAVE THE FLOOR, THE HOUSE IS UNDER CALL. SENATOR RIEPE, SENATOR BURKE HARR, SENATOR COASH, SENATOR GARRETT, THE HOUSE IS UNDER CALL. SENATOR BURKE HARR, THE HOUSE IS UNDER CALL. THERE HAS BEEN A REQUEST FOR A ROLL CALL VOTE. THE QUESTION IS: RECOMMIT LB958 TO COMMITTEE. MR. CLERK. [LB958]

CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGES 1369-1370.) 10 AYES, 28 NAYS, MR. PRESIDENT, ON THE MOTION TO RECOMMIT. [LB958]

SENATOR SCHEER: MOTION FAILS. MR. CLERK. I RAISE THE CALL. [LB958]

CLERK: MR. PRESIDENT, I HAVE A MOTION TO RECONSIDER THAT VOTE WITH RESPECT TO THE MOTION TO RECOMMIT. SENATOR SCHUMACHER. [LB958]

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SENATOR SCHEER: SENATOR SCHUMACHER, YOU ARE WELCOME TO OPEN YOUR RECONSIDERATION. [LB958]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. MAYBE WE'RE MAKING A LITTLE PROGRESS HERE. I UNDERSTAND THERE MIGHT BE DISCUSSIONS GOING OF SOME INTEREST. IF THAT'S TRUE, THAT'S GOOD. MAYBE WE WILL HAVE A PROPOSAL, SOMETHING THAT THE PROCESS, SO FAR, HAS NOT BEEN ABLE TO PRODUCE MAGIC ON. BUT WE REMAIN OPEN TO SEE ABOUT SUCH A PROPOSAL. THE DISCONTENT WITH TAXES IS AN OLD ONE. AND PROBABLY, AT LEAST FOR AS LONG AS I CAN BE REMEMBER, PEOPLE FOUND PROMISING TAX RELIEF AN EASY PATH TO ELECTED OFFICE. AND TIME AFTER TIME AGAIN, PROMISES ARE MADE, SOMETIMES USING A LITTLE TAX SHUFFLE; PROMISES WERE KEPT, ONLY TO TURN UP WITH A HIDDEN TAX SOMEWHERE ELSE. AND EVERY FOUR YEARS, IT SEEMS, A NEW SET OF MAGIC RELIEF IS PROMISED. AND EVERY YEAR IT IS NOT FORTHCOMING IN THE SATISFACTION THAT THE PROMISEES BELIEVE THEY HAVE COMING. SO TO SOME EXTENT, WE CREATE OUR OWN PROBLEMS WHEN IT COMES FOR TAXES. PEOPLE HAVE A RIGHT TO BELIEVE WHAT THE PURPORTED LEADERS TELL THEM. TAXES ARE TOO HIGH. WELL EVERYONE BELIEVES THAT, BUT IT REALLY HELPS WHEN YOUR LEADERS SAY THEY'RE TOO HIGH. AND YOU ALWAYS HAVE FAITH IN YOUR FELLOW MAN THAT THEY KNOW SOME MAGIC WAY TO TAKE CARE OF THE PROBLEM; SOME WAY TO MAKE SOMETHING OUT OF NOTHING. AND THEY VOTE. AND THEY GET WORKED UP WHEN YOU HOLD SPECIAL HEARINGS SAYING THAT WE'RE GOING TO FIND AN ANSWER. AND THEN BEHIND THOSE CLOSED DOORS OR THOSE SPECIAL HEARINGS FIND THAT THERE IS NO PATH TO AN ANSWER. THAT EVERY BRIGHT IDEA HAS A SIGNIFICANT DOWNSIDE. THAT THEIR HOPES ARE DASHED. AND SO WE FIND OURSELVES TODAY WITH A PROPOSAL TO LAY ON THE BACK OF THE SALES AND INCOME TAXPAYERS. INCOME TAXES, REMEMBER, ARE ON THE HIGH END OF NORMAL. THE BUSINESS COMMUNITY SAYS, TOO HIGH. SENATOR SMITH SAYS, TOO HIGH. TAX FOUNDATION SAYS, TOO HIGH. WELL, THEY ARE HIGH. BUT NOBODY HAS COME UP WITH A MAGIC SOLUTION TO FUND GOVERNMENT AND REDUCE THEM VERY MUCH. SALES TAXES--WHAT ARE WE GOING TO TAX? WE KNOW THAT IF YOU MAKE A LOT OF MONEY, YOU DON'T PAY PROPORTIONATELY MORE SALES TAX, YOU INVEST YOUR MONEY, OR SPEND IT OUT OF STATE. SO THOSE HIT THE PEOPLE WHO ARE THE WORKING PEOPLE, WHO DON'T HAVE LARGE ESTATES, WHOSE PENSIONS MAY BE IN JEOPARDY BECAUSE THEY ARE NOT GETTING THE 8 PERCENT RETURN ON INVESTMENT THAT THEY THOUGHT THEY WERE PROMISED AND THOUGHT THEY GUARANTEED. THOSE PEOPLE, WE'RE GOING TO TAX THEM? TO CREATE A POOL OF \$60 MILLION MORE THAN THE \$204 (MILLION) WE'RE

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ALREADY...I GUESS IT'S \$30 MILLION ON TOP OF THE \$204 (MILLION)...THAT WE'RE ALREADY DOING? AND TO GIVE THAT TO THE FOLKS WHO HAVE A LOT OF LAND, MOSTLY, WHO ARE WELL-SITUATED AND WELL-HEALED. IS THAT WHO WE'RE LOOKING IN THE EYE AND SAYING WE'RE DOING JUSTICE HERE? ARE WE PILOTING THAT SHIP OF STATE IN THE PROPER DIRECTION? OR ARE WE JUST PURSUING EXPEDIENCY TO BE ABLE TO SAY, WELL, WE DID SOMETHING? YOU KNOW, FOLKS, WE DID SOMETHING OVER AND OVER AND OVER AGAIN, IN THE TIME THAT I HAVE BEEN HERE. SENATOR GLOOR PUT OUT A MEMO THAT WAS ON ALL YOUR DESKS A FEW WEEKS AGO OF ALL OF THE THINGS WE HAVE DONE WITH PROPERTY TAXES, WITH INCOME BRACKET ADJUSTMENTS, WITH ELIMINATION OF THE ALTERNATIVE MINIMUM TAX WITH NET CARRYING FORWARD LOSSES AND ALL OF THOSE KIND OF THINGS. AND THE CLAMOR TO CUT TAXES GOES ON. IT IS PERPETUAL. AND IT'S GOOD, EXCEPT WHEN IT PUTS US IN A FINANCIAL BIND WHERE WE HAVE TO EITHER REALLY, REALLY, REALLY AVOID OUR RESPONSIBILITIES OR COME BACK ON THAT SORRY DAY WHEN SOME OF THE POOR PEOPLE WHO WILL STILL BE IN THIS BODY WILL HAVE TO SAY, FOLKS, WE HAVE TO RAISE TAXES; WE HAVE TO CUT OUT THIS \$60 MILLION THING. WE'VE GOT NO MORE CASH RESERVE TO DIP DOWN INTO. YOU KNOW, THAT QUARTER PERCENT FOR ROADS? I GUESS WE'RE GOING TO HAVE TO DIP INTO IT BECAUSE WE PUT OURSELVES IN A BIND AND THERE'S BEEN THIS ECONOMIC DOWNTURN. THERE HAS BEEN A CALAMITY, A DROUGHT, A PESTILENCE OF SOME KIND. THIS IS WHAT WE ARE TALKING ABOUT HERE. AND IF THIS WERE AN ANSWER, I WOULDN'T BE STANDING HERE. BUT IT'S NOT AN ANSWER. IT'S NOT AN ANSWER, NOT EVEN A COMPROMISE. WHAT ARE THE...THE FOLKS WHO ARE CLAMORING WHO ARE NOT IN THE AG SECTOR, THE WEALTHIER SECTOR OF THE AG ECONOMY, WHAT ARE THEY GETTING OUT OF THIS? SENATOR SMITH IS RIGHT. THEY'RE GETTING NOTHING OUT OF THIS, EXCEPT MAYBE A LOWER PROBABILITY OF EDUCATIONAL PROGRAMS, A LOWER PROBABILITY OF LB84 STICKING AROUND AND FUNDING THE ROADS. A LOWER PROBABILITY OF BEING ABLE TO DEAL WITH THE MENTAL HEALTH ISSUES WHICH ARE FLOODING OUR PRISONS AND GOING TO BITE US THERE. THIS ISN'T A COMPROMISE HERE...NONE. AND WE ARE HERE, GOING FULL BORE AHEAD ON SOMETHING WHICH CLEARLY HAD...BY...AMONG THE PEOPLE WHO STUDY THIS ISSUE, FOR THE LAST SEVERAL YEARS, LUKEWARM SUPPORT IF ANYTHING. IS THE REASON TO DO SOMETHING THE SIMPLE NAKED STATEMENT THAT WE'VE GOT TO DO SOMETHING? IS THAT JUSTIFICATION FOR STEERING THE SHIP OF STATE INTO WATERS WHICH WE KNOW COULD BE QUITE DANGEROUS AND HIGH RISK TO MAKE A DEAL? TO GET OUT OF HERE WITH A CLEAN UNIFORM, OUT OF THE LAST INNING TO PLEASE SOMEBODY? NO. I CANNOT IN GOOD CONSCIENCE STAND HERE AND SAY WE ARE ACCOMPLISHING ANYTHING WORTHY OF THE

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RISK THAT WE ARE TAKING ON; WORTHY OF LOOKING THE CHILDREN OF THE FUTURE INTO THE EYE... [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR SCHUMACHER: ...AND SAYING WE DID THE RIGHT THING, WE SOLVED A PROBLEM. WHAT HAVE YOU...WRITES A MEMO HOME SAYING WE SOLVED A PROBLEM TODAY. OH, YEAH? TELL THAT TO THE PEOPLE WHO ARE GOING TO BE BACK NEXT YEAR SAYING, NO, YOU JUST BOUGHT YOURSELF SIX MONTHS, WE'RE BACK AGAIN. WE NEED A COMPREHENSIVE ANALYSIS THAT WILL RESULT IN BEING HONEST WITH THE PEOPLE, AN EFFICIENT TAX SYSTEM, MAYBE TWEAKED HERE AND THERE, BUT ONE THAT WE CAN SAY TO THE PEOPLE, THIS IS THE WAY IT IS. AND IF WE ARE SMART, WE CAN HAVE A GOOD STATE WITHOUT PUTTING OURSELVES AT HIGH RISK. SO I ASK YOU TO RECONSIDER THE VOTE JUST TAKEN TO RECOMMIT THIS TO COMMITTEE AND FORGET ABOUT DEALS, THINK ABOUT GOVERNANCE. [LB958]

SENATOR SCHEER: TIME, SENATOR. [LB958]

SENATOR SCHUMACHER: THANK YOU. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SCHUMACHER. SENATOR SMITH, YOU ARE RECOGNIZED. NOT SEEING SENATOR SMITH, SENATOR WATERMEIER, YOU ARE RECOGNIZED. [LB958]

SENATOR WATERMEIER: THANK YOU, MR. PRESIDENT, I APOLOGIZE FOR BEING LATE THERE. I'M GOING TO REITERATE SOME OF THE POINTS THAT I HAD MADE EARLIER THAT STILL COMING BACK TO A BROKEN TAX SYSTEM. I AM FULLY SUPPORTIVE OF WHAT SENATOR SMITH HAD BROUGHT FOR US EARLIER. AND I REALIZE HE JUST MISSED HIS TIME AT THE MIKE AND HE'S WALKED BACK IN. I'D BE WILLING TO GIVE HIM PART OF MY TIME HERE. BUT MAKE NO MISTAKE ABOUT IT, AS AN AG PRODUCER, SOMEONE INVOLVED IN PROPERTY TAXES EVERY DAY AND INCOME TAXES THROUGH THE DIFFERENT BUSINESSES THAT I OWN, I GET THE INCOME TAX. I GET WHAT SENATOR SMITH IS TALKING ABOUT. AND I AM WILLING AND READY TO WORK HAND IN HAND WITH THE ISSUE OF FOLLOWING THROUGH WITH INCOME TAXES RELIEF AND PROPERTY TAX RELIEF IN THE FUTURE. I STAND OPPOSED TO THE RECONSIDER MOTION. I STAND OPPOSED TO SENATOR SCHUMACHER'S MOTION AND FOR AM2780 AND FOR

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LB958. AND IF SENATOR SMITH WOULD LIKE THE TIME THAT HE JUST LOST, I'D BE GLAD TO YIELD THAT TO HIM. [LB958]

SENATOR SCHEER: SENATOR SMITH, YOU'RE YIELDED 3:45. [LB958]

SENATOR SMITH: THANK YOU, SENATOR WATERMEIER. THANK YOU, MR. PRESIDENT. APPRECIATE YOU YIELDING YOUR TIME. I WAS OUT IN THE ROTUNDA AND TALKING TO SOME FOLKS OUT THERE THAT MAY HAVE COMMON INTERESTS THAT I HAVE. AND, YOU KNOW, IT'S REALLY UNFORTUNATE BECAUSE WE'RE GETTING QUITE TENSE IN HERE. AND MAYBE NOT ALL OF YOU ARE FEELING IT, BUT I'M FEELING IT. AND WE'VE OPENED UP QUITE THE CAN OF WORMS TODAY, BUT I THINK IT'S BEEN A REALLY GOOD DISCUSSION AND IS ONE THAT NEEDS TO HAPPEN. AND, I TELL YOU WHAT, SENATOR WATERMEIER'S WORDS GO A VERY LONG DISTANCE WITH ME. WHAT I HAVE BEEN SAYING IS THAT WE HAVE TO HAVE COMPREHENSIVE RELIEF FOR ALL NEBRASKANS. AND WE HAVE TO TAKE THIS WALK, THIS JOURNEY TOGETHER. IT MAY BE ADDRESSING SOME OF THE UNFUNDED MANDATES. IT MAY BE SOME OF THE OTHER REGULATORY BURDENS THAT ARE ON ONE TYPE OF A BUSINESS OR ANOTHER. BUT WE HAVE TO PROVIDE A BETTER BUSINESS CLIMATE IN NEBRASKA AND WE HAVE TO PROVIDE A BETTER WAY FOR OUR FAMILIES AND RELIEVE SOME OF THE GOVERNMENT BURDEN ON THEIR LIVES. I'M LOOKING FOR A PATH FORWARD HERE, COLLEAGUES, I TRULY AM. I FEEL VERY PASSIONATE ABOUT WHAT I'VE SAID. AND I KNOW MY COLLEAGUES FEEL THE SAME WAY ABOUT WHAT THEY'VE SAID. WE CANNOT AFFORD TO CONTINUE TO DIVIDE OURSELVES AND DIVIDE THE STATE BUSINESSES BETWEEN URBAN AND RURAL. SO I DO APPRECIATE SENATOR SCHUMACHER AND HIS...THE MOTIONS HE'S MADE. I DO KNOW THAT THERE'S A FEW MORE PEOPLE THAT WANT TO TALK. AND I'M CONTINUING TO HAVE SOME CONVERSATIONS TO SEE IF I CAN GET TO A POINT TO ACCEPT AND MOVE FORWARD WITH SOME LEVEL OF AGREEMENT THAT WE'RE GOING TO STAND IN THE FRONT OF THE LINE TOGETHER NEXT YEAR, ALL BUSINESSES AND ALL TAXPAYERS, THAT WE'RE GOING TO TRY TO PROVIDE SOME RELIEF. THAT'S ALL I'M ASKING. AND I'M ASKING THAT IF YOU'RE WANTING ME TO BE EMPATHETIC AND SYMPATHETIC WITH YOUR PLIGHT, I'M ASKING YOU TO BE LIKEWISE WITH MINE. SO THANK YOU, MR. PRESIDENT. AND I'M GOING TO CONTINUE TO HAVE SOME CONVERSATIONS WITH OTHERS IN THE BACK OF THE CHAMBER, AND LET'S SEE WHERE THE ADDITIONAL DISCUSSION GOES. THANK YOU. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SMITH AND SENATOR WATERMEIER. SENATOR CHAMBERS, YOU'RE RECOGNIZED. [LB958]

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SENATOR CHAMBERS: MR. PRESIDENT AND MEMBERS OF THE LEGISLATURE, I'VE BEEN LISTENING TO WHAT HAS GONE ON UP HERE. AND I HAVE TO SAY TO SENATOR SMITH, WHOM I HAVE A TREMENDOUS AMOUNT OF RESPECT FOR, POOR, NAIVE, SENATOR SMITH. IF SOMEBODY IS ABLE TO TAKE FROM YOU WHAT THEY WANT AND YOU GIVE IT, THEY'RE NOT GOING TO LISTEN TO YOU AND COME YOUR WAY. THEY DON'T HAVE TO. ALL I HEAR IS WHINE, WHINE, WHINE, ESPECIALLY SENATOR GROENE. BUT THERE ARE THINGS THAT HIS SECTOR GETS AND THEY'VE BEEN GETTING IT OVER AND OVER AND OVER. THERE'S NOT GOING TO BE ANY COMING TOGETHER ON THIS BILL UNLESS THOSE PEOPLE WHO SEE IT FOR WHAT IT IS ARE GOING TO CAPITULATE AND COME TO THE OTHER SIDE. HERE'S THE KIND OF NEGOTIATING SENATOR SMITH IS IN. THE "RURALIES" HAVE SIX EGGS; SENATOR SMITH, REPRESENTING A COUNTER INTEREST, HAS SIX EGGS. THEY NEGOTIATE UNTIL THE "RURALIES" HAVE 12 EGGS AND SENATOR SMITH HAS NO EGGS. THEN, WITH A CROOKED SMILE OF SATISFACTION ON THEIR FACE, THEY TELL SENATOR SMITH: YOU CERTAINLY ARE A NICE FELLOW; WHEN YOU GET SOME MORE EGGS COME BACK AND WE'LL NEGOTIATE SOME MORE. I'VE BEEN IN THIS LEGISLATURE MANY YEARS AND I'VE SEEN THIS SCENARIO PLAYED OUT AGAIN AND AGAIN AND AGAIN. THOSE RURAL INTERESTS--AND I'M USING THAT TO INCLUDE THE FARMERS, THE RANCHERS, WHETHER THEY CALL THEMSELVES A CORPORATE FARM, THE WILEY SEEKERS AFTER FEDERAL SUBSIDIES, TAXPAYERS UNDERGIRDING THEM. AND THEY'RE IN A BUSINESS. PROFIT IS WHAT THEY WANT. THERE ARE FARMERS, WHETHER YOU ALL KNOW IT OR NOT, WHO WILL FALLOW THEIR LAND BECAUSE THEY'RE NOT GOING TO BE ABLE TO PUT EVERYTHING TOGETHER, CONSIDERING SUBSIDIES, CROP INSURANCE, AND PRICES, TO GET WHAT THEY WANT. SO THEY FALLOW THE LAND. THEY'RE NOT IN THERE TO MAKE FOOD FOR EVERYBODY. HAVE YOU EVER DRIVEN PAST A FARM AND SEEN A SIGN THAT SAYS ALL YE WHO ARE HUNGRY, ALL OF YE WHO HAVE NO MONEY, COME HERE AND BE FED FREE? NO. THEY'RE NOT IN THIS TO FEED THE WORLD. THEY'RE IN IT TO MAKE MONEY, AND NOT JUST TO MAKE MONEY BUT TO GET FREE MONEY, TO TAKE FROM OTHERS FOR THEMSELVES. AND WHEN OTHERS TALK ABOUT IT, THEY CALL THAT SOCIALISM, WHERE YOU WANT TO REDISTRIBUTE INCOME AND WEALTH. AND WHEN THE ONES WHO FARM WANT TO DO THAT, IT'S NOT SOCIALISM. THAT'S THE AMERICAN WAY. AND WHAT IS MEANT BY THAT IS THAT THEY LABEL IT THE WAY THEY WANT TO, AND THEN EVERYBODY ACCEPTS IT AND GOES ALONG. BUT THERE ARE PEOPLE IN THE CITIES WHO WATCH THIS AND DON'T FEEL THAT IT'S THE THING TO DO. PEOPLE ON THIS FLOOR TALK ABOUT LET'S NOT HAVE A RURAL-URBAN SPLIT. IT'S THERE. THEIR INTERESTS DO NOT LINE UP WITH THOSE INTERESTS OF THE PEOPLE IN THE URBAN AREAS. SO THE URBAN AREAS ARE TOLD, WHAT YOU

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OUGHT TO DO IS HELP THESE BIG FARMS, HELP THESE BIG CORPORATIONS, HELP THESE BIG PRODUCERS WHO GET FEDERAL AND STATE SUBSIDIES AND CAN ONLY FUNCTION BECAUSE OF THAT. HOW THEY STAND ON THIS FLOOR AND YAP AND YAP AND YAP ABOUT THE FREE MARKET SYSTEM, BUT THEY DON'T WANT TO ACKNOWLEDGE THAT WHEN THEY TRY TO COMPEL WHAT THEY CALL "BIG OIL" TO PUT A CERTAIN AMOUNT OF ETHANOL, REQUIRED BY LAW, INTO THEIR PRODUCT, THAT'S MANIPULATING THE MARKET. THAT'S DOING SOMETHING FOR ONE PARTICULAR SEGMENT OF THE POPULATION... [LB958]

SENATOR SCHEER: ONE MINUTE. [LB958]

SENATOR CHAMBERS: ...THAT CANNOT MAKE IT ON THEIR OWN. THEY HAVE A PRODUCT THAT CANNOT STAND ON ITS OWN FEET. ETHANOL CANNOT EXIST WITHOUT THOSE FEDERAL SUBSIDIES. AND THAT'S WHY THEY WANT THE FEDERAL GOVERNMENT TO BE REQUIRED BY LAW TO MIX A CERTAIN AMOUNT OF WHAT THEY'VE GOT IN GASOLINE. IF THEIR PRODUCT WAS SO GOOD, PEOPLE WOULD BE BEATING DOWN THE DOORS TO GET IT. YOU WANT TO GET WHAT YOU PAY FOR. WHEN YOU BUY ETHANOL, YOU'RE NOT GETTING WHAT YOU PAY FOR. YOU'RE PAYING FOR A BILL OF GOODS, AND THAT'S ALL THERE IS TO IT, PURE AND SIMPLE. YOU ALL ARE GOING TO STAND UP HERE AND LET YOURSELF BE BATTERED? YOU'RE GOING TO HAVE THESE LITTLE OFF-THE-FLOOR AND OFF-THE-MIKE CONVERSATIONS, AND WHEN YOU GET THROUGH, YOU'RE GOING TO BE RIGHT BACK HERE WHERE YOU STARTED. THERE'S A SONG CALLED "HOTEL CALIFORNIA." AND BEFORE WE GET THROUGH AND GET TO CLOTURE, I MAY QUOTE A BAR OR TWO BUT NOT SING IT, WHERE THIS GUY TALKED ABOUT HOW HE WAS RUN... [LB958]

SENATOR SCHEER: TIME, SENATOR. [LB958]

SENATOR CHAMBERS: YOU SAID TIME? [LB958]

SENATOR SCHEER: YES, SENATOR. [LB958]

SENATOR CHAMBERS: THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR CHAMBERS. SENATOR HUGHES, YOU'RE RECOGNIZED. [LB958]

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SENATOR HUGHES: THANK YOU, MR. PRESIDENT. A COUPLE THINGS I'D LIKE TO CLEAR UP. THERE'S A LOT OF RICH FARMER, BIG FARMER, YOU KNOW, WEALTHY FARMER. NOT ALL FARMERS ARE RICH. THERE ARE A LOT OF FARMERS WHO ARE STRUGGLING. THE REASON THERE ARE BIG FARMERS IS BECAUSE THEY ARE GOOD FARMERS. AND WE CERTAINLY DON'T WANT TO PENALIZE INITIATIVE AND ABILITY. SENATOR SMITH IS CONCERNED ABOUT INCOME TAX. AND I'LL REPEAT WHAT I SAID ON THE MIKE BEFORE. I'M CONCERNED ABOUT INCOME TAX TOO. I'M CONCERNED ABOUT ALL TAXES. I THINK THIS STATE IS A HIGH-TAX STATE. I'M ALL FOR TRYING TO CUT TAXES. ONE OF THE REASONS I CAME TO THE LEGISLATURE IS NOT BECAUSE I MINDS PAYING TAXES, BECAUSE I WANTED TO HAVE MORE SAY IN HOW THEY'RE SPENT. AND I APPRECIATE THE OPPORTUNITY THAT I'VE BEEN GIVEN AND I APPRECIATE MY COLLEAGUES LISTENING TO MY POINTS. BUT WHEN I CONTINUALLY HEAR ABOUT RICH FARMERS AND BIG FARMERS AS BEING BAD, IT DOES TEND TO GET UNDER MY SKIN JUST A LITTLE BIT. BIG IS A RELATIVE TERM. RICH IS A RELATIVE TERM. AND BELIEVE YOU ME, THERE IS A LOT OF DEBT IN FARM COUNTRY, AND I'M CARRYING A BUNCH OF IT MYSELF BECAUSE I HAVE EXPANDED SO I HAVE ROOM TO BRING MY KIDS BACK ON THE FARM. SO IT'S NOT ALL GRAVY. IF YOU THINK FARMING IS SO EASY, THERE'S FARMLAND FOR SALE EVERY DAY. IF YOU THINK IT'S FREE MONEY, GO BUY SOME. SEE HOW WELL IT WORKS. I GIVE SENATOR SMITH MY WORD THAT I'M READY TO WORK ON COMPREHENSIVE TAX REFORM IN THE STATE OF NEBRASKA NEXT YEAR. OVER THE SUMMER I'M WILLING TO SIT DOWN WITH HIM AND WHOEVER ELSE WE NEED TO, TO FIGURE OUT A WAY TO TURN THE SHIP, TO FIND A WAY THAT WE HAVE FAIR TAX POLICY FOR EVERYBODY. THANK YOU, MR. PRESIDENT. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR HUGHES. SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB958]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. I DON'T PLAN ON STANDING UP AND SPEAKING AGAIN, BUT I DO WANT TO TAKE THIS OPPORTUNITY. I THINK THAT WHAT WE HAVE DECIDED HERE AND WHAT WE'RE DISCUSSING AROUND AND AROUND AND AROUND IS THAT TAXES ARE TOO HIGH. AND I THINK THAT WE UNDERSTAND, TOO, THAT THE STRUCTURE IS NOT WHERE WE NEED IT TO BE. SO LET ME ASK EVERYONE A QUESTION. DO YOU THINK THAT BY STANDING HERE TODAY, IN THE NEXT SIX HOURS OR WHATEVER ELSE WE HAVE TO DEBATE ON THIS BILL, THAT WE CAN COME UP WITH A STRUCTURE THAT FIXES ALL OF THIS? NO. WE CAN'T. I MEAN WE'VE PROVEN THAT JUST WITH THIS CONVERSATION ALONE. IT'S GOING TO TAKE TIME. IT'S GOING TO TAKE EVERYONE COMING TOGETHER, WHETHER YOU LIVE IN

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LINCOLN, OMAHA, BRIDGEPORT, BRULE, NEBRASKA, WEST POINT. AND WE'RE GOING TO HAVE TO WORK TOGETHER. SO AS I LOOK AT THIS, AND WHILE IT MIGHT NOT BE PERFECT, I DON'T THINK THERE'S ANYONE THAT'S HERE THAT CAN SAY WE NEED TO PAY MORE PROPERTY TAXES OR WE NEED TO PAY MORE INCOME TAXES. I DON'T LIKE THAT WE DON'T ADDRESS THE STRUCTURAL CHANGES, I DON'T. BUT I DO KNOW THAT THE PEOPLE OF THE STATE OF NEBRASKA HAVE SPOKEN ON THIS. WE KNOW THE PROPERTY TAXES AND INCOME TAXES ARE TOO HIGH. WE HAVE AN OPPORTUNITY WITH THIS BILL TO LET OUR CONSTITUENTS KNOW THAT WE CARE AND THAT WE ARE WORKING ON THIS. AND THE BAD PART IS, GUYS, I'VE BEEN IN THIS LEGISLATURE NOW EIGHT YEARS. SENATOR CHAMBERS HAS BEEN HERE MUCH LONGER THAN THAT. I'M NOT SURE IF PROPERTY TAXES HAVE NEVER BEEN...THEY'VE ALWAYS BEEN AN ISSUE. AND ALL I CAN SPEAK FOR IN THE EIGHT YEARS THAT I'VE BEEN HERE IS THAT WE PUT BAND-AIDS ON IT. WELL, FOLKS, HOLD YOUR NOSE, SIT DOWN, LET'S SHUT OFF OUR LIGHTS, AND LET'S VOTE GREEN ON THIS STUFF SO THAT WE CAN MOVE ON. AND THEN LET'S PROMISE OURSELVES, AS LEGISLATORS AND LEADERS IN THE STATE OF NEBRASKA, THAT WE WILL TRULY COME TOGETHER TO START TO SOLVE THIS ISSUE. AND I THINK YOU THROW IN...YOU THROW INCOME TAX, YOU THROW PROPERTY TAX, YOU THROW SALES TAX ALL INTO THE HOPPER BECAUSE THAT'S THE ONLY WAY THAT YOU'RE GOING TO FIND AN EQUITABLE ARRANGEMENT THAT PEOPLE CAN LIVE WITH. SO I IMPLORER EVERYONE HERE TO ACCEPT WHAT THE REVENUE COMMITTEE HAS DONE, UNDERSTAND THAT IT'S NOT THE FINAL STEP NOR IS IT THE FIRST STEP NOR IS IT REALLY THE BEST STEP, BUT IT IS A STEP, NONETHELESS, BUT IT SHOULD NOT BE THE END. SO I WOULD ASK ALL OF MY COLLEAGUES TO AT LEAST PUT THIS THROUGH ON GENERAL FILE, AND WE CAN HAVE CONVERSATIONS AS WE MOVE ALONG. THANK YOU VERY MUCH. [LB958]

SENATOR SCHEER: THANK YOU, SENATOR SCHILZ. SENATOR SCHUMACHER, YOU'RE RECOGNIZED. [LB958]

SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT AND MEMBERS OF THE BODY. WITH A COMMENT ABOUT EXPANDING FAMILY OPERATIONS, SINCE LAND IS A FIXED ASSET, FIXED NUMBER OF ACRES, FOR EVERY EXPANSION OF OPERATIONS SOMEBODY ELSE GETS OUT OF THE GAME. THAT IS PART OF THE PROBLEM WE SEE HERE, BECAUSE AGRICULTURE HAS GOT BIGGER AND BIGGER WITH EXPANDED OPERATIONS IN FEWER AND FEWER HANDS, THAT THE RURAL COMMUNITIES ARE NO LONGER VIABLE BECAUSE THERE'S NO POPULATION FOR THEM TO SERVE AND SERVE IN A VIABLE ECONOMY. THAT IS PART OF THE PROBLEM. LB958 DOES NOT SOLVE THE CAUSE OF THE PROBLEM. IT JUST

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REWARDS THOSE BIGGER AND BIGGER OPERATIONS WITH MORE AND MORE. LET'S RECAP A COUPLE THINGS, AND I'M GOING TO LET YOU WITH SOMETHING TROUBLING AT THE END. TWO THOUSAND FOURTEEN, WE INDEXED THE BRACKETS FOR INFLATION. THAT COST US \$10 MILLION A YEAR INCREMENTED. SO AT THE END OF TEN YEARS, \$100 MILLION LESS REVENUE. TWO THOUSAND FOURTEEN, WE ALSO EXEMPTED SOCIAL SECURITY INCOME FROM SOCIAL...FROM STATE TAXATION IF THE FEDERAL AGI WAS \$58,000 OR BELOW FOR MARRIED TAXPAYERS, \$43,000 FOR SINGLE. WE ALLOWED MILITARY RETIREES A ONE-TIME EXCLUSION WITHIN TWO CALENDAR YEARS OF SEPARATION FOR PORTIONS OF THEIR MILITARY PAY OR MILITARY PENSION. WE CHANGE THE INCOME LIMITS FOR THE HOMESTEAD EXEMPTIONS AND PROVIDED EXEMPTIONS FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES. WE ADDED \$25 MILLION TO THE \$150 MILLION PROPERTY TAX CREDIT. WE EXEMPTED FROM SALES TAX THE TAX, REPAIR OR REPLACEMENT PARTS FOR AGRICULTURAL MACHINERY. TWO THOUSAND AND FIFTEEN, WE ADDED \$60 MILLION TO THE PROPERTY TAX RELIEF FUND. AND WE ALSO DID SOMETHING WITH PERSONAL TAXES, PROPERTY TAXES. AND PART OF THAT WAS, WELL, THAT WAS AN EASY WAY OUT. WE SAID, \$10,000, IN COMMITTEE, \$10,000 PER COUNTY YOU COULD GET OFF OF YOUR VALUATION OF YOUR PERSONAL PROPERTY FOR TAXATION. WELL, BECAUSE OF A CONSTITUTIONAL ISSUE, THAT BECAME IN THE AMENDMENT FROM THE COMMITTEE, \$10,000 PER TAXING DISTRICT. THERE ARE 50, 100 TIMES MORE TAXING DISTRICTS THAN THERE ARE COUNTIES. SEEM TO RECALL THE NUMBER 6,000, BUT WHATEVER, THERE'S A LOT OF TAXING DISTRICTS WHEN YOU DO IT BY DISTRICT. AND SO THAT NUMBER, THE GUESSTIMATE OF \$20 MILLION, MAY BE VERY, VERY LOW. AND THERE'S SOME INDICATION THAT THAT'S WHERE THE NUMBERS ARE GOING TO CRUNCH. IT WILL BE INTERESTING TO SEE, BUT WE DON'T HAVE THOSE NUMBERS IN TIME TO MAKE A RATIONAL REACTION TO THEM. SUFFICE IT TO SAY THAT THE OPERATIONS THAT HAVE MOST OF THE PERSONAL PROPERTY TAXING DISTRICT TOUCHPOINTS ARE THE UTILITY COMPANIES, PIPELINES, RAILROADS AND THOSE KIND OF THINGS. THAT'S WHAT HAPPENS WHEN WE DO THE EASY, SIMPLE THING. THERE ARE RISKS THAT LAY OUT THERE THAT WE ARE IMPERVIOUS TO. AND QUITE FRANKLY, AS WE MOVE THROUGH HERE, THE GUYS INHERITING THE SHIP WON'T EVEN REALIZE THE RISKS AND BETS WE TOOK THAT WE LOST ON. [LB958]

SENATOR WATERMEIER PRESIDING

SENATOR WATERMEIER: ONE MINUTE. [LB958]

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SENATOR SCHUMACHER: THERE IS NO EASY ANSWER HERE. THE IDEA OF LET'S JUST MOVE AHEAD, LET'S JUST STOP THE SESSION FROM BLOWING UP, LET'S JUST MAKE A COMPROMISE AND TRY TO DO THIS, THAT, OR THE OTHER THING IS NOT A WAY TO SAIL THE SHIP OF STATE. YOU CAN'T MAKE A PURSE OUT OF A SOW'S EAR. AS I SPEAK THE NEXT TIME, WE'LL TALK ABOUT HOW THE ORIGINAL PROPOSAL WAS SO PROBLEMATIC THAT IT WAS QUICKLY DISREGARDED, YET, IT WAS SUPPOSED TO BE THE BEST THING GOING. LET'S NOT MAKE A MISTAKE HERE. LET'S NOT BIND OURSELVES TO A BAD POLICY AND A PATH THAT'S GOING TO BE VERY, VERY HARD TO REVERSE, FOR WHICH WE WILL GET NO THANKS, ONLY FUTURE DEMANDS. THANK YOU. [LB958]

SENATOR WATERMEIER: THANK YOU, SENATOR SCHUMACHER. SENATOR CHAMBERS, YOU ARE RECOGNIZED. [LB958]

SENATOR CHAMBERS: THANK YOU, MR. PRESIDENT. MEMBERS OF THE LEGISLATURE, SENATOR SCHILZ SAID, EVERYBODY, JUST TURN OFF THE LIGHTS, SIT DOWN, AND GIVE THEM WHAT THEY WANT. THAT'S WHAT I TOLD YOU ALL THEY WANT. THEY WANT EVERYTHING. THEN SENATOR HUGHES, MY GOOD FRIEND SENATOR HUGHES, GOT SOME OF THE MOST DELIGHTFUL GRANDCHILDREN ON THE FACE OF THE EARTH AND THEY JUSTIFY HIS EXISTENCE. I DON'T THINK HE WOULD DISAGREE WITH THAT. HE SAYS HE PROMISES SENATOR SMITH HE'S GOING TO HELP HIM. WHEN? NEXT YEAR. THEY SAY LET'S NOT WORRY ABOUT IT ON GENERAL FILE WHERE WE'RE WORKING, TAKE IT OVER TO SELECT FILE. IT'S ALWAYS PUTTING YOU OFF AND, LIKE SUCKERS, YOU SWALLOW IT. IF I SAW YOU, I'D BUMP YOUR HEAD. IF I HAD SOMETHING TO SELL RIGHT QUICK, I WOULD JUMP IN RIGHT NOW AND GET YOU TO SELL IT TO ME...BUY IT FROM ME. "ADM" STANDS FOR ARCHER-DANIELS MIDLAND. YOU ASK THEM ABOUT ETHANOL SUBSIDIES AND WHETHER THEY COULD MAKE IT WITHOUT THOSE FEDERAL SUBSIDIES. AND WHERE DO THEY COME FROM? THE TAXPAYERS. ETHANOL CANNOT STAND ON ITS OWN BOTTOM. I'D LIKE TO ASK SOMEBODY...SENATOR JOHNSON, I'D LIKE TO ASK YOU A QUESTION, IF YOU WOULD RESPOND. [LB958]

SENATOR WATERMEIER: SENATOR JOHNSON FOR A QUESTION. [LB958]

SENATOR JOHNSON: YES. [LB958]

SENATOR CHAMBERS: AND, SENATOR JOHNSON, I'M ASKING YOU, BECAUSE ALL THE OTHER PEOPLE WHO'VE TALKED ARE GONE. ARE THERE CORPORATIONS

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OUTSIDE OF NEBRASKA WHO OWN FARMLAND IN NEBRASKA AND CONDUCT OPERATIONS INSIDE NEBRASKA? [LB958]

SENATOR JOHNSON: I'M SURE THERE ARE. YES. [LB958]

SENATOR CHAMBERS: THANK YOU. AND I KNOW THAT. THANK YOU. THAT'S ALL I HAVE. WHEN THEY TALK ABOUT NEBRASKANS, THEY ARE NOT TALKING ABOUT PEOPLE WHO LIVE HERE. WE'RE NOT JUST TALKING ABOUT FARMERS HERE; WE'RE TALKING ABOUT OUTSIDE INTERESTS, AND SOME OF THEM ARE OUTSIDE THE UNITED STATES. AND I HAVEN'T HEARD ANYBODY DURING THIS DISCUSSION TALK ABOUT THAT. YOU'RE NOT TALKING ABOUT AND DEALING WITH YOUR NEIGHBORS. YOU'RE DEALING WITH PEOPLE WHO WANT TO MAKE A LOT OF MONEY. AND AS SENATOR SCHUMACHER TOUCHED ON IT, THE FARMERS, THE FARMS ARE GETTING BIGGER AND BIGGER. THE OWNERSHIP IS BECOMING MORE AND MORE DIFFERENT, AND SOME OF THOSE ACTIVITIES ARE DIVERSIFYING. AND YOU HAVE FEWER AND FEWER OF WHAT YOU CALL FAMILY FARMS, BUT EVEN THEY ARE IN IT FOR THE MONEY. I'M GOING TO WATCH THIS VOTE. AND I'M GOING TO SEE IF THOSE PEOPLE WHO HAVE RURAL CONSTITUENCIES WILL WIN THE DAY, OR IF THOSE WHO HAVE URBAN CONSTITUENCIES ARE GOING TO SELL OUT. WHEN THERE WERE DISCUSSIONS OF TRYING TO GET SOME MONEY BY DOING AWAY WITH SOME OF THE SALES TAX EXEMPTIONS, YOU KNOW WHAT SECTOR SQUEALED THE LOUDEST? THE FARMERS. THEY HAD MANY, MANY SALES TAX EXEMPTIONS--EQUIPMENT, IMPLEMENTS, VEHICLES--AND THEY SAID, NO, NO, DON'T TOUCH THOSE EXEMPTIONS. BUT WHEN THEY'RE HERE TRYING TO GET YOU TO DO SOMETHING NOW, THEY TALK ABOUT A COMPREHENSIVE APPROACH AND LOOK AT EXEMPTIONS. WELL, I'VE BEEN HERE LONG ENOUGH TO SEE WHAT HAPPENED WHEN THAT WAS ATTEMPTED. YOU KNOW WHY SENATOR SCHILZ CAN SPEAK IN SUCH A SANGUINE MANNER ABOUT WHAT YOU OUGHT TO DO NEXT TIME? SENATOR SCHILZ IS NOT GOING TO BE HERE. HE WON'T HAVE TO ANSWER FOR HAVING MADE ALL OF THESE PROMISES, GIVEN THESE ASSURANCES. HE'S GONE. THEN THE URBAN PEOPLE ARE GOING TO SIT THERE AND SAY, WE WERE SUCKERED. WELL, I WROTE A RHYME AND I STATED IN THAT RHYME, "THE HUSTLERS' MANTRA." BOTH OF THE...THERE'S A SUCKER BORN EVERY MINUTE, AND WE FIND A SUCKER BUMP HIS HEAD. AND THAT'S WHAT'S GOING TO HAPPEN ON THIS BILL. IF SENATOR LARSON WAS HERE, WE WOULD MAKE BOOK ON THIS AND I WOULD LAY ODDS THAT IN ALL THESE LITTLE OFF-THE-MIKE DISCUSSIONS YOU SEE IN THE BACK OF THE ROOM, THE URBAN SENATORS ARE GOING TO GIVE UP EVERYTHING. AND THEY'RE GOING TO LET THIS BILL GO WITH THE PROMISE THAT HAS BEEN MADE BEFORE AND NEVER KEPT:... [LB958]

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SENATOR WATERMEIER: ONE MINUTE. [LB958]

SENATOR CHAMBERS: ...WE'RE GOING TO DO BETTER ON SELECT FILE. THEN YOU GET TO SELECT FILE. GO AHEAD AND ADVANCE IT TO FINAL READING, AND WE'LL WORK WITH YOU NEXT YEAR. IT IS ALWAYS "NEXT YEAR." IF THIS PROBLEM HAS BEEN HERE SO LONG, WHY HAS NOTHING BEEN DONE ABOUT IT? SENATOR SCHILZ SAID A STRUCTURAL CHANGE CANNOT BE DONE. YES, IT CAN! IT CAN BE DONE TODAY. WHAT CANNOT BE ACHIEVED IS AGREEMENT BECAUSE WHEN THE CITY PEOPLE TALK ABOUT WHAT WOULD BE OF VALUE TO THEM, THE FARMERS ARE GOING TO SQUEAL. THE CITY PEOPLE SAY, TAKE AWAY SOME OF THESE SALES TAX EXEMPTIONS; THE FARM COMMUNITY SAYS, NO, NO, YOU CAN'T DO THAT; YOU CAN'T DO THAT. THERE WILL NOT BE AGREEMENT BECAUSE THE INTERESTS OF THE TWO AREAS DO NOT LINE UP. AND IT'S REACHED THE POINT NOW BECAUSE OF POLITICS, THAT THE ONLY WAY ONE IS GOING TO HAVE IS TO TAKE FROM THE OTHER, AND THAT'S THE WAY IT WILL BE. I WISH SENATOR GROENE WOULD JUST COUNT UP ALL OF THE SALES TAX EXEMPTIONS THERE ARE AND SEE HOW MANY OF THEM GO INTO THE AREA THAT HE IS SO INTERESTED ABOUT OR IN. [LB958]

SENATOR WATERMEIER: TIME, SENATOR. [LB958]

SENATOR CHAMBERS: SO SOON? THANK YOU, MR. PRESIDENT. [LB958]

SENATOR WATERMEIER: SENATOR BOLZ, YOU ARE RECOGNIZED. [LB958]

SENATOR BOLZ: THANK YOU, MR. PRESIDENT. SENATOR HUGHES'S COMMENTS ABOUT SMALL AND BIG FARMERS CAUGHT MY ATTENTION. AND I REVISITED THE ARTICLE FROM THE UNICAMERAL UPDATE ABOUT THE CONSIDERATION OF THE AG PROPERTY TAX CREDIT, AND THERE'S A QUOTE HERE FROM JONATHAN HLADIK WITH THE CENTER FOR RURAL AFFAIRS THAT STATES THAT APPROXIMATELY TWO-THIRDS OF THE CREDIT WOULD GO TO THE STATE'S WEALTHIEST FARMERS, LEAVING ONLY \$9 MILLION FOR SMALLER FARMS. AND IF SENATOR HUGHES IS ON THE FLOOR...IS SENATOR HUGHES HERE? [LB958]

SENATOR WATERMEIER: SENATOR... [LB958]

SENATOR BOLZ: HOW ABOUT SENATOR GLOOR? [LB958]

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SENATOR WATERMEIER: SENATOR GLOOR FOR A QUESTION. [LB958]

SENATOR GLOOR: I'D BE GLAD TO. [LB958]

SENATOR BOLZ: THANK YOU, SENATOR GLOOR. I'M JUST CURIOUS IF YOU COULD HELP ME UNDERSTAND HOW THIS BILL AFFECTS SMALL FARMERS. AND MAYBE TO PUT A FINER POINT ON IT, YOU KNOW, MY DAD AND MY AUNT DONNA, BETWEEN THE TWO OF THEM, THEY OWN ABOUT 300 ACRES. SO FOR A SMALL FARMER, WHAT EXACTLY WILL THE IMPACT BE FOR SOMEONE WHO'S, YOU KNOW, MAKING THEIR LIVING? DAD RENTS SOME, HE OWNS SOME. WHAT'S THE IMPACT FOR THE SMALL FARMER? [LB958]

SENATOR GLOOR: GREAT QUESTION, SENATOR BOLZ. AND, OBVIOUSLY, NOT KNOWING WHAT THE DOLLAR AMOUNT IS THAT THEIR TAXABLE VALUE IS, I CAN'T GIVE YOU AN EXACT. BUT LET ME TALK IN GENERALITIES THAT WOULD AFFECT ANYBODY'S FARM. REMEMBER THAT WE STARTED WITH AROUND \$115 MILLION IN PROPERTY TAX CREDIT BACK IN THE LATE...EARLY 2000s. I THINK '07-08 THAT BUMPED UP TO ABOUT \$245, AND THEN LAST YEAR WE ADDED ANOTHER \$16 MILLION TO THAT AMOUNT. SO NOW WE'RE UP TO, I THINK, \$204 MILLION A YEAR IN PROPERTY TAX CREDIT. AG GETS A SHARE OF THAT, AS DOES RESIDENTIAL. IT GOES TO ALL PROPERTY OWNERS. IF WE WENT WITH THE \$30 MILLION JUST FOR AG, THAT WOULD MOVE US TO, I WAS TOLD, AND I MENTIONED THIS MORNING, I'VE BEEN TOLD BY OUR FISCAL OFFICE, TO ABOUT 9.4 PERCENT REDUCTION FOR AG IN THEIR PROPERTY TAX. SO WE'RE GETTING CLOSE TO 10 PERCENT REDUCTION IN THEIR OVERALL PROPERTY TAX THAT THEY PAY. THAT \$30 MILLION IS A PORTION OF THAT, I GO BACK TO, AND THE MORE WE ADD, THE LARGER THAT PERCENTAGE GETS. CUMULATIVELY, WE'VE BEEN TALKING ABOUT I THINK A PRETTY DRAMATIC HIT. AT LEAST IT IMPRESSED THE AG PRODUCERS I WAS TALKING TO. [LB958]

SENATOR BOLZ: DOES THAT 10 PERCENT...IT IS 10 PERCENT FOR EVERY FARMER AND RANCHER REGARDLESS OF SIZE? [LB958]

SENATOR GLOOR: YEAH. [LB958]

SENATOR BOLZ: OKAY. SO FOR MY DAD, IT'S STILL, YOU KNOW, NOT GOING TO BE A SIGNIFICANT AMOUNT OF DOLLARS. AND, YOU KNOW, EVEN THE CENTER FOR RURAL AFFAIRS ARTICULATES THAT TWO-THIRDS OF THE CREDITS WOULD GO TO THE STATE'S WEALTHIEST FARMERS. SO I GUESS I JUST PAUSE AND THINK

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THROUGH IN TERMS OF THE NUMBER OF PEOPLE THAT MIGHT BE AFFECTED AND WHAT THAT IMPACT MIGHT BE ON THEM. I CONTINUE TO TURN ON WHAT THE VALUE OF THIS CREDIT IS. AND I DO THINK, TO YOUR CREDIT, SENATOR GLOOR, A 10 PERCENT REDUCTION DOES HAVE MEANING, THAT IT'S A NICE NUMBER TO BE ABLE TO ARTICULATE TO THOSE WHO HAVE CONCERNS ABOUT THESE ISSUES. BUT I REMAIN CONCERNED ABOUT THE ONGOING PRESSURES AND THE CONVERSATIONS THAT WE'LL HAVE YEAR AFTER YEAR AFTER YEAR AND WHETHER OR NOT THIS IS MEANINGFUL AS IT RELATES TO THE IMPACT ON THE REAL PEOPLE THAT WE REALLY REPRESENT. [LB958]

SENATOR WATERMEIER: ONE MINUTE. [LB958]

SENATOR BOLZ: SO I APPRECIATE THE ANSWER TO THE QUESTION. APPRECIATE THE ONGOING CONSIDERATION. THANK YOU, MR. PRESIDENT. [LB958]

SENATOR WATERMEIER: THANK YOU, SENATOR BOLZ AND SENATOR GLOOR. SENATOR BRASCH, YOU ARE RECOGNIZED. [LB958]

SENATOR BRASCH: THANK YOU, MR. SPEAKER, AND THANK YOU, COLLEAGUES. I RISE TODAY TO APPEAL TO SENATOR SCHUMACHER TO LET THIS BILL PASS, LB958. HIM AND I STARTED HERE ABOUT THE SAME TIME, AND ACTUALLY ONE OF MY COUNTIES IS NOW HIS THROUGH REDISTRICTING, STANTON COUNTY. AND I KNOW HE DOES REPRESENT A FAIR SHARE OF AGRICULTURAL FARMERS AND PRODUCERS. AND COLUMBUS DOES WELL. THERE'S A GOOD MIX OF ALL. AND I DO UNDERSTAND THAT THERE IS MORE CONVERSATION HAPPENING AND I'M HOPING THAT HE DOES NOT TURN A DEAF EAR ON THIS. AND I DO WANT TO ENCOURAGE OTHER RURAL SENATORS LIKE MYSELF THAT SHOULD WE PASS THIS HERE, THAT NEXT YEAR, I AGREE, WE DO NEED TO COME BACK TO INCOME TAX AGAIN. LET'S VISIT REDUCING INCOME TAXES BECAUSE FARMERS AND PRODUCERS ALSO PAY INCOME TAX. AND I WOULD ALSO LIKE TO ADD THE FACT THAT, AS SENATOR SCHUMACHER...WOULD HE YIELD TO A QUESTION, PLEASE? [LB958]

SENATOR WATERMEIER: SENATOR SCHUMACHER FOR A QUESTION. [LB958]

SENATOR SCHUMACHER: FOR LYDIA, OF COURSE. [LB958]

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SENATOR BRASCH: THANK YOU, PAUL. SENATOR, I KNOW YOU ARE ON THIS QUEST TO FIND MONEY. YOU KEEP REPEATING MONEY CAN BE FOUND WITH FARMERS. BUT I WOULD LIKE YOU TO LOOK INTO ONE MORE AREA, PLEASE. WOULD YOU AGREE TO? [LB958]

SENATOR SCHUMACHER: DON'T TELL ME YOU'RE TALKING CASINOS. [LB958]

SENATOR BRASCH: NO. I AM TALKING ABOUT THERE...ONE SENATOR HERE, SPECIFICALLY PIZZA MAKERS. THERE IS A LOT OF DOUGH IN PIZZA MAKING. [LB958]

SENATOR SCHUMACHER: NOW THAT ONE IS GOOD, SENATOR. [LB958]

SENATOR BRASCH: THANK YOU. ON A MORE SERIOUS NOTE, COLLEAGUES, THIS HAS BEEN GOING ON FOR 40 YEARS, AND SENATOR CHAMBERS KNOWS THAT, THAT WE'VE LOOKED AT OUR TAX SYSTEM AND THAT'S WHY WE HAD THE MODERNIZATION COMMITTEE. AND, AGAIN, EVERYONE IN THIS STATE DOES DESERVE TO BE RECOGNIZED FOR THE WORK THEY DO, BUT THE PROPORTION OF TAXES PAID IS NO LONGER BALANCED. AND AGRICULTURE DOES SUPPORT BUSINESS. THEY DO SUPPORT...THEY ARE CONSUMERS. THEY'RE PRODUCERS. BUT THEY HAVE TO ACCEPT, IN THEIR LABOR, WHAT THE MARKET OFFERS. THEY DON'T DRIVE THAT MARKET. BUT I DO SAY THAT, YES, NEXT YEAR I AM WILLING TO COME BACK AND GIVE A LONG AND HARD LOOK AT INCOME TAX BECAUSE AGRICULTURE, FARMERS AND PRODUCERS ALSO PAY INCOME TAX. THEY WOULD APPRECIATE THAT RELIEF AS WELL. THANK YOU, MR. PRESIDENT. AND THANK YOU, COLLEAGUES. [LB958]

SENATOR WATERMEIER: THANK YOU, SENATOR BRASCH AND SENATOR SCHUMACHER. SENATOR GROENE, YOU ARE RECOGNIZED. [LB958]

SENATOR GROENE: THANK YOU, MR. PRESIDENT. JUST SOME COMEBACK ON SOME STATEMENTS THAT WERE MADE ABOUT RICH FARMERS. IF YOU LOOK AT THEIR AVERAGE INCOME, MANY OF YOU WENT TO AN ACCOUNTANT THIS LAST MONTH TO GET YOUR TAXES FIGURED. THEIR INCOMES ARE VERY WELL COMPARABLE. YOU GO DOWN TO THE LOCAL BANK, AND THE LOAN OFFICER AND THE BANK OWNER AND THEIR INCOMES ARE COMPARABLE TO THE FARMER. JUST ADMINISTRATION AT YOUR SCHOOL, IF YOU LOOK AT THE FIGURES, THEIR INCOMES ARE COMPARABLE. IF YOU LOOK AT THE INCOMES OF SMALL BUSINESSES WHO TAKE RISKS AND ARE SUCCESSFUL, THEIR INCOMES

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ARE COMPARABLE. THE FASCINATION SEEMS TO BE THAT OF THE ASSETS THEY HAVE THAT PRODUCES THEIR INCOME. MOST FARMERS GO TO THE GRAVE AND THEY DON'T TAKE THE LAND WITH THEM, BY THE WAY, NOT CASHING IN THAT LAND. IT IS THEIR ASSET THAT CREATES THE INCOME THAT'S COMPARABLE TO THE ACCOUNTANT, THE BANKER, THE SCHOOL EMPLOYEE. THEY'RE NOT OVERPAID, FOLKS. BUT THEY DO PAY A HUGE PORTION OF THE PROPERTY TAX IN THE STATE OF NEBRASKA. AS TO ETHANOL, AGAIN THE FARMERS CAME TO THE RESCUE. BACK IN THE 1990s THEY HAD THIS ADDITIVE CALLED METHYL TERTIARY BUTYL ETHER THAT WAS USED TO SAVE THE PLANET AND CUT DOWN AND MAKE GASOLINE BURN CLEANER. CALIFORNIA FORCED IT. THEY WERE THE FIRST STATE TO USE IT. FOUND OUT THIS MAN-MADE CHEMICAL GOT IN THE WATER AND CAUSED CANCER. FARMERS CAME TO THE RESCUE WITH ETHANOL. ETHANOL TOOK THE PLACE OF THAT CHEMICAL AND CONTINUED TO HAVE OUR FUEL BURN CLEANER AND CREATE LESS--I'M NOT EVEN GOING TO USE THE TERM--GREENHOUSE GASES, AS SOME USE IT. FARMERS CAME TO THE RESCUE, UPPED THEIR PRODUCTION, ADDED IT TO THE FUEL, CUT DOWN ON HOW MUCH WE BURN OF OUR FOSSIL FUELS. YES, THERE WAS A SUBSIDY. IT'S GONE, FOLKS. IT'S BEEN GONE FOR THREE OR FOUR YEARS. IT STANDS ON ITS OWN NOW. SUBSIDY DID NOT GO TO THE FARMER. THE FARMER...THE SUBSIDY WENT TO THE INDIVIDUALS WHO BUILT THE PLANTS WHO PRODUCE THE ETHANOL. THOSE ARE FACTS. YES, THERE ARE MANDATES NOW ON HOW MUCH, BUT IT IS NOT THE FARMER. YES, THE FARMER ORGANIZATIONS WANT TO KEEP THEM MANDATES BUT IT'S TO "SAVE THE PLANET" FOLKS WHO WANT THOSE MANDATES IN PLACE. SO LET'S MAKE THAT CLEAR. COMPARE THAT TO WIND ENERGY. IT HAS NEVER BECOME EFFICIENT. IT HAS STILL GOT MANDATES, NOT MANDATES AS MUCH, IN SOME AREAS IT DOES. BUT THE SUBSIDIES ARE STILL THERE AND IT'S NOT COMING FROM FARMERS. SO REMEMBER ABOUT ETHANOL. NO FARMER EVER GOT PAID A CHECK, A GOVERNMENT SUBSIDY CHECK ON ETHANOL. IT WENT TO THE PRODUCERS WHO CREATED THE PLANTS THAT PRODUCED THE ETHANOL. THOSE ARE SOME FACTS THAT NEED TO BE HEHEDED HERE WHEN WE TALK ABOUT IT. AS FOR WHAT DID WE GET? WE DIDN'T GET ANYTHING? WELL, THE URBAN SENATORS, AND I LOVE THEM, THE URBAN SCHOOL DISTRICTS GOT \$150 MILLION THIS LAST YEAR OF PROPERTY TAXES THAT WENT INTO THE TEEOSA FORMULA, THAT YOUR INCOME TAXES DID NOT HAVE TO BE RAISED TO INCREASE STATE AID TO EDUCATION. THAT'S WHAT YOU GOT. [LB958]

SENATOR WATERMEIER: ONE MINUTE. [LB958]

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SENATOR GROENE: THAT'S WHAT YOU GOT. YOU GOT MORE RESOURCES FROM AGRICULTURE AND PROPERTY TAXPAYERS, HOMEOWNERS AND EVERYBODY, TO PAY FOR SCHOOLS, AND YOUR INCOME TAXES DIDN'T HAVE TO DO IT. THAT'S WHAT YOU GOT. AND THEN YOU GOT OTHER THINGS. WE HAD MONEY LEFT OVER TO GET RID OF THE COMMON LEVY FOR YOU BECAUSE THE SCHOOL...THE FARMERS WERE ABLE TO KEEP DOWN THE TEEOSA COSTS FOR THIS STATE. WE HAD 13.7 FOR A LEVY FOR YOU BECAUSE THE FARMERS' PROPERTY TAXES KEPT DOWN THE COST OF TEEOSA, SO THEY HAD THAT EXTRA MONEY TO DO THAT. THANK THE FARMERS AND THEIR HUGE PROPERTY TAX PAYMENTS THAT HAVE ALLOWED THIS STATE TO SPEND MONEY IN OTHER AREAS UNRELATED TO AGRICULTURE. THANK YOU. [LB958]

SENATOR WATERMEIER: THANK YOU, SENATOR GROENE. SENATOR SMITH, YOU ARE RECOGNIZED. [LB958]

SENATOR SMITH: THANK YOU, MR. PRESIDENT. I DO KNOW THAT AN AMENDMENT HAS BEEN FILED, AND I BELIEVE IT'S FOR ME. IT'S A GOOD STATEMENT OF INTENT, BRING THE FISCAL NOTE DOWN A LITTLE BIT, AND ADDITIONAL COMMENTS ON THE FLOOR INDICATE TO ME THAT WE'RE GOING TO HAVE A GOOD WORKING RELATIONSHIP GOING FORWARD NEXT YEAR TO FIND COMPREHENSIVE TAX RELIEF FOR ALL FAMILIES, ALL BUSINESSES. WE'VE HAD A LOT OF DISCUSSION TODAY AND I JUST WANT TO RISE AND SAY I'M SUPPORTIVE OF THE AMENDMENT THAT HAS BEEN FILED. I'M AGREEABLE TO MOVE FORWARD. AND I KNOW IT'S GOING TO BE SENATOR SCHUMACHER'S DECISION AS TO WHETHER HE WANTS TO MOVE FORWARD ON THIS. BUT, SENATOR CHAMBERS, WOULD YOU YIELD TO A QUESTION, PLEASE? [LB958]

SENATOR WATERMEIER: SENATOR CHAMBERS FOR A QUESTION. [LB958]

SENATOR CHAMBERS: YES, I WILL. [LB958]

SENATOR SMITH: AND FORGIVE ME, SENATOR CHAMBERS, FOR NOT HANGING ON YOUR EVERY WORD, BUT DID I MISS THAT...DID YOU CALL ME A SUCKER A LITTLE BIT EARLIER AND SAY THAT A SUCKER IS BORN EVERY DAY OR SOMETHING TO THAT EFFECT? I MISSED THAT COMMENT. [LB958]

SENATOR CHAMBERS: WELL, I JUST MADE THE HAT AND DIFFERENT PEOPLE PUT IT ON BECAUSE THEY THOUGHT IT FIT. [LB958]

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SENATOR SMITH: OH. [LB958]

SENATOR CHAMBERS: BUT I DIDN'T SINGLE OUT ANYBODY. [LB958]

SENATOR SMITH: ALL RIGHT. SO SOMEONE MUST HAVE COME OVER AND PUT THE HAT ON ME, SO THAT'S...ALL RIGHT. THANK YOU, SENATOR CHAMBERS. [LB958]

SENATOR CHAMBERS: OKAY. [LB958]

SENATOR SMITH: AND I KNOW WHAT YOU WERE TRYING TO SAY, AND YOU WERE PROBABLY TRYING TO LOOK OUT FOR MY INTEREST TO MAKE CERTAIN THAT WE NEGOTIATED SOMETHING THAT WAS IN THE BEST INTEREST OF ALL NEBRASKANS. AND I WILL TELL YOU THAT I DO BELIEVE THAT THE NEGOTIATIONS THAT WE'VE HAD ARE IN GOOD FAITH, AND I TRUST MY RURAL COLLEAGUES, AND I TRUST THEIR WORD, AND I HOPE THEY TRUST MY WORD THAT WE'RE GOING TO WORK TOGETHER GOING FORWARD TO HAVE TAX RELIEF FOR ALL NEBRASKANS. AND WITH THAT, I'M GOING TO PROVIDE MY REMAINING TIME TO SENATOR SCHUMACHER. AND IF YOU'D LIKE TO HAVE ANY COMMENTS, SENATOR SCHUMACHER, YOU HAVE MY REMAINING TIME. [LB958]

SENATOR WATERMEIER: SENATOR SCHUMACHER, 2:45. [LB958]

SENATOR SCHUMACHER: THANK YOU, SENATOR SMITH. YOU KNOW, THIS IS PROBABLY THE HARDEST DECISION I'M FACED WITH SINCE I'VE BEEN DOWN HERE. I DON'T KNOW WHETHER THERE'S 17 VOTES TO KILL THIS BILL. I KNOW THAT THIS LEARNING COMMUNITY THING THAT PEOPLE REALLY, REALLY DISLIKE IN THE OMAHA AREA IS PART OF THE GAME PLAN HERE. I KNOW THAT WE HAVE A REAL MESS, HIGHLY PROBABLE IN OUR BUDGET NEXT YEAR. IF I STOP DOING WHAT I AM DOING AND NO ONE ELSE PICKS UP THE THING FOR THE NEXT HALF HOUR, THEN THIS THING WITH THE AMENDED VERSION WHICH IS A \$20 MILLION INSTEAD OF \$30 MILLION A YEAR, \$40 MILLION, HAS A GOOD CHANCE OF PASSING. AND PROBABLY WE'D ALL LEAVE WITH A LITTLE BETTER RELATIONSHIPS WITH EACH OTHER. DOESN'T CONVINC ME IT'S GOOD GOVERNMENT. DOESN'T CONVINC ME THAT NEXT YEAR WE WILL NOT BE IN A REALLY BIG MESS. SO I TRY TO LOOK THE PEOPLE IN NEBRASKA IN THE EYE RIGHT NOW... [LB958]

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SENATOR WATERMEIER: ONE MINUTE. [LB958]

SENATOR SCHUMACHER: ...AND TELL THEM THAT IF I PULL THIS RECONSIDERATION MOTION, DON'T HOLD IT AGAINST US NEXT YEAR IF WE HAVE TO RAISE TAXES. DON'T HOLD IT AGAINST US NEXT YEAR IF WE HAVE TO RESPOND TO A FEDERAL COURT ORDER AND HAVE TO CLOSE DOWN SOME OF YOUR PROGRAMS. DON'T HOLD IT AGAINST US IF WE GOT TO TAKE THE QUARTER PERCENT AWAY FROM ROADS IN ORDER TO FUND SOME SHORTFALL, MAYBE NOT NEXT YEAR BUT CERTAINLY IN THE FORESEEABLE FUTURE. IT'S NOT A HAPPY THING. SOMEBODY ELSE WANTS TO PICK UP THE ISSUE WITH A BRACKET MOTION, I WILL BE CONSIDERATE OF THAT, BUT FOR NOW, SO AT LEAST WE CAN DEBATE THE \$20 MILLION MOTION, I'D ASK THE MOTION TO RECONSIDER BE WITHDRAWN. [LB958]

SENATOR WATERMEIER: THERE HAS BEEN A REQUEST TO WITHDRAW THE RECONSIDER MOTION. THIS TAKES UNANIMOUS CONSENT. IS THERE ANY OBJECTION? SEEING NONE, IT IS WITHDRAWN. MR. CLERK. [LB958]

CLERK: MR. PRESIDENT, SENATOR GLOOR WOULD MOVE TO AMEND THE COMMITTEE AMENDMENTS WITH AM2807. (LEGISLATIVE JOURNAL PAGE 1370.) [LB958]

SENATOR WATERMEIER: SENATOR GLOOR, YOU'RE RECOGNIZED TO OPEN ON YOUR AMENDMENT TO THE COMMITTEE AMENDMENT. [LB958]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. THANK YOU, SENATOR SCHUMACHER AND SMITH, DAVIS, OTHERS WHO HAVE WORKED TO COME UP WITH A COMPROMISE. A COUPLE OF ISSUES, MEMBERS, WHAT...THE AMENDMENT STRIKES SOME NUMBER. AND YOU CAN LOOK IT UP ON YOUR DEVICE, FOR THOSE OF YOU WHO WANT TO LOOK. I'LL TELL YOU, ON PAGE 1, LINE 10 OF THE COMMITTEE AMENDMENT IT STRIKES 34 AND INSERTS 24; ON PAGE 3, LINES 8 AND 10, IT STRIKES 33 AND INSERTS 20. HERE'S WHAT IT DOES. IT TAKES US FROM THAT 100 PERCENT VALUATION THAT RESULTED IN \$30 MILLION THAT WAS STEERED TOWARDS AG PROPERTY TAX RELIEF AND DROPS THAT TO 90 PERCENT OF TAXABLE VALUATION. THAT'S JUST A LITTLE UNDER \$20 MILLION. SO WE'VE GONE FROM \$30 MILLION TO \$20 MILLION FOR AG PROPERTY TAX RELIEF. IT AGAIN HOLDS HARMLESS RESIDENTIAL AND COMMERCIAL. SO THERE'S BEEN SOME GIVE IN THIS. THAT GIVE AND PULLING THOSE DOLLARS BACK SEEMED TO HAVE GENERATED A LOT OF ENTHUSIASM AND SUPPORT.

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SENATOR SMITH I APPRECIATE GOING ON MIKE AND SAYING THIS IS, IN FACT, THE KIND OF COMPROMISE HE CAN SUPPORT. I WOULD ASK PEOPLE TO SUPPORT, THROUGH AM...LATE IN THE DAY, AND MY EYES ARE GETTING BLURRY, AM2807 TO THE COMMITTEE AMENDMENT, AM2780. PLEASE GIVE US A GREEN VOTE ON THAT. AND THEN WE'LL MOVE ON TO THE COMMUNITY COLLEGE PIECE, AND I WANT YOU TO HEAR ME. I'LL HAVE A CHANCE TO OPEN ON THAT AGAIN BUT I WANT TO MAKE SURE IT'S ON THE RECORD FOR THIS PIECE AS WELL AS WHEN WE OPEN ON THE OTHER. THERE'S A LOT OF WORK GOING ON BY A LOT OF THOSE LEVYING ENTITIES AS A RESULT OF THE CONCERNS EXPRESSED BY THEIR CONSTITUENTS AS WELL AS OURS ON ISSUES AROUND PROPERTY TAX RELIEF. AND THE COMMUNITY COLLEGES ARE LOOKING AT THEIR OWN FUNDING FORMULA. THEY HAVE BEEN DOING THAT AT THE REQUEST OF, I THINK, THE LEGISLATURE, IF I RECALL, AND OTHERS. DON'T HAVE A REPORT TO BRING TO US, BUT IT SEEMS TO ME GIVEN THE CONFUSION THAT WE HAVE OVER HOW THIS FITS WITH THE FUNDING FORMULA, IT'S COME UP SEVERAL TIMES ALREADY ON THE MIKE AND A NUMBER OF YOU HAVE ASKED ME QUESTIONS. WE NEED TO PUT THAT BEHIND US. I WILL BE VOTING RED ON THAT BECAUSE THE QUESTION IS DIVIDED. I CAN'T PULL IT. BECAUSE IT'S PART OF A COMMITTEE AMENDMENT, I CAN'T PULL IT. BUT WHEN WE GET TO THAT CONVERSATION AND I OPEN, I WILL BE VERY BRIEF AND SAY NOW IS NOT THE TIME TO MOVE FORWARD WITH THIS SECTION OF THE BILL AND I WILL VOTE RED AND I WILL BE ASKING YOU TO VOTE RED. NOT NOW, HOWEVER. I WOULD LIKE YOU TO VOTE GREEN ON AM2807. WE CAN PUT THIS ON THE COMMITTEE AMENDMENT AND MOVE ON TO THE DIVIDED QUESTION AND THE COMMUNITY COLLEGE DISCUSSION. THANK YOU, MEMBERS, AND THANKS AGAIN TO ALL THOSE WHO'VE WORKED ON THIS. [LB958]

SENATOR WATERMEIER: THANK YOU, SENATOR GLOOR, FOR THE OPENING ON THE AMENDMENT TO THE COMMITTEE AMENDMENT. (VISITORS INTRODUCED.) SENATOR SCHUMACHER, YOU ARE RECOGNIZED. SORRY, I'M SORRY. EXCUSE ME, THERE IS A PRIORITY MOTION. MR. CLERK FOR A MOTION. [LB958]

CLERK: EXCUSE ME, MR. PRESIDENT. I DO HAVE A PRIORITY MOTION. SENATOR CHAMBERS WOULD MOVE TO BRACKET THE BILL UNTIL APRIL 20, 2016. [LB958]

SENATOR WATERMEIER: SENATOR CHAMBERS, YOU ARE RECOGNIZED ON YOUR PRIORITY MOTION. [LB958]

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SENATOR CHAMBERS: MR. PRESIDENT, MEMBERS OF THE LEGISLATURE, THERE WAS A SONG. IT SAID, I WAS WALKING ALONG, MINDING MY BUSINESS, WHEN OUT OF A ROSE-COLORED SKY, WHAM, BAM, ALAKAZAM. AND THEN IT TALKS ABOUT THE REST OF THE SONG. I WAS IN MY OFFICE. I WASN'T BOTHERING ANYBODY. WHEN VOTES WERE TO BE TAKEN OR IF THERE WAS A CALL OF THE HOUSE, YOU NEEDED A VOTE OR SOMETHING FOR CEASING DEBATE, I SCURRIED UP HERE AND I HAD NOTHING TO SAY. I LISTENED TO PEOPLE WHO SEEMED TO BE TAKING A POSITION WITH WHICH I AGREED. I THOUGHT THEY WERE MAKING VERY CREDITABLE ARGUMENTS, THEY WERE PERSUASIVE, AND I WAS CONVINCED THAT THEY MEANT WHAT THEY SAID. SO I DECIDED TO COME UP HERE AND JUST BE A PART OF THE CLUB, SO TO SPEAK. THEN I BEGAN TO SENSE A DISTURBANCE IN THE FORCE, AND SOMETHING WAS AMISS. AND AS I BEGAN TO LISTEN, I MADE A COUPLE OF STATEMENTS. AND SO THAT SENATOR SMITH WILL KNOW I WAS NOT REFERRING TO HIM, I WAS TALKING ABOUT HOW THE "RURALIES" ARE GOING TO GET WHAT THEY WANT AND GIVE THE URBANITES NOTHING. THEN I QUOTED P.T. BARNUM WITHOUT ATTRIBUTING IT TO HIM: THERE'S A SUCKER BORN EVERY MINUTE. THAT DIDN'T REFER TO A SPECIFIC INDIVIDUAL. THEN I ADDED, WHEN YOU FIND A SUCKER, BUMP HIS HEAD. AND I DIDN'T APPLY IT TO ANY INDIVIDUAL BUT I APPLIED IT TO THOSE WHO ARE BACK THERE IN THE OFF-THE-MIKE, OFF-THE-FLOOR DISCUSSIONS, AND SAID THEY WERE GIVING UP EVERYTHING. AND I MENTIONED THAT IF SENATOR LARSON WERE HERE, AND MAYBE I DIDN'T FINISH IT, I WAS GOING TO SAY, WE CAN MAKE BOOK ON THIS. I SAW WRITTEN ACROSS MY MIND'S EYE, C-A-P-I-T-U-L-A-T-I-O-N, EXCLAMATION POINT--CAPITULATION! I'D BE RICH IF THE ONES WHO WOULD HAVE BET ME WOULD PAY...WOULD HAVE PAID OFF. BUT I WOULD NOT HAVE MADE THAT BET BEFORE COMING UP HERE. AND IF THERE HAD BEEN BOOK MADE, I WOULD HAVE BET THE OTHER WAY. BUT IT'S LIKE ALWAYS, THEY FRIGHTEN YOU. YOU BETTER TAKE SOMETHING OR YOU'LL GET NOTHING. OR TAKE THIS LESSER AMOUNT OR WE'LL GET THE WHOLE AMOUNT. THEY KNOW THE POWER OF FEAR. A MAN WHO MOST OF THE PEOPLE IN THIS ROOM WOULD HATE BECAUSE HE WAS A DEMOCRAT, FRANKLIN D. ROOSEVELT, AND WHEN EVERYBODY WAS FRANTIC, HE SAID, WE HAVE NOTHING TO FEAR BUT FEAR ITSELF. AND IF YOU WANT TO FIND OUT WHAT WAS GOING ON WHEN HE MADE THAT STATEMENT, GOOGLE IT. I'VE MENTIONED A SITUATION AND I DID IT IN A RHYME. THIS WOMAN WAS WALKING DOWN THIS ROAD AND SHE SAW THIS FRIGHTENING SPECTER, HOODED, ROBED, AND SHUFFLING. AND SHE SAID, WHO ARE YOU? AND THE SPECTER SAID, I AM THE PLAGUE. SHE SAID, WHERE ARE YOU GOING? THE SPECTER SAID, I AM GOING TO DAMASCUS. AND SHE SAID, WHY ARE YOU GOING TO DAMASCUS? THE PLAGUE SAID, I AM GOING TO KILL 3,000 PEOPLE. SO TIME PASSED. AND SHE WAS HEADED FOR DAMASCUS THIS

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TIME, AND SHE SAW THE SPECTER STANDING BY THE SIDE OF THE ROAD, AND SHE IMMEDIATELY ACCOSTED THE SPECTER AND SAID, YOU LIED, YOU LIED, YOU LIED. AND HE SAID, WHY IS IT YOU SAY I LIED? SHE SAID, I WENT TO DAMASCUS. NOW I'M RETURNING. YOU SAID THAT YOU WERE GOING TO KILL 3,000 PEOPLE. THERE WERE 15,000 PEOPLE KILLED IN DAMASCUS AND YOU LIED. HE SAID, YOU SHOULD BE AWARE OF WHAT YOU'RE TALKING ABOUT BEFORE YOU MAKE ACCUSATIONS. I DID NOT LIE. I KILLED MY 3,000; FEAR KILLED THE REST. FEAR IS WHAT PEOPLE LIKE DONALD TRUMP WILL PLAY ON, AND YOU SEE HOW IT'S CARRYING HIM. NOTHING HE SAYS WILL BURST HIS BALLOON, NOTHING, BECAUSE HE'S BUOYED BY THE FEAR OF PEOPLE, THAT NAMELESS, THAT UNDIFFERENTIATED, INDESCRIBABLE FEAR. SO HE'LL WIN. AND THE OTHERS, WHEREVER THEY ARE, WHO SEE THE POWER OF FEAR, WILL INVOKE IT. AND THAT'S WHAT HAS BEEN DONE ON THIS FLOOR TODAY. I WATCH THE SPECTER AT WORK. ACTUALLY, IF IT WERE NOT FOR THE FACT THAT FEAR IS SO DEVASTATING, SO DEBILITATING, SO DESTRUCTIVE, I WOULD ENVY THAT SPECTER. ENVY IS DIFFERENT FROM JEALOUSY, BY THE WAY. I MAY AS WELL DIGRESS. JEALOUSY IS WHEN YOU ACTUALLY HAVE POSSESSION OF SOMETHING AND YOU BELIEVE SOMEBODY WILL TAKE IT FROM YOU. AND YOU HOLD TO IT. THAT'S JEALOUSY. IT REVOLVES AROUND SOMETHING YOU ALREADY HAVE BUT YOU DON'T WANT TO LOSE. ENVY IS WHEN SOMEBODY ELSE HAS SOMETHING THAT YOU LUST AFTER. SO WHEN THEY SAY A PERSON IS JEALOUS OF YOU BECAUSE YOU'VE GOT SOMETHING, WHAT THEY MEAN TO SAY IS THEY'RE ENVIOUS BECAUSE YOU HAVE SOMETHING THEY WANT. BUT WHAT DO WORDS MEAN TO PEOPLE IN THIS SOCIETY? THAT'S WHY I SAY WORDS MATTER. BUT SOMETIMES MORE IMPORTANT THAN THAT IS PERCEPTION. AND YOU HAVE TO UNDERSTAND HOW PEOPLE ARE GOING TO PERCEIVE WHAT IT IS YOU SAY. AS THE PSYCHOLOGISTS SAY, IF A PERSON PERCEIVES SOMETHING AS REAL, IT IS REAL TO THAT PERSON IN ITS CONSEQUENCES. AND FEAR REIGNS SUPREME ON THIS FLOOR BUT IT NEVER ATTACKS ME. THAT'S WHY NOTHING I DO REQUIRES COURAGE. COURAGE EXISTS ONLY WHEN YOU ARE AFRAID. WHEN YOU FEEL FEAR, AND YOU OVERCOME THE FEAR AND DO WHAT YOU HAVE TO DO ANYWAY, THAT IS COURAGE. IF I'M NOT AFRAID OF ANYTHING, I DON'T HAVE TO HAVE COURAGE. WOULD IT TAKE COURAGE FOR ME IF I'M THIRSTY, TO DRINK A GLASS OF WATER? CERTAINLY NOT. WOULD IT TAKE COURAGE FOR ME IF I'M HUNGRY, TO EAT FOOD? CERTAINLY NOT. THE ONLY TIME IT TAKES COURAGE IS WHEN YOU OVERCOME FEAR AND YOU DO WHAT YOU MUST DO DESPITE BEING AFRAID. IT WOULD TAKE COURAGE FOR SOME OF MY COLLEAGUES TO FIND THEMSELVES AGAIN AND COME BACK TO WHERE THEY WERE WHEN THEIR MIND WAS FUNCTIONING ON ALL CYLINDERS. BUT THAT WILL NOT HAPPEN. FEAR DEBILITATES. FEAR SAPS THE WILL TO STAND. AND FEAR PREVAILS. AND

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THAT'S WHY I CAN STAND ALONE, WHEN NOBODY ELSE WILL STAND, WHEN NOBODY ELSE WILL SPEAK, WHEN EVERYBODY IS ANGRY. MAKES ME NO DIFFERENCE. AND THAT DOESN'T TAKE COURAGE FOR ME BECAUSE I'M NOT AFRAID. NOW THERE MIGHT BE BRAVERY WHERE YOU DISREGARD DANGER AND GO AND DO SOMETHING ANYWAY, FOOLHARDINESS WHERE THERE'S NO CHANCE WHATSOEVER AND YOU DO IT ANYWAY, IMPETUOUSNESS OR IMPETUOSITY WHERE WITHOUT ADEQUATE THOUGHT, AND YOU MAY NOT EVEN RECOGNIZE THE DANGER, YOU RUN OFF INTO SOMETHING. [LB958]

SPEAKER HADLEY PRESIDING

SPEAKER HADLEY: ONE MINUTE. [LB958]

SENATOR CHAMBERS: BUT HERE THERE ARE INTELLIGENT PEOPLE WHO HAD THE FEAR OF LOSING PUT INTO THEM, AND THAT'S THE WORST FEAR FOR A PERSON TO HAVE. BUT LOSING DOESN'T MEAN ONLY THAT YOU COME OUT ON THE SHORT END OF A SCORE IN THIS PARTICULAR CONTEST. IF YOU DO THE BEST YOU CAN AND STAND FOR WHAT YOU BELIEVE, YOU HAVE NOT LOST. YOU DID NOT PREVAIL, BUT YOU DID NOT LOSE. AND YOU CERTAINLY DID NOT LOSE ANY PART OF YOURSELF. THE PROBLEM IS IF YOU GIVE UP PART OF YOURSELF AND DO NOT ACHIEVE WHAT YOU SOLD YOUR SOUL FOR, THEN YOU HAVE LOST. YOU DON'T HAVE ANYTHING THAT YOU GAINED AND WHAT YOU HAD THAT WAS THE ONLY THING THAT WAS TRULY YOURS, THAT'S WHAT YOU LOST: SELF-RESPECT, SELF-BELIEF; REGARD FOR YOURSELF; TRUST IN YOUR JUDGMENT AND GO WHERE YOUR JUDGMENT TAKES YOU. AND THAT'S TO GIVE THE WEAK PEOPLE A WAY OUT. I SAID, GO WHERE YOUR JUDGMENT TAKES YOU. IF YOUR JUDGMENT TELLS YOU, I NEED TO CUT AND RUN, THEN CUT AND RUN. NOW YOU HAVE A WAY TO RATIONALIZE WHAT YOU DID. THANK YOU, MR. PRESIDENT. [LB958]

SPEAKER HADLEY: TIME, SENATOR. SENATOR CHAMBERS, YOU'RE NEXT IN THE QUEUE. [LB958]

SENATOR CHAMBERS: THANK YOU. MR. PRESIDENT, WHY COULDN'T THEY LEAVE ME ALONE? WHY COULD THEY NOT LEAVE ME ALONE? YOU KNOW WHAT? IF THIS WAS A DIFFERENT BILL, I WOULD BE TRYING TO AMEND MY MOUNTAIN LION PROPOSAL ON IT, WHERE THEY COULD NOT HAVE A MOUNTAIN LION HUNTING SEASON. AND, SENATOR GARRETT, IF THAT WERE THE CASE, AND PEOPLE WOULD ASK ME, IF THERE WERE A MOUNTAIN LION STANDING IN THE FRONT OF THAT ROOM ON HIS OR HER HIND LEGS, LOOKING ME IN THE EYE,

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WHAT WOULD I SAY IN A SITUATION LIKE THAT? I WOULD GO TO WILLIE NELSON, NOT POPEYE: (SINGING) YOU ARE ALWAYS ON MY MIND, YOU ARE ALWAYS ON MY MIND. THAT'S WHAT I WOULD SING TO THE MOUNTAIN LION, "ALWAYS ON MY MIND." AND I WILL FIGHT FOR WHAT I BELIEVE. SOMETIMES I SAY TOOTH AND NAIL. THAT'S WHAT HUMAN BEINGS SAY. BUT THEN WHEN I THINK OF THAT MAJESTIC FELINE, I'LL IMMEDIATELY ADD FANG AND CLAW IN HOMAGE TO A BEAST THAT I THINK IS MORE NOBLE THAN THE PEOPLE WHO WOULD KILL IT FOR FUN. YOU KNOW WHY ANIMALS ARE NOT ALLOWED TO HAVE GUNS TO SHOOT BACK AT THE HUNTERS? BECAUSE HUMAN BEINGS DO THE OFFING OF THEIR OWN KIND, AND THE ANIMALS DON'T HAVE TO DO IT. BUT IF HUMAN BEINGS COULD BE SATISFIED WITH ONLY KILLING EACH OTHER AND LEAVE THOSE UNOFFENDING CREATURES OF NATURE ALONE, THE WORLD WOULD BE A BETTER PLACE. WHY? NOT BECAUSE OF THE KILLING, BUT THERE WOULD BE FEWER HUMAN BEINGS TO DO THAT KILLING. WHEN YOU TURN ON TELEVISION AND SEE DOWN IN FLORIDA WHERE A CROCODILE OR AN ALLIGATOR HAS COME INTO SOMEBODY'S BACKYARD, IF YOU DO A LITTLE INSPECTING YOU'LL FIND OUT THAT THAT WAS ONCE CONSIDERED THE HABITAT OF THE ALLIGATOR. HUMAN BEINGS WILL ENCROACH ON THE TERRITORY OF OTHER CREATURES, AND THEN WHEN THE OTHER CREATURES ARE PUSHED INTO A CORNER AND THEY'RE MERELY TRYING TO SURVIVE, THEN THEY BECOME THE VILLAINS AND THEY ARE SLAUGHTERED FOR FUN. EVERY TIME THERE'S A CONFLICT BETWEEN HUMAN BEINGS AND SOME OTHER LIVING CREATURE, IT IS THE HUMAN BEING WHO HAS ENCROACHED ON THAT CREATURE'S TERRITORY, AND THE CREATURE WILL USUALLY TRY TO GIVE GROUND UNTIL THERE'S NO MORE GROUND TO GIVE. THAT'S WHAT WHITE PEOPLE DID TO THE NATIVE AMERICANS. THERE WAS A GREAT BIG GUY WHO WAS A GENERAL, AND HE BECAME A PRESIDENT, AND I THINK HIS NAME WAS HARRISON, AND HE WAS DEALING WITH A NATIVE CHIEF CALLED PONTIAC. AND THEY WERE SITTING ON A ROUGH-HEWN BENCH AND THEY WERE TALKING ABOUT THE PROBLEMS BETWEEN THE WHITE SETTLERS AND THE ORIGINAL PEOPLE. AND AS THEY TALKED, PONTIAC WOULD MOVE CLOSER TO HARRISON, WILLIAM HENRY, AND WILLIAM HENRY WOULD SLIDE OVER A LITTLE BIT. THEN AS THEY TALKED, PONTIAC WOULD MOVE A LITTLE CLOSER. AND WILLIAM HENRY AGAIN WOULD SLIDE FARTHER. THEN FINALLY, WILLIAM HENRY GOT TO THE EDGE OF THE BENCH, AND HE SAID, CHIEF, IF YOU DO THIS ANY MORE, I'LL BE OFF THE BENCH. AND PONTIAC SAID,... [LB958]

SPEAKER HADLEY: ONE MINUTE. [LB958]

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SENATOR CHAMBERS: ...THAT'S WHAT YOU HAVE DONE TO MY PEOPLE. YOU MAKE PROMISES, YOU ENTER TREATIES, AND EVERY TIME A TREATY IS ENTERED WE LOSE GROUND AND YOU TAKE MORE. THEN YOU PUSH US WHERE THERE'S NO MORE GROUND TO GO. THEN YOU WANT TO BRING YOUR SOLDIERS AND SLAUGHTER US. IF YOU JUST DID THAT TO EACH OTHER, IT WOULD STILL BE A TRAGEDY BECAUSE HUMAN BEINGS ARE CAPABLE OF THINGS SO MUCH HIGHER, SO MUCH MORE WORTHY, SO MUCH NOBLER. BUT IF THEY ARE NOT GOING TO BEHAVE IN THAT FASHION, LET THEM TURN THEIR PROCLIVITIES ON EACH OTHER AND LEAVE NATURE'S UNOFFENDING CREATURES ALONE. THANK YOU, MR. PRESIDENT. [LB958]

SPEAKER HADLEY: THANK YOU, SENATOR CHAMBERS. (VISITOR INTRODUCED.) SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB958]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. COLLEAGUES, I'M GOING TO RELUCTANTLY SUPPORT THE GLOOR AMENDMENT. I'M TOLD WE'RE TAKING \$10 MILLION OUT OF THE REFUND. WE'RE GOING TO 90 PERCENT ON THE AG INSTEAD OF 100 PERCENT, BUT SOMEHOW THAT'S A VICTORY FOR AG. THAT'S EITHER BIG CITY MATH OR SOMETHING I'VE NEVER QUITE SEEN BEFORE. MR. PRESIDENT, I YIELD THE REMAINDER OF MY TIME TO SENATOR SMITH, AND I WILL BE SUPPORTING THE GLOOR AMENDMENT. [LB958]

SPEAKER HADLEY: THANK YOU, SENATOR BLOOMFIELD. SENATOR SMITH, YOU'RE YIELDED 4:11. [LB958]

SENATOR SMITH: THANK YOU, MR. PRESIDENT. AS WE HAD SAID BEFORE, THERE IS AN AMENDMENT THAT SENATOR GLOOR HAS INTRODUCED THAT HAS A \$20 MILLION FISCAL NOTE. AND WHAT THAT BASICALLY DOES IS IT PROVIDES THE PROPERTY TAX CREDIT FUND THAT IS TARGETED TOWARDS AGRICULTURE, IF MY...IF I'M READING THIS CORRECTLY, IT'S A 10 PERCENT INCREASE IN PROPERTY TAX CREDIT FUND GOING TO AGRICULTURE. I KNOW SOME HAVE SAID THAT THAT'S NOT ENOUGH, AND I CERTAINLY UNDERSTAND. I AGREE WE NEED TO HAVE, AGAIN, TAX RELIEF FOR ALL NEBRASKANS AND ALL BUSINESSES. TWENTY MILLION, WHICH IS A 10 PERCENT INCREASE IN THE CREDIT. WHILE THE NUMBER ITSELF MAY SOUND SMALL, THE PERCENTAGE INCREASE IS, I BELIEVE, PRETTY GOOD. SO I DO PLAN TO VOTE FOR CLOTURE. IF WE DO GO TO CLOTURE, AND I ASSUME WE WILL, I WILL SUPPORT CLOTURE. I ASK YOU TO SUPPORT CLOTURE. I WILL OPPOSE THE BRACKET AND THE MOTION TO BRACKET. I WILL SUPPORT AM2807, WHICH IS THE COMPROMISE. I WILL SUPPORT

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AM2780, WHICH IS THE REVENUE COMMITTEE BILL. AND I WILL SUPPORT THE UNDERLYING BILL, LB958. AND THE COMPONENT OF THIS THAT SENATOR GLOOR MENTIONED INVOLVING COMMUNITY COLLEGE, WE WILL HAVE TO ADDRESS THAT ON SELECT, IF MY UNDERSTANDING IS CORRECT, BECAUSE WE ARE GOING TO CLOTURE. SO, I KNOW SENATOR GLOOR HAS INDICATED HE WILL ADDRESS THAT ON SELECT. COLLEAGUES, THAT'S THE WAY I'M GOING TO VOTE, AND YOU DO WHAT YOU FEEL IS APPROPRIATE TO DO. AND I ENCOURAGE YOU TO DO THE SAME IF YOU SUPPORT THE UNDERLYING BILL. THANK YOU, MR. PRESIDENT. [LB958]

SPEAKER HADLEY: SENATOR SMITH, YOU'RE NEXT IN THE QUEUE. [LB958]

SENATOR SMITH: THANK YOU, MR. PRESIDENT. I WILL, LET'S SEE, I WILL YIELD MY TIME TO SENATOR MELLO. SENATOR MELLO, WOULD YOU LIKE TO HAVE MY TIME? [LB958]

SPEAKER HADLEY: SENATOR MELLO, YOU'RE YIELDED 4:48. [LB958]

SENATOR MELLO: THANK YOU, MR. PRESIDENT. MEMBERS OF THE LEGISLATURE, SIMILAR TO WHAT YOU JUST HEARD FROM SENATOR SMITH, I THINK SIMILAR TO WHAT WE SAW LAST NIGHT IN REGARDS TO LB1067, THERE'S A NUMBER OF PEOPLE WHO I THINK HAVE BEEN TALKING THROUGH LB958 THIS AFTERNOON TO TRY TO FIND A WAY TO ALLEVIATE CONCERNS THAT MEMBERS HAVE BROUGHT FORWARD AND STILL TRY TO, WHAT I WOULD SAY, ADDRESS WHAT WE KNOW IS AN ISSUE THAT'S BEEN RAISED OVER THE LAST FEW YEARS IN REGARDS TO THE INCREASING VALUATIONS, PARTICULARLY AS IT RELATES TO AG LAND VALUATIONS. AND WHILE LB958, COLLEAGUES, IS NOT PERFECT--AND I THINK YOU'VE HEARD THAT FROM A NUMBER OF PEOPLE AND THERE'S A COMPONENT LIKELY WHEN WE GET TO A CLOTURE VOTE HERE SHORTLY THAT SENATOR GLOOR HAS MADE A PROMISE THAT HE WILL TAKE OUT THE COMMUNITY COLLEGE COMPONENT ON SELECT FILE--I'D URGE YOU TO JOIN MYSELF, SENATOR SMITH, AND OTHERS TO VOTE FOR CLOTURE, ADOPT THE GLOOR AMENDMENT WHICH CHANGES THE BILL, ALLOWS THE BILL TO MOVE FORWARD, AND SO WE CAN CONTINUE THE DISCUSSION AND CONTINUE THE CHANGE THAT NEEDS TO BE MADE ON SELECT FILE AS IT RELATES TO ELIMINATING THE COMMUNITY COLLEGE COMPONENT. AS WE WERE JUST DISCUSSING, NEGOTIATION AND COMPROMISE IS NOT EASY. IN THIS PARTICULAR BILL IT'S NOT BEEN EASY ALL DAY IN LIGHT BECAUSE THERE'S A LOT OF, I WOULD SAY, CONFUSING INFORMATION. I THINK TO SOME EXTENT THERE IS

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SENATORS LIKE MYSELF WHO ARE TERM LIMITED OUT AND IT'S EASY FOR US TO MAKE A VOTE ON SOMETHING WHEN WE'RE NOT GOING TO BE HERE TO HAVE TO ADDRESS THE IMPACTS OF THAT. BUT I FEEL COMFORTABLE IN REGARDS TO WHAT SENATOR GLOOR PUT UP AS AN AMENDMENT TO THE COMMITTEE AMENDMENT. I FEEL COMFORTABLE IN HIM KEEPING HIS WORD TO ELIMINATE MY CONCERNS AND I KNOW MANY OTHER SENATORS' CONCERNS REGARDING THE COMMUNITY COLLEGE COMPONENT THAT HAS AN IMPACT PRIMARILY ON URBAN COMMUNITY COLLEGES WHO HAVE BEEN ABLE TO CONTROL THEIR SPENDING OVER THE LAST DECADE. AND TO TRY TO FOCUS ON WHAT WE KNOW WILL BE PROBABLY THE FIRST OF MANY STEPS LOOKING AT TAX REFORM INTO THE FUTURE BUT THIS PARTICULAR CASE LOOKING AT PROPERTY TAX REFORM AS IT RELATES TO THE PROPERTY TAX CREDIT, KEEPING RESIDENTIAL AND COMMERCIAL PROPERTY TAX CREDIT PAYERS WHOLE IN REGARDS TO INCREASING THE AG LAND VALUATION FROM 75 PERCENT TO 90 PERCENT. SO WHILE I KNOW MANY OF YOU HAVE COME UP AND ASKED ME OFF THE MIKE WHAT DO I THINK, IS THIS OKAY, WHAT DOES THIS REALLY DO, WHAT'S THE GLOOR AMENDMENT DO. COLLEAGUES, I'D ASK YOU TO SOME EXTENT, WHILE WE MAY NOT HAVE THE COMPLETE AMENDMENT DONE AND THE BILL AS WE'VE TALKED THROUGH OFF AND ON, OFF THE MIKE TODAY, IS NOT WHERE IT IS ON THE SCREEN, SO TO SPEAK, IN FRONT OF YOU, I ASK YOU TO VOTE CLOTURE ON THIS. I ASK YOU TO ADOPT GLOOR AMENDMENT TO THE COMMITTEE AMENDMENT, KNOWING THAT WE'LL COME BACK ON SELECT FILE TO MAKE THE CHANGES TO ELIMINATE THE COMMUNITY COLLEGE COMPONENT THAT I KNOW A NUMBER OF US HAVE CONCERNS ABOUT. I THINK TO SOME EXTENT THE NEGOTIATION THAT SENATOR GLOOR, SENATOR SMITH, AND A NUMBER OF OTHER RURAL SENATORS WHO HAVE BEEN GOING BACK AND FORTH ON THIS ISSUE ALL DAY, COLLEAGUES, I THINK WE'RE IN A POSITION THAT WHILE IT MAY NOT BE PERFECT, I THINK WE CAN...IT'S SAFE TO SAY WE FEEL COMFORTABLE WITH WHAT WE HAVE IN FRONT OF US. IT STARTS TO ADDRESS THE ISSUE IN REGARDS TO TAX RELIEF FOR THE INCREASED AG LAND VALUATIONS WE'VE SEEN AND IT DOES NOT CREATE, I BELIEVE, IT DOES NOT CREATE A BUDGET SHORTFALL NEXT BIENNIUM TO THE EXTENT THAT WE CAN'T HANDLE IT BASED OFF OF WHAT I'VE SEEN ON THE GREEN SHEET AND WHAT I'VE EXPERIENCED THE LAST EIGHT YEARS AS AN APPROPRIATIONS COMMITTEE MEMBER. THANK YOU, MR. PRESIDENT. [LB958 LB1067]

SPEAKER HADLEY: SENATOR GLOOR, YOU'RE RECOGNIZED. [LB958]

SENATOR GLOOR: THANK YOU, MR. PRESIDENT. THANK YOU, MEMBERS. SO WE'VE SPENT A LOT OF TIME ON THIS. THERE HAVE BEEN COMPROMISES. I

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WOULD ASK PEOPLE TO REMEMBER, FIRST OF ALL, SOME GENERAL INSTRUCTIONS HERE BECAUSE IT DOES GET CONFUSING. MY REQUEST TO THE BODY AND THE VOTING THAT IS CONSIDERED TO BE PART OF THE COMPROMISE THAT WE'VE WORKED TOWARDS IS TO VOTE RED AGAINST THE BRACKET, TO VOTE GREEN THE REST OF THE WAY, FOR THE AMENDMENT THAT I HAVE BROUGHT FORWARD THAT'S A COMPROMISE, VOTE GREEN AGAIN FOR THE REVENUE COMMITTEE AMENDMENT, AND TO VOTE RED ON LB958 (SIC). SO IT'S RED ON THE BRACKET, AND THEN GREEN, GREEN, AND GREEN ON MY AMENDMENT, THE REVENUE COMMITTEE AMENDMENT, AND THE LB958 ITSELF. HAVING SAID THAT, AGAIN, TO MAKE SURE THAT WE'RE CLEAR, BECAUSE WE ARE GOING TO CLOTURE, WE WILL NOT HAVE THE OPPORTUNITY TO TALK ABOUT THE COMMUNITY COLLEGE PIECE TODAY. I WILL BEGIN DRAFTING AMENDMENT, AS SOON AS WE GET THIS BEHIND US, TO STRIKE THE LANGUAGE THAT RELATES TO THE COMMUNITY COLLEGE IN THE AMENDMENT THAT GOES ON TO LB958. AND THAT AMENDMENT WILL BE DROPPED AND WE'LL TAKE THAT UP AND I WILL AGAIN GIVE A PEP TALK ENCOURAGING PEOPLE TO VOTE TO SUPPORT STRIKING THE COMMUNITY COLLEGE LANGUAGE ON SELECT. AND THAT'S WHERE WE'RE AT. APPRECIATE PEOPLE TAKING A DEEP BREATH, KEEPING A POSITIVE ATTITUDE TOWARDS THIS, UNDERSTANDING THE FACT THAT WE HAVE HAD A LOT OF CONVERSATIONS ABOUT THE DOLLARS AND CENTS OF THE DECISIONS WE MAKE. I WOULD HATE FOR WHAT IS CONSIDERED TO BE A PRIORITY OF THIS BODY TO BE SHELVED OFF TO THE SIDE BECAUSE WE NOW ALL OF A SUDDEN GOT NERVOUS AS WE LOOKED AT THE GREEN SHEET. WE'RE MAKING COMPROMISES TO BRING THAT DOLLAR AMOUNT DOWN. I'M VERY OPTIMISTIC ABOUT WHERE WE'RE HEADED AS A STATE. I'M OPTIMISTIC ABOUT THIS VOTE AND I HOPE I CAN CONTINUE TO BE SO AS THIS BILL MOVES FORWARD AND BECOMES LAW. THANK YOU, MR. PRESIDENT. THANK YOU, MEMBERS. [LB958]

SPEAKER HADLEY: THANK YOU, SENATOR GLOOR. MR. CLERK, YOU HAVE A MOTION ON THE DESK. [LB958]

CLERK: MR. PRESIDENT, SENATOR GLOOR WOULD MOVE TO INVOKE CLOTURE PURSUANT TO RULE 7, SECTION 10. [LB958]

SPEAKER HADLEY: IT IS THE RULING OF THE CHAIR THAT THERE HAS BEEN FULL AND FAIR DEBATE ACCORDED TO LB958. SENATOR GLOOR, FOR WHAT PURPOSE DO YOU RISE? [LB958]

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SENATOR GLOOR: I'D LIKE TO CALL FOR A CALL OF THE HOUSE, VOTE IN REGULAR ORDER, PLEASE, ROLL CALL VOTE IN REGULAR ORDER. [LB958]

SPEAKER HADLEY: OKAY. THERE HAS BEEN A REQUEST TO PLACE THE HOUSE UNDER CALL. THE QUESTION IS, SHALL THE HOUSE GO UNDER CALL? ALL THOSE IN FAVOR VOTE AYE; ALL OPPOSED VOTE NAY. RECORD, MR. CLERK. [LB958]

CLERK: 40 AYES, 0 NAYS, MR. PRESIDENT, TO PLACE THE HOUSE UNDER CALL. [LB958]

SPEAKER HADLEY: THE HOUSE IS UNDER CALL. SENATORS, PLEASE RECORD YOUR PRESENCE. THOSE UNEXCUSED SENATORS OUTSIDE THE CHAMBER PLEASE RETURN TO THE CHAMBER AND RECORD YOUR PRESENCE. ALL UNAUTHORIZED PERSONNEL PLEASE LEAVE THE FLOOR. THE HOUSE IS UNDER CALL. SENATORS McCOLLISTER, HOWARD, BURKE HARR, SCHNOOR, SCHILZ, THE HOUSE IS UNDER CALL. SENATOR SCHNOOR, THE HOUSE IS UNDER CALL. MR. CLERK, THERE HAS BEEN A REQUEST FOR A ROLL CALL VOTE IN REGULAR ORDER. FIRST VOTE IS THE MOTION TO INVOKE CLOTURE. [LB958]

CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGE 1371.) 41 AYES, 2 NAYS, MR. PRESIDENT, ON THE MOTION TO INVOKE CLOTURE. [LB958]

SPEAKER HADLEY: THE MOTION TO INVOKE CLOTURE IS ADOPTED. MEMBERS, THE NEXT VOTE IS ON THE ADOPTION OF THE BRACKET MOTION TO LB958. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. [LB958]

SENATOR CHAMBERS: ROLL CALL VOTE. [LB958]

SPEAKER HADLEY: THERE'S BEEN A REQUEST FOR A ROLL CALL VOTE. [LB958]

CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGES 1371-1372.) 1 AYE, 45 NAYS ON THE MOTION TO BRACKET THE BILL, MR. PRESIDENT. [LB958]

SPEAKER HADLEY: THE BRACKET MOTION DOES NOT PASS. THE NEXT VOTE IS ON THE ADOPTION OF AM2807. [LB958]

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SENATOR CHAMBERS: ROLL CALL VOTE. [LB958]

SPEAKER HADLEY: THERE'S BEEN A REQUEST FOR A ROLL CALL VOTE. [LB958]

CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGE 1372.) 44 AYES, 1 NAY ON THE ADOPTION OF THE AMENDMENT TO THE COMMITTEE AMENDMENTS. [LB958]

SPEAKER HADLEY: THE AMENDMENT IS ADOPTED. THE NEXT VOTE IS ON THE COMMITTEE AMENDMENT AM2780 (SIC--AM2717). [LB958]

SENATOR CHAMBERS: ROLL CALL VOTE. [LB958]

SPEAKER HADLEY: THERE'S BEEN A REQUEST FOR A ROLL CALL VOTE. IT'S AM2717, I APOLOGIZE. THERE HAS BEEN A REQUEST FOR A ROLL CALL VOTE. [LB958]

CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGES 1372-1373.) 43 AYES, 1 NAY ON THE ORIGINAL REVENUE COMMITTEE AMENDMENT, MR. PRESIDENT. [LB958]

SPEAKER HADLEY: THE COMMITTEE AMENDMENT IS ADOPTED. THE NEXT VOTE IS ON LB958. ALL THOSE IN FAVOR VOTE AYE; ALL THOSE OPPOSED VOTE NAY. [LB958]

SENATOR CHAMBERS: ROLL CALL VOTE. [LB958]

SPEAKER HADLEY: THERE'S BEEN A REQUEST FOR A ROLL CALL VOTE. PROCEED, MR. CLERK. [LB958]

CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGE 1373.) 39 AYES, 2 NAYS, MR. PRESIDENT, ON THE ADVANCEMENT OF LB958. [LB958]

SPEAKER HADLEY: LB958 ADVANCES. I RAISE THE CALL. MR. CLERK, FOR SOME ITEMS. [LB958]

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CLERK: MR. PRESIDENT, I HAVE SOME ITEMS. I WOULD...AGRICULTURE COMMITTEE CONFIRMATION REPORT AND AN AMENDMENT TO BE PRINTED TO LB1038 BY SENATOR HUGHES. THAT'S ALL THAT I HAVE. (LEGISLATIVE JOURNAL PAGE 1374.) [LB1038]

SPEAKER HADLEY: MR. CLERK, THE NEXT ITEM ON THE AGENDA.

CLERK: MR. PRESIDENT, THE NEXT BILL IS LB1103. IT'S A BILL BY SENATOR SCHUMACHER. (READ TITLE.) THE BILL WAS INTRODUCED ON JANUARY 20, REFERRED TO THE JUDICIARY COMMITTEE. THE BILL WAS ADVANCED TO GENERAL FILE. I DO HAVE JUDICIARY COMMITTEE AMENDMENTS, MR. PRESIDENT. (AM2394, LEGISLATIVE JOURNAL PAGE 929.) [LB1103]

SPEAKER HADLEY: SENATOR SCHUMACHER, YOU'RE RECOGNIZED TO OPEN ON YOUR BILL. [LB1103]

SENATOR SCHUMACHER: THANK YOU, MR. SPEAKER, MEMBERS OF THE BODY. LB1103 IS A FOLLOW-UP BILL TO LB72, WHICH WE PASSED LAST YEAR. LB72 WAS A SUBSTANTIVE BILL. WHAT IT DID IS IT EXPANDED THE DEFINITION OF ESTATE FOR PURPOSES OF MEDICAID RECOVERY, WHICH I'LL EXPLAIN IN A BIT, TO THE MAXIMUM FEDERAL DEFINITION. WHAT THAT BILL DID NOT DO IS OUTLINE A PROCEDURE FOR THE COLLECTION OF MEDICAID REIMBURSEMENT FROM THE EXPANDED ESTATE. LB1103 IS A PROCEDURAL BILL. SO RATHER THAN HAVING THE DEPARTMENT OF HEALTH AND HUMAN SERVICES DEVELOP A PROCEDURE AND THEN HAVE IT IMPLEMENTED THROUGH COURT INTERPRETATION, IT IS LEGISLATIVE ACTION TO IMPLEMENT THE SUBSTANTIVE PROVISIONS OF LB72 AND DEFINE AND CLARIFY THEIR PARAMETERS. THE IDEA OF PEOPLE WHO MEANS TRYING TO TAKE ADVANTAGE OF VARIOUS WELFARE PROGRAMS IS A PERPETUAL PROBLEM. THIS PARTICULAR PROBLEM GOES BACK TO 1985 WHEN IT WAS FIRST ARTICULATED BY THE COMMITTEE IN CONGRESS THAT OVERSAW MEDICAID, AND THIS QUOTATION: "THE COMMITTEE FEELS COMPELLED TO STATE THE OBVIOUS. MEDICAID IS, AND ALWAYS HAS BEEN, A PROGRAM TO PROVIDE BASIC HEALTH COVERAGE TO PEOPLE WHO DO NOT HAVE SUFFICIENT INCOME OR RESOURCES TO PROVIDE FOR THEMSELVES. WHEN AFFLUENT INDIVIDUALS USE MEDICAID QUALIFYING TRUSTS AND SIMILAR 'TECHNIQUES' TO QUALIFY FOR THE PROGRAM, THEY ARE DIVERTING SCARCE FEDERAL AND STATE RESOURCES FROM LOW-INCOME ELDERLY AND DISABLED INDIVIDUALS, AND POOR WOMEN AND CHILDREN. THIS IS UNACCEPTABLE TO THE COMMITTEE." AFTER THAT INITIAL OBSERVATION IN 2004, COGNIZANT OF

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SEVERAL FACTS, SOME OF WHICH WERE THE INCREASING COSTLINESS OF NURSING HOME INSURANCE, THE FACT THAT BABY BOOMERS WERE NOT ABLE TO BE MAKING GOOD RETIREMENT PLANS FOR THEMSELVES FOR WHATEVER REASON, AND THE BABY BOOMERS WERE NOW MOVING INTO THE "OVER 55" CATEGORY--AND THIS IS WHAT THIS GENERALLY APPLIES TO, FOLKS OVER 55 GOING ON MEDICAID FOR OLD-AGE ASSISTANCE--THE CONGRESS SAID THAT IT ALLOWED THE STATES TO EXPAND THE DEFINITION OF A STATE, OF THE MECHANISM BY WHICH THINGS COULD BE RECOVERED FROM, FROM PROBATE ESTATES, TRADITIONALLY ADMINISTERED IN THE PROBATE COURT UNDER WILLS, TO ALL KINDS OF OTHER ESTATE MECHANISMS, INCLUDING REVOCABLE TRUSTS, JOINT TENANCIES, LIFE ESTATES, DEEDS THAT BECOME EFFECTIVE ON DEATH, AND A WHOLE ARRAY OF OTHER MECHANISMS BY WHICH PEOPLE PASS THEIR NET WORTH ON TO THEIR HEIRS. LET ME MAKE ONE THING PERFECTLY CLEAR: WHAT IS NOT COVERED IN THE DEFINITION OF ESTATE IS AN OUT-AND-OUT GIFT TO SOMEONE WITH NO RETAINED INTEREST AND THEN NOT APPLYING FOR MEDICAID FOR RIGHT NOW THE STATUTORY LIMIT OF FIVE YEARS. SO YOU CAN STILL GIVE YOURSELF...PROPERTY AWAY UNDER THE LB72 DEFINITION, AND AS CLARIFIED IN LB1103, AND MAKE YOURSELF A COMPLETE PAUPER AND BEAT THE SYSTEM. EVEN THOUGH THAT AUTHORITY WAS GRANTED BY THE CONGRESS TO THE STATES, NEBRASKA DID NOT ACT UPON IT UNTIL LAST YEAR, EVEN THOUGH A MAJORITY OF THE OTHER STATES DID. LAST YEAR, LB72 ADOPTED A FULL SCOPE OF THE EXPANDED DEFINITION OF A STATE AND ENABLED DHHS TO USE THE COURTS TO ENFORCE IT. THAT WAS A CUMBERSOME MECHANISM AND NEEDED TO HAVE PARAMETERS DEFINED. MY THANKS TO THE NEBRASKA BANKER'S ASSOCIATION, THE NEBRASKA BAR ASSOCIATION, THE NEBRASKA LAND TITLE ASSOCIATION, AND THE DEPARTMENT OF HEALTH AND HUMAN SERVICES FOR WORKING WITH ME, NOT ONLY UP TO THE GREEN COPY, BUT THEN REFINING THE GREEN COPY EVEN MORE IN A REFINEMENT THAT WILL BE PRESENTED AS A JUDICIARY COMMITTEE AMENDMENT, IN ORDER TO MAKE A SOUND AND WORKING PROCEDURE FOR THE IMPLEMENTATION OF MEDICAID REIMBURSEMENT IN NEBRASKA. THE GOALS OF THE DISCUSSIONS THAT WERE HAD TO IMPLEMENTING THIS PROCEDURE WAS, NUMBER ONE, AND VERY IMPORTANTLY, NOT TO EVER GET OURSELVES IN A POSITION, IF WE COULD HELP IT, WHERE WE EXTENDED MEDICAID COVERAGE TO SOMEONE WHO WAS EQUIPPED WITH ASSETS. NUMBER ONE, BEEF UP THE APPLICATION AT DHHS AND THE SCREENING PROCESS SO ASSISTANCE IS NOT GRANTED IN THE FIRST PLACE TO THOSE WHO SHOULD NOT GET IT. NUMBER TWO, TO NOT BURDEN THE NORMAL CREDIT AND LOAN AND TITLE PROCESS FOR THOSE NOT ON ASSISTANCE AND NOT SEEKING ASSISTANCE, TO KEEP LIFE AS SIMPLE AS POSSIBLE. AND THREE, TO EFFECTIVELY IMPLEMENT THE POLICY ADOPTED IN

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LB72 THAT ASSETS SHOULD FIRST GO TO PAY YOUR OWN NURSING HOME EXPENSES AND THEN, ONLY AFTER IT IS PAID, SHOULD YOUR HEIRS INHERIT PROPERTY THROUGH EITHER AN EXPANDED ESTATE MECHANISM OR THROUGH THE TRADITIONAL PROBATE MECHANISM. I UNDERSTAND THAT SENATOR COASH WILL INTRODUCE THE JUDICIARY COMMITTEE AMENDMENT. AND THEN AT SOME POINT HERE I WILL GO THROUGH THE AMENDMENT, WHICH IS REALLY VERY SIMPLE BUT REALLY LENGTHY BECAUSE IT AFFECTS SO MANY SECTIONS AND HAD SO MUCH INPUT FROM THE VARIOUS PARTIES THAT WE WANTED TO GET IT AS CLOSE TO PERFECT AS POSSIBLE. SO I WILL GO THROUGH THE LANGUAGE OF THE BILL AND HOPEFULLY WE'LL SEE THAT IT'S A FAIRLY SIMPLE AND EASY-TO-IMPLEMENT BILL. THAT WOULD BE MY OPENING ON LB1103. THANK YOU, MR. PRESIDENT. [LB1103 LB72]

SENATOR KRIST PRESIDING

SENATOR KRIST: THANK YOU, SENATOR SCHUMACHER. AS THE CLERK STATED, THERE ARE COMMITTEE AMENDMENTS. SENATOR COASH, AS THE VICE CHAIR OF JUDICIARY COMMITTEE, YOU'RE RECOGNIZED TO OPEN ON THOSE AMENDMENTS. [LB1103]

SENATOR COASH: THANK YOU, MR. PRESIDENT. GOOD AFTERNOON, COLLEAGUES. AM2394 IS A WHITE-COPY AMENDMENT. IT DOES REPLACE THE ORIGINAL BILL. THE ORIGINAL BILL AS AMENDED WAS ADVANCED FROM THE COMMITTEE ON A 5-0 VOTE WITH THREE MEMBERS PRESENT NOT VOTING. IT ONLY AMENDS TWO SECTIONS OF THE BILL, ALTHOUGH THEY ARE LENGTHY, HENCE THE REASON FOR A WHITE-COPY AMENDMENT. JUDICIARY COMMITTEE AMENDMENT AMENDS SECTION 12, WHICH CREATES THE PROCEDURES FOR HHS TO RECOVER MEDICAID REIMBURSEMENT BY FILING A NOTICE OF A LIEN ON REAL PROPERTY THAT IS TRANSFERRED FOR LESS THAN FULL CONSIDERATION AND SUBJECT TO THE RIGHTS OF THE TRANSFEROR. SECTION 13 WAS ADDED WHICH PREVENTS ASSET TRANSFERS UPON DEATH FROM OCCURRING UNTIL MEDICAID DEBT HAS BEEN REPAID. THAT IS THE ELEMENTARY VERSION OF THE JUDICIARY COMMITTEE AND I WILL YIELD THE BALANCE OF THIS OPENING TO SENATOR SCHUMACHER SO HE CAN ELABORATE, AS HE IS THE ONE THAT BROUGHT THE AMENDMENT TO THE COMMITTEE. THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, YOU'RE YIELDED 9:00. [LB1103]

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SENATOR SCHUMACHER: THANK YOU, SENATOR COASH. THANK YOU, MR. PRESIDENT. I'D ALSO LIKE TO THANK FOLKS WHO WORKED WITH ME FROM THE LEGISLATURE--SENATOR McCOLLISTER, SENATOR CAMPBELL, AND SENATOR KOLTERMAN--IN GIVING INPUT INTO THE ISSUE AND HOW TO HANDLE THE ADMINISTRATION OF LB72. AGAIN, THIS IS PROCEDURAL. WE ALREADY EXPANDED THE DEFINITION OF MEDICAID AND CAST OUT TO THE FULL EXTENT POSSIBLE THE NET FOR REIMBURSEMENT. BUT GOING THROUGH THE AMENDMENT, PAGES 1 THROUGH 3 MAKE IT CLEAR--ACTUALLY IT'S ONLY A COUPLE LINES BUT IT'S THREE PAGES BECAUSE IT AFFECTS A LONGER SECTION-- THAT OUR COUNTY COURTS HAVE AUTHORITY TO HANDLE ARGUMENTS AMONG THE HEIRS AS TO DIVISION OF ANY MEDICAID DEBT RECOVERED FROM THE HEIRS. SO THEY CAN WORK THAT OUT AMONGST THE HEIRS IF THEY FEEL THE ACTION WAS UNFAIR AS TO ANY ONE OF THEM. PAGES 4 THROUGH 14 AND 35 THROUGH 17 INSERTS INTO SECTIONS OF EXISTING LAW THAT NOTICES...I THINK 35 THROUGH 37 INSERTS INTO SEVERAL SECTIONS OF EXISTING LAW THAT NOTICES UNDER THE LAW BE SENT IN A MANNER AND TO AN ADDRESS SPECIFIED BY DHHS. THERE WAS SOME CONFUSION THAT WHAT IF YOU SEND IT TO A LOCAL DHHS OFFICE INSTEAD OF THE STATE OFFICE? THAT ADDRESSES THAT ISSUE. PAGES 4 THROUGH 18 AND 37 THROUGH 39 EXTENDS THE PRESENT REGISTER OF DEEDS FEE STRUCTURE AS AN OFFSET TO FOREGOING THE FILING FEES FOR THE NOTICES THAT THE DHHS WILL FILE IF SOMEBODY APPLIES FOR MEDICAID AND GOES ON MEDICAID. SECTION 11, ON PAGES 18 AND 19 OF AM2394, ESTABLISHES PROCEDURES FOR BEEFING UP THE DHHS SCREENING OF APPLICANTS FOR MEDICAL ASSISTANCE, WHICH IS BASICALLY NURSING HOME ASSISTANCE IN THE CASE AND CONTEXT OF THIS BILL, SO THAT THE ISSUE OF RECOVERING ASSISTANCE IS LESS LIKELY TO EVEN COME INTO PLAY. IT IS DESIGNED TO REQUIRE FULL AND FAIR DISCLOSURE OF RESOURCES AND PREVENT DIVERSION OF INCOME TO HEIRS IN ORDER TO QUALIFY FOR ASSISTANCE WHERE THERE IS ANY RETAINED INTEREST. WILLFUL FAILURE TO DISCLOSE RESULTS IN ANY ASSISTANCE ADVANCED BY DHHS TO BE IMMEDIATELY RECAPTURABLE FOR UP TO FIVE YEARS AFTER THE DEATH OF THE APPLICANT AND THE SPOUSE, IF ANY. SECTION 13, PAGES 24 THROUGH 27, SETS FORTH PROCEDURES RELATING TO, AND PARAMETERS FOR, THE EXPANDED DEFINITION OF ESTATE, ADOPTED BY LB72 LAST YEAR. IT IMPLEMENTED WITHOUT LIMITATION THE BROADEST POSSIBLE DEFINITION OF ESTATE ALLOWED UNDER FEDERAL LAW. IT ENUMERATES MANY OF THE VEHICLES USED TO TRANSFER ASSETS TO HEIRS TO FACILITATE ELIGIBILITY FOR PUBLIC BENEFITS AND EMPHASIZES THAT THE EXPANDED DEFINITION OF ESTATE INCLUDES ANY ARRANGEMENT BY WHICH VALUE OR POSSESSION BY AN HEIR RESULTS FROM THE RECIPIENT'S DEATH. SECTION 13 EXEMPTS FROM THE

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DEFINITION OF ESTATE CERTAIN ACCOUNTS OR POLICY AND FEDERALLY EXEMPT ASSET. IT PROVIDES CERTAIN RIGHTS OF A DECEDENT SURVIVE THE DECEDENT'S DEATH, TO THE EXTENT NECESSARY TO REPAY PUBLIC ASSISTANCE ADVANCED BY THE STATE. IT REQUIRES A PERSONAL REPRESENTATIVE TO MARSHAL SUCH RIGHTS TO REPAY THE PUBLIC AND ALLOWS HEIRS TO SEEK EQUITABLE CONTRIBUTION FROM EACH OTHER. SECTION 13 CLEARLY ENABLES AND PROVIDES THAT REAL ESTATE WHICH WAS NOT INCLUDED WITHIN THE DEFINITION OF ESTATE PRIOR TO THE EFFECTIVE DATE OF THIS ACT AND WHICH WAS NOT VESTED IN THE TRANSFEREE PRIOR TO THIS ACT IS NOT PART OF THE ESTATE, UNLESS THE DISCLOSURES REQUIRED IN SECTION 11 REGARDING HONEST APPLICATION WERE NOT MADE. SECTION 12, WHICH APPEARS ON PAGES 18 THROUGH 24, DEFINES A TRANSFEREE AS A RELATED PARTY WHO IS NOT A SPOUSE OR A MINOR OR DISABLED CHILD. IT DEALS WITH THE ISSUE OF WHEN AND WHAT REAL ESTATE IS SECURITY FOR DEBT OF PUBLIC ASSISTANCE GIVEN TO A TRANSFEROR. THIS IS ALL FORMS OF REAL ESTATE. THE LIEN APPLIES ONLY TO TRANSFERS MADE AFTER THE EFFECTIVE DATE OF THE ACT, AND THE LIEN ONLY APPLIES TO TRANSFERS OF REAL ESTATE WHICH ARE, IN WHOLE OR PART, GIFTS TO RELATED PARTIES AND WHERE THE TRANSFEROR RETAINS BENEFITS FROM THE PROPERTY. IT REQUIRES THAT DHHS BE NOTIFIED OF SUCH REAL ESTATE GIFTS WHEN THEY ARE MADE. THE LIEN HAS NO EFFECT UNLESS THE TRANSFEROR APPLIES FOR OR RECEIVES MEDICAID BENEFITS AND THE DEPARTMENT RECORDS THE LIEN AND GIVES NOTICE TO OTHER LIENHOLDERS EXISTING AT THE TIME THE ASSISTANCE IS SOUGHT. THE LIEN IS LIMITED TO THE AMOUNT OF REIMBURSEMENT OWED AND SECTION 12 PROVIDES FOR CALCULATING A LIMITATION ON THE LIEN WHERE PARTIAL CONSIDERATION WAS RECEIVED FOR THE TRANSFER. IT CREATES A SAFE HAVEN FOR TRANSFERS WHERE THE DEED RECITES THAT THE GRANTEE IS NOT A RELATED PARTY. SECTION 12 ALLOWS DHHS TO RELEASE THE LIEN WHERE SUBSTITUTE SECURITY IS PROVIDED, WHERE THE LIEN CAUSES UNDUE HARDSHIP, OR WHERE IT IS PREEMPTED BY A FEDERAL EXEMPTION. PAGES 29 THROUGH... OR 27 THROUGH 29 DEAL WITH AN ISSUE ARISING IN THE WAKE OF LB72 WHERE DHHS'S INTERPRETATION AND POLICY CAUSED IT TO BE UNRESPONSIVE TO REQUESTS OF TRUSTEES, BANKERS, ATTORNEYS, AND OTHERS WITH A LEGITIMATE NEED TO KNOW WHETHER DHHS HAD A CLAIM AGAINST THE ESTATE. IT GIVES DHHS CLEAR AUTHORITY TO MAKE NECESSARY DISCLOSURES AND PROVIDES DISINCENTIVES FOR BUREAUCRATIC NONRESPONSIVENESS. IT PROVIDES THAT A TRUSTEE HAS THE POWER OF A PERSONAL REPRESENTATIVE TO REQUEST INFORMATION. PAGES 30 THROUGH 31 FACILITATE RECOVERY OF MEDICAID EXPENSES FROM THIRD-PARTY WRONGDOERS AND NEGLIGENT PARTIES. I MIGHT ADD THAT THAT PARTICULAR PROVISION, A SUBSEQUENT

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LEGAL REVIEW, IT WOULD INDICATE THAT IT IS BETTER PLACED IN A DIFFERENT SECTION THAN THIS SECTION. AND ON SELECT FILE, AT THAT TIME, WE WOULD BE ENTERING AN AMENDMENT TO MOVE THE SECTION NUMBER FOR THIS PARTICULAR INSERTION OF LANGUAGE. PAGE 33 PROVIDES FOR THE FILING OF A PROBATE COURT DEMAND FOR NOTICE ALLEGING THAT MEDICAID DEBT, TOGETHER WITH AN INDICATION...ALLEGING THE MEDICAID DEBT, TOGETHER WITH AN INDICATION ON THE DEATH CERTIFICATE OF THE FILING. DHHS IS PROVIDED WITH AUTHORITY TO ISSUE RULES AND REGULATIONS TO IMPLEMENT THE ACT. THE BILL HAS A SEVERABILITY CLAUSE. ITS APPLICATION IS GENERALLY LIMITED TO THE FULLEST EXTENT PERMITTED BY FEDERAL LAW, AND THE APPLICABLE GOVERNING MEMORANDUM WITH THE FEDERAL GOVERNMENT. THAT IS AN OVERVIEW OF THE BILL. BASICALLY WHAT IT DOES IS IT REQUIRES YOU TO BE HONEST AND DISCLOSE ALL YOUR INCOME AND RESOURCES WHEN YOU APPLY FOR MEDICAID NURSING HOME ASSISTANCE. IT PROVIDES THAT, IF YOU DO RUN UP A BILL AND YOU DO HAPPEN TO BE GRANTED ASSISTANCE AND RUN UP A BILL FOR ITS COLLECTION FROM THOSE STREAM OF THINGS THAT ARE HEADED TOWARDS YOUR HEIRS, UNLESS THEY WERE ABSOLUTELY GIVEN AWAY FIVE...TO THE HEIRS WITH NO STRINGS ATTACHED AT LEAST FIVE YEARS PRIOR TO THE APPLICATION,... [LB1103 LB72]

SENATOR KRIST: ONE MINUTE. [LB1103]

SENATOR SCHUMACHER: ...WHICH IS A CURRENT LAW. AND IT FINALLY PROVIDES THAT, AS TO REAL ESTATE OF ANY KIND AND DESCRIPTION, ONCE YOU GET ON MEDICAID ASSISTANCE, THE DEPARTMENT CAN FILE A NOTICE OF LIEN, NOTIFY ANY OTHER LIENHOLDERS, AND THEN BE IN A SECURED POSITION TO COLLECT THAT LIEN ONCE YOU'VE PASSED AWAY AND YOUR SPOUSE HAS PASSED AWAY. THIS IS A COMPREHENSIVE IMPLEMENTATION. IT CLARIFIES THE LAW SO THAT BANKERS, ATTORNEYS, TITLE COMPANIES, AND THE DEPARTMENT KNOW EXACTLY WHERE THEY'RE AT, RATHER THAN HAVING TO PROCEDURALLY WORK THEIR WAY THROUGH THE COURTS TO IMPLEMENT LB72 WHICH IS ALREADY IN FORCE AND EFFECT. THANK YOU. [LB1103 LB72]

SENATOR KRIST: THANK YOU, SENATOR SCHUMACHER. YOU'VE HEARD THE OPENING ON LB1103 AND AM2394. THOSE WISHING TO SPEAK: SENATORS McCOLLISTER, FRIESEN, KUEHN, BURKE HARR, SULLIVAN, AND OTHERS. SENATOR McCOLLISTER, YOU'RE RECOGNIZED. [LB1103]

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SENATOR McCOLLISTER: THANK YOU, MR. PRESIDENT. GOOD AFTERNOON, COLLEAGUES. I RISE IN STRONG SUPPORT OF LB1103 AND AM2394. MEDICAID IS DESIGNED FOR THOSE PEOPLE, THOSE POOR PEOPLE THAT NEED THE AID. IT IS NOT FOR THE FOLKS THAT ARE GAMING THE SYSTEM, AND MANY OF THOSE FOLKS I THINK TYPICALLY DO. THERE'S A BASIC INJUSTICE WITH SOMEONE THAT SIGNS UP FOR MEDICAID WHEN THEY HAVE HAD ASSETS AND ARE JUST SKIRTING THE REQUIREMENTS AND USING THE PUBLIC'S MONEY TO SUPPORT THEIR HEALTH INSURANCE. WHEN WE SOLD OUR BUSINESS, I KNEW THAT THE MONEY DERIVED FROM THAT SALE WAS TO BE USED FOR MY RETIREMENT AND MY HEALTHCARE. AND I HAD NO IDEA OR ANY EFFORT TO HIDE THOSE ASSETS IN ORDER TO SOAK THE PUBLIC TO PAY FOR MY HEALTHCARE IN MY OLD AGE AND INFIRMITIES. AND WE ALWAYS HEAR IN THIS BODY ABOUT SELF-RELIANCE AND DON'T DEPEND ON UNCLE SAM FOR YOUR CARE WHEN YOU CAN PROVIDE FOR YOURSELF. WELL, THIS IS CLEARLY A BILL THAT WILL ENABLE US TO DO WHAT'S FAIR AND NOT ALLOW PEOPLE TO GAME THE SYSTEM AS THEY HAVE DONE. I SUPPORT SENATOR SCHUMACHER IN THIS EFFORT. IT'S A PAYING PROPOSITION: WHATEVER EXPENSE THE STATE SPENDS TO OBTAIN OR GET THOSE FUNDS BACK, THEY GET TWICE AS MUCH, ACCORDING TO THE RECORDS. SO I SUPPORT THE BILL AND I URGE YOUR GREEN VOTE ON THE AMENDMENT AND THE UNDERLYING BILL. THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR McCOLLISTER. SENATOR FRIESEN, YOU ARE RECOGNIZED. [LB1103]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. I SUPPORT THE CONCEPT OF MAKING SURE THAT NO ONE DOES GAME THE SYSTEM, BUT I DO HAVE SOME QUESTIONS FROM SENATOR SCHUMACHER IF HE'D BE WILLING TO ANSWER. [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB1103]

SENATOR SCHUMACHER: YES, I WILL. [LB1103]

SENATOR FRIESEN: SO WHAT YOUR BILL DOES IS BASICALLY TAKES AWAY THE FIVE-YEAR LOOK BACK RIGHT NOW AND WOULD GO HOW FAR BACK? [LB1103]

SENATOR SCHUMACHER: NO. [LB1103]

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SENATOR FRIESEN: IT DOESN'T TAKE AWAY THE FIVE-YEAR LOOK BACK?
[LB1103]

SENATOR SCHUMACHER: NO, THE FIVE-YEAR LOOK BACK REMAINS COMPLETELY AS IT IS. THE FIVE-YEAR LOOK BACK SAYS THAT THEY WILL LOOK BACK AND ATTRIBUTE TO YOU ANY GIFTS--COMPLETE OUTRIGHT GIFTS--THAT YOU MAKE WITHIN FIVE YEARS OF APPLYING FOR MEDICAL ASSISTANCE. THAT REMAINS INTACT. YOU GIVE YOUR FARM AWAY TO SOMEBODY ABSOLUTELY AND FOREVER, MAKE YOURSELF A PAUPER, OR GIVE YOUR HOUSE OR YOUR BUSINESS AWAY, YOUR WHATEVER, YOUR CDs AND MONEY, YOU GIVE THAT AWAY, WALK AWAY FROM IT, NOT EXPECTING ANYTHING MORE FROM IT, NOT HAVING A DEAL TO GET ANYTHING MORE FROM IT, AND THEN LAY LOW FOR FIVE YEARS, THIS REMAINS COMPLETELY IN FORCE AND EFFECT. THAT'S A FEDERAL FIVE-YEAR RULE. WE COULDN'T CHANGE THAT IF WE WANTED TO.
[LB1103]

SENATOR FRIESEN: OKAY. SO WHAT YOURS DOES THEN IS JUST ANYTHING THAT'S PUT INTO A REVOCABLE OR IRREVOCABLE TRUST? [LB1103]

SENATOR SCHUMACHER: THE REVOCABLE...ALL THIS HAS ALREADY BEEN DONE. WHAT THIS DOES IS DEFINE THE PROCEDURES. WHAT BASICALLY HAPPENS IS, IF YOU PUT SOMETHING BUT HAVE A STRING TO DRAW IT BACK OR A STRING TO SUCK RESOURCES BACK OUT OF IT, THEN, AND THEN YOU GO INTO THE NURSING HOME, IF THE SYSTEM WORKED REALLY RIGHT, YOU'D NEVER GET THAT FAR BECAUSE THEY WOULD CATCH YOU BEFORE YOU SIGNED UP. BUT IF YOU DO HAPPEN TO, AND IT HAPPENS A LOT BECAUSE THERE'S...THE SCREENING MECHANISM IS WEAK, AS WE LEARNED IN THE SUMMER. BUT IF YOU DO, AND IT LATER FINDS OUT THAT YOU HAD THIS REVOCABLE TRUST, YOU HAD A LIFE ESTATE, YOU HAD SOME PAYABLE-ON-DEATH CDs, SOME OF THOSE KIND OF THINGS, THEN DHHS, BECAUSE THEY ARE IN THE EXPANDED ESTATE DEFINITION ADOPTED LAST YEAR, CAN GO AND COME KNOCKING ON THE HEIRS' DOOR AND SAY, SAY, BY THE WAY, POPS HAD A...LEFT US WITH A SLIGHT BILL, WOULD YOU LIKE TO CONTRIBUTE, AND WE'RE GOING TO MAKE A CLAIM AS TO WHAT YOU GOT FROM POPS AS A RESULT OF HIS DEATH. [LB1103]

SENATOR FRIESEN: SO IS AN IRREVOCABLE TRUST TREATED ANY DIFFERENTLY THAN A REVOCABLE TRUST? [LB1103]

Transcript Prepared By the Clerk of the Legislature
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SENATOR SCHUMACHER: IRREVOCABLE TRUSTS, AS LONG AS THEY'RE MADE FIVE YEARS AND THEY COMPLETELY HAVE NO RETAINED INTEREST, YOU PUT SOMETHING IN YOUR KID'S NAME IRREVOCABLY AND YOU DO NOT MAINTAIN AN INCOME STREAM OR YOU JUST REVOCABLY DID IT, THEN YOU'RE HOME FREE, IF YOU LAST FIVE YEARS. [LB1103]

SENATOR FRIESEN: AND SO HOW ARE STOCKS AND BONDS AND CASH TREATED NOW WHEN YOU LOOK AT ASSETS? [LB1103]

SENATOR SCHUMACHER: UNDER LB...STOCKS AND BONDS, IF THEY'RE IN YOUR OWN NAME ALONE, TRANSFER UNDER YOUR WILL OR IN YOUR REVOCABLE TRUST. OKAY, THAT'S HOW THEY'RE TREATED, JUST LIKE ANY OTHER ASSET. [LB1103]

SENATOR FRIESEN: LIKE ANY OTHER ASSET. [LB1103]

SENATOR SCHUMACHER: RIGHT. [LB1103]

SENATOR FRIESEN: OKAY. SO YOU'RE EXEMPTING THE FIRST \$100,000 OF SOME ASSETS OR ALL ASSETS? [LB1103]

SENATOR SCHUMACHER: I'M SORRY, I... [LB1103]

SENATOR FRIESEN: YEAH. THERE WAS AN EXEMPTION ON THE FIRST \$100,000 OF VALUE ON SOME LIFE INSURANCE POLICIES OR SOMETHING LIKE THAT. IS THERE AN EXEMPTION THERE FOR...MENTIONS...SEE IF I CAN FIND THE PAGE. BUT YOU WERE...IT TALKED ABOUT THE FIRST \$100,000, AN INDIVIDUAL'S AGGREGATE INTEREST GREATER THAN \$100,000 IN ALL LOAN VALUES AND CASH OR A MATURED CASH VALUE INSURANCE... [LB1103]

SENATOR KRIST: ONE MINUTE. [LB1103]

SENATOR FRIESEN: ...ON PAGE 15. [LB1103]

SENATOR SCHUMACHER: PAGE 15? [LB1103]

SENATOR FRIESEN: YES, THE BOTTOM OF THE PAGE. [LB1103]

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SENATOR SCHUMACHER: OKAY. THAT IS EXISTING LAW. [LB1103]

SENATOR FRIESEN: OKAY. AND SO EXISTING LAW EXEMPTS THE FIRST \$100,000 OF ANY ASSETS OR JUST THESE SPECIFIC ONES? [LB1103]

SENATOR SCHUMACHER: THIS IS FOR...ON LIFE INSURANCE PROCEEDS, THAT LAW REMAINS UNCHANGED FROM WHAT IT IS NOW. [LB1103]

SENATOR FRIESEN: OKAY. [LB1103]

SENATOR SCHUMACHER: THERE IS NO INTERLINEATION AND NO STRIKEOUTS IN THAT PARTICULAR SECTION, SAVE AND EXCEPT THAT THE EXCEPTION OF 68-919 IS INCLUDED IN SECTION 44-371. [LB1103]

SENATOR FRIESEN: OKAY. I'LL HAVE SOME MORE QUESTIONS YET. THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR FRIESEN AND SENATOR SCHUMACHER. SENATOR KUEHN, YOU'RE RECOGNIZED. [LB1103]

SENATOR KUEHN: THANK YOU, MR. PRESIDENT. AND THANK YOU, COLLEAGUES. AT THIS POINT I RISE IN OPPOSITION TO AM2394 AND THE UNDERLYING LB1103 WITH REGARD TO A NUMBER OF QUESTIONS THAT HAVE BEEN BROUGHT TO ME WITH REGARD TO ESTATE PLANNING, ESTATE ATTORNEYS, WHAT THE ACTUAL INTENDED EFFECT IS, AS WELL AS WHAT THE ACTUAL EFFECT WOULD BE, AS WELL AS WHAT APPEARS TO BE AN ATTEMPT TO SPECIFICALLY ADDRESS THE PASSAGE OF REAL ESTATE, AS OPPOSED TO AFFECTING OTHER FORMS OF WEALTH WHICH MAY BE PASSED FROM GENERATION TO GENERATION. AND PART OF THE CHALLENGE FOR ME IS THIS IS RATHER TECHNICAL AND COMPLEX, AND WRAPPING OUR HEAD AROUND EVERYTHING THAT THIS BILL DOES AT THIS POINT IN TIME, AND ITS IMPLICATIONS, BECOME SOMEWHAT OF A CHALLENGE. SO TO HELP KIND OF CLARIFY SOME OF THE INITIAL ISSUES, I WAS WONDERING IF SENATOR SCHUMACHER WOULD YIELD TO A FEW QUESTIONS. [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB1103]

SENATOR SCHUMACHER: YES, I WILL. [LB1103]

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SENATOR KUEHN: THANK YOU, SENATOR. FIRST OF ALL, I LAUD YOUR ATTEMPT AND YOUR INTENTION TO ENSURE THAT INDIVIDUALS OF MEANS ARE NOT SOMEHOW HIDING ASSETS AND THEN THEY'RE LATER UTILIZING MEDICAID AS A MEANS TO PAY FOR THEIR LONG-TERM CARE. WHEN WE TRY TO QUANTIFY THIS PROBLEM, CAN YOU GIVE ME AN IDEA ABOUT THE NUMBER OF INDIVIDUALS WHO ARE AT THIS POINT GAMING THE SYSTEM OR DISPENSING OF THEIR ASSETS AND THEN GOING ON MEDICAID? WHAT'S THE SIZE OF THE PROBLEM? [LB1103]

SENATOR SCHUMACHER: I BELIEVE THE ESTIMATES FROM THE 2004 STUDY INDICATED THAT IT WAS AT THAT TIME LIKE...I BELIEVE THE NUMBER WAS \$4 MILLION. IT'S VERY HARD TO QUANTIFY BECAUSE THEY AREN'T ON THE RADAR SCREEN, AND THEY'VE BEEN SUCCESSFUL IN DOING IT. FROM SOME OF THE REACTION THAT WE HAD FROM SOME OF THE FOLKS WHO ARE PROFESSIONALS AND WHO ARE INVOLVED IN SETTING UP THESE MECHANISMS AND THE RATHER LARGE REACTION IN OPPOSITION TO BLOCKING THIS, IT IS FAIRLY WIDESPREAD. AND I THINK WHAT WE WILL SEE IS TWO THINGS: THE ESTATE RECOVERY GO UP, AS IT HAS IN IOWA; AND WE WILL ALSO--AND ANY STATE WHO HAS DONE THIS, WHO HAS VIGOROUSLY PURSUED IT, AND TO SOME EXTENT THAT'S A DEPARTMENTAL DECISION--WE WILL SEE THAT GO UP. BUT THE BILL, IF IT'S REALLY SUCCESSFUL, WILL NOT PRODUCE A WHOLE LOT OF NEW REVENUE BEYOND WHAT'S IN THE PIPELINE, BECAUSE THEY WILL SCREEN THEM AND STOP THEM AHEAD OF TIME. AND ESTATE LAWYERS WILL NOT WANT TO TELL PEOPLE THAT I'VE FIGURED OUT A WAY FOR YOU TO GIVE YOUR ASSETS TO YOUR KIDS AND GO ON NURSING HOME ASSISTANCE BECAUSE, IF THEY TURN OUT TO BE WRONG, THEY GOT A MALPRACTICE CASE. SO WE WILL NIP A LOT OF THIS IN THE BUD, AND SOME OF THOSE NUMBERS WE WILL NEVER KNOW. [LB1103]

SENATOR KUEHN: SO ULTIMATELY WE DON'T KNOW THE MAGNITUDE OF THE PROBLEM AND WE DON'T ULTIMATELY KNOW IF THERE ARE A SIGNIFICANT NUMBER OF ESTATES WHICH ARE ACTIVELY ENGAGED IN THIS PRACTICE NOW. [LB1103]

SENATOR SCHUMACHER: I THINK WE KNOW THAT; WE JUST CAN'T QUANTIFY IT. [LB1103]

SENATOR KUEHN: OKAY. THAT'S AN INTERESTING RESPONSE. IN TERMS OF THE CURRENT MEDICAID APPLICANTS IN NEBRASKA, HOW MANY ARE BEING CAUGHT IN THE EXISTING FIVE-YEAR LOOK BACK PERIOD AT THIS POINT? SO

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WHEN WE HAVE SOMEONE APPLYING FOR MEDICAID, WHAT'S THE APPROXIMATE NUMBER ANNUALLY THAT HHS IS FINDING HAVE INAPPROPRIATELY DISPOSED OF ASSETS? [LB1103]

SENATOR SCHUMACHER: DHHS PRETTY MUCH WILL ADMIT THAT THEY ARE PRETTY EASYGOING AND A LOT OF PEOPLE ARE GETTING THROUGH THE SYSTEM, AND THE NUMBER IS REALLY QUITE LOW. THEY DON'T ASK THE RIGHT QUESTIONS. WHEN YOU GO AND YOU APPLY RIGHT NOW, YOU MEET SOMEBODY WHO IS VERY NICE SOCIAL WORKER TYPE, WHO TAKES YOUR APPLICATION AND, IN MY OWN PERSONAL EXPERIENCE, ACTUALLY TELLS YOU WHAT TO DO IN ORDER TO GET ON THE SYSTEM. AND I THINK THAT'S A FAIRLY COMMON EXPERIENCE. THEY'RE HELPFUL. THEY AREN'T EVEN FOCUSED ON THIS. BUT... [LB1103]

SENATOR KRIST: ONE MINUTE. [LB1103]

SENATOR KUEHN: SO AGAIN WE DON'T HAVE A QUANTIFIED NUMBER OF THE PROBLEM. SO THERE IS A WHOLE SERIES OF OTHER QUESTIONS, AND I'LL HAVE SOME ADDITIONAL TIME ON THE MIKE TO ASK YOU SOME MORE QUESTIONS, SENATOR SCHUMACHER, AND I APPRECIATE YOUR TIME. COLLEAGUES, MY FIRST CONCERN IS WE DON'T HAVE AN IDEA EVEN WHAT THE MAGNITUDE OF THE PROBLEM IS. IT SEEMS THAT WE'RE CHASING A BIT OF A GHOST HERE WITH THE ASSUMPTION THAT PEOPLE ARE STARTING OUT AT AGE 40, 45, 50, WITH AN ASSUMPTION THAT THEY'RE GOING TO BE IN A NURSING HOME AND THEY'RE GOING TO ACCESS MEDICAID. AND AS WE LOOK AT WHAT SOME OF THE CONCERNS HAVE BEEN RAISED TO ME WITH REGARD TO THE AMENDED VERSION OF LB1103, WHAT WE'RE ASKING IS WE'RE ASKING HHS TO START TO GET IN THE MIDDLE OF TRANSACTIONS OF REAL ESTATE BETWEEN RELATED INDIVIDUALS, WE'RE ASKING THEM TO VET IT. IT WOULD APPEAR THAT WE LOOK LIKE WE'RE ASKING THEM TO VET AND DETERMINE WHETHER THEY MEET MARKETABLE STANDARDS FOR LEASES. [LB1103]

SENATOR KRIST: TIME, SENATOR. [LB1103]

SENATOR KUEHN: THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR KUEHN AND SENATOR SCHUMACHER. SENATOR SULLIVAN, YOU ARE RECOGNIZED. [LB1103]

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SENATOR SULLIVAN: THANK YOU, MR. PRESIDENT. I, TOO, HAVE SOME QUESTIONS FOR SENATOR SCHUMACHER, IF HE WOULD YIELD, PLEASE. [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB1103]

SENATOR SCHUMACHER: YES, I WILL. [LB1103]

SENATOR SULLIVAN: THANK YOU, SENATOR. WHEN YOU OPENED ON BOTH THE BILL AND THE AMENDMENT, YOU SAID IT WAS SIMPLE, SORT OF A NEXT LOGICAL FOLLOW-UP TO LB72 WHICH WE PASSED LAST YEAR. BUT EVEN IN YOUR INTRODUCTION OF YOUR AMENDMENT IT SEEMED PRETTY COMPLICATED TO ME, SO I'M GOING TO NEED SOME HELP IN UNDERSTANDING SOME OF THESE THINGS. FIRST OF ALL, CAN YOU CLARIFY A LITTLE BIT MORE ABOUT THE ROLE OF HHS? YOU SAY THAT CURRENTLY THEY SORT OF SIMPLIFY AND MAKE EASY THE PROCESS. WELL, DO THEY HAVE THE CAPACITY TO FOLLOW THROUGH? AND WHAT WILL THEY ACTUALLY HAVE TO DO IN ADDITION TO WHAT THEY'RE CURRENTLY DOING NOW? [LB1103 LB72]

SENATOR SCHUMACHER: BASICALLY WHAT THEY WILL HAVE TO DO IS ON TWO ENDS OF THIS DEAL...ACTUALLY THREE ENDS, THREE POINTS. NUMBER ONE, IN THE APPLICATION PROCESS, NOW THAT THEY ARE AWARE AND NOW THAT THEY HAVE EXPANDED AUTHORITY, THEY WILL NEED TO ASK MORE QUESTIONS: DO YOU HAVE MONEY IN A PAYABLE-ON-DEATH ACCOUNT? DO YOU HAVE MONEY IN A LIFE ESTATE OR TRANSFER ON DEATH? THEY NEED TO ASK SPECIFIC QUESTIONS. AND THEY NEED TO DEVELOP THOSE FORMS, AND I THINK THEY'RE AGREEABLE TO IT. THEY JUST HAVE NEVER BEEN PUSHED ON THAT ISSUE. THAT'S THE FIRST THING. THEY NEED TO BEEF UP THAT FIRST PROCESS AND I THINK THEY'RE PREPARED TO DO THAT. DHHS WAS QUITE COOPERATIVE IN THIS ONCE THE PUSH GOT ON HERE. SECONDLY, THEY WILL NEED...WHEN SOMEBODY DOES FILE A DEED WITH A RETAINED INTEREST, SOME KIND OF RESERVED INTEREST TO THEIR HEIRS, A COPY OF THAT DEED GOES TO DHHS AND IT'LL NEED TO BE PUT IN A DATABASE--AGAIN, NOT MUCH ROCKET SCIENCE. THAT LAYS THE... [LB1103]

SENATOR SULLIVAN: OKAY, NOW STOP, STOP RIGHT THERE. SO SOMEBODY FILES A DEED? I MEAN, SO THEN IT AUTOMATICALLY GOES TO HEALTH AND HUMAN SERVICES? [LB1103]

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SENATORS SCHUMACHER: IF SOMEBODY FILES A DEED TO THEIR HEIRS WITH A RETAINED INTEREST, THEY NEED TO FILE A COPY OF THAT WITH DHHS SO DHHS KNOWS IF THAT PERSON EVER MAKES AN APPLICATION FOR MEDICAID. [LB1103]

SENATOR SULLIVAN: WELL, SO THEORETICALLY THERE IS GOING TO BE A CONSIDERABLE AMOUNT OF, I GUESS I'D HAVE TO SAY, WATCHDOGGING AND OBSERVATIONS ON THE PART OF HHS STAFF WHO ALREADY SEEM TO BE OVERBURDENED. I MEAN, I'M JUST TRYING TO GET IF...WHETHER THEY HAVE THE CAPACITY TO DO THIS. [LB1103]

SENATOR SCHUMACHER: SENATOR, THIS IS A FAIRLY MINOR THING. THEY WILL GET A NOTICE OF THE DEED AND THE SOCIAL SECURITY NUMBER OF THE GRANTOR AND THE PARTIES ON THE DEED, NOT A WHOLE LOT MORE THAN WHAT YOU SEE ON A REAL ESTATE TRANSFER STATEMENT. [LB1103]

SENATOR SULLIVAN: IT'S JUST THAT NOW IT HAS TO...THAT NOTICE HAS TO BE GIVEN TO HHS? [LB1103]

SENATOR SCHUMACHER: YES, AND IT HAS TO BE GIVEN THERE FOR A REASON. SO WHEN THEY HAVE...AND THEY PUT IT IN A SIMPLE DATABASE. WHEN THEY GET AN APPLICATION FOR ASSISTANCE, THEY TYPE IN THE SOCIAL SECURITY NUMBER AND SEE IF THERE'S ANY OF THESE TRANSFERS INVOLVED AS A DOUBLE CHECK ON THE APPLICANT'S PROCESS OR ON THE INITIAL PROCESS OF SCREENING THE APPLICANTS. [LB1103]

SENATOR SULLIVAN: ALMOST SEEMS LIKE A LITTLE INVASION OF PRIVACY. HOW DO YOU THINK THAT THIS IS GOING TO IMPACT ESTATE PLANNING FOR FAMILIES? [LB1103]

SENATOR SCHUMACHER: FOR PEOPLE WHO ARE NOT ATTEMPTING TO BEAT THE SYSTEM, IT WON'T IMPACT THEM AT ALL. [LB1103]

SENATOR SULLIVAN: YOU MAKE IT SOUND LIKE ANYBODY WHO IS TRYING TO DO SOME ESTATE PLANNING IS GOING TO BE SORT OF PUT ON NOTICE. I MEAN, I GOT THE IMPRESSION THAT THERE ARE SOME ATTORNEYS THAT REALLY TRY TO COUNSEL FAMILIES IN ORDER TO DO THIS IN THEIR ESTATE PLANNING. [LB1103]

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SENATOR SCHUMACHER: SENATOR, YOU CAN GO ON GOOGLE AND GOOGLE "MEDICAID ESTATE PLANNING" AND YOU WILL SEE THAT THAT IS EXACTLY THE CASE. NOW THERE ARE A LOT OF HONEST ESTATE-PLANNING ATTORNEYS, DON'T GET ME WRONG. AND AS FAR AS PRIVACY, ALL THESE RECORDS ARE ON RECORDS THAT ARE ON PUBLIC AND THE REGISTER OF DEEDS' OFFICE. THAT'S WHERE YOU PUT DEEDS AND THEY'RE ALL PUBLIC RECORDS. [LB1103]

SENATOR KRIST: ONE MINUTE. [LB1103]

SENATOR SULLIVAN: THANK YOU, SENATOR. WELL, WHENEVER SOMEONE TELLS ME THAT SOMETHING IS GOING TO BE SIMPLE AND IT'S JUST PROCEDURAL AND THEN IT TAKES AS LONG AS IT DID FOR SENATOR SCHUMACHER TO EXPLAIN THE AMENDMENT, I GET A LITTLE SUSPECT. AND THAT'S THE WAY I FEEL ABOUT LB1103. AND GRANTED, THE AMENDMENT OF THE JUDICIARY COMMITTEE REPLACES THE ORIGINAL BILL, BUT THAT DOESN'T GIVE ME ANY MORE RELIEF THERE BECAUSE IT WAS JUST AS COMPLICATED AND IT TOOK SENATOR SCHUMACHER QUITE A WHILE TO EXPLAIN IT. SO I JUST REALLY HAVE QUITE A FEW RESERVATIONS ABOUT THIS BILL AS IT IS RIGHT NOW. THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR SULLIVAN AND SENATOR SCHUMACHER. SENATOR SCHNOOR, YOU'RE RECOGNIZED. [LB1103]

SENATOR SCHNOOR: THANK YOU, SIR. SENATOR SCHUMACHER, WILL YOU YIELD TO A QUESTION? [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB1103]

SENATOR SCHUMACHER: YES, I WILL. [LB1103]

SENATOR SCHNOOR: IT MIGHT BE TWO QUESTIONS BUT IF...YOU SAID EARLIER IN YOUR CONVERSATION WITH SENATOR KUEHN, YOU SAID THEY ARE NOT ON THE RADAR SCREEN. SO THIS ISSUE IS NOT ON...LET ME REPHRASE THAT. THIS ISSUE IS NOT ON THEIR RADAR SCREEN. SO I INTERPRET THAT STATEMENT TO BE THAT IT HASN'T BEEN A CONCERN. SO WHY ARE WE BRINGING THIS ISSUE HERE TO THE LEGISLATURE? [LB1103]

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SENATOR SCHUMACHER: FIRST OF ALL, SOMETIMES THINGS HAVE GOT TO BE PUT ON A RADAR SCREEN. THIS WAS NOT A BIG PRIORITY BECAUSE IT WAS EASIER TO LOOK THE OTHER WAY WHEN THERE WEREN'T THIS ONSLAUGHT OF BABY BOOMERS AND EXPENSES FOR OLD-AGE ASSISTANCE. WE KNOW THAT'S COMING AND IT'S COMING BIG-TIME. THIS THING CAME ON THE RADAR SCREEN, NOT BECAUSE OF ANY LOBBY EFFORT, BUT BECAUSE SOME ESTATE PLANNING ATTORNEYS, SOME OF MY OWN PERSONAL EXPERIENCE, SAID THIS IS GOING ON AND IT'S GOING ON ON AN INCREASING LEVEL FOR NOT ONLY REAL ESTATE BUT ALSO THINGS: PUTTING CDs, PUTTING STOCKS IN STOCK ACCOUNTS, DIFFERENT WAYS IN ORDER TO BEAT THE SYSTEM. AND IT'S A CONSCIOUS EFFORT BECAUSE...AND IT'S SOME EXTENT JUSTIFIED, BECAUSE YOU CAN'T BUY THIS KIND OF INSURANCE ANYMORE AT A REASONABLE PRICE AND PEOPLE ARE LOOKING FOR SOMEBODY TO PICK UP THE TAB. [LB1103]

SENATOR SCHNOOR: OKAY, THANK YOU. NOW, IS THIS...YOU TALKED ABOUT LIENS. IS THIS LIENS FOR ALL REAL ESTATE, HOUSES, AGRICULTURAL LAND, COMMERCIAL PROPERTY, EVERYTHING? [LB1103]

SENATOR SCHUMACHER: YES, ANYTHING WHERE THERE IS A RETAINED INTEREST. [LB1103]

SENATOR SCHNOOR: OKAY. NOW LET'S TALK ABOUT AGRICULTURAL LAND. IT'S VERY COMMON TO A FAMILY, PARENTS, TO GIVE THEIR REAL ESTATE AWAY, GIVE THEIR FARMLAND AWAY, BUT THEY RETAIN LIFE ESTATE SO THEY HAVE INCOME. HOW DOES THAT...HOW IS THAT AFFECTED IN THIS? [LB1103]

SENATOR SCHUMACHER: THIS DOESN'T AFFECT THEM IN THE SLIGHTEST, EXCEPT THAT THEY DO NEED TO BASICALLY FILE THE CONTENTS OF THAT REAL ESTATE TRANSFER STATEMENT WITH DHHS SO DHHS HAS SOME WAY OF DOUBLE CHECKING ON AN APPLICATION WHETHER SOME OF THIS HAS TAKEN PLACE; OTHER THAN THAT, NO EFFECT. YOU DON'T APPLY FOR MEDICAID, THIS DOESN'T AFFECT YOU. [LB1103]

SENATOR SCHNOOR: OKAY. IF A FAMILY...LET'S JUST NARROW IT DOWN TO A HOUSE. A MOTHER AND FATHER HAVE A HOUSE. THEY GIVE THE DEED TO THEIR KIDS, BUT THEY STILL LIVE IN THE HOUSE. HOW IS THAT AFFECTED IN THIS? [LB1103]

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SENATOR SCHUMACHER: IF MOM AND DAD THEN GO IN TO APPLY FOR NURSING HOME ASSISTANCE AND GET IT, WHEN...AFTER MOM AND DAD HAVE PASSED AWAY, DHHS WILL BE ABLE TO COLLECT AGAINST THAT HOUSE FOR REIMBURSEMENT. [LB1103]

SENATOR SCHNOOR: OKAY. ONE THING I DON'T LIKE ABOUT THIS IS NOW DHHS IS OUR ESTATE PLANNERS. YOU KNOW, FOLKS WORK LONG AND HARD TO MAKE A LIVING, TO LIVE COMFORTABLY WHEN THEY RETIRE. YOU KNOW, BAD THINGS DO HAPPEN THAT WE CANNOT PREVENT. BUT NOW DEPARTMENT OF HEALTH AND HUMAN SERVICES IS NOW OUR ESTATE PLANNERS. SO I'M GOING TO BE OPPOSED TO THIS, AND I YIELD THE REST OF MY TIME TO SENATOR KUEHN. [LB1103]

SENATOR KRIST: SENATOR KUEHN, 1:20. [LB1103]

SENATOR KUEHN: THANK YOU, MR. PRESIDENT. AND THANK YOU, SENATOR SCHNOOR. I DO HAVE A QUESTION AGAIN, SENATOR SCHUMACHER, IF YOU WOULD BE OPEN TO A FEW QUESTIONS. [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB1103]

SENATOR SCHUMACHER: SURE. [LB1103]

SENATOR KUEHN: SO YOU HAVE DISCUSSED THE FACT THAT IN ORDER FOR THIS TO HAVE ANY EFFECT WHATSOEVER, THAT THERE HAS TO BE IMPLEMENTATION. AND YOU'RE TALKING ABOUT WHAT HHS WILL AND WILL NOT DO. [LB1103]

SENATOR KRIST: ONE MINUTE. [LB1103]

SENATOR KUEHN: SO WHAT IS HHS'S OFFICIAL POSITION ON THIS BILL? AND ARE THEY ENTHUSIASTICALLY SUPPORTIVE? ARE THEY NOT SUPPORTIVE? ARE THEY...WHERE ARE THEY AT ON THIS? [LB1103]

SENATOR SCHUMACHER: THEY WERE VERY, VERY HELPFUL IN DRAFTING THE AMENDMENT. [LB1103]

SENATOR KUEHN: OKAY, SO... [LB1103]

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SENATOR SCHUMACHER: I DIDN'T ASK THEM TO WRITE A LETTER OF SUPPORT. THEY WERE VERY HELPFUL. THEY...IN FACT, THERE IS SOME ENTHUSIASM, IF I'M READING FROM SOME OF THE STAFF, PARTICULARLY SOME OF THE YOUNG ATTORNEYS, FOR ACTUALLY GETTING AN ACTIVE DEPARTMENT GOING. I CAN'T SAY THAT I TALKED TO THE GOVERNOR, TO THE DEPARTMENT HEAD, AND GOT A LETTER OF SUPPORT; I'LL JUST TELL YOU THEY WERE VERY HELPFUL. [LB1103]

SENATOR KUEHN: SO THEY ASSISTED IN THE DRAFTING BUT THEY HAVE NOT TAKEN A POSITION IN SUPPORT THAT THEY WILL TAKE A LOOK AT IMPLEMENTING THIS AND PURSUING THINGS WITH THE SAME LEVEL OF ENTHUSIASM THAT YOU HAVE STATED IS NECESSARY TO IMPLEMENT THIS LAW. [LB1103]

SENATOR SCHUMACHER: OH, I...THEY CERTAINLY ARE MOVING AHEAD WITH THIS. IN FACT, I GOT A DRAFT FORM OF A FORM TODAY FROM THEM THAT THEY INTEND ON IMPLEMENTING AND WANTING ME TO COMMENT ON IT. [LB1103]

SENATOR KRIST: TIME, SENATORS. [LB1103]

SENATOR SCHUMACHER: I THINK THEY'RE COUNTING ON THIS. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR KUEHN, SENATOR SCHUMACHER. SENATOR SCHILZ, YOU'RE RECOGNIZED. [LB1103]

SENATOR SCHILZ: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. I'M STILL TRYING TO WRAP MY HEAD AROUND WHAT WE'RE TALKING ABOUT HERE, AND TO FIGURE THIS OUT, I WAS WONDERING IF SENATOR SCHUMACHER WOULD ANSWER SOME MORE QUESTIONS. [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU ANSWER SOME MORE QUESTIONS? [LB1103]

SENATOR SCHUMACHER: YES, I WILL. [LB1103]

SENATOR SCHILZ: THANK YOU, SENATOR SCHUMACHER. AS I LOOK AT THIS AND, YOU KNOW, WE'VE TALKED ABOUT, THE FIRST QUESTION I HAVE IS, HAVE YOU CONFERRED WITH HHS AS TO THEIR EXPERTISE ON BEING ABLE TO DO MARKET

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ANALYSIS AND THINGS LIKE THAT TO COME UP WITH THE KIND OF INFORMATION THAT YOU'RE NEEDING? [LB1103]

SENATOR SCHUMACHER: YES, I HAVE. IN FACT, I THINK THE SUGGESTION WAS THAT THE UNIVERSITY OF NEBRASKA WOULD BE A VERY GOOD RESOURCE. AND IT WAS CONTEMPLATED THAT IN THE RULES AND REGULATIONS REGARDING HOW THEY WOULD DO THAT, THEY WOULD BE RELYING ON SOME OF THOSE RESOURCES FOR MARKET ANALYSIS AND LOCAL MARKET. [LB1103]

SENATOR SCHILZ: OKAY. AND THEN I KNOW THIS IS A LITTLE SPECULATIVE, BUT, IF LB1103 WOULD GET PASSED WITH ALL THE STIPULATIONS THAT ARE IN THERE NOW, CAN YOU TELL ME, WOULD THIS CHANGE THE WAY THAT AN ESTATE PLANNER WOULD ADVISE HIS CLIENT ON HOW TO SET THINGS UP? AND LET ME SAY THAT BECAUSE I KNOW FOR RIGHT NOW, YOU KNOW, IF I WANTED TO LEASE MY LAND TO A FAMILY MEMBER OR SOMEBODY ELSE, WE COULD DO THAT AT A LESSER RATE THAN MARKET VALUE. WILL THAT CHANGE HOW ESTATE PLANNERS ARE ADVISING THEIR CLIENTS? [LB1103]

SENATOR SCHUMACHER: NOT IN THE LEAST, UNLESS YOU END UP APPLYING FOR MEDICAID. [LB1103]

SENATOR SCHILZ: BUT WILL THEY WANT TO DO THAT PROACTIVELY OR PRESUMPTIVELY SO THAT YOU DON'T EVER GET CAUGHT INTO THAT SITUATION? [LB1103]

SENATOR SCHUMACHER: IT SHOULDN'T CHANGE...IF THERE'S NO INTENTION OF APPLYING FOR MEDICAID AND USING THIS AS A WAY TO GET TO MEDICAID, SHOULDN'T AFFECT THEM ONE BIT. [LB1103]

SENATOR SCHILZ: OKAY. THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR SCHILZ AND SENATOR SCHUMACHER. SENATOR BLOOMFIELD, YOU'RE RECOGNIZED. [LB1103]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. I PULLED A COPY OF THE AMENDMENT OF THIS SIMPLE LITTLE BILL. SOMEBODY CAME OVER AND ASKED ME IF I WAS PRINTING A NOVEL--THIRTY-NINE PAGES IN THIS SIMPLE, LITTLE, EASY-TO-UNDERSTAND BILL. SOUNDS LIKE WE'VE GOT HHS INVOLVED

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OBVIOUSLY. AND FROM THE LAST CONVERSATION I HEARD, IT SOUNDS LIKE WE HAVE UNL INVOLVED. YOU CAN'T AFFORD TO DIE ANYMORE, COLLEAGUES. I'M GOING TO HAVE TO OPPOSE THIS THING. I WONDER IF SENATOR SCHUMACHER WOULD YIELD TO A QUESTION OR TWO. [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB1103]

SENATOR SCHUMACHER: YES, I WILL. [LB1103]

SENATOR BLOOMFIELD: THANK YOU, SENATOR. I HAVE A RETIREMENT QUESTION HERE THAT I NEED TO LOOK AT. WE CLAIM WE'RE LOSING OUR OLD FOLKS BECAUSE THEY'RE MOVING OUT OF THE STATE BECAUSE THEY CAN KEEP A LITTLE MONEY, LITTLE MORE MONEY THAN YOU CAN KEEP IN NEBRASKA WITH THE TAXES THE WAY THEY ARE. SO IF I PUT TOGETHER A LIFE ESTATE, LET MY SON OR GRANDSON TAKE OVER THE FARM, AND I MOVE TO SOUTH DAKOTA, WHERE I DON'T HAVE TO PAY NEAR SO MUCH ON INCOME TAX, AND I WOULD HAPPEN TO DIE IN SOUTH DAKOTA...OR, EXCUSE ME, IF I WOULD HAPPEN TO HAVE TO GO ON MEDICAID IN SOUTH DAKOTA, WHAT HAPPENS HERE? [LB1103]

SENATOR SCHUMACHER: I CAN'T COMMENT DIRECTLY ON SOUTH DAKOTA BECAUSE I HAVEN'T STUDIED SOUTH DAKOTA. BUT WERE YOU TO SAY IOWA, I'D SAY YOU'RE PROBABLY GOING TO GET CAUGHT IN THEIR SCREEN THERE AND YOU'RE NOT GOING TO GET ON THEIR MEDICAID PROGRAM BECAUSE THEY GOT TO KNOW THAT YOU HAVE A LIFE ESTATE AND YOU HAVE AN INCOME STREAM THAT YOU COULD RELY ON, RATHER THAN BURDEN THE TAXPAYERS OF IOWA. [LB1103]

SENATOR BLOOMFIELD: OKAY. WHAT IF I GO WITHIN THE FIVE-YEAR LIMIT THERE? AND I'M NOT LOOKING TO DO THIS, JUST SO THE BODY UNDERSTANDS. I HAVE LONG-TERM CARE INSURANCE. AND HOPEFULLY, IF PROPERTY TAXES GET UNDER CONTROL, THE FARM WILL RETURN A LITTLE BIT OF MONEY SO THAT I CAN LIVE WITHOUT GOING ON MEDICAID. BUT I SEE THIS QUITE CONCEIVABLY CHASING RETIRED PEOPLE OUT OF STATE. AND WHEN THEY GO, THEY'LL SPEND THEIR MONEY IN ANOTHER STATE. NOW YOU TELL ME, IF I GO TO IOWA, I WOULDN'T HAVE AN ISSUE. YOU DON'T KNOW ABOUT SOUTH DAKOTA. DO YOU HAVE ANY IDEA WHAT WOULD HAPPEN IN FLORIDA, ARIZONA, NEW MEXICO, ONE OF THOSE NICE WARM STATES? [LB1103]

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SENATOR SCHUMACHER: MAJORITY OF THE STATES ARE STEPPING UP THEIR ACTIVITY, IF THEY HAVEN'T ALREADY, AND NO ONE IS GOING TO HAVE MUCH LUCK IN THIS GAME FOR LONG IF THEY LEAVE THE STATE AND TAKE WITH THEM THEIR MEDICAID LIABILITY. [LB1103]

SENATOR BLOOMFIELD: OKAY. THANK YOU. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR BLOOMFIELD AND SENATOR SCHUMACHER. SENATOR SCHUMACHER, YOU'RE NEXT IN THE QUEUE. [LB1103]

SENATOR SCHUMACHER: THANK YOU, MR. CHAIRMAN. I DO HAVE SOME ANSWERS ON AN ESTIMATE. THIS IS DATED. THIS IS 2004. IT'S GOTTEN WORSE SINCE THEN. BUT THE CONCLUSION IN "THE HEARTLAND MODEL FOR LONG-TERM CARE REFORM, A CASE STUDY IN NEBRASKA," WHICH WAS DONE BY A LONG-TERM CARE FINANCING OUTFIT, THEN WHEN THE FEDERAL GOVERNMENT FIRST GAVE THE SIGNAL THAT WE COULD STEP UP OUR ACTIVITIES, THE CONCLUSION WAS, IF NEBRASKA WERE TO RECOVER AN EQUIVALENT PROPORTION OF ITS LONG-TERM CARE EXPENDITURES FROM--AND THAT'S EQUIVALENT TO SOME OTHER STATE SITUATIONS--FROM ESTATES OF DECEASED RECIPIENTS AT A SIMILAR RATE OF RECOVERY, THE STATE WOULD GENERATE APPROXIMATELY \$12 MILLION PER YEAR IN NONTAX REVENUE AT A COST OF ABOUT \$590,000, NETTING APPROXIMATELY \$10 MILLION PER YEAR MORE THAN THE STATE CURRENTLY RECOVERS. THE STATE DID NOTHING TO ENHANCE ITS RECOVERY UNTIL LB72 LAST YEAR BROUGHT THIS BACK UP ON THE RADAR SCREEN. IN AN AGE WHEN MONEY WAS EASY AND WHEN LOTS OF PEOPLE WERE ABLE TO AFFORD NURSING HOME INSURANCE, THIS WASN'T MUCH OF AN ISSUE. BUT IT'S BECOMING AN INTENSIFIED ISSUE WITH THE BABY BOOMERS, WITH THE INABILITY TO BUY REASONABLY PRICED NURSING HOME INSURANCE, WITH THE FACT THAT PEOPLE HAVE NOT BEEN ABLE TO SAVE. THIS AFFECTS MORE THAN REAL ESTATE. THE LIEN PORTION AFFECTS REAL ESTATE OF ALL KINDS. BUT THIS AFFECTS BANK ACCOUNTS, IT AFFECTS POLICIES, IT AFFECTS PAYABLE ON DEATHS, IT AFFECTS ANY MECHANISM BY WHICH YOU HAVE AN INTEREST OF SOME KIND AT DEATH AND TRANSFER WEALTH TO YOUR HEIRS SHORT OF AN OUT-AND-OUT GIFT FIVE YEARS AHEAD OF TIME. DHHS IS NOT IN THE MIDDLE OF ESTATE TAX PLANNING. YOU CAN PLAN, TO YOUR LITTLE HEART'S CONTENT, EVERY ANGLE AND EVERY TRUST AND EVERY SUBPARAGRAPH IN THE BOOK. THIS ONLY COMES INTO ACTION WHEN YOU SHOW UP ON DHHS'S DOORSTEP WITH AN APPLICATION FOR MEDICAID. AT THAT POINT, THEY CHECK THEIR DATABASE TO SEE IF YOU'VE EVER RECORDED ANY OF THESE PARTICULAR DEEDS, AND THEY ALSO QUIZ YOU AT THAT POINT. THEY DON'T CARE--WON'T

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CARE--WHAT YOU DO WITH YOUR ESTATE PLANNING LAWYER, SO LONG AS YOU DON'T COME KNOCKING ON THE TAXPAYERS' DOORS. DHHS ADMINISTERS THE PROGRAM AND IT HAS AS A TAXPAYER REPRESENTATIVE THE ABSOLUTE RIGHT TO MAKE SURE THAT YOU QUALIFY FOR ASSISTANCE BEFORE YOU ARE GIVEN ASSISTANCE AND BEFORE YOUR HEIRS DIP INTO THE PUBLIC TILL. WE DON'T HAVE A LOT OF CHOICE IN THIS. WE'RE GOING TO BE BURDENED TO HIGH HEAVEN OVER THE ISSUE OF PEOPLE WANTING THE STATE TO PAY FOR THEIR NURSING HOME CARE. AND IF WE WANTED TO REALLY GROW THE STATE EVEN FASTER THAN MAYBE DROP YOUR BABIES OFF AT THE HOSPITAL OF A FEW YEARS AGO, WE'D DECLARE TO THE WORLD THAT WE ARE OPEN FOR BUSINESS, JUST COME HERE AND WE WILL PAY FOR YOUR NURSING HOME CARE IN A NICE NURSING HOME. AND I CAN GUARANTEE YOU, WE'D INCREASE OUR POPULATION, BUT WE'D GO BROKE DOING IT. THIS IS RESPONSIBLE FINANCE. WE'VE ALREADY ADOPTED IT. THIS NOW ASSISTS BANKERS, IT ASSISTS DHHS, IT ASSISTS LAWYERS, IT ASSISTS TITLE COMPANIES IN KNOWING WHAT THE RULES AND PARAMETERS ARE WITHOUT HAVING TO FIGHT THEM OUT ON A CASE-BY-CASE BASIS IN THE COURTS. [LB1103 LB72]

SENATOR KRIST: ONE MINUTE. [LB1103]

SENATOR SCHUMACHER: THIS IS A PROCEDURAL IMPLEMENTATION. AND AS FAR AS THE LENGTH OF IT, IF WE'RE GOING TO USE LENGTH WHERE YOU HAVE A LOT OF SECTIONS INVOLVED AND VERY LITTLE CHANGES BUT A LOT OF REPETITION, THEN WE WOULD HAVE NOT PASSED THE BILLS WE PASSED YESTERDAY WHICH I THINK WERE LIKE 57 PAGES OR SOMETHING. WE SURELY WOULDN'T HAVE PASSED CIR REFORM WHICH WAS 70 OR 80 PAGES. AND THERE'S A LOT OF THICK BILLS, BUT MOST OF IT, THE MATERIAL PARTS, ARE VERY EASY TO UNDERSTAND AND VERY SIMPLE. SCREEN THEM. IF YOU...THE STATE REIMBURSEMENT COMES IN LINE BEFORE THE HEIRS ON ANYTHING THAT PASSES AT DEATH. AND IF THERE IS REAL ESTATE, DHHS CAN STEP IN LINE AND HOLD A SECURED POSITION FOR THE COLLECTION OF THAT FROM REAL ESTATE OF ANY NATURE--PRETTY SIMPLE, PRETTY STRAIGHTFORWARD. THANK YOU. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR SCHUMACHER. SPEAKER HADLEY, YOU'RE RECOGNIZED FOR AN ANNOUNCEMENT. [LB1103]

SPEAKER HADLEY: MR. PRESIDENT, COLLEAGUES, IF I COULD HAVE YOUR ATTENTION FOR JUST A MINUTE, I WANT TO EXPLAIN WHAT WE'RE GOING TO DO TOMORROW SO YOU'LL NOT BE SURPRISED ABOUT THINGS. WE'RE STARTING

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WITH FINAL READING FOR THE SECOND HALF OF THE CONSENT BILLS THAT WERE NOT TAKEN UP TODAY. THEN WE'LL DO FINAL READING OF A FEW BILLS THAT HAVE NO NET GENERAL FUND IMPACT. THEN WE WILL DO SELECT FILE OF CLEAN BILLS--CLEAN BILLS ARE ONES THAT HAVE NO AMENDMENTS PUT ON THEM--AND THEN A FEW BILLS THAT HAVE TECHNICAL AMENDMENTS THAT MAY BE HANDLED QUICKLY. MY GOAL IS TO GET THROUGH THOSE FIRST--THE ITEMS, THE FINAL READINGS, AND THE SELECT FILE--VERY QUICKLY. AND AT THAT POINT IN TIME WE WILL RETURN TO THE AGENDA WHERE WE LEAVE OFF TONIGHT. THANK YOU, MR. PRESIDENT.

SENATOR KRIST: THANK YOU, SPEAKER HADLEY. THOSE STILL WISHING TO SPEAK: SENATOR KOLTERMAN, HUGHES, FRIESEN, BRASCH, RIEPE, AND OTHERS. SENATOR KOLTERMAN, YOU ARE RECOGNIZED. [LB1103]

SENATOR KOLTERMAN: THANK YOU, MR. PRESIDENT. I HAD THE OPPORTUNITY TO WORK WITH SENATOR SCHUMACHER THIS SUMMER AND LISTEN TO SOME OF THE INTERIM STUDY, ALTHOUGH I DIDN'T GET TO COMPLETE THE WHOLE SESSIONS. I UNDERSTAND THE RATIONALE BEHIND THIS BILL, AND I UNDERSTAND THE NEED BEHIND THIS BILL. I HAPPEN TO BE IN THE BUSINESS OF SELLING, WORKING WITH PEOPLE IN ESTATE PLANS. AND PLANNING IS ESSENTIAL, ESPECIALLY WHEN YOU'RE TALKING ABOUT ESTATES. AND DO WE HAVE PEOPLE THAT WILL GIVE THEIR LAND AWAY AND IMPOVERISH THEMSELVES SO THAT THEY CAN GO ON THE STATE? WE ABSOLUTELY DO. IT HAPPENS ON A REGULAR BASIS. HOW FREQUENTLY, I CAN'T TELL YOU WHAT PERCENTAGE IT WOULD BE, BUT I WOULD TELL YOU THAT IF YOU GO TALK TO THE NURSING HOMES IN YOUR AREA, THE FULL-BLOWN NURSING HOMES, IT COSTS ABOUT \$6,000 A MONTH TO BE THERE, AND APPROXIMATELY 40 TO 50 PERCENT OF THE POPULATION IN THOSE HOMES ARE ON PUBLIC ASSISTANCE. THEIR BILLS ARE BEING PAID BY THE STATE OF NEBRASKA. THAT'S A CHALLENGE. AS WE LISTENED THIS SUMMER TO SOME OF THE ATTORNEYS AND SOME OF THE PEOPLE THAT TRY TO COLLECT FOR MEDICAID AFTER PEOPLE HAVE PASSED AWAY AND THEY'VE BEEN PAYING THESE BILLS, WE DISCOVERED THAT THEY WEREN'T ACTIVELY, HIGHLY PURSUING PEOPLE. IT'S MY UNDERSTANDING THAT THAT'S CHANGED NOW THAT WE HAVE A DIFFERENT ADMINISTRATION. BUT THEY DIDN'T FEEL IT WAS WORTH THE EFFORT. BACK IN THE EARLY STAGES OF THE HEINEMAN ADMINISTRATION, THEY ACTUALLY PROMOTED LONG-TERM CARE POLICIES THROUGH THE STATE OF NEBRASKA. AND GOVERNOR HEINEMAN AT THE TIME SENT OUT A LETTER ENCOURAGING PEOPLE TO BUY THEM. BUT AS SENATOR SCHUMACHER SAID TODAY, UNDERWRITING, IF YOU CAN GET A POLICY--LET ME JUST SAY THAT AGAIN--IF YOU CAN GET A POLICY,

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YOU'RE PROBABLY TALKING \$4,000 OR \$5,000 A YEAR FOR THE PREMIUM. DOESN'T SOUND LIKE A LOT, BUT THE BIGGEST CHALLENGE WE'RE FACING TODAY IS GETTING IT THROUGH UNDERWRITING AND QUALIFYING FOR A POLICY. MOST PEOPLE DON'T QUALIFY TODAY. AND ALSO, THE FACT OF THE MATTER IS, WE'RE LOSING MARKETS AGAIN. INSURANCE COMPANIES DO NOT WANT TO TAKE ON THIS RISK. IF THEY'RE GETTING \$4,000 A YEAR IN PREMIUM AND THEY'RE PAYING OUT \$6,000 A MONTH, IT DOESN'T TAKE LONG TO FIGURE OUT THAT THEY'RE NOT GOING TO MAKE A LOT OF MONEY AT THIS. SO THERE'S ALL KINDS OF CHALLENGES WITH THIS. THE THING THAT WE DO NEED TO REMEMBER THOUGH IS WE'RE ONLY TALKING ABOUT MEDICAID. ONLY TIME THIS WOULD EVER COME INTO PLACE IS IF YOU QUALIFY FOR MEDICAID OR YOU APPLY FOR MEDICAID, AND AT THAT POINT IN TIME YOU'D HAVE TO, IF YOU'VE GIVEN YOUR LAND AWAY, YOU'D HAVE TO DISCLOSE THAT. YOU'D HAVE TO PUT THAT ON...YOU KNOW, INTO...I GUESS THEY'D ACCEPT A LIEN AGAINST THE PROPERTY, WHICH BRINGS ME TO THE LAST THING THAT I REALLY WANT TO TALK ABOUT. IT'S MY UNDERSTANDING THAT THEY HAVE TEN DAYS, HHS HAS TEN DAYS TO FILE TO RECOVER AFTER SOMEONE PASSES AWAY. I THINK THAT'S CORRECT. I'LL LET SENATOR SCHUMACHER...I'LL JUST ASK, SENATOR SCHUMACHER, WILL YOU ENTERTAIN A QUESTION OR TWO? [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB1103]

SENATOR SCHUMACHER: YES, I WILL. [LB1103]

SENATOR KOLTERMAN: HOW LONG DOES HHS HAVE BEFORE THEY HAVE TO ASK FOR RECOVERY? WHAT KIND OF TIME FRAME DO THEY HAVE THERE? [LB1103]

SENATOR SCHUMACHER: THEY'VE GOT A LONG TIME TO ASK; IN FACT, I THINK THE STATUTE OF LIMITATIONS IS FOUR YEARS. [LB1103]

SENATOR KOLTERMAN: OKAY. [LB1103]

SENATOR SCHUMACHER: WHAT THE STATUTE...WHAT THIS LAW ASKS THEM TO DO IS THAT, ON AN APPLICATION FOR A DEATH CERTIFICATE, THEY--AND THIS CAN ALL BE DONE ELECTRONICALLY FOR NO FEE---... [LB1103]

SENATOR KRIST: ONE MINUTE. [LB1103]

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SENATOR SCHUMACHER: ...TO FILE WHAT THEY CALL A DEMAND FOR NOTICE, WHICH THEY DO ALREADY IN SOME CASES, WITH THE COUNTY COURT SAYING, HEY, IF THERE'S A PROBATE OPEN, JUDGE, LET ME KNOW. [LB1103]

SENATOR KOLTERMAN: OKAY, THANK YOU. AND THAT BRINGS ME TO THE FINAL QUESTION. YOU KNOW, HHS'S BURDEN NOW--AS I SAID, I SEE A NEED FOR THIS--I DON'T KNOW IF THEY COULD ACTUALLY DO THIS WORK. I KNOW THEY'D HAVE TO HIRE SOME MORE PEOPLE. I DON'T KNOW IF IT JUSTIFIES...IF THE NEED IS JUSTIFIED. WITH THAT, I'D YIELD THE REST OF MY TIME TO THE CHAIR. [LB1103]

SENATOR KRIST: THANKS FOR THE 22 SECONDS. SENATOR HUGHES, YOU'RE RECOGNIZED. [LB1103]

SENATOR HUGHES: THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: OH, JUST A SECOND, PLEASE. I'M SORRY. THERE'S A PRIORITY MOTION. MR. CLERK. [LB1103]

CLERK: MR. PRESIDENT, I DO HAVE A PRIORITY MOTION. SENATOR KUEHN WOULD MOVE TO BRACKET LB1103 UNTIL APRIL 20, 2016. [LB1103]

SENATOR KRIST: SENATOR KUEHN, YOU'RE RECOGNIZED ON YOUR MOTION. [LB1103]

SENATOR KUEHN: THANK YOU, MR. PRESIDENT. THANK YOU, COLLEAGUES. I WANT TO JUST ESTABLISH A FEW THINGS RIGHT OFF THE BAT, AND ONE IS THAT...DID HAVE AN OPPORTUNITY TO SPEAK WITH DHHS REPRESENTATIVES. THEY WERE HELPFUL AND WILLING TO ASSIST WITH THE LANGUAGE AS ASKED AND REQUESTED, BUT THEY HAVE NOT TAKEN A POLICY POSITION WITH REGARD TO THIS PARTICULAR LEGISLATION. SO WHEN WE TALK ABOUT HHS ENFORCEMENT, HOW THEY FEEL OR WILL ACTUALLY IMPLEMENT THIS LEGISLATION, THEIR WORK ON THE BILL DOES NOT CONDONE APPROVAL OF THE UNDERLYING POLICY. AND SO THAT, IN AND OF ITSELF, RAISES A SERIES OF QUESTIONS THAT WE'RE SEEING RAISED BY MYSELF AND OTHERS. SOME OF US HAVE BEEN CONTACTED BY THOSE INVOLVED IN ESTATE PLANNING WHO HAVE SIGNIFICANT QUESTIONS ABOUT HOW THIS WORKS. WE ALL CERTAINLY ARE SUPPORTIVE OF THE GOAL AND THE OBJECTIVE THAT INDIVIDUALS NOT GAME THE SYSTEM TO OBTAIN MEDICAID BENEFITS FOR LONG-TERM CARE BY

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DISPOSING OF THOSE ASSETS. THE QUESTION BECOMES THE PROCESS OF HOW WE GO ABOUT DOING THAT AND THE BURDEN THAT THAT PLACES UPON THE ESTATE-PLANNING PROCESS. AND SO, GIVEN ALL OF THOSE QUESTIONS THAT EXIST AT THIS POINT IN TIME, I THINK IT IS PRUDENT FOR US TO BRACKET THIS BILL AND CERTAINLY LOOK IN THE FUTURE AND HOW WE CAN MAKE A REASONABLE PROCESS THAT IS AT LEAST SOMETHING THAT THOSE OF US WITHIN THE BODY CAN FULLY UNDERSTAND THE IMPLICATIONS, AS WELL AS THOSE WHO PRACTICE ESTATE PLANNING. SOME OF THE THINGS THAT SENATOR SCHUMACHER HASN'T BROUGHT UP THAT INCLUDED...AND NEW ISSUES, WHICH I HOPE AS WE DISCUSS THE BRACKET MOTION WE'RE ABLE TO TEASE OUT A LITTLE BIT MORE, YOU KNOW, REFERS TO, IN THE AMENDMENT ON PAGE 33, A NEW ISSUE ASSOCIATED WITH PLACING LIENS AND QUALIFICATION ON DEATH CERTIFICATES WHICH STATES, "WITHIN TEN DAYS AFTER THE FILING OF THE CERTIFICATE OF DEATH AND PRIOR TO THE ISSUANCE OF ANY CERTIFIED COPIES OF THE CERTIFICATE OF DEATH, THE DEPARTMENT SHALL SEARCH ITS RECORDS TO DETERMINE IF DECEASED HAS APPLIED FOR OR RECEIVED MEDICAL ASSISTANCE," NOT JUST SEARCH WHETHER OR NOT THEY RECEIVED MEDICAID, BUT WHETHER THEY APPLIED FOR. IT LATER GOES ON TO SAY, "IF THE DECEASED MADE SUCH AN APPLICATION OR RECEIVED SUCH ASSISTANCE." SO AGAIN, QUESTIONS ABOUT HOW WE'RE ATTACHING THIS ON DEATH CERTIFICATES, WHAT THE ULTIMATE IMPLICATION OF THIS IS WITH REGARD TO HANDLING THE ESTATE OF THE DECEASED, JUST ONE OF A MYRIAD OF QUESTIONS WHICH HAVE BEEN BROUGHT FORTH TO ME AND TO OTHER SENATORS WITH REGARD TO HOW THIS AFFECTS ESTATE PLANNING. I HAVE SIGNIFICANT CONCERNS THAT THE MERE ACT OF THESE LIENS, IDENTIFYING THESE LIENS, PUTTING HHS AS AN ARBITER OF WHETHER OR NOT REAL ESTATE TRANSACTIONS BETWEEN RELATED FAMILY MEMBERS WAS FAIR, THERE'S LANGUAGE LOOKING AT LEASES OF PROPERTY, WHETHER THEY WERE MARKET COMPETITIVE, AND PUTTING HHS IN THAT POSITION IS A WHOLE NEW POLICY SHIFT AND A WHOLE NEW POLICY QUESTION, AND ONE THAT I DON'T THINK THE DEPARTMENT OF HEALTH AND HUMAN SERVICES AT THIS POINT IS IN ANY POSITION TO MAKE IN TERMS OF JUDGMENTS OF MARKET CONDITIONS AND REAL ESTATE AND IN REAL ESTATE LEASES. SO GIVEN THE NUMBER OF QUESTIONS WHICH SURROUND THIS AMENDMENT THAT WILL BECOME THE BILL FOR LB1103, I ENCOURAGE MY COLLEAGUES TO SUPPORT THE BRACKET MOTION, CONTINUE TO ASK QUESTIONS, SEE IF YOU GET FURTHER CLARITY THAN WHAT I HAVE SO FAR REGARDING THIS BILL. AND WE CAN LOOK AT OTHER, MORE REASONABLE, IMPLEMENTABLE SOLUTIONS THAT ARE A LITTLE BIT MORE UNDERSTANDABLE TO AVOID THE ISSUE OF INDIVIDUALS DISPOSING OF THEIR ASSETS AND THEN GOING ON MEDICAID. AGAIN, I HAVE YET TO BE

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ABLE TO HAVE ANY SORT OF QUANTIFIED NUMBER AS TO THE MAGNITUDE OF THE PROBLEM. REFERENCING A 2004 STUDY, WE DON'T HAVE REALLY GOOD NUMBERS FROM HHS IN TERMS OF THE NUMBER OF PEOPLE WHO ARE ENSNARED IN THIS LOOK BACK, OR IDENTIFIED. BY SENATOR SCHUMACHER'S ADMISSION, IT'S VERY SMALL. WHAT ABOUT THIS CHANGES IF...WITH THIS LEGISLATION? SO WITH THAT, I ENCOURAGE YOUR SUPPORT OF THE BRACKET MOTION, AND WE CAN MOVE FURTHER DOWN THE AGENDA. THANK YOU, COLLEAGUES. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR KUEHN. SENATOR HUGHES, I APOLOGIZE. YOU ARE NOW RECOGNIZED. [LB1103]

SENATOR HUGHES: THANK YOU, MR. PRESIDENT. IF SENATOR SCHUMACHER WOULD YIELD TO SOME QUESTIONS? [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB1103]

SENATOR SCHUMACHER: YES, I WILL. [LB1103]

SENATOR HUGHES: AND I DO APOLOGIZE IF WE'RE GOING TO BE GOING OVER THE SAME GROUND, BUT I WAS BUSY DURING YOUR OPENING SO I DID NOT GET TO HEAR. BUT IF MEMORY SERVES, WE PASSED A BILL LAST YEAR THAT I HELPED YOU WITH ON THE FIVE-YEAR LOOK BACK REQUIRING STATE ADMINISTRATORS TO NOTIFY IF THERE WAS A DEATH TO SEE IF DHHS...IF THERE WAS MEDICAID INVOLVED IN THE DECEASED'S BILLS. IS THAT CORRECT? [LB1103]

SENATOR SCHUMACHER: THE FIVE-YEAR LOOK BACK IS A FEDERAL THING. WE DIDN'T MESS WITH THAT LAST YEAR. WE DID TWO THINGS. WE EXPANDED THE FEDERAL...THE DEFINITION OF ESTATE TO INCLUDE THINGS BESIDES THE PROBATE ESTATE, SUCH AS JOINT TENANCY TRANSFERS, TRANSFERS WITH A REVOCABLE TRUST, TRANSFERS WITH LIFE ESTATES. WE EXPANDED THE DEFINITION AS THEY HAVE IN 20-, 30-SOME STATES. THE OTHER THING WE DID IS WE SAID TO A TRUSTEE OF A REVOCABLE TRUST, THOU DARE NOT DISTRIBUTE ASSETS OUT OF THE TRUST, YOU DON'T HAVE POWER TO, UNTIL YOU'VE CHECKED WITH DHHS TO MAKE SURE THAT THERE ISN'T A BILL LAYING OVER THERE. PART OF THE ISSUE THAT THEN EVOLVED IN THE LAST...THAT WE'RE CLEARING UP IN THIS BILL IS DHHS SAID, WELL, WHEN THE TRUSTEE APPROACHED AND SAID, SAY, IS THERE A BILL, THEY SAID, WE'RE NOT...WE

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THINK THERE MIGHT BE A RULE THAT--FROM THE FEDERAL LEVEL--THAT SAYS WE CAN'T MAKE THAT DISCLOSURE. AND THEY BEGAN TO RUN AROUND TRUSTEES IN CIRCLES. THIS CLEARS THIS UP BY GIVING IT CLEAR AUTHORITY THAT THE TRUSTEE CAN ASK THE QUESTION, DO I OWE ANY MONEY, BECAUSE WE'VE LIMITED HIS...ALREADY LIMITED HIS POWER TO DISBURSE, TO TOUCH THE MONEY, UNTIL HE'S GOT CLEARANCE FROM DHHS. [LB1103]

SENATOR HUGHES: OKAY. SO...AND YOU DID SOME STUDY ON THIS, THIS SUMMER, AND YOU'VE FOUND THAT DHHS WAS NOT FOLLOWING UP ON THE...WITH THE LEGISLATION WE PASSED LAST YEAR? [LB1103]

SENATOR SCHUMACHER: WHAT THEY WERE DOING...I MEAN THE LEGISLATION WAS WORKING ON THE TRUSTS ISSUE. WHAT THEY WERE DOING THOUGH IS THEY HAD SOME HEARTBURN ABOUT TELLING THE TRUSTEE WHETHER OR NOT THERE WAS AN ACCOUNT, A MEDICAID ACCOUNT WITH THEM. NOW THAT WAS IN SPITE OF THE FACT THAT IN MANY OF THOSE SAME CASES THEY WERE FILING IN THE COUNTY COURT DEMANDS FOR NOTICE, WHICH IS PUBLIC NOTICE. THIS GIVES THEM ALL THE WARM AND FUZZY "BLANKY" THAT THEY NEED TO SAY, YOU KNOW, I CAN TELL THE ATTORNEY, I CAN TELL THE TRUSTEE. AND WE ALSO DUPLICATE THAT BY SAYING, LOOK, IF YOU'VE GOT A CLAIM, WITHIN TEN DAYS HIT YOUR COMPUTER WHEN YOU TYPE UP THAT DEATH CERTIFICATE, SEND A NOTICE TO THE COUNTY COURT SAYING, HEY, WE HAVE A CLAIM. SO THERE'S SEVERAL WAYS, IN ADDITION TO A NOTATION ON THE DEATH CERTIFICATE, ALL OF WHICH IS PAID FOR IN THE SETUP FEE IN THE FISCAL NOTE, THAT WE MAY HAVE...YOU MAY HAVE AN ISSUE. SO BEFORE, DEAR HEIRS, YOU GO AND CASH IN THAT CD, KNOW THAT YOU MAY HAVE AN ISSUE, BECAUSE WE FILED A NOTICE WITH THE COUNTY COURT, GO CHECK THERE. [LB1103]

SENATOR HUGHES: OKAY. YOU SAID YOU HAD LOOKED INTO THE IOWA...WHAT IOWA WAS DOING AND BUT NOT SOUTH DAKOTA. HAVE YOU LOOKED AT ANY OTHER STATES? [LB1103]

SENATOR SCHUMACHER: WE DEVELOPED THIS PARTICULAR THING BECAUSE EVERY LAW WITH REGARD TO TRANSFER-ON-DEATH DEEDS AND THOSE THINGS ARE PARTICULARLY DIFFERENT. WE WORKED CLOSELY WITH THE BAR ASSOCIATION, THE BANKERS, THE TITLE PEOPLE, AND DHHS IN SOMETHING THAT WOULD FIT OUR LAW AND BE AS EFFICIENT AS POSSIBLE. KNOWING THAT WE HAD SUCH THING AS A DEMAND FOR NOTICE, FOR EXAMPLE, WE USED THAT

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MECHANISM AS ONE OF THE NOTICE MECHANISMS. KNOWING WE HAD AN ISSUE WITH DHHS... [LB1103]

SENATOR KRIST: ONE MINUTE. [LB1103]

SENATOR SCHUMACHER: ...HAVING UNCOMFORTABLE FEELINGS AS TO TELLING AN ESTATE, AN ATTORNEY, OR A TRUSTEE WHETHER OR NOT THEY WERE MAKING A CLAIM, WE DEALT WITH THAT ISSUE. THOSE ARE NEBRASKA-SPECIFIC ISSUES. WE BASICALLY SAID WE WANT TO HELP YOU SCREEN THEM, WE WANT TO HELP YOU GET AT ASSETS THAT OTHERWISE WERE NOT IN THE TRADITIONAL ESTATE BUT WHICH WE'VE EXPANDED AND, ONCE THEY'VE APPLIED AND YOU'RE ACTUALLY IN THE MEDICAID PROCESS, TO ATTACH A LIEN SO THAT THAT PROPERTY CAN'T GET AWAY FROM YOU IN THE FUTURE, SO THAT YOU CAN COLLECT AGAINST IT. [LB1103]

SENATOR HUGHES: SO WHEN YOU APPLY FOR MEDICAID, THERE'S A FORM YOU FILL OUT AND YOU'RE SUPPOSED TO LIST YOUR ASSETS AND WHETHER OR NOT THEY HAVE BEEN PUT IN A TRUST OR WHATEVER AT THAT POINT? IS THERE ANY FOLLOW-UP AT THAT POINT OR IT'S ONLY ALL THEY HAVE ON DEATH? [LB1103]

SENATOR KRIST: TIME, SENATORS. [LB1103]

SENATOR HUGHES: THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR HUGHES AND SENATOR SCHUMACHER. SENATOR FRIESEN, YOU'RE RECOGNIZED. [LB1103]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. YEAH, THERE'S NUMEROUS COMMENTS THAT HAVE BEEN MADE NOW THAT BRING UP MORE QUESTIONS IN MY MIND. SENATOR SCHUMACHER, WOULD YOU YIELD TO A QUESTION? [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB1103]

SENATOR SCHUMACHER: YES, I WILL. [LB1103]

SENATOR FRIESEN: SO WHEN I LOOK AT YOUR FISCAL NOTE AND THERE'S REALLY BASICALLY NO NET GAIN OR MUCH OUT OF IT FOR WHAT WE'RE DOING

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IN THE PAPERWORK HERE AND THEY HAVE TO HIRE MORE STAFF ASSISTANCE, AND YOU MADE IT SOUND AS THOUGH THEY DO NOT HAVE A RECORD OF SOMEBODY'S DEATH CERTIFICATE AT THIS TIME? [LB1103]

SENATOR SCHUMACHER: NO, I DIDN'T SAY THAT. [LB1103]

SENATOR FRIESEN: BUT THERE'S A REPORTING REQUIREMENT IN THERE FOR THEIR RECORDING DEATH CERTIFICATES THAT'S ADDED EXTRA PEOPLE IN THERE. IN THE FISCAL NOTE IT TALKS ABOUT THAT. [LB1103]

SENATOR SCHUMACHER: WHAT BASICALLY IT IS, IN ORDER TO MAKE THE SYSTEM OPERATE EFFICIENTLY...AND THERE IS PROFIT IN THIS THING. WE CAN GO THROUGH THE FISCAL NOTE, LINE BY LINE, IF YOU WANT. BUT THIS IS A PAYING PROPOSITION; IT'S NOT A LOSING PROPOSITION. BASICALLY EVERYBODY SENDS IN A DEATH CERTIFICATE TO VITAL STATISTICS. WHEN THEY GET THAT DEATH CERTIFICATE, IT HAS ON IT THE SOCIAL SECURITY NUMBER. EVERY DEATH CERTIFICATE DOES. COVERED IN THIS EXPENSE IS THE ABILITY FOR THEM TO THEN QUERY THE MEDICAID DATABASE TO SEE IF THAT SOCIAL SECURITY NUMBER HAS APPLIED FOR OR RECEIVED. REASON FOR THE LANGUAGE "APPLIED FOR OR RECEIVED"? BECAUSE DHHS POINTED OUT IT ISN'T JUST RECEIVED; SOME OF THEM ARE IN THE PIPELINE AND THEY HAVEN'T RECEIVED IT YET. SO THAT'S WHY THE "APPLIED FOR OR RECEIVED" LANGUAGE WAS PART OF THE SUGGESTIONS FROM THEM. BUT BASICALLY, IF IT TRIGGERS THAT YOU HAVE APPLIED FOR OR RECEIVED MEDICAID AND THERE MAY BE AN ISSUE, THERE IS A NOTATION THAT THEY FILED WITH THE COUNTY COURT, RATHER THAN JUST LET YOU GUESS AND NOT TELL ANYTHING FROM THE DEATH CERTIFICATE, A DEMAND FOR NOTICE, WHICH IS FILEABLE AT THE COUNTY COURT, ELECTRONICALLY, AND FOR FREE. [LB1103]

SENATOR FRIESEN: SO CURRENTLY, UNDER THE CURRENT LAWS THAT WE HAVE, WHEN YOU APPLY FOR MEDICAID, YOU, LIKE SENATOR HUGHES WAS MENTIONING, YOU FILL OUT THE FORM. AND IF YOU ANSWER THE QUESTIONS CORRECTLY AND YOU'LL ANSWER HONESTLY, THEN YOU WOULD HAVE ASSETS, THEN MEDICAID WOULD NOT BE GIVEN TO YOU BECAUSE YOU HAVE ASSETS YET. IS THAT CORRECT? [LB1103]

SENATOR SCHUMACHER: RIGHT. IF YOU DO NOT MEET THEIR MINIMUM ASSET STANDARDS, THEN YOU HAVE MEANS AND YOU DO NOT GET IT. THAT'S A VERY, VERY LOOSE SYSTEM. IF YOU HAD MORE TIME, I'D GO INTO A SPECIFIC

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EXAMPLE, BUT IT'S A LOOSE SYSTEM. AND IN FACT, THE SOCIAL WORKERS ARE HELPFUL IN TELLING YOU WHAT QUESTIONS TO ANSWER IN WHAT WAY. [LB1103]

SENATOR FRIESEN: SO IF, DOWN THE ROAD WHEN I'M, YOU KNOW, 80 YEARS OLD AND FEELING A LITTLE FEEBLE AND...BUT I'M STILL LIVING AT HOME AND ONE OF MY KIDS COMES TO ME AND WANTS SOME FINANCIAL HELP AND I WRITE THEM A CHECK FOR \$200,000, IF I HAVE THAT KIND OF MONEY AROUND, AND SUDDENLY SOMETHING HAPPENS TO ME WITHIN THE YEAR OR TWO AND I'M IN THE NURSING HOME AND IT COSTS MORE THAN I HAD PLANNED AND SUDDENLY I'M REQUIRED TO GO ON MEDICAID, WHAT'S THE SCENARIO THERE? [LB1103]

SENATOR SCHUMACHER: IF IT'S WITHIN THE LAST FIVE YEARS AND IF YOU'RE HONEST AND IF YOU SAY, I GAVE MY KIDS \$100,000 TWO YEARS AGO, WHICH IS IN THE FIVE-YEAR LOOK BACK PERIOD, THEY WILL SAY THAT YOU ARE DISQUALIFIED FROM MEDICAID ASSISTANCE FOR A CERTAIN PERIOD OF TIME, THE PERIOD OF TIME THAT THEORETICALLY, ROUGHLY, YOU WOULD HAVE BURNED UP THAT \$100,000 HAD YOU KEPT IT. THAT'S EXISTING LAW, EXISTING FEDERAL LAW. THIS DOESN'T CHANGE ANY OF THAT. [LB1103]

SENATOR FRIESEN: YEAH, I'M JUST ASKING SCENARIOS. SO AT THAT POINT IN TIME, IF YOU DIDN'T ANSWER CORRECTLY THOUGH AND JUST SAY, I GOT NO ASSETS, THERE'S NOTHING THEY CAN DO UNDER EITHER LAW, CORRECT? [LB1103]

SENATOR SCHUMACHER: IF YOU...PARDON ME. IF YOU SAID WHAT? [LB1103]

SENATOR FRIESEN: UNDER...EVEN IF WE PASS THIS, IF I'VE DONE AND I ANSWER THE QUESTIONS DISHONESTLY AND JUST SAY I HAD NO ASSETS, I'VE GIVEN NOTHING AWAY, UNDER EITHER SCENARIO, WHAT HAPPENS? [LB1103]

SENATOR SCHUMACHER: WELL, FIRST OF ALL, IF THEY FIND OUT YOU LIED, YOU WILL GET A BILL FOR WHAT THEY ADVANCE TO YOU. [LB1103]

SENATOR FRIESEN: SO I DON'T HAVE ANY MONEY. THEY'RE NOT GOING TO GET ANY FROM ME. IT'S GONE. [LB1103]

SENATOR KRIST: ONE MINUTE. [LB1103]

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SENATOR SCHUMACHER: THAT IS...IF YOU'RE ABSOLUTELY BROKE, YOU'RE ABSOLUTELY BROKE, YOU CAN'T GET BLOOD OUT OF A TURNIP. [LB1103]

SENATOR FRIESEN: SO YOU GIVE IT AWAY, IT'S STILL GONE, AND THEY WON'T GO AFTER THE ASSETS. SO IF I WRITE A BIG CHECK AND TWO YEARS LATER I'M APPLYING FOR MEDICAID, IT'S GONE, WHO ARE THEY GOING TO GO AFTER? YOU JUST DON'T GET MEDICAID? THEY DON'T TAKE CARE OF YOU? [LB1103]

SENATOR SCHUMACHER: THEY'RE GOING TO DISQUALIFY YOU FOR A PERIOD OF TIME UNTIL THAT ASSET IS BURNED UP. THEY DO THAT NOW IF THEY CATCH YOU. THIS STEPS UP THE "IF THEY CATCH YOU" PART AND GIVES...SO NO LAWYER OR ESTATE PLANNER TELLS YOU, HEY, HERE'S HOW YOU GO BEAT THE SYSTEM. [LB1103]

SENATOR FRIESEN: SO CURRENTLY I'VE HEARD OF PEOPLE THAT THEY FORM A NONPROFIT AND PUT ALL THEIR ASSETS INTO A NONPROFIT AND THEN THEY MANAGE THE NONPROFIT UNTIL THEY NO LONGER WANT TO AND THEY'RE PAID BY THE NONPROFIT. HOW DOES THIS AFFECT SOMEBODY THAT DOES SOMETHING LIKE THAT? [LB1103]

SENATOR SCHUMACHER: WELL, THIS...ARE THEY IN CONTROL OF THE NONPROFIT? [LB1103]

SENATOR FRIESEN: WELL, NOT NECESSARILY. THEY COULD TURN OVER CONTROL OF THE... [LB1103]

SENATOR KRIST: TIME, SENATORS. [LB1103]

SENATOR FRIESEN: THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR FRIESEN AND SENATOR SCHUMACHER. SENATOR BRASCH, YOU'RE RECOGNIZED. [LB1103]

SENATOR BRASCH: THANK YOU, MR. PRESIDENT, AND THANK YOU, COLLEAGUES. THERE HAVE BEEN MANY, MANY QUESTIONS ASKED. AND I DO NOT SUPPORT THIS BILL. I WOULD SUPPORT BRACKETING IT, ALTHOUGH I UNDERSTAND SENATOR SCHUMACHER'S INTENTIONS ARE TO CATCH THE CHEATERS. AND I GUESS I HAVE MORE FAITH IN PEOPLE. WHAT IT APPEARS TO

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ME IS WE'RE JUST GROWING MORE GOVERNMENT. WE'RE CONSTANTLY...WE'RE ADDING TO RESPONSIBILITIES FOR HEALTH AND HUMAN SERVICES, OR DO WE ENGAGE AUDITORS? PERHAPS AUDITORS NEED TO GO AND CHECK THE CUPBOARDS AND MAKE SURE CUPBOARDS ARE BARE. AS I'M LISTENING TO THE DEBATE AND THE CONSIDERATIONS HERE, YOU KNOW, IT JUST SEEMS LIKE WE'RE GOING IN THE WRONG DIRECTION. IT'S GOING TO COST US MORE TAXES, MORE TAXPAYER DOLLARS TO MONITOR THIS. AND ALL OF A SUDDEN WE'VE BECOME THE LEGISLATIVE POLICE THAT WE'RE MAKING SURE THAT IF SOMEONE IS INDIGENT OR BROKE OR SEEING HARD TIMES, THE LEGISLATURE MUST COME CHECK THEIR POCKETS TO MAKE SURE THEY'RE EMPTY. I THINK THAT'S THE WRONG DIRECTION. WE SHOULD NOT DRIVE PEOPLE TO THE POINT WHERE THEY MUST HIDE ALL OF THEIR POSSESSIONS BECAUSE IT NO LONGER BELONGS TO THEM, IT BELONGS TO TAXES, AND WE DECIDE HOW MUCH PEOPLE CAN KEEP. I KNOW THAT SOUNDS A LITTLE HARSH. BUT JUST SEEING WHAT THE EXPECTATIONS ARE HERE AND KNOWING THAT WE HAVE REGULATIONS IN PLACE, WE HAVE LOOK-BACK PERIODS IN PLACE, AGAIN, I THINK WE'RE LOOKING FOR A PROBLEM, AS SENATOR SCHUMACHER SAID, THAT WE'RE TRYING TO GET AHEAD OF THIS. WELL, I'M HOPING THAT WITH ALL OF THE WELLNESS EDUCATION, THE BABY BOOMERS ARE WELL AWARE OF WHAT THE QUALITY OF LIFE CAN BE SHOULD YOU LIVE A LIFE OF A GOOD NUTRITIONAL DIET, EXERCISE. I DON'T THINK PEOPLE REALLY WANT TO GO TO HOMES. WE FUNDED LEGISLATION HERE TO HELP PEOPLE STAY AT HOME. HEALTH AND HUMAN SERVICES IS NOW WORKING WITH THAT SO THE AGED CAN STAY IN THEIR OWN HOMES LONGER. I THINK WE NEED TO LOOK AT BETTER WAYS TO ENCOURAGE LOW USE OF MEDICAID DOLLARS AND HAVE A LITTLE CONFIDENCE IN THE TAXPAYER THAT PEOPLE ARE WILLING TO PAY TAXES IF THEY ARE FOR THE RIGHT REASON, IF THEY ARE TO PAY FOR INFRASTRUCTURE, IF THEY ARE TO PAY FOR EDUCATION, IF THEY ARE... YOU KNOW, THERE ARE SO MANY THINGS. BUT TO TAKE TIME AND SAY THAT WE HAVEN'T TAKEN ENOUGH OR WE DON'T BELIEVE YOU, I DON'T THINK THAT'S OUR ROLE. IT SEEMS LIKE THERE SHOULD ALREADY BE AN AGENCY OUT THERE, A TEAM OF SUPER SLEUTHS THAT WILL CHECK AND SEE IF TAXES HAVE BEEN PAID AND IF THE POOR ARE ADEQUATELY POOR ENOUGH. AGAIN, I BELIEVE WE SHOULD BRACKET THIS. I WOULD ENCOURAGE SENATOR SCHUMACHER TO DO A LEGISLATIVE INTERIM STUDY. LET'S GET THE FACTS TOGETHER,... [LB1103]

SENATOR KRIST: ONE MINUTE. [LB1103]

SENATOR BRASCH: ...HAVE A MOST-WANTED PROGRAM OR SOMETHING OF SOMEONE WHO IS TAKING ADVANTAGE OF MEDICAID THAT SHOULD NOT BE AND

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GO AFTER THEM THERE. THANK YOU, MR. PRESIDENT. THANK YOU, COLLEAGUES. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR BRASCH. SENATOR RIEPE, YOU ARE RECOGNIZED. [LB1103]

SENATOR RIEPE: THANK YOU, MR. PRESIDENT. MEMBERS OF THE SENATE, I STAND IN OPPOSITION TO THE BRACKET, AND I STAND IN SUPPORT OF LB1103. MEDICARE IS THE FASTEST GROWING LIABILITY TO THE STATE TAXPAYERS. I HAVE TALKED MANY TIMES ABOUT EVERYONE THAT WANTS TO EXPAND MEDICAID, WHETHER IT'S FORMALLY OR INFORMALLY, THROUGH A VARIETY OF PROGRAMS, AND THERE'S A TENDENCY TO SAY, WELL, YOU KNOW, WE'LL JUST ADD THIS UP. BUT WE HAVE TO PUT SOME FIXES TO THIS SITUATION. I'M ALSO TAKEN BACK A BIT WITH INDIVIDUALS WHO WANT INDEPENDENCE, THEY WANT LESS GOVERNMENT, AND YET AT THE END OF THEIR DAY THEY WANT TO SHIELD OR HIDE THEIR ASSETS, IF YOU WILL, AND HAVE THE GOVERNMENT TAKE CARE OF THEM AT THAT TIME. I WANT TO TELL A LITTLE STORY. MY LATE MOTHER...MY LATE WIFE'S MOTHER WAS MARRIED TO A COUNTY SHERIFF OUT IN HASTINGS. THEY HAD NO MONEY IN HER OLD AGE. SHE LIVED TO BE 90-SOME. SHE WENT INTO A NURSING HOME. SHE HAD TO GO ON MEDICAID. AND THEY WERE VERY GOOD TO HER. HER BROTHER DIED AND LEFT HER \$250,000. WE IMMEDIATELY TOOK HER OFF OF MEDICAID. AND AT THE TIME OF HER DEATH, SHE HAD SOME \$60,000 OF THAT \$250,000 LEFT. THAT WAS HIS INTENT FOR GIVING IT HER, TO TAKE CARE OF HER. AND RECENTLY...AND THE ESTATE IS BEING SETTLED AND THE ATTORNEY...THROUGH THE ATTORNEY I WAS NOTIFIED THAT THE STATE WAS GOING TO DO A CLAWBACK OF SOME \$28,000. AND I SAID, THAT'S RIGHT, WE OWED THAT, SHE HAD THOSE ASSETS. BUT IT WAS WITHOUT ANY GREAT BUREAUCRATIC NIGHTMARE--THEY SIMPLY FILED IT WITH THE ATTORNEY. IT WILL GET PAID OUT OF THE ESTATE BEFORE ANY REMAINING MONEY GOES TO ANYONE THAT WOULD INHERIT THAT MONEY. I ALSO LAST YEAR CARRIED SOME LEGISLATION, AND I KNOW WE TALKED A LOT ABOUT LONG-TERM DISABILITY AND ALSO SOME LONG-TERM CARE INSURANCE. PRIOR TO MY CARRYING IT, SENATOR COASH HAD CARRIED IT; YEARS AGO, SENATOR GAY CARRIED IT. I THINK IT'S BEEN AROUND. WE HAD AN INTEREST IN PROVIDING SOME INCENTIVE FOR MAYBE...NOT FOR THOSE OF US. I HAPPEN TO CARRY LONG-TERM CARE INSURANCE. BUT IN THE INSURANCE BUSINESS WE WANTED TO HAVE SOMETHING THAT WOULD GET THEM STARTED AND HOPEFULLY THEY WOULD CONTINUE ON THAT. IN THE INSURANCE BUSINESS, THOSE OF YOU WHO ARE IN THAT BUSINESS CAN TELL YOU, YOU BUY INSURANCE FOR THE THINGS YOU CAN'T AFFORD TO LOSE. AND IF YOU CAN'T

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AFFORD TO LOSE YOUR FARM OR YOUR RANCH, THEN YOU NEED TO TAKE CARE OF IT. YOU CAN STILL GET INSURANCE, I ARGUE--I KNOW BECAUSE I HAVE IT-- AND YOU PAY THE PRICE. BUT THE OTHER PRICE IS YOU TAKE... YOU'RE AT RISK. SO IF YOU WANT TO MANAGE YOUR RISK, GET THE INSURANCE. IF YOU DON'T TAKE YOUR RISK...BUT DON'T HIDE YOUR ASSETS. I THINK THAT THAT'S JUST...TO ME THAT'S NOT THE WAY THAT WE SHOULD DO THINGS; THAT'S NOT THE WAY THAT WE SHOULD LIVE OUR LIFE. THANK YOU. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR RIEPE. SENATOR SCHEER, YOU'RE RECOGNIZED. [LB1103]

SENATOR SCHEER: THANK YOU, MR. PRESIDENT. AFTER LISTENING TO SENATOR RIEPE, IT SEEMS TO ME THAT THE SYSTEM ALREADY WORKS. HE JUST TALKED ABOUT HIS MOTHER-IN-LAW RECEIVING A \$250,000. AND WHEN THEY SETTLED THE ESTATE, THE STATE WAS RIGHT THERE TO COLLECT THEIR BACK DUE AMOUNT. MY WIFE HAS WORKED A PORTION OF HER LIFE IN NURSING HOMES, AND MOST OF THE PEOPLE THAT ARE ON MEDICAID IN THOSE NURSING HOMES AREN'T WEALTHY LAND BARONS THAT HAVE GIVEN EVERYTHING AWAY. THEY'RE HARDWORKING PEOPLE THAT WORKED PROBABLY FOR SOMEONE ELSE, OR PERHAPS ON THEIR OWN, FOR THEMSELVES, AND DIDN'T EVER ABLE...WEREN'T EVER ABLE TO ACCUMULATE VERY MUCH AND THEY SIMPLY RAN OUT OF MONEY BEFORE THEY RAN OUT OF BREATH. WE'RE TRYING TO DEVELOP A SYSTEM TO CATCH SOMEBODY THAT WE DON'T EVEN KNOW REALLY EXISTS TO THE EXTENT. I LOOKED AT THE FISCAL NOTE. WE'RE TALKING ABOUT A HALF-MILLION DOLLARS IN A SEARCH-AND-DESTROY METHOD, AND IF WE DON'T...IF WE SEARCH BUT WE DON'T DESTROY, WE'RE OUT THE MONEY, BUT YET THE FISCAL NOTE MAKES THIS ILLUSTRIOUS ASSUMPTION THAT WE'RE GOING TO COLLECT FROM ALL THESE DIFFERENT PEOPLE. I ALSO HAVE A BIG PROBLEM WITH PEOPLE THAT HAVE ALREADY DONE ESTATE PLANNING. I'M GETTING TO THAT AGE. I'M 62; I'LL BE 63. SO I GO TO MY ATTORNEY AND I FIGURE OUT EVERYTHING, MY WIFE AND I. NOW I'M LIKE EVERYBODY ELSE. I ALWAYS THINK THAT THE ATTORNEY HAS TO HAVE GRAY HAIR, EVEN WHEN I WAS YOUNG, TO MAKE SURE THAT THE PERSON KNEW WHAT THEY WERE DOING. WELL, GUESS WHAT? HE RETIRES ON ME, BUT THAT'S OKAY BECAUSE I'VE ALREADY DONE IT, EVERYTHING'S COPACETIC, I'M GOOD TO GO. AND SIX AND EIGHT MONTHS...SIX OR EIGHT YEARS LATER, WHEN I EXPIRE OR MY WIFE AND I EXPIRE, ALL OF A SUDDEN THERE'S THE STATE WITH THEIR HAND OUT AND I DIDN'T ANTICIPATE IT AT ALL BECAUSE I DIDN'T KNOW. AND I DIDN'T HAVE TO GO BACK AND CHECK IT BECAUSE IT WAS ALREADY DONE. YOU KNOW, THIS IS A VERY, VERY COMPLICATED SYSTEM FOR SOMETHING THAT SHOULD BE FAIRLY SIMPLE, AND

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IT APPEARS TO ME THAT WHAT WE HAVE FOR THE MOST PART IS WORKING, AND, YES, SENATOR KOLTERMAN IS RIGHT. THERE MIGHT BE A FEW PEOPLE OUT THERE THAT WILL GIVE EVERYTHING AWAY JUST TO GET THEIR FREEBIE FROM THE FEDERAL GOVERNMENT OR THE STATE GOVERNMENT. THAT MIGHT BE THE CASE, BUT I DON'T THINK ANY OF US THAT WOULD WALK INTO A NURSING HOME AND START WALKING UP AND DOWN AND LOOKING IN THE ROOMS, THOSE FOLKS THAT ARE BEING PAID FOR BY MEDICAID, AND FEEL THAT THEY ARE WEALTHY INDIVIDUALS THAT HAVE TRIED TO SKIRT THE SYSTEM JUST SO THAT THE STATE WILL END UP HAVING TO PAY THEIR \$3,800 A MONTH FOR THEIR ROOM AND BOARD. IS THERE EXCEPTIONS? PROBABLY. THERE PROBABLY ARE EXCEPTIONS 25 YEARS AGO OR 30 YEARS AGO. AND WILL THERE BE SOME IF WE DON'T DO ANYTHING? PROBABLY, BUT I DON'T KNOW THAT WE LOSE A HALF-MILLION DOLLARS A YEAR. AND I DON'T KNOW THAT WE DO, WE DON'T. WE HAVE NO BASIS TO MAKE THAT DETERMINATION. COULD IT BE? IS THERE POTENTIAL? ABSOLUTELY. I IMAGINE THERE IS. BUT WHEN I LOOKED AT THE COMMITTEE... [LB1103]

SENATOR KRIST: ONE MINUTE. [LB1103]

SENATOR SCHEER: THANK YOU, MR. PRESIDENT. WHEN I LOOKED AT THE COMMITTEE STATEMENT AND LOOKED AT PROPONENTS--LOOK IT UP, FELLAS AND WOMEN--THERE'S ONE: THE INTRODUCER. THE STATE WASN'T THERE; HEALTH AND HUMAN SERVICES WASN'T THERE; PR WASN'T THERE; NO ONE WAS THERE. THERE WERE PEOPLE AGAINST IT AND THERE WERE A FEW IN A NEUTRAL CAPACITY. AND NORMALLY TO ME, AND EVERYBODY HAS THEIR OWN OPINIONS, BUT I VERY RARELY SEE VERY MANY NEUTRALS. THE NEUTRALS ARE THE ONES THAT ARE USUALLY NEGATIVE BUT THEY JUST WANT TO SAY THAT THEY'RE NEUTRAL SO THAT THEY'RE NOT A NEGATIVE. BUT I THINK WE'RE TRYING TO FIX A PROGRAM THAT, EVEN ACCORDING TO SENATOR RIEPE, IS WORKING. WE'RE COLLECTING MONEY. [LB1103]

SENATOR KRIST: TIME, SENATOR. [LB1103]

SENATOR SCHEER: THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR SCHEER. SENATOR EBKE, YOU'RE RECOGNIZED. [LB1103]

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SENATOR EBKE: THANK YOU, MR. PRESIDENT. I WONDER IF SENATOR SCHUMACHER WOULD BE OPEN TO A LITTLE BIT OF A DISCUSSION, ANSWERING A FEW QUESTIONS. [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB1103]

SENATOR SCHUMACHER: SURE WILL. [LB1103]

SENATOR EBKE: THANK YOU. LET ME GIVE YOU A LITTLE BIT OF A HYPOTHETICAL HERE. IF SOMEONE HAS \$5 MILLION IN PROPERTY OR WHATEVER, WHICH WOULDN'T BE THAT MUCH PROPERTY, I GUESS, GIVEN TODAY'S LAND PRICES, AND THEY'VE DECIDED TO PUT IT INTO A LIFE ESTATE OF SOME SORT AND THEY DID THAT IN 2007, WHAT WOULD BE THE IMPACT IF THEY WENT INTO THE NURSING HOME TODAY? [LB1103]

SENATOR SCHUMACHER: THIS BILL IS PROSPECTIVE IN NATURE. IT WOULD NOT AFFECT THEM. [LB1103]

SENATOR EBKE: IT WOULDN'T AFFECT THEM AT ALL. IF THEY WERE GETTING READY TO GO IN AND DO THEIR ESTATE PLANNING TODAY, OR WHATEVER THE EFFECTIVE DATE OF THE BILL IS, AND THEY WENT IN TO DO THAT AND THEY ENDED UP NOT GOING INTO THE NURSING HOME FOR TEN YEARS, WOULD THAT HAVE ANY EFFECT ON THEM? [LB1103]

SENATOR SCHUMACHER: DEPENDS WHAT THEY DID IN THAT ESTATE PLANNING. [LB1103]

SENATOR EBKE: OKAY, SO IF THEY HAD A LIFE ESTATE OR GAVE THEIR CHILDREN THE LAND TEN YEARS PREVIOUSLY AND THEN LIVED ON THE PROPERTY FOR THE NEXT TEN YEARS. [LB1103]

SENATOR SCHUMACHER: OKAY. THEY RETAINED AN INTEREST IN THE PROPERTY, LIFE ESTATE, WITH YOU DESCRIBING. WHAT BASICALLY WOULD HAPPEN IS--AND THEY RAN UP A NURSING HOME BILL--UPON THEIR DEATH, THE STATE WOULD BE ABLE TO ASSESS THAT NURSING HOME ASSESSMENT AGAINST THE INCOME OF THAT...THE HEIRS UNTIL IT WAS PAID OFF. [LB1103]

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SENATOR EBKE: OKAY. THIS BILL CAME TO JUDICIARY COMMITTEE, WHICH I SIT ON, AND I DID VOTE IT OUT OF COMMITTEE. AND I THINK THE ONLY TWO OPPONENTS TO THE BILL WERE ATTORNEYS FROM MY DISTRICT. AND MY UNDERSTANDING IS THAT, THROUGH THE BAR ASSOCIATION, THAT THE AMENDMENT THAT THE COMMITTEE ENDED UP DRAFTING DEALT WITH MOST OF THEIR CONCERNS, ANYHOW, WITH RESPECT TO THE BILL. IS THAT YOUR UNDERSTANDING? [LB1103]

SENATOR SCHUMACHER: YES, IT DID. THE BAR ASSOCIATION OF COURSE HAS SOME MEMBERS WHO MAKE MONEY HELPING PEOPLE DO THIS, AND SO IT WASN'T GOING TO GET IN THE MIDDLE OF TAKING A POSITION. BUT IT WAS EXTREMELY HELPFUL AND INTRODUCED A LOT OF LANGUAGE THAT NOW APPEARS IN THE BILL AND WHICH IS NECESSARY FOR THE EFFECTIVE ADMINISTRATION OF LB72. [LB1103 LB72]

SENATOR EBKE: NOW YOU MENTIONED DEMOGRAPHICS AND THE AGING POPULATION AND HOW THE BABY BOOMERS ARE ON THEIR WAY TO THE NURSING HOME IN THE NOT-TOO-DISTANT FUTURE, UNFORTUNATELY, FOR MANY OF US. LET'S TALK A LITTLE BIT ABOUT THAT. AND DO WE HAVE ANY NUMBERS IN TERMS OF WHAT PERCENTAGE OF THOSE...I THINK SENATOR KOLTERMAN SAID IT'S SOMETHING LIKE 50 PERCENT OF THOSE WHO ARE RESIDENTS OF NURSING HOMES ARE ON MEDICAID. [LB1103]

SENATOR SCHUMACHER: I HAVE NO REASON TO QUESTION SENATOR KOLTERMAN'S NUMBER. IT'S A GROWING NUMBER AND IT'S GOING TO GET A LOT WORSE BECAUSE PEOPLE HAVEN'T BEEN ABLE TO SAVE. AND SO WHEREVER WE CAN SAVE A NICKEL, IT'LL MEAN WE'LL BE ABLE TO TAKE CARE OF THAT MANY MORE. AND IT'S A POLICY CHOICE. [LB1103]

SENATOR EBKE: SURE. [LB1103]

SENATOR SCHUMACHER: DO YOU SPEND...DO YOU GO ON THE STATE AND GIVE YOUR KIDS, YOUR HEIR, YOUR ESTATE? OR DO YOU...ARE YOU RESPONSIBLE FOR YOURSELF FIRST BEFORE YOU PASS IT ON? IT'S A POLICY CHOICE. [LB1103]

SENATOR EBKE: SO IN SOME RESPECTS WE MIGHT SUGGEST THAT DEMOGRAPHICS IS EQUAL TO MEDICAID EXPANSION OR POTENTIAL MEDICAID EXPANSION? [LB1103]

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SENATOR SCHUMACHER: I GUESS I DON'T UNDERSTAND THAT...WHAT YOU'RE...
[LB1103]

SENATOR EBKE: WELL, BECAUSE WE'RE ALL AGING OUT, WE'RE ALL GETTING
OLDER, THE INEVITABILITY OF IT IS THAT MEDICAID IS GOING TO EXPAND BY
VIRTUE OF THOSE WHO ARE IN NURSING HOMES. [LB1103]

SENATOR SCHUMACHER: THAT'S AN EXPANSION WE DON'T LIKE, BUT WE'RE
GOING TO HAVE WHETHER WE VOTE FOR IT OR NOT. [LB1103]

SENATOR EBKE: OKAY. ONE OTHER... [LB1103]

SENATOR KRIST: ONE MINUTE. [LB1103]

SENATOR EBKE: THANK YOU. ONE OTHER THING: A COUPLE OF WEEKS AGO,
AND I DON'T REMEMBER WHICH BILL IT WAS, WE WERE TALKING ABOUT SNAP
BENEFITS FOR THOSE WHO HAD...THOSE WHO WERE ON PROBATION OR HAD
BEEN RELEASED FROM CUSTODY. DO YOU REMEMBER THAT? [LB1103]

SENATOR SCHUMACHER: I BELIEVE SO. [LB1103]

SENATOR EBKE: OKAY. AND ONE OF THE PIECES OF OPPOSITION TO THAT WAS
THAT, YOU KNOW, WE NEEDED TO BE ACCOUNTABLE FOR TAXPAYER MONIES
AND THESE FOLKS NEEDED TO BE HELD ACCOUNTABLE. I LOOKED IT UP AND
LOOKS TO ME LIKE SNAP BENEFITS RUN AN AVERAGE OF ABOUT \$253 A MONTH.
DO YOU REMEMBER WHAT THE NUMBER WAS THAT SENATOR KOLTERMAN GAVE
FOR, OR APPROXIMATE, NURSING HOME STAYS? [LB1103]

SENATOR SCHUMACHER: I DIDN'T PARTICULARLY CATCH THAT NUMBER WHEN
HE SPOKE, BUT IT'S A WHOLE LOT MORE THAN \$200 A MONTH. [LB1103]

SENATOR EBKE: OKAY. SO IN SOME RESPECTS I THINK, YOU KNOW, IT IS
A...SOMETHING OF A FIDUCIARY RESPONSIBILITY FOR US TO CONSIDER THAT.
THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR EBKE AND SENATOR SCHUMACHER.
SENATOR HOWARD, YOU'RE RECOGNIZED. [LB1103]

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SENATOR HOWARD: THANK YOU, MR. PRESIDENT. I RISE WITH SOME CONCERNS ABOUT LB1103, PARTIALLY BECAUSE I THINK THIS IS A GOOD EXAMPLE OF A BILL THAT COULD HAVE BEEN HEARD IN ONE OF TWO COMMITTEES, EITHER JUDICIARY OR HEALTH AND HUMAN SERVICES, BECAUSE IT DEALS WITH OUR MEDICAID AND LONG-TERM CARE DEPARTMENT WITHIN THE DEPARTMENT OF HEALTH AND HUMAN SERVICES. BUT FIRST I WANT TO CLARIFY A FEW THINGS WITH SENATOR SCHUMACHER. WOULD SENATOR SCHUMACHER YIELD TO A QUESTION? [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB1103]

SENATOR SCHUMACHER: YES, I WILL. [LB1103]

SENATOR HOWARD: THANK YOU. I WANTED TO CLARIFY THE REAL ESTATE TRANSFERS AND THE DOCUMENTS THAT WOULD NEED TO BE SENT TO THE DEPARTMENT PRIOR TO AN APPLICATION FOR MEDICAID. [LB1103]

SENATOR SCHUMACHER: OKAY. [LB1103]

SENATOR HOWARD: SO WHAT TYPE OF REAL ESTATE TRANSFERS WOULD BE SENT TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES? [LB1103]

SENATOR SCHUMACHER: A REAL ESTATE TRANSFER WHERE IT WAS TO TRANSFEREES, WHICH ARE HEIRS, AND IN WHICH THERE WAS A RETAINED INTEREST OF SOME DESCRIPTION. [LB1103]

SENATOR HOWARD: AND IS THERE ANY AGE LIMIT FOR THESE REAL ESTATE TRANSFERS? DO THEY START WHEN PEOPLE ARE 55 AND UP OR ANYTHING LIKE THAT? [LB1103]

SENATOR SCHUMACHER: NO, ANY REAL ESTATE TRANSFER TO YOUR HEIRS WHERE YOU RETAIN A...BASICALLY RETAIN A LIFE ESTATE OR OTHER SOME RETAINED INTEREST. [LB1103]

SENATOR HOWARD: SO...AND WHO WOULD BE SENDING THOSE DOCUMENTS TO THE DEPARTMENT? [LB1103]

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SENATOR SCHUMACHER: IT'S AN OBLIGATION OF THE TRANSFEROR. MY GUESS IS THE ATTORNEY WHO PREPARES THE DEED WOULD DO THAT. [LB1103]

SENATOR HOWARD: AND THEY WOULD DO THAT PRIOR TO THE INDIVIDUAL OPENING A CASE AND AN APPLICATION FOR MEDICAID. [LB1103]

SENATOR SCHUMACHER: THEY WOULD DO THAT WITHIN 15 DAYS, I THINK THE STATUTE SAYS, OF THE TRANSFER. [LB1103]

SENATOR HOWARD: OF THE TRANSFER. SO I SPENT TWO YEARS WORKING ON THE ACCESSNEBRASKA SPECIAL INVESTIGATIVE COMMITTEE AND ONE OF THE PIECES OF ACCESSNEBRASKA IS HOW IT FUNCTIONS. SO EVERY APPLICATION FOR ENROLLMENT IN MEDICAID AND LONG-TERM CARE GOES THROUGH OUR ACCESSNEBRASKA SYSTEM. NOW EVERY TIME A PIECE OF PAPER IS SENT TO ACCESSNEBRASKA, IT FIRST GOES TO OUR DOCUMENT IMAGING CENTERS, OR OUR ANDI CENTERS. THERE ARE TWO OF THEM IN THE STATE. AND THERE ARE INDIVIDUALS WHO, ONE BY ONE, SCAN EACH DOCUMENT: PAY STUBS, BIRTH CERTIFICATES, IDENTIFICATION. I'M NOT SEEING ANY INCREASE IN FTEs IN YOUR FISCAL NOTE TO ACCESSNEBRASKA. [LB1103]

SENATOR SCHUMACHER: NOT TO ACCESSNEBRASKA, THIS WOULD BE TO A DHHS DEPARTMENT AT AN ADDRESS OR A COMPUTER STATION THAT THEY SPECIFY ACCORDING TO THE NOTICE PROVISIONS THAT WERE PUT IN THERE. [LB1103]

SENATOR HOWARD: SO RIGHT NOW THE DEPARTMENT OF HEALTH AND HUMAN SERVICES LIVES IN THE N-FOCUS DATABASE. THERE ARE NO SEPARATE DATABASES WITHIN MEDICAID AND LONG-TERM CARE. THE ONLY DIVISION THAT HAS SEPARATE DATABASES IS THE DIVISION OF PUBLIC HEALTH, AND THOSE ARE PREDOMINANTLY FOR EPIDEMIOLOGICAL SURVEYS. SO ANY PIECE OF DOCUMENTATION THAT WOULD GO WITH AN APPLICATION FOR MEDICAID WOULD NEED TO GO INTO THE N-FOCUS SYSTEM. HOWEVER, MY CONCERN IS THAT THERE WOULD BE NO CASE FILE IN THE N-FOCUS SYSTEM TO PEND AND TAG THIS REAL ESTATE TRANSFER WITHOUT AN OPEN APPLICATION FOR MEDICAID. SO OFF THE MIKE YOU HAD SUGGESTED THAT THEY BUILD A SEPARATE DATABASE FOR THESE REAL ESTATE TRANSFERS. IS THAT SOMETHING THAT YOU'RE STILL SUGGESTING? [LB1103]

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SENATOR SCHUMACHER: THAT WOULD BE ONE WAY FOR THEM TO DO IT. THEY HAVE AUTHORITY TO DO RULES AND REGULATIONS AND, I SUSPECT, COULD ESTABLISH THAT. YOU'RE NOT LOOKING AT A WHOLE LOT OF DATA HERE. [LB1103]

SENATOR HOWARD: SO WE'RE NOT LOOKING AT A LOT OF REAL ESTATE TRANSFERS? [LB1103]

SENATOR SCHUMACHER: YOU'RE NOT LOOKING AT A WHOLE LOT OF DATA; YOU'RE LOOKING AT THE IDENTIFYING THE PARTIES TO THE DEED, A COPY OF THE DEED, WHICH WOULD PROBABLY BE A PDF--MOST LIKELY IT COULD BE SUBMITTED THAT WAY OR THEY COULD MAKE IT SO BY RULE AND REGULATION--AND THE SOCIAL SECURITY NUMBER FOR TRACKING PURPOSES. IF SOME...IF THAT SOCIAL SECURITY NUMBER EVER SHOWED UP AS AN APPLICANT, THAT SOCIAL SECURITY NUMBER WOULD BE IN THAT INFORMATION. [LB1103]

SENATOR HOWARD: THANK YOU, SENATOR SCHUMACHER. I HAVE NO FURTHER QUESTIONS FOR YOU. YOU'RE WELCOME. [LB1103]

SENATOR KRIST: ONE MINUTE. [LB1103]

SENATOR HOWARD: SO I THINK MY CONCERN HERE IS TWOFOLD. ONE IS THAT THERE WOULD BE A SEPARATE DATABASE OUTSIDE OF OUR N-FOCUS SYSTEM. NOW, WHEN N-FOCUS WAS FIRST CREATED, IT WAS INTENDED TO BE AS INTEGRATED AS POSSIBLE SO THAT YOU COULD SEE BOTH YOUR SNAP BENEFIT APPLICATION AND YOUR MEDICAID APPLICATION, YOUR CHILD CARE SUBSIDY, YOUR CHILD SUPPORT. EVERYTHING WOULD BE IN ONE PLACE. SENATOR SCHUMACHER'S LB1103 IS SUGGESTING THAT WE CREATE A SEPARATE DATABASE FOR THE SAME FUNCTION, WHICH MEANS THAT OUR ACCESSNEBRASKA WORKERS WOULD HAVE TO GO INTO THE ACCESSNEBRASKA SYSTEM AND N-FOCUS DURING AN APPLICATION FOR MEDICAID, AND THEN GO INTO A SEPARATE SYSTEM IN ORDER TO CHECK ON THOSE REAL ESTATE TRANSFERS. THAT CREATES AN ADDITIONAL BURDEN THAT I DON'T SEE REFLECTED IN THE FISCAL NOTE. THIS WOULD ALSO BE THE FIRST TIME THAT N-FOCUS, ACCESSNEBRASKA, AND THE DEPARTMENT OF HEALTH AND HUMAN SERVICES WOULD HAVE THE LIBERTY OF COLLECTING INFORMATION WITHOUT AN OPEN APPLICATION THROUGH ACCESSNEBRASKA, WHICH MEANS THEY WOULD BE COLLECTING DATA WHERE THERE HAS BEEN NO APPLICATION, THERE'S NO

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APPLICANT, THERE'S NO CASE FILE, AND THAT CONCERNS ME. THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR HOWARD AND SENATOR SCHUMACHER. SENATOR CRAIGHEAD, YOU'RE RECOGNIZED. [LB1103]

SENATOR CRAIGHEAD: QUESTION. [LB1103]

SENATOR KRIST: QUESTION HAS BEEN CALLED. DO I SEE FIVE HANDS? I SEE MORE THAN FIVE HANDS. QUESTION IS, SHALL DEBATE CEASE? ALL THOSE IN FAVOR VOTE AYE; OPPOSED, NAY. SENATOR CRAIGHEAD, FOR WHAT REASON DO YOU RISE? [LB1103]

SENATOR CRAIGHEAD: I'D LIKE TO HAVE A CALL OF THE HOUSE, PLEASE. [LB1103]

SENATOR KRIST: THERE'S BEEN A REQUEST TO PUT THE HOUSE UNDER CALL. THE QUESTION IS, SHALL THE HOUSE GO UNDER CALL? THOSE IN FAVOR VOTE AYE; OPPOSED, NAY. PLEASE RECORD, MR. CLERK. [LB1103]

CLERK: 32 AYES, 0 NAYS, MR. PRESIDENT, TO PLACE THE HOUSE UNDER CALL. [LB1103]

SENATOR KRIST: THE HOUSE IS UNDER CALL. SENATORS, PLEASE RECORD YOUR PRESENCE. THOSE UNEXCUSED SENATORS OUTSIDE THE CHAMBER PLEASE RETURN TO THE CHAMBER AND RECORD YOUR PRESENCE. ALL UNAUTHORIZED PERSONNEL PLEASE LEAVE THE FLOOR. THE HOUSE IS UNDER CALL. SENATORS MELLO, SENATOR BOLZ, WILL YOU CHECK IN, PLEASE. SENATOR BURKE HARR, SENATOR CHAMBERS, SENATOR GROENE, WILL YOU CHECK IN, PLEASE. SENATOR SCHILZ, PLEASE RETURN TO THE CHAMBER. THE HOUSE IS UNDER CALL. SENATOR MELLO, THE HOUSE IS UNDER CALL. PLEASE RETURN TO THE CHAMBER. SENATOR CRAIGHEAD, WILL YOU ACCEPT CALL-INS? [LB1103]

SENATOR CRAIGHEAD: YES. [LB1103]

SENATOR KRIST: SENATOR...MR. CLERK, CALL-INS, PLEASE. [LB1103]

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CLERK: SENATOR SCHEER VOTING YES. SENATOR WATERMEIER VOTING YES.
[LB1103]

SENATOR KRIST: RECORD, MR. CLERK. [LB1103]

CLERK: (RECORD VOTE, LEGISLATIVE JOURNAL PAGES 1374-1375.) 26 AYES, 7
NAYS TO CEASE DEBATE, MR. PRESIDENT. [LB1103]

SENATOR KRIST: DEBATE DOES CEASE. SENATOR KUEHN, YOU'RE RECOGNIZED
TO CLOSE ON YOUR MOTION. [LB1103]

SENATOR KUEHN: THANK YOU, MR. PRESIDENT. THANK YOU, COLLEAGUES. I DO
WANT TO STATE THAT I SUPPORT THE CONCEPT OF ENSURING THAT INDIVIDUALS
OF MEANS DO NOT DISPOSE OF ASSETS OR INCOME IN AN ATTEMPT TO USE
MEDICAID TO COVER THEIR LONG-TERM CARE EXPENSES. IT IS AN IMPORTANT
GOAL AND IT IS AN IMPORTANT POLICY GOAL FOR ALL OF US TO CONSIDER.
THAT SAID, I DO NOT FEEL THAT THIS APPROACH IN THIS AM2394 AND LB1103 IS
THE CORRECT APPROACH FOR ADDRESSING THAT ISSUE. AS WE'VE SEEN, THERE
ARE A NUMBER OF QUESTIONS THAT HAVE BEEN RAISED ABOUT HOW THE
PARTICULAR PROPOSAL WOULD BE IMPLEMENTED IN EFFECT. THESE ARE
QUESTIONS WHICH HAVE BEEN RAISED BY THOSE WHO ARE ACTIVE IN ESTATE
PLANNING AND THE LEGAL PROCESS, THE CONSEQUENCES OF HAVING TO FILE A
LIEN WITHIN 15 DAYS OF ANY TRANSFER BETWEEN RELATED INDIVIDUALS IN
WHICH A RETAINED OWNERSHIP IS MADE, HOW THAT SHOULD GO INTO THE
SYSTEM AND BE DEALT WITH, WITH HHS; ON THE BACK SIDE OF THE PROCESS,
UNDERSTANDING HOW VITAL STATISTICS WOULD WORK WITH, IN TERMS OF
STAFFING AND ADDRESSING THOSE ISSUES ALL THE WAY THROUGH FROM THE
VETTING OF NOT JUST RECEIPTS OF MEDICAID BENEFITS, BUT AS WELL AS THE
APPLICATION OF MEDICAID BENEFITS. THE PROPOSAL WE HAVE BEFORE US IS
COMPLEX AND HIGHLY TECHNICAL, AND AT THIS POINT WE HAVE FAR MORE
QUESTIONS THAN WE HAVE CLARITY AND ANSWERS. AND SO WHILE I THINK
THE POLICY DISCUSSION SHOULD CONTINUE FORWARD AND WE SHOULD
CONTINUE TO WORK ON IT IN FUTURE LEGISLATION AND IN FUTURE EFFORTS, I
DO NOT FEEL THAT THIS IS THE RIGHT SOLUTION TO ADDRESS THIS PROBLEM AT
THIS TIME. SO I ENCOURAGE YOUR VOTE, GREEN VOTE ON THE BRACKET
MOTION AS WE MOVE FORWARD WITH MORE PRACTICAL AND IMPLEMENTABLE
SOLUTIONS TO ADDRESS THE ISSUE OF MEDICAID. THANK YOU, AND I
APPRECIATE YOUR GREEN VOTE ON THE BRACKET MOTION. [LB1103]

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SENATOR KRIST: YOU'VE HEARD THE CLOSING ON THE MOTION TO BRACKET UNTIL 4/20. I'M SORRY, SENATOR SCHUMACHER. SAY IT AGAIN, PLEASE. [LB1103]

SENATOR SCHUMACHER: ROLL CALL VOTE, REVERSE ORDER. [LB1103]

SENATOR KRIST: OKAY, THERE'S BEEN A REQUEST FOR A ROLL CALL VOTE IN REVERSE ORDER. [LB1103]

CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGES 1375-1376.) 23 AYES, 16 NAYS, MR. PRESIDENT, TO BRACKET THE BILL. [LB1103]

SENATOR KRIST: THE BRACKET MOTION FAILS. RETURNING TO DEBATE ON AM2394 AND LB1103, THOSE STILL WISHING TO SPEAK: SENATOR BLOOMFIELD, WILLIAMS, SCHUMACHER, GROENE, AND OTHERS. SENATOR BLOOMFIELD, YOU ARE RECOGNIZED. AND I RAISE THE CALL. [LB1103]

SENATOR BLOOMFIELD: THANK YOU, MR. PRESIDENT. THAT WAS OUR TEST VOTE. I HOPE WE DON'T HAVE TO GO SIX HOURS ON THIS. MAYBE WE WAIT TILL SELECT. I DON'T KNOW WHICH WAY WE'RE GOING TO GO ON IT, BUT WE KNOW THE BILLS...THE VOTES AREN'T THERE TO SURVIVE IF WE GO THAT ROUTE. I'M INCLINED TO GO THAT ROUTE. WE'LL SEE WHAT THE OTHER FOLKS THAT ARE ADAMANTLY OPPOSED TO THIS 39-PAGE, SIMPLE, LITTLE BILL THINK. BUT WE DID GET OUR TEST VOTE BEFORE WE LEFT FOR THE EVENING, AND THAT WAS OUR INTENT. THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR BLOOMFIELD. SENATOR WILLIAMS, YOU'RE RECOGNIZED. [LB1103]

SENATOR WILLIAMS: THANK YOU, MR. PRESIDENT. AND GOOD EVENING, COLLEAGUES. AND I HAVE...I PROBABLY SHOULD MAKE SOMETHING CLEAR. I AM ON JUDICIARY COMMITTEE. I DID NOT VOTE TO BRING THIS OUT OF COMMITTEE. I DID NOT VOTE AT ALL ON IT, BUT I NOW STAND IN SUPPORT OF LB1103. PART OF THE REASON THAT I WAS CONCERNED WAS SOME OF THE QUESTIONS THAT HAVE BEEN RAISED HERE, AND ESPECIALLY THE COMPLEXITY. AND I SPENT SOME TIME UNDERSTANDING THOSE ISSUES, ALSO SPENT TIME BEING SURE THAT, FROM THE OLD BANKER'S PERSPECTIVE, THAT WE HAD THE I'S DOTTED AND THE T'S CROSSED. AND AT THE END OF THE DAY, THE BANKERS CAME THROUGH WITH SUPPORT FOR THIS BILL. AND I THINK WE HAVE TO

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RECOGNIZE THAT, AGAIN, AND EVERYBODY HAS TALKED ABOUT THIS, THAT EVEN THOSE THAT HAVE OPPOSED LB1103, THEY SUPPORT THE CONCEPT AND RECOGNIZE THAT THIS IS A CONCERN WE HAVE, NOT ONLY TODAY, BUT A CONCERN THAT WE WILL CONTINUE TO HAVE IN THE FUTURE. WE HAVE APPROXIMATELY 230,000 PEOPLE ON MEDICAID IN NEBRASKA, AND WE'RE CURRENTLY SPENDING ABOUT A BILLION DOLLARS A YEAR. THAT'S A LARGE NUMBER. IN FACT, IT'S TWO LARGE NUMBERS, NUMBERS THAT WILL CONTINUE TO GROW AS WE ALLOW THIS TO HAPPEN. THERE IS NO DEFINITIVE ANSWER--I WISH THERE WAS--TO HOW OFTEN THIS IS HAPPENING. BUT I WILL TELL YOU THESE ARE CONVERSATIONS THAT I HAVE BEEN IN MANY, MANY TIMES OVER THE YEARS WITH PEOPLE SITTING IN MY OFFICE AT THE BANK, ASKING THAT QUESTION: HOW DO I GET AROUND HAVING TO PAY THAT \$6,000, \$5,000, WHATEVER IT IS, MONTHLY FEE AT THE NURSING HOME? AND I'LL ALSO TELL YOU IT'S NOT WHAT SOME PEOPLE AROUND HERE HAVE CALLED THE RICH FARMER THAT'S ASKING THAT QUESTION. IT'S THE MORE MODEST PERSON THAT DOESN'T WANT TO LOSE THEIR HOUSE, THEIR SAVINGS, THEIR QUARTER OF LAND, THAT IS TRYING TO FIND THAT WAY. ONE OF MY VERY CLOSEST FRIENDS IN GOTHENBURG IS AN ATTORNEY THAT DOES A LOT OF ESTATE PLANNING. AND HE AND I HAVE TALKED OFTEN ABOUT THE ETHICAL DILEMMA THAT HE FEELS HE IS IN BY GIVING PEOPLE ADVICE TO DO THINGS THAT HE BELIEVES, AND I AGREE WITH HIM, ARE UNETHICAL, NOT ILLEGAL, BUT THOSE THINGS THAT ALLOW PEOPLE TO GIVE AWAY PROPERTY, HIDE PROPERTY, CONCEAL ASSETS IN SUCH A WAY THAT THEY CAN RECEIVE PAYMENTS THROUGH MEDICAID FOR THEIR CARE. WHEN YOU WALK DOWN THAT HALL IN THE NURSING HOME AND LOOK IN THOSE DOORS, AS SENATOR SCHEER OFFERED, YES, YOU DON'T NECESSARILY SEE PEOPLE THAT YOU WOULD SAY ARE WEALTHY OR PEOPLE THAT YOU WOULD SAY ARE POOR. YOU SEE AN ACCUMULATION OF THINGS. BUT WHAT YOU DON'T SEE WHEN YOU LOOK IN THE ROOM IS WHO IS PAYING THE BILL. WHEN YOU LOOK IN THAT ROOM, YOU DO NOT KNOW IF THAT'S PRIVATE PAY OR IF IT'S BEING PAID FOR BY MEDICAID. WOULD SENATOR SCHUMACHER YIELD TO A QUESTION, PLEASE? [LB1103]

SENATOR KRIST: SENATOR SCHUMACHER, WILL YOU YIELD? [LB1103]

SENATOR SCHUMACHER: YES, I WILL. [LB1103]

SENATOR WILLIAMS: SENATOR SCHUMACHER, IN YOUR JUDGMENT AS AN ATTORNEY THAT'S PRACTICED FOR YEARS AND DONE ALL KINDS OF THINGS, DOES LB1103 CHANGE THE TECHNICAL NATURE OF ESTATE PLANNING? [LB1103]

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SENATOR SCHUMACHER: IT DOESN'T CHANGE THE TECHNICAL NATURE AT ALL UNLESS THE MOTIVE IS TO DO IT FOR PURPOSES OF GETTING MONEY TO YOUR HEIRS AND YOURSELF ON THE STATE MEDICAID ROLLS. [LB1103]

SENATOR WILLIAMS: YOU JUST ANSWERED MY SECOND QUESTION. SO THE INTENT OF LB1103 IS TO CATCH THOSE THAT ARE TRYING TO CHEAT THE SYSTEM. [LB1103]

SENATOR SCHUMACHER: CATCH OR DETER IT FROM EVER HAPPENING BEFORE, BECAUSE IT WOULD BE NICE, IF YOU'RE AN ESTATE-PLANNING ATTORNEY AND YOU'VE GOT A COMPETITOR DOWN THE ROAD, WHEN YOUR LONGSTANDING CLIENT COMES IN, YOU COULD SAY, LOOK, I CAN'T DO THIS FOR YOU ANYMORE, I CAN'T DO A SIMPLE LIFE ESTATE AND TELL YOU TO LAY LOW FOR FIVE YEARS AND YOUR KIDS WILL GET THE FARM AND THE STATE WILL GET THE BILL. IT PUTS YOU IN A REAL BAD SPOT AS AN ATTORNEY TO SAY, NO, I CAN'T DO THAT, WHEN THEY KNOW THE GUY DOWN THE STREET WILL DO IT, PROBABLY FOR A BIGGER FEE. [LB1103]

SENATOR WILLIAMS: SO THE ETHICAL DILEMMA THAT I TALKED ABOUT WITH THE ATTORNEY THAT IS MY FRIEND THAT HE RUNS INTO THIS, THAT ETHICAL DILEMMA IS SOMEWHAT REMOVED WITH LB1103. [LB1103]

SENATOR SCHUMACHER: RIGHT. THE ATTORNEY'S GOT TO SAY, LOOK, YOU'RE NOT GOING TO BEAT THE SYSTEM. AND THAT'S ALMOST THE FIRST QUESTION OUT OF MANY CLIENTS' VOICE IS, I DON'T WANT MY FAMILY OR THE STATE TO GET MY HOUSE OR MY THIS OR THAT, AND IF I GO TO THE NURSING HOME, I WANT THE STATE TO PICK IT UP BECAUSE I WORKED HARD AND I'M DESERVING OF THAT. [LB1103]

SENATOR WILLIAMS: THANK YOU. IT'S CLEARLY AN ISSUE THAT WE HAVE. IT'S CLEARLY AN ISSUE THAT SENATOR SCHUMACHER HAS SPENT SIGNIFICANT AMOUNT OF TIME WORKING ON AND WORKING WITH HHS TO TRY TO FIND A SOLUTION. IT'S CERTAINLY A STEP IN THE RIGHT DIRECTION. I BELIEVE THIS IS THE RIGHT THING TO DO, AND I WILL SUPPORT THE JUDICIARY COMMITTEE AMENDMENT AND THE UNDERLYING BILL. THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR WILLIAMS AND SENATOR SCHUMACHER. SENATOR SCHUMACHER, YOU ARE NEXT IN THE QUEUE. [LB1103]

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SENATOR SCHUMACHER: THANK YOU, MR. PRESIDENT, MEMBERS OF THE BODY. AND I'D LIKE TO THANK THOSE WHO ASSISTED IN THE DEFEAT OF THE MOTION TO BRACKET. THIS IS AN ISSUE WHICH IS VERY, VERY CONSEQUENTIAL AS WE MOVE INTO THE AGE OF NURSING HOMES AND WE MOVE INTO THE AGE OF PEOPLE WITH NO ASSETS GOING ON TO THE NURSING HOME. THE PROVISIONS OF THIS BILL HAVE BEEN WORKED THROUGH METICULOUSLY, LINE BY LINE, WITH THE BAR ASSOCIATION, THE BANKERS, DHHS, AND THE TITLE PEOPLE. IT'S BEEN WORKED THROUGH SO WELL THAT SOME OF THE...ONE ATTORNEY WHO--IN FACT, THIS IS THE ONLY COPY OF AN OBJECTION THAT I GOT ON SOME REAL ESTATE LISTSERV--WHO'S AN ESTATE PLANNING ATTORNEY SAYS HE STILL DOESN'T SUPPORT IT, BUT THE BAR COMMITTEE DID AN EXCELLENT JOB IN CLEANING UP LB1103; I AM NOT SUPPORTING THE BILL, BUT I AM WITHDRAWING FROM ACTIVE OPPOSITION TO LB1103, AM2394. THIS IS ABOUT AS GOOD AND AS SIMPLE AS YOU CAN GET CONSIDERING YOU HAVE A LOT OF LEGAL PROVISIONS THAT IT IS TOUCHING BASE ON AND IT IS COMPREHENSIVE. IT WOULD HAVE BEEN MUCH SIMPLER JUST TO PUT OUT SOMETHING WITH A LOT OF UNCERTAINTY. BUT ONE THING THAT DHHS REQUESTED WAS THAT THEY KNEW WHERE THEY STOOD AND WOULD BE CLEAR ENOUGH SO THEY COULD MINIMIZE LITIGATION AND USE THEIR RESOURCES IN COLLECTING, RATHER THAN LITIGATING WHAT LB72 FROM LAST YEAR ACTUALLY MEANT. I TAKE TO HEART THE COMMENTS OF SENATOR HOWARD REGARDING HOW THEY WOULD IMPLEMENT THIS WITH THEIR EXISTING COMPUTER SYSTEM. IF THERE'S A MINOR TWEAK THAT WE NEED TO PUT INTO THIS THING BETWEEN NOW AND SELECT FILE IN ORDER TO INTEGRATE THAT SYSTEM, I'D BE HAPPY, HAPPY TO DO THAT. I'M SURE DHHS WOULD BE HAPPY TO DO IT. I WAS UNDER THE IMPRESSION THAT THIS WAS PART OF THE...THE DATABASE WOULD BE MAINTAINED IN THE ESTATE RECOVERY DIVISION WHICH IS BEING CREATED, AND I THINK THAT'S STILL MAYBE THE CASE. BUT IF WE'VE GOT SOME LITTLE QUIRK THERE, THAT CAN BE WORKED THROUGH. THE POINT OF THIS IS IT IS ALREADY THE LAW THAT YOU CAN'T DO THIS, BUT WE DON'T HAVE A CLEAR MECHANISM AND IT WOULD HAVE TO BE EXPERIMENTED WITH ON A CASE-BY-CASE BASIS OF WHICH THE LAWYERS, THE BANKERS, THE TITLE COMPANIES, AND EVERYONE WOULD HAVE A DEGREE OF UNCERTAIN AND LITIGATION EXPENSE IF WE DON'T DO THIS. IF WE DON'T PASS THIS, THEN WE ARE NOT GIVING GUIDANCE TO THE ATTORNEYS AND THE BANKS OR ANYONE ELSE AS TO WHAT WE EXPECT, HOW THEY WANT TO GO ABOUT DOING THIS. THERE IS NO CONSTITUENCY FOR THAT. RIGHT NOW THERE'S ACCESS TO A SYSTEM. WHO'S GOING TO COMPLAIN? SENATOR HILKEMANN, WOULD YOU RESPOND TO A QUESTION? [LB1103 LB72]

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SENATOR KRIST: SENATOR HILKEMANN, WILL YOU YIELD FOR A QUESTION?
[LB1103]

SENATOR HILKEMANN: YES, I WILL. [LB1103]

SENATOR SCHUMACHER: SENATOR HILKEMANN, WOULD YOU RELATE TO THE
BODY THE STORY YOU JUST TOLD ME ABOUT THE NURSE. [LB1103]

SENATOR HILKEMANN: YEAH, I WAS JUST SHARING WITH SENATOR
SCHUMACHER, IN A YOUNGER PERIOD OF MY LIFE WHEN I WAS FIRST
PRACTICING MEDICINE, I WOULD GO TO SOME OF THE NURSING HOMES IN THE
OMAHA AREA. AND MY NURSE WAS FAIRLY WELL CONNECTED SOCIALLY
WITHIN THE COMMUNITY, AND SHE WOULD...AND AT THAT TIME I DIDN'T KNOW
WHO WAS WHO, FRANKLY, BUT SHE WOULD COMMENT ABOUT SOME OF THE
PEOPLE WHO WOULD...WHEN WE WOULD GO THROUGH THEIR RECORDS WERE
ON MEDICAID. AND SHE WOULD SAY, WELL, THOSE...SHE SAID THOSE RASCALS,
THEY'VE TAKEN ALL OF HER MONEY. SHE WAS ONE OF THE MORE WEALTHY
PEOPLE OF THE COMMUNITY, OR WHATEVER,... [LB1103]

SENATOR KRIST: ONE MINUTE. [LB1103]

SENATOR HILKEMANN: ...AND THEY'RE NOW LIVING IN A NURSING HOME ON
MEDICAID. SO IT IS A FACTOR AND IT DOES OCCUR. [LB1103]

SENATOR SCHUMACHER: THANK YOU, SENATOR. THIS IS A FACTOR. IT IS A
GROWING FACTOR. IT IS A FACTOR THAT WE'RE GOING TO HAVE TO DEAL WITH. I
COULD CARE LESS WHETHER OR NOT THE MEDICAID BUDGET GETS BLOWN AND
SKYROCKETS. I SAW AN ISSUE. I WORKED HARD WITH THE RESPONSIBLE
PARTIES TO COME UP WITH A GOOD MEASURE TO ENFORCE THE INTENT OF THIS
BODY, AFTER I TOLD THE BODY I WOULD LAST YEAR, TO BRING THIS BACK
AFTER I WORKED WITH OTHER SENATORS IN DEVELOPING THIS. AND IT'S HERE
BEFORE YOU. LIFE WILL GO ON EITHER WAY, BUT OUR CHECKBOOK WILL BE
WEAKER. [LB1103]

SENATOR KRIST: TIME, SENATOR. THANK YOU, SENATOR SCHUMACHER AND
SENATOR HILKEMANN. SENATOR GROENE, YOU'RE RECOGNIZED. [LB1103]

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SENATOR GROENE: THANK YOU, MR. PRESIDENT. I HAPPEN TO BELIEVE MEDICAID IS A GOOD PROGRAM. BUT IF I'M GOING TO PAY TAXES, I WANT TO MAKE SURE THE PEOPLE WHO GET IT ARE THE ONES THAT CAN'T HELP THEMSELVES, THAT HAVE THAT ILLNESS, HAVE THAT BIRTH DEFECT, HAVE SOMETHING THAT THEY NEED HELP. SO MY ANGER GETS A LITTLE RILED WHEN I HEAR OF SOMEBODY WHO ABUSES IT. AND I'VE WORKED IN FIVE OR SIX TOWNS FOLLOWING MY CAREER, AND EVERY ONE OF THEM, AFTER I GOT TO KNOW FOLKS, THEY WOULD SAY, WELL, YOU KNOW, HIS DAD IS IN THE OLD FOLKS' HOME AND HE'S ON MEDICAID AND LOOK HOW HE LIVES, AND, YOU KNOW, I GOT TO WONDERING. EVERY PLACE I'VE HEARD THOSE STORIES. NOW THAT'S JUST HEARSAY, BUT HEARSAY IN A SMALL TOWN USUALLY IS CORRECT. I'LL TELL YOU A STORY ABOUT WHEN WE DEBATED THE PER DIEM OR PER-MONTH MONEY THAT SOMEBODY ON MEDICAID COULD KEEP OF THEIR SOCIAL SECURITY OF--WHAT WAS IT--OF \$55, \$60. I WENT BACK HOME AND AN INDIVIDUAL I KNOW WHO WAS SINGLE, HAD GONE THROUGH A COUPLE MARRIAGES, HAD A GOOD JOB ALL THEIR LIFE, WAS IN THEIR 60s, AND HE JUST CHEWED ME OUT THAT I DIDN'T SUPPORT THE \$70 OR SOME, WHATEVER, DOLLAR A DAY WAS. AND ANOTHER INDIVIDUAL WAS THERE. WE KEPT TELLING HIM, WELL, IT DOESN'T AFFECT YOU, IT DOESN'T AFFECT YOU. WELL, HE SAID, WELL, HE HAD NO KIDS. HE SAID, MY ATTORNEY TOLD ME TO GET MY BUCKET LIST READY, TRAVEL THE WORLD, BLOW IT ALL, AND GET ON MEDICAID, BUT I NEED MORE THAN \$70 A MONTH FOR SPENDING MONEY. THOSE STORIES AREN'T RARE AT ALL. THEY'RE OUT THERE. YOU KNOW THE OLD COUNTRY-WESTERN SONG IS WHAT I LIVE BY: YOU CAN'T TAKE IT WHEN YOU'RE GONE. I JUST WANT ENOUGH TO GET THERE ON. AND WE CAN'T LIVE FOREVER. AND IT JUST AMAZES ME HOW MANY PEOPLE THINK THEY CAN JUST HANG ON IT TILL THE LAST DAY AND NOT HAVE TO SPEND IT. THERE'S EXPENSES THROUGH LIFE. THERE'S BIRTH, THERE'S EDUCATION, THERE'S RAISING A FAMILY. PART OF THAT EXPENSE OF LIVING YOUR LIFE IS PREPARE FOR THE END. I HAVE, AND MOST PEOPLE THAT...OF REPUTABLE CHARACTER DO. AND THOSE WHO HAVE HAD LUCK HASN'T DEALT THEM THE RIGHT DEAL, THEY NEED MEDICAID. BUT IT'S BEING ABUSED. I'VE SEEN IT TOO OFTEN. WE ALL HAVE. YOU KNOW, REALLY I'VE GOT A LITTLE BIT OF LAND. IF I SOLD PART OF IT, THAT'S...YOU KNOW, AND IT AMOUNTED TO PRETTY GOOD MONEY, IT WOULD BE...IF YOU HAD A QUARTER OF GROUND NOWADAYS, AND I'M NOT PICKING ON FARMERS BECAUSE THE FELLOW I WAS TALKING ABOUT WAS NOT A FARMER, THAT'S \$1.5 MILLION. YOU DIVIDE THAT BY \$6,000 A MONTH, THAT'S 25 YEARS OF LIVING IN A...AND YOU'VE GOT TEN QUARTERS. BUT THAT'S SOME OF THE FOLKS WHO DO THIS. AND EVERY OCCUPATION HAS CORRUPT INDIVIDUALS. SENATOR SCHUMACHER IS DOING THE RIGHT THING. WE HAVE TO PROTECT THE MONEY WE HAVE FOR THE

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MEDICAID PROGRAM FOR THOSE WHO REALLY NEED IT. SO I STAND IN SUPPORT OF LB1103. THE FACT IS THIS: IF YOU'RE NOT GOING TO APPLY FOR MEDICAID, THIS DOES NOT AFFECT YOU AT ALL. AND IF YOU WANT MY TAX DOLLARS, PROVE YOU NEED IT. YOU LOST YOUR RIGHT TO PRIVACY. WHEN YOU WANT TO TAKE MY TAX DOLLARS, I HAVE A RIGHT TO KNOW THAT YOU DESERVE THEM AND I NEED TO HELP YOU. THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: THANK YOU, SENATOR GROENE. SENATOR MURANTE, YOU'RE RECOGNIZED. [LB1103]

SENATOR MURANTE: QUESTION. [LB1103]

SENATOR KRIST: QUESTION HAS BEEN CALLED. DO I SEE FIVE HANDS? I DO SEE FIVE HANDS. QUESTION BEFORE YOU IS, SHALL DEBATE CEASE? ALL THOSE IN FAVOR VOTE AYE; OPPOSED, NAY. PLEASE RECORD, MR. CLERK. [LB1103]

CLERK: 27 AYES, 5 NAYS TO CEASE DEBATE, MR. PRESIDENT. [LB1103]

SENATOR KRIST: DEBATE DOES CEASE. SENATOR COASH, YOU'RE RECOGNIZED TO CLOSE ON THE COMMITTEE AMENDMENTS. [LB1103]

SENATOR COASH: THANK YOU, MR. PRESIDENT. THIS IS A REMINDER OF A FEW THINGS. ONE, AM2394 DOES BECOME THE BILL. THANK YOU, MR. PRESIDENT. [LB1103]

SENATOR KRIST: YOU'VE HEARD THE CLOSING ON AM2394. THE QUESTION BEFORE YOU IS THE ADOPTION OF THE AMENDMENT. ALL THOSE IN FAVOR VOTE AYE; OPPOSED, NAY. SENATOR SCHUMACHER, FOR WHICH REASON DO YOU RISE? [LB1103]

SENATOR SCHUMACHER: I'D LIKE A CALL OF THE HOUSE. [LB1103]

SENATOR KRIST: THERE'S BEEN A REQUEST TO PLACE THE HOUSE UNDER CALL. THE QUESTION BEFORE YOU IS, SHOULD THE HOUSE GO UNDER CALL? ALL THOSE IN FAVOR VOTE AYE; OPPOSED, NAY. PLEASE RECORD, MR. CLERK. [LB1103]

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CLERK: 38 AYES, 0 NAYS, MR. PRESIDENT, TO PLACE THE HOUSE UNDER CALL.
[LB1103]

SENATOR KRIST: HOUSE IS UNDER CALL. SENATORS, PLEASE RECORD YOUR PRESENCE. THOSE UNEXCUSED SENATORS OUTSIDE THE CHAMBER PLEASE RETURN TO THE CHAMBER AND RECORD YOUR PRESENCE. ALL UNAUTHORIZED PERSONNEL PLEASE LEAVE THE FLOOR. THE HOUSE IS UNDER CALL. SENATOR SCHNOOR, PLEASE CHECK IN. SENATOR McCOLLISTER, PLEASE CHECK IN. EVERYONE IS ACCOUNTED FOR. SENATOR SCHUMACHER, HOW WOULD YOU LIKE TO PROCEED? [LB1103]

SENATOR SCHUMACHER: ROLL CALL VOTE, REVERSE ORDER. [LB1103]

SENATOR KRIST: MR. CLERK. [LB1103]

CLERK: (ROLL CALL VOTE TAKEN, LEGISLATIVE JOURNAL PAGE 1376.) 20 AYES, 19 NAYS, MR. PRESIDENT, ON THE COMMITTEE AMENDMENTS. [LB1103]

SENATOR KRIST: THE AMENDMENTS ARE NOT ADOPTED. MR. CLERK, FOR ITEMS. RAISE THE CALL. [LB1103]

CLERK: A FEW THINGS, MR. PRESIDENT. NEW RESOLUTIONS: LR613, SENATOR SMITH; LR614, SENATOR HOWARD. THOSE WILL BOTH BE LAID OVER. BILLS READ THIS MORNING ON FINAL READING WERE PRESENTED TO THE GOVERNOR AT 5:24 P.M. (RE LB567, LB677, LB678, LB679, LB680, LB680A, LB684, LB694, LB712, LB725, LB726, LB731, LB736, LB750, LB770, LB770A, LB783, LB783A, LB784, LB790, LB813, LB814, LB814A, LB816, LB823, LB842, LB865, and LB875.) AMENDMENTS TO BE PRINTED: SENATOR GLOOR TO LB958; SENATOR DAVIS TO LB958; SENATOR MURANTE, LB580; SENATOR BURKE HARR TO LB768. AND A MOTION FROM SENATOR SCHNOOR TO LB1103. (LEGISLATIVE JOURNAL PAGES 1377-1382.) [LR613 LR614 LB567 LB677 LB678 LB679 LB680 LB680A LB684 LB694 LB712 LB725 LB726 LB731 LB736 LB750 LB770 LB770A LB783 LB783A LB784 LB790 LB813 LB814 LB814A LB816 LB823 LB842 LB865 LB875 LB958 LB580 LB768 LB1103]

MR. PRESIDENT, I HAVE A PRIORITY MOTION. SENATOR PANSING BROOKS WOULD MOVE TO ADJOURN THE BODY UNTIL FRIDAY MORNING, APRIL 1, AT 9:00 A.M.

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SENATOR KRIST: YOU'VE HEARD THE MOTION. ALL THOSE IN FAVOR, AYE.
OPPOSED, NAY. AYES HAVE IT. WE ARE ADJOURNED TILL TOMORROW MORNING
AT 9:00.