

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate July 22, 2020

FOLEY: Good morning, ladies and gentlemen. Welcome to George W. Norris Legislative Chamber for the forty-sixth day of the One Hundred Sixth Legislature, Second Session. Our chaplain for today is Senator Williams. Please rise.

WILLIAMS: Good morning, everyone, would you join me in prayer? Dear Lord, we thank you for today and for all days. Please stay by our side during these times of uncertainty. Our lives have changed and we have increased our awareness of how frail and powerless we truly are, yet we are asked to stand here and continue to focus on the task at hand, making good public policy. In our efforts we ask that you create in each of us a relentless discomfort about easy answers. Encourage us to trust each other and to trust our process. We ask that you bless us with a holy anger at injustice so that we work tirelessly for justice, freedom, and peace among people and peace among ourselves. We ask that you bless each of us with enough foolishness to believe that we really can make a difference in this world. With your grace, we can accomplish what others claim cannot be done. Help us to understand that there is no monopoly on common sense on either side of the political fence. We share the same biology regardless of our ideology. Today, we will be debating difficult and possibly contentious issues. Please open our eyes to see all sides, open our ears to listen to everyone, open our minds to find real solutions. Let us use our combined wisdom, our independent imagination, and our abundant compassion to find opportunities in the obstacles we face and solutions for the challenges on the horizon. Amen.

FOLEY: [RECORDER MALFUNCTION] Williams. I call to order the forty-sixth day of the One Hundred Sixth Legislature, Second Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

CLERK: Mr. President, I do have a quorum present.

FOLEY: Thank you, Mr. Clerk. Are there any corrections for the Journal?

CLERK: I do, Mr. President. On page 1016, line 25, strike AM2887 and insert AM2877 and that's all that I have, Mr. President.

FOLEY: Thank you, Mr. Clerk. Do you have any items for the record?

CLERK: I have no items at this time, Mr. President.

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FOLEY: Thank you, Mr. Clerk. We will now proceed to the first item on the agenda, General File 2020, senator priority bill. Mr. Clerk.

CLERK: Mr. President, LB1106 was a bill originally introduced by Senator Scheer. It's a bill for an act relating to revenue and taxation; eliminates obsolete sales tax provisions; and it harmonizes provisions. The bill was introduced in January, referred to the Revenue Committee, advanced to General File. There are Revenue Committee amendments pending, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Linehan, you're recognized to open on LB1106.

LINEHAN: Thank you, Mr. President, and good morning, everyone. I'm introducing AM2870 to LB1106. The Revenue Committee's proposal for property tax relief. The proponents of AM2807 [SIC] include Nebraska Taxpayers for Freedom, the Nebraska Farm Bureau, the Nebraska Chamber of Commerce, the Nebraska Soybean Association, the Platte Institute, the Nebraska Corn Growers Association, the Nebraska Cattlemen, the Nebraska Pork Producers, the Nebraska Dairy Association, the Lincoln Independent Business Association, the Nebraska Bankers Association, the Nebraska-- excuse me, the National Federation of Independent Businesses, Robinson, Meadowlark, Brook and other individual taxpayers. Why are all they supporting this? Because we have a crisis in Nebraska because our K-12 education depends on an overreliance on property taxes. We all know this. Now for what the bill does. The main goal of AM2870 is to lower valuations, thereby lowering taxes for schools only while simultaneously increasing state aid to schools. The goal has always been to leave schools whole by increasing state aid as property taxes decrease. We all know that all property taxes in Nebraska are collected locally. The state does not collect property taxes. Nonetheless, Nebraska pay some of the highest property taxes in the nation. And not just our ag producers, but our homeowners and our business. The highest in the nation. And if you'd knock out a couple in the northeast, New Jersey and Connecticut, we'd be the highest. According to the U.S. Census Bureau, 2018, Nebraska ranks again 49th out of 50 states in-- in funding for schools from state revenues. While that is low, 49th out of 51 is really low, I would say, the same data ranks Nebraska 22 out of 50 states and D.C. in spending per pupil. Nebraskans rightfully have made education a priority. We as a state need to continue to properly fund our schools. However, we also need to help businesses stay in business by lowering their property taxes, help our ag producers stay in business and help our homeowners stay in their homes. AM2870 will continue to allow our schools to be properly funded. I've talked to many of you on the provisions of 20--

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AM2870 over the past three months. Today, I'm going to keep the introduction at the 30,000 foot level and be more than willing to answer any questions. Taxable property valuations for school districts is reduced over a three-year period. This is not a shock. There's three years of adjustments here. Residential and commercial and industrial drops from the current 100 percent of taxable value to 87 percent over three years. Agriculture and horticultural drops from its current 75 percent of taxable to 55 percent taxable again over three years. Reducing the tax-- taxable property valuation reduces the adjusted property valuations in-- within the TEEOSA formula. Less resources within the TEEOSA formula will provide more equalization aid to schools. A sidebar here, this is gonna happen anyway and all-- any regard if we-- and I will get to that later. But if we do nothing, if we don't address this, this problem gets worse and worse, because as your residential and commercial values go up in Lincoln and Omaha, in Norfolk and Grand Island, their TEEOSA aid goes down. Lincoln this year will get \$20 million, almost twenty, \$19.9 million less in equalization aid than they got last year because their valuations have increased that much. So we are-- we are in a spiral here that we need to get ahead of. It creates foundation aid to replace the income tax rebate. The foundation aid provides state support for every school district in the state. This means for the first time ever-- well, it's not the first time, since 1960 we've had a program that provides student funding to each school from our school lands funds. But this is real money: 2021, it'd be a \$703 per student; 2122, it'd be \$1,557 per student; and at 2223, it would be \$2,341, meaning every student in the state of Nebraska, regardless of what public school they're in, would receive state aid. We also include a minimum of 15 percent of any schools district basic funding by 2324. The basic allowable growth rate, and this is a change that people, I don't know if they haven't heard it, we had inflation in the bill and it's now at 2 percent for the basic allowable growth rate. Over the last 10 years, as Senator Briese has pointed out several times, we have set that at 1.4 percent on average. It's above what we've done for the last 10 years. Net funding calculation will remain the same for the first year, which is almost \$10,000-- \$9,903. Now understand this. That means some children in Nebraska are getting almost \$10,000 for the state if they opt into another public school while other children are getting less than a thousand. I don't know how we can stand here and say that's OK. In the second year net option funding drops because you get foundation aid goes up. But we kept it at \$8,000, so there's no loss for net option funding schools. And then a third year it drops to almost a little less than \$7,000. But as I just said, their foundation aid will be \$2,500. Foundation aid provides additional funding per student. For example-- I just covered that, sorry. The averaging adjustment is

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eliminated beginning 2021 and each year thereafter. The averaging fund adjustment goes to the largest schools over and above their needs. So after we figure the TEEOSA, we figure their needs, then the biggest schools, three of the biggest mostly, get extra money. And if you've looked at this and studied it as much as some of us had, it's hard to understand why a school who has average poverty, average English Language Learners for the state gets more per student than a Schuyler. Transaction aid is created for the first three fiscal years for schools that will hit their \$1.05 maximum. Dollar and five maximum for a hundred dollars worth of valuation has been the law for considerable amount of time. We don't change that, actually, unless they've got a building fund or QCPUF, we grandfathered that in. So we're actually raising the maximum amount of their levy to help go through this transition. There was concerns about unused budget authority or originally set it back to zero, schools came to us. I had meetings with Senator Dorn, Senator Brandt and some superintendents in Beatrice and they said, we need you to do this, and we did. So now it is 110 percent of their '18-'19 budget.

FOLEY: One minute.

LINEHAN: It's a 5 percent a year, guys. The maximum levy for school district means that a \$1.05 until '23-'24, and in year '23-'24, what we say is you can grow your budget, your tax taking. Not your budget, but your tax taking by 2 percent plus real growth. It reduces the special building fund to six cents. The 6 cents has to fit under the \$1.05, just like the 14 cents has to today. What we have going on with the special building fund is we have schools who are building buildings with a special building fund even after their constituents have refused to give them the bonding authority to build the building.

FOLEY: That's time, Senator.

LINEHAN: Thank you very much.

FOLEY: Senator Linehan, you were recognized for 10 minutes to open on the bill, but you actually started on the committee amendment. Did you need additional time for the committee amendment or is that sufficient?

LINEHAN: I would take the additional time. What did you say, another five minutes? Sorry.

FOLEY: I'm sorry. Was it sufficient? You would actually would-- would be entitled for an additional 10 minutes, if you need that.

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LINEHAN: How about I just take what I need?

FOLEY: Take what you need.

LINEHAN: Thank you very much.

FOLEY: For a few minutes.

LINEHAN: OK, thank you. Back to the building fund. So the building fund would be set at six cents max, which is what it's meant to do, repairs, infrastructure updates, HVAC projects, roofs, safety projects, general repairs, and allows for a 1,200 square foot addition that cost less than \$100,000. But if you're gonna build a gym or a new school or huge addition, you need to have a vote of the people. As I stated and I began my introduction, LB2870 to LB1106 will continue to allow our schools to be funded properly. It will make Nebraska more on par with the rest of the country on funding from the state. The Legislature has funded schools fairly well. According to the Fiscal Office, our funding schools spending has gone on 4 percent. That's what they figure our TEEOSA will go up 4 percent a year. There has to be some recognition that schools, we all have to kind of work to keep our budgets under control. I will also say that I think it's imperative that the Legislature takes on this responsibility. We agree to fund our schools properly and we don't put them at the bottom of the chart when we have budget crunches, as we have done in the past. We need to tell Nebraskans that we're gonna step up. We're gonna take on the responsibility of funding our schools and we're gonna take it off the backs of the property taxpayer. Thank you, Mr. President.

FOLEY: Thank you, Senator Linehan. Mr. Clerk.

CLERK: Mr. President, I do have amendments to the committee amendments. However, I have a priority motion. Senator DeBoer would move to bracket the bill until August 13 of 2020.

FOLEY: Senator DeBoer, you're recognized to open on your motion.

DeBOER: Thank you, Mr. Lieutenant Governor. First of all, I want to say that I know we've seen a rising temperature a couple of times in the last two days here in the Legislature. I guess it's summer, so we're a little hall-- we're all a little hot under the collar. But I think we can do this debate today in a productive way that doesn't rely on any of those kinds of anger issues. I told Senator Linehan that I was going to do this bracket motion. I'm told that that used to be one of the traditions of this body is that if you were going to introduce a priority motion on somebody's bill that you went and told

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the introducer ahead of time. I did that to you when we talked about LB974 and didn't tell you ahead of time. I'm sorry, I didn't know the convention, but now I do, so hopefully we can continue this debate today in, you know, a very congenial or at least a collegial, that was the word I was thinking of, way. But I did put up this bracket motion in part because yesterday-- yesterday, shame on me for not knowing all the rules, we were having a discussion and the question was called before I even got the opportunity to talk once. I didn't know that could happen. That debate could get cut off in full and fair debate had happened when me and several of my colleagues hadn't even had an opportunity to talk. It just turns out, folks, that I like to listen to what's going on in the Chamber. I like to go over and ask individuals questions. It takes me a little longer to come to conclusions. I know that that is very frustrating to some of my colleagues that I'm a little more deliberative. It takes me a little longer to push my light to get into the queue. Takes me a little longer to make up my mind and decide what to do. I like to listen to what people have to say. So I didn't get a chance to talk yesterday. So that's why I'm skipping the line, apologies to everyone who I'm skipping the line to. But I did want to have an opportunity to talk this morning. First and foremost about this bill. This is LB1106, also known as LB974. It's a substantially similar bill. There are changes. Thank you, Senator Linehan, for making some changes, but it is still substantially similar. So we had this conversation in-- I don't know if it's February or March, sometime before about the basic problems, but I want to bring up a couple of things. First of all, we're in a very different situation than we were the last time we had this conversation in terms of financially, in terms of economic outlook. I understand our forecasting board is meeting. We don't have that information yet, but they are meeting. They will have some numbers for us that will give us a little more information. I surely would like to see those numbers and see what's going on, even though-- even those numbers, of course, we know are not gonna, you know, be a crystal ball into the future. We're living in very uncertain times. Who thought that we would be wearing masks in the Chamber? If you told us that a year ago, we probably all would have just been in disbelief. So we live in very uncertain times. We don't know what our financial situation is. Things are changing very quickly. We are adapting to new situations. And the truth of the matter is, I don't think we have the money for this bill. And the money has to come from somewhere. If we don't-- if we give more money in our state budget to schools, which actually Senator Linehan and I agree about that, if we give more money from our state budget to schools in an attempt to lower property taxes, it's got to come from somewhere. It's got to come from, I guess sales and income taxes, from other people's property taxes. You know,

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we don't borrow money and we don't print money here in Nebraska, so if we put money into one thing, we take it from another thing. I'm not sure if we have it right now. That'll probably be a question for Senator Stinner at some point. Somebody will want to know, do we have the money to do something like this? You know, yesterday on the floor, we talked about \$5 million for retired vets and we don't have the money for that. We were told we don't have the money for anything with a fiscal note. Nothing that's gonna have a fiscal impact. I have to say, if that just comes to us from the Speaker that nothing gets scheduled that has a fiscal impact, this has a pretty big fiscal impact. I would like as a body-- I understand what he was trying to do. I'm not trying to criticize the Speaker. He was trying to say we're in a different financial situation. We need to be careful with money. All of that sort of thing. I get that, but it seems to me that we ought to at least have the opportunity to talk about whether or not we're gonna spend \$5 million for retired vets this year. We also ought to talk about Senator Pansing Brooks's bill. I think it was something like \$65,000 for native foster children. We ought to be able to talk about all of those things if we have the money to spend. So either we don't have money to spend, we do have money to spend, I'd like to know whether we have money to spend. That's a question that I guess we'll take up later. The question about schools spending too much overall, this is something I want to talk about. Say our spending for schools has gone up overall in the last couple of years or however many years we're gonna look at it and let's think about what's happening in our-- in our state. We are in a time of great demographic change. People in the more populated areas, that population is going up even more. And the less densely populated areas, those areas are getting even more sparsely populated. So our population is shifting. People are moving apparently from the less populated areas to the more populated areas. When that happens, you have school districts in the less populated areas becoming even less populated and it's more expensive to run a school when you have fewer people to divide it out by. If you look at the costs per student in some parts of the state, it's much higher. And then, so that's one cost. It's just less efficient, right? we have fewer people and we've got to keep the same lights on. We got to pay for the same building. You know, you can't-- if you have two people move out of your fourth grade class and you have 14 people instead of 16 people, you can't hire one-eighth less teacher for the fourth grade teacher if you've only got one fourth grade class. So that's one expense. Another sort of system wide expense we're having is that then when people move into the more densely populated areas of the state like Bennington, where I represent, you have in Bennington many, many schools that must be built, many new teachers that must be hired. So old infrastructure that works, but it's in the wrong place now and

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it's in a more sparsely populated area, new infrastructure must be built. Our state is becoming less efficient in a whole, not because of something that the teachers are doing, but because of the way the demographics in our state are moving. By the way, one thing we could do to stop that, I think, would be rural broadband. That might be a really good expenditure of our money to keep our tax base broad in those rural areas, because then as we've seen during this pandemic, people could work from home, work remotely in those less populated areas making it much more efficient in their schools. We could get more people into those small towns by giving economic development and economic opportunity. That might be a really good expenditure of our money to try to broaden the tax base in some of those areas where folks are paying really high taxes. And look, I don't disagree that property taxes are too high. Property taxes are too high. I probably think everyone in this room thinks that. Property taxes are too high. That's not an argument. Let's not have that argument. We all agree with that argument. In fact, there's a great feeling within this body that we should do something about property taxes. People agree with that. I have a bill, LB1073, by the way it's stuck in committee, but I'm not gonna do a poll motion because I respect the committee process and maybe I'm too much of a Boy Scout or whatever that's called, but I don't want to--

FOLEY: One minute.

DeBOER: --I don't want to pull that out of committee. But it probably could get 25 votes, maybe it could get 33. We ought to have a chance to talk about that opportunity for property tax relief too, because I care about property tax relief, but I'm not gonna do it on the backs of our students. Yes, school is system wide, more expensive than it used to be because of changing demographics, because we're offering things like all day kindergarten, because we have to worry about things like security guards, because we have to do things we didn't used to have to do. Yes, it costs a little bit more, but that's because there is more being done. In Bennington, their budget went up something like twelve point-- twelve and three quarters percent in the last year. But their student population went up twelve and a half percent or twelve and a quarter percent, something like that. Right. These are these areas where the cost is going up. Now one of the things that says that--

FOLEY: That's time, Senator.

DeBOER: Thank you.

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FOLEY: Thank you, Senator DeBoer. Debate is now open on the bill and the pending motion. Senator Briese, to be followed by Senators Brandt and Friesen. Senator Briese.

BRIESE: Thank you, Mr. President, and good morning, colleagues. I stand in strong opposition to any motion to bracket this bill. We're talking about bracketing a bill to deliver property tax relief. We have a property tax crisis in this state, are unreasonable, unsustainable, overreliance on property taxes to fund local government is choking off economic growth across Nebraska. But today, we have-- were presented with a generational opportunity in AM2870 to address this crisis. What does AM2870 do? Well, first I want to mention what it doesn't do. It does not slash funding to public education in Nebraska. What does it do? AM2870 increases state support of every school district, it lowers valuations for every property owner and it limits property tax increases. If everyday Nebraskans could vote on this, it would pass overwhelmingly. But instead, we're voting on it. And we're doing it with lobbyists and special interests in our ear, and in particular the education lobby. And what are we hearing from the education lobby? We're hearing of every objection that they can think of. And I-- I guess I don't blame them, that's their job, but we as policy makers are charged with trying to determine what is good policy, we're charged with sorting through the rhetoric. And the rhetoric from the education community doesn't match with how I see this. And I consider myself a friend of public education. I've served on the school board. I helped implement a preschool program back then. And again, I consider myself public education and I feel I have to answer to public education. And so how do I see this bill? I asked myself, are we asking anything unreasonable of the education community? And so I-- I look through most of their concerns about this. You know the first one, equalized districts they're-- they complained about the use of foundation aid to get tax reliefs to our unequalized districts. But they got to remember, even after full implementation, foundation aid will still only comprise about 50 percent of total state aid. The equalization formula will remain in place. Foundation aid will simply be a resource in that formula. And at the end of the day, total aid for the equalized districts is still gonna hinge on the equalization formula. And Senator Linehan mentioned the next point, but, you know, some in education expressed concern about the 2 percent limit on the basically-- basic allowable growth rate where we need to remember it averaged about 1.45 percent over the last 10 years. And during that time, by utilizing a variety of budget exceptions, school spending has increased at a robust three and a half, four percent. And we're not taking away those exceptions. We're allowing schools to grow their budgets in a very reasonable manner.

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And currently, by statute, school building construction bonds must be preceded-- preceded by a vote of the people. And that's an effort to help protect the taxpayers. But schools circumvent this vote requirement by levying taxes for a special building fund and using those funds for building construction. AM2870 would simply require a vote of the people to approve this construction. And currently, schools can bank unused budget authority. We initially strip them of that. But with this amendment, we're allowing them budget authority for the upcoming year, 110 percent of '18 and '19. And the-- and the reason we're doing this is because that unused budget authority is one of the big reasons while school spending dat-- from school spending data, you can see many of the outliers showing--

FOLEY: One minute.

BRIESE: --an increase of 6, 8, 12 percent a year. And so when we reset it to 100-- 110 percent of '18, '19 budget authority, we're still gonna allow them to bank unused budget authority and if they've kept spending increases to no more than 5 percent the last couple of years, they're gonna start out with some unused bud-- budget authority already saved up. Existing statutes also provide a levy limitation for our taxing-- limitations for our taxing entities and that's another effort to protect the taxpayers. However, in many districts, the levy is far enough below the limit so as to make it ineffective. AM2870 would remedy this by essentially limiting growth in property taxes to 2 percent each year, plus new construction. So for these districts, we're gonna have property tax-- taxing authority growing at 2.2 percent-plus and foundation aid growing at a projected 4.5 percent-plus, which together would seem to more than adequately fund a first-class education system. And if things go awry, schools can access--

FOLEY: That's time, Senator.

BRIESE: --a levy override. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senator Brandt, Friesen, and Albrecht. Senator Brandt.

BRANDT: Thank you, Mr. Lieutenant Governor. I would like to thank Senator Linehan and the Revenue Committee for bringing LB1106 and AM2870 to the floor. I support both of these measures and oppose the bracket motion. As most of you know, I'm a fourth generation Nebraska farmer, which means I am also a small business owner. I could talk about farm bankruptcies being up 20 percent over last year. I could talk about farm revenues being down over 50 percent over the last five

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years and the negative effect property tax has on revenue. I could talk about the 11 schools of legislative district 32 that received no equalization aid requiring these schools to be financed almost totally by the property taxpayers, ag land owners, homeowners, and business owners. These kids are part of the 30 percent in this state that do not receive any equalization aid. I would like to touch on an article I read in the World-Herald yesterday that said portions of downtown Omaha will experience a 77 percent valuation increase, 77 percent. Did these homeowners' salaries go up to pay the corresponding increase they will have in their property tax bill? I would guess not. This is what has been happening in rural Nebraska for years, now it is happening in urban Nebraska. This is not a rural problem only. This is now a Nebraska problem. I support LB1106 and AM2870 because it is meaningful property tax relief for all property taxpayers in the state while at the same time helping schools. I would yield the balance of my time to Senator Linehan.

FOLEY: Thank you, Senator Brandt. Senator Linehan, 3:00.

LINEHAN: Thank you, Senator Brandt. I-- all of you got sheets on your desk this morning with your schools. And I just-- somebody suggested that I should explain what this says. So I would like to do that really quickly. I handed all of you-- the pages handed each of you one from Blair community schools. So if you could find that one. So what the Fiscal Office-- with the help of the Fiscal Office, and I would like to thank the Revenue Committee staff because to be honest, that first 30 days we were out of session my staff worked every day to try and get these numbers accurate. Now, are they perfect? No. But we went through every school by hand. So the first column, the first top chart estimate under current law, this is what will happen if we do nothing. If we do nothing, taxes in Blair, property taxes, you'll see in this, their TEEOSA aid will go down 55.35 percent because their evaluations are going up. Their property taxes will go up 13.19 percent if we don't act. So Senator Hansen's property taxpayers will increase-- will experience a 13 percent-- over 13 percent increase in their property taxes. We kept under current law an estimate under LB1106, we said their spending would go-- their revenue would go up 3.2 percent every year. So that's what happens under current law. Then you go down to the next chart, this is what happens under estimated LB1106. If we do LB1106, their TEEOSA aid will increase significantly and their property taxes will fall by 11 percent. Now, there's a reason-- and as you can see, if you go across the chart, their ability, their funding, the General Funds won't be affected. They'll have as much money under LB1106 as they have under current law, but their property taxpayers will be almost 25 percent less in their payment.

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FOLEY: One--

LINEHAN: Now why do I pick--

FOLEY: One minute.

LINEHAN: Why do I pick Blair? Because Blair is a STANCE school. Blair is a bedroom community. Blair is like Waverly and York and Seward and Beatrice and Syracuse, where you have people stuck in schools that are growing and yet they have enough valuation that they can't-- they get very little state aid. These are the guys and homeowners, the ag producers who are paying \$100 an acre. There was a lot of thought put into this. We have valuations in the state for school general funds from 40 cents to, I think, Westside is a \$1.19. It is not equal. We have significantly different dollars being paid in property taxes. This bill tries to address-- does address, not tries, does address the fact that it's very unfair. And if I know anything about Nebraskans, and I've thought this for 25 years I've been involved in public life,--

FOLEY: That's time, Senator.

LINEHAN: --they are fair. Thank you.

FOLEY: Thank you, Senator Linehan. Senators Friesen, Albrecht, and La Grone. Senator Friesen.

FRIESEN: Thank you, Mr. President. I stand in opposition to bracket and I do support AM2870 and LB1106. You know, in my six years that I've been here, I've-- I've been battling to get how we fund schools changed. We've tried numerous methods. We've looked at revenue increases. We've looked at broadening our sales tax base. We've tried every option that we can possibly try and this spring, it looked like we were on our path to get there. We finally had revenue to work with that was just building naturally, our economy was great, unemployment was low and then COVID struck. So here we are today. We still have our number-one industry in the state, agriculture. Probably in the worst shape it's been since the '80s. It's not to the level of the '80s yet because we don't have wholesale land prices dropping like a rock, but we will have bankruptcies increasing and more consolidation again in the ag industry, and that's gonna happen regardless. I-- I-- I can't say our goal is even to totally stop that, but this sure would help slow it down. This bill does address property tax relief to everyone. And one of the common themes I was talking about for the past six years has been, sooner or later this property tax shift is gonna go back. What caused this in the first place is ag land prices skyrocket.

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In most areas, valuations of residential/commercial properties stayed relatively flat. And so ag took on the burden. When any school lost equalization aid, ag picked up the difference. We're now having that shift come back. In Hall County, they've got what I call commercial/residential, which is apartment buildings have seen 150 to 200 percent increase in their valuation this year. Now it tells me two things, that an assessor in the past hasn't been doing their job, and I think that means the tax-- property tax assessment division has not been doing theirs and values have been held down intentionally. But the fact of the matter is happening, the shift is coming back. Ag land values have dropped 10 percent in Hall County this year, while those commercial properties are going up 150 to 200 percent. One gentleman said he had to raise his rent \$45 a month just to pay the increase in property taxes. Those increases were even larger than what ag experienced. Ag just experienced it over a longer period of time, but this is happening in one year. Now, yes, they can hold their levy down. They don't have to increase taxes, but that burden is shifting. Those apartment buildings will be paying a lot more property taxes. And like he said, it will drive more people to be homeless because it's gonna drive evictions. He just cannot absorb that kind of an increase. So it goes back to the fact that how do we fund education in this state? I maintain that it's not fair. It is not equitable. And yet the state claims that it is responsible by saying that we're paying for the free instruction of our K-12. We are in some schools, we're not in all schools. We have schools who get a half a percent of their budget from the state and we have schools who get 58 percent of their budget from the state. That is a discrepancy that needs to be narrowed. Now, fair doesn't always mean equal. We're still always going to have equalization aid. There are still districts who cannot raise that revenue. I don't think anyone has intended the equalization formula to be changed in any way. Those districts that still need help because they have no assets, they're still gonna get those state aid equalization dollars. But you've all seen the valuations of residential and commercial properties going up everywhere, some not as--

FOLEY: One minute.

FRIESEN: --extreme as Hall County. Thank you, Mr. President. But they are rising and that tax shift is coming back. I do see that ag in the next two years is not going to be looking in good shape to me, that, you know, if I knew what prices were gonna do, I'd obviously probably wouldn't be here. But again, I don't look at ag to recover in the next two years unless something drastic happens on the world stage or else a major drought somewhere. So ag is not gonna pull the state out of

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its economic doldrums right now. We are gonna be dependent upon the urban areas to help pull us out of that slump we're in and the recession we're struggling with right now. So we've got a lot of work to do and hopefully we can reach some sort of compromise, but this does provide property tax relief for all. It's longer term, but I think it's meaningful property tax relief in a meaningful way we changing K-12 funding. Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Senator Albrecht, La Grone and Matt Hansen. Senator Albrecht.

ALBRECHT: Thank you, Mr. President, and good morning, colleagues. I rise today in support of LB1106 and AM2870 and strongly oppose any motion to deny the ability to provide property tax relief for Nebraskans. I want to thank Senator Linehan for her leadership and the Revenue Committee for the many hours spent over the summers working through this complex issue. I want to thank all senators who have spent countless hours talking to school superintendents, school boards, and taxpayers throughout Nebraska. The time is now, we have to act. High property taxes are a major issue in Nebraska. I heard this from residents in my district four years ago, and it still remains the number-one priority in my district. It doesn't do any good to offer incentives to big companies if we can't offer them lower property taxes for the long haul. We can't attract employees for them. Businesses don't want to build here if they have to pay property taxes that are so much higher than where they could go in surrounding states. District 17 is a tri-state area. Companies located in District 17 draw employees from a tri-state area. It's time to give their employees a reason to want to work, live, and raise their family in Nebraska. Right now, they have to drive into Nebraska from South Dakota or Iowa, but go home to spend their money somewhere else. Companies need employees. If their employees can't afford to live here, then companies are unable to grow. Higher taxes to property owners means higher cost of living. Higher property taxes to property owners mean higher costs to all their renters. Higher property taxes is not just a district level issue, but a statewide issue. LB1106 provides millions of dollars in new state support for K-12 education. Our children are our future. It's essential that we provide a way to fund our children's education without a tax burden on working families, businesses, and our ag producers. We all have a responsibility to Nebraskans to act now. Ag property owners are leaving our state because of high property taxes. Remember farmer Fritz? In 2017, he and his family sold their farm that their family held for generations to move to Missouri. We should not be the state that chases residents away. Businesses are passing us by not only

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because of higher taxes, but because those higher taxes keep the employee pool limited. Citizens are-- are leaving to move to lower tax states. Yesterday, we passed a bill to allow veterans to keep more of their own money. It's a good bill and it helps keep our veterans here in our state so long as they can afford to stay in the homes that they've paid for over the last 30 years. It's our responsibility to act for all residents, businesses, and farm families to make our state affordable so that we can live, work, and raise our families. It is also our responsibility to lower taxes to attract population growth, to create a place where we can attract families who can enjoy the good life. We can't wait any longer. Our job is to take care of this issue and Nebraskans have waited long enough. If not us, who? If not when-- now. If not now, when? Thank you, Mr. President. I'd like to yield the rest of my time to Senator Briese.

FOLEY: Thank you, Senator Albrecht. Senator Briese, 1:20.

BRIESE: Pardon? One-- 1:20?

FOLEY: Correct.

BRIESE: Thank you, Senator Albrecht. I appreciate that. And continuing on, as I looked at this bill, you know, a few of the districts are concerned with revenue availability the first three years. However, if spending increases are kept to the 2 to 3 percent area in that handful of districts, those issues are negated. And when Nebraskans average income, household income is increasing at roughly 1.7 percent over the last 7 years, I don't think it's too much to ask a small handful of those districts to limit spending increases to 2 to 3 percent for a few years. Others are simply concerned about assumptions as to valuation growth, coupled with the proposed valuation reductions. But this is where the equalization formula provides a backstop. If resources fall, the equalization formula is designed to provide the aid necessary to match needs. Others also complain about the averaging adjustment and the loss of that. But we're gonna increase state dollars to each district. We're gonna replace those dollars. And I think it's completely reasonable-- reasonable for us to change how we make that funding. Someone on the floor suggested last year, or sometime earlier this spring, that we were going to decimate schools. If I believed that, I'd be the one filing the bracket motion. As I look at these items within AM2870, I just don't think we're asking anything that's unreasonable of our partners in the education community. What we're doing here is completely reasonable, and I would ask for your support going forward for AM2870. Thank you, Mr. President.

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FOLEY: Thank you, Senator Briese. Senator La Grone, Senator Matt Hansen, Senator Crawford. Senator La Grone.

La GRONE: Thank you, Mr. President. Colleagues, I rise in favor of LB1106, the amendment, and opposed to the bracket motion. Senator Brandt was correct when he laid out that this started in agriculture and it spread to residential areas. This is by far the number-one issue facing our state. There are people who have made the decision to buy a home, who are waking up to find that they can no longer afford that home because we have failed to address this problem through no fault of their own. To me, that puts the burden on us. We have to act. We have to do something so that folks can live in this state and live their lives in this state, how they want to live their lives in this state. And there are those who have said that the situation has changed since we last talked-- talked about this. I completely agree it has changed. It makes it even more important because there are thousands of Nebraskans who have lost their jobs because of the pandemic. And when you lose a job, that property tax bill still comes due. There are folks who before this pandemic hit were fine on their property taxes, who could afford to make those payments. They were still substantially higher than they were elsewhere, but they could afford to make those payments, although it was putting a burden on them. And now they wake up to find they've lost their job and we're still taxing them at a much higher rate. And I think Senator Linehan did a great job of explaining how without this bill, property taxes increase. Without this bill, the problem will only get worse, and will continue to perpetuate a generational wealth gap because young people are struggling to buy homes in Nebraska, partly due to the exorbitant property taxes that we charge in this state. So, yes, this situation has changed. This is even more important as we move forward, because Nebraskans are now not only being taxed out of their homes, thousands of them have lost jobs and they still have to pay these exorbitant property taxes. I would yield the remainder of my time to Senator Linehan should she want it.

FOLEY: Thank you, Senator La Grone. Senator Linehan, 3:00.

LINEHAN: Thank you, Senator La Grone. Thank you, Mr. President. So I also handed out this morning, it was surprising, I thought, yesterday morning when I got up and looked at my Omaha World-Herald front page story. Douglas County valuation's protester, our most since 2007. This isn't about Elkhorn or Bennington or Millard, it's about Minne Lusa. It's about Senator Wayne's district. I've also heard from Habitat for Humanity. Habitat for Humanity, who I think most of you know, remodels homes and helps people keep in their homes. They update them, paint

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them. This summer when I was doing some remodeling, I donated some-- set of doors. They do a lot with very little. But what is happening is once they rehab the homes, guess what? The property values go up. Also, we have a problem because in Omaha now, according to this story, it is very difficult to find a home for less than \$200,000 west to 72nd Street. So that sends the young people that Senator La Grone was talking about east of 72nd Street, which is a good thing for Omaha. It's a great thing for Omaha. But they then in turn drive the prices up, so it isn't-- we're keeping young families from buying homes. We have property taxes rates. We're driving older, retired people out of their homes because of property taxes. We're making it impossible for a grandparent to leave their home to a grandchild because of property taxes. If you take your phone, because I do this every once in a while,--

FOLEY: One minute.

LINEHAN: --if you take your phone and you pull up one of the mortgage rate things. You know, if I buy a house for \$200,000 or \$300,000, what will my payment be? Just pull up any of them. There's five or six of them on there. It will tell you what they expect your taxes and your insurance to be on your home. We're significantly higher than your iPhone is gonna tell you. On a \$200,000 house we're a \$100 a month higher than what the iPhone will tell you your payment will be. We're way out of line on property taxes. We need to address it. Thank you.

FOLEY: Thank you, Senator Linehan. Senator Matt Hansen, Crawford, and Murman. Senator Matt Hansen.

M. HANSEN: Thank you, Mr. President, and good morning, colleagues. First off, I just want to talk about-- I guess talk about broadly this issue and where I stand. I'm still trying to piece together and I appreciate all the data Senator Linehan gave us this morning, including with Lincoln Public Schools. From my procedure and process, you know, I've never served on the Revenue Committee. I've never served on the Education Committee. I don't think I will or get that opportunity. So for me, kind of wading into these issues, the related issues of school finance and taxes, it's always kind of coming from an outsider perspective in terms of, I don't develop that subject matter expertise the same way that, you know, the members of the committee have that luxury. That's part of the reason we have committees. And I'm really appreciative of some of the things that have happened so far. I appreciated last summer when we had the Revenue Committee split up and come talk to individual members. A member of the Revenue Committee met me in my district. Talked to me about just kind of broadly how I viewed taxes, how I viewed education funding. We talked

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for a couple hours easy. And it was good to kind of know that somebody who represents a very different part of the state, different district than mine kind of got to hear my perspective. So I appreciate those avenues that Senator Linehan and the Revenue Committee have gone through. You know, kind of continuing, from my own education, I took the time, I got invited, I sat with a lot of the groups that we've referenced today, last summer, trying to learn more about kind of the whole scheme, the whole line, because we talk about property taxes. And for the most part, I hear it is about the property taxes as it impacts people in agriculture. And I know we're talking a little bit more this morning about homeowners. Again, I'm an attorney from Lincoln. I'm a professor. That's my background. My last time my family lived on the farm, it was in Norway. We don't have that tie. I don't have that background to build upon. So that's why I was really happy to meet with some of these groups, farm-- farm associations, corn growers and whatnot last summer, hear from them their perspective, learn what they were saying. I'm trying really hard to wrap my head around the issue, wrap my head around where my colleagues are coming from, because this is, frankly, hitting different school districts, different districts in a different way. And I really appreciate how far we've come and how much we've talked about it. At the end of the day, though, I have to look at Lincoln Public Schools in particular. That is where the majority of my cons-- district, the majority of my constituents are. Those are the people who voted for me. Those are the people who when a lot of you put lower property taxes top and center on your campaign, I put supporting our schools top and center on our campaign. That's the commitment I made to my constituents and that's the commitment I have to balance out. And under LB1106, it looks like in the very first year, and I was trying to make the numbers line up, it looks like in the very first year under this estimate that we were handed out for Lincoln Public Schools, property taxes, both the rate and the amount levied go up, I believe, by just under \$2 million, \$1.8, is what I figured. As well as-- it says actually a higher number on here and I meant to talk to Senator Linehan. Besides, property taxes appear to go up, in part because the general fund levy jumps from a dollar point-- \$1.04 to a \$1.05. At the same time, state aid goes down. And me as a Lincoln senator, even if it's just for a single year, I'm in a tough spot to go back to my constituents and say, hey, I voted for a bill that caused your property taxes to go up in both levy and amount. But we also cut the school district budget by 2 percent. So I have to balance those two issues when I go back and try and justify this vote, explain this vote to my constituents. I really want to get to a point where we solve this issue. I really want to get to a point where this is not the most pressing--

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FOLEY: One minute.

M. HANSEN: --issue across so many districts. I really want to work and vote for something. At the end of the day I do have an obligation to my constituents to make sure that what I heard from them and what I heard from my district and what I told them I would do all line up. And that's really tough under the projections and in line items that I see on-- on this bill. I'm gonna continue to listen to debate, gonna continue to work on it. I appreciate all of the work that everybody's done. I know the amount of effort I've put in probably doesn't even put me close to the top half of the body and I feel like I've put in a fair amount on this issue. With that, thank you, Mr. President.

FOLEY: Thank you, Senator Matt Hansen. Senators Crawford, Murman, and McCollister. Senator Crawford.

CRAWFORD: Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraskans. I rise in opposition to LB1106. I want to acknowledge upfront the difficulty of the state government in Nebraska reducing property taxes that are set and collected at the local level. There's a reason why efforts over the past decade in this body have focused on the Property Tax Credit Fund to invest state dollars to reduce property tax burdens. It's important to acknowledge that we've made substantial investments here. We're now budgeting \$275 million for this effort. I also acknowledge that rethinking education spending is a key to reducing property tax burdens in the state. I think there's widespread agreement to that principle. Here again, I want to acknowledge the special challenges of funding education in a sparsely populated and urbanizing state as Senator DeBoer mentioned earlier. The demographic change has major impact on school spending and is beyond the control of our school districts. The legislative Fiscal Office, in a study titled Historic and Current Nebraska K-12 School Data, finds the school spending growth in Nebraska has been largely impacted by a demographic shift of people moving from rural to urban parts of the state. The shift has resulted in enrollment declines in many rural school district and surges in many urban school districts in places such as Sarpy County, both of which have had major implications for school expenditures. Districts with declining student population still have significant fixed costs because unless enrollment drops dramatically, such districts still need teachers and support staff to instruct the remaining students. Building maintenance and utility costs don't go down if there are fewer students. Nor does the cost of building improvements to help meet mandated responsibilities, such as educating students with special needs. This causes increased per pupil spending in these districts as a relatively

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similar amount of money is being used to educate a smaller number of students. Costs will rise in districts with rising enrollment, too, as these districts need more teachers and facilities to educate the increased number of children. The combined effect of declining enrollment and fixed costs in many rural districts and increasing enrollment and rising costs in urban districts is an increase in the overall average per pupil spending. Again, according to our legislative Fiscal Office, enrollment is likely to continue to decline in many rural Nebraska school districts, as rural Nebraskans continue to move to urban areas, and the legislative Fiscal Office report notes this means overall per pupil cost will likely continue to rise. My colleagues, all of this preamble is not to say that it's impossible to make progress. We can look to history for an example of changes to our school finance policy that was developed through a thoughtful, collaborative process over two years with all stakeholders at the table. We can look at the effort that was made back then, all the groups that worked hard together to come up with an idea. It went through many hurdles, but it survived. Senator Ron Withem, Education Chair, introduced LR180 to study how best to fund K-12 education. In 1988, he introduced LB916 to create the School Finance Review Commission to perform an in-depth study on school finance--

FOLEY: One minute.

CRAWFORD: --thank you, Mr. President-- and produce recommendations for change. There was no change in the issues that we have today from those that were discussed then. They were addressing tax equity and the importance of having a tax code that is balanced, not overburdened, and to provide a well-funded education system with equity for students regardless of location. These concerns persist. However, currently all educational groups in the state representing all sizes of schools, urban and rural, are in opposition to this current plan. Again, we can move forward, but it will be important to move forward in a collaborative way with all the taxpayers-- with all the taxpayers and school interests at the table. And I want to acknowledge and thank Senator Linehan for efforts to meet with people with concerns, but this is different than a collaborative process from the beginning, and that's what I urge us to move forward with as we move forward today. Thank you.

FOLEY: Thank you, Senator Crawford. Senators Murman, McCollister, and Bolz. Senator Murman.

MURMAN: Thank you, Lieutenant Governor. And I, too, want to thank the Revenue Committee and especially Senator Linehan for all of their really hard work, and especially Senator Linehan, the hard work that

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she put into this. She's talked to me several times in the last of several months and-- and she's really put in the work. I stand in strong opposition to the bracket motion and support LB1106 and AM2870. Nebraska's property taxpayers need meaningful property tax reform, and this bill delivers our best option at property tax reductions. Unlike our failed attempts in the past, this shows our state major reform and we need to take this opportunity to show our constituents that we are listening and we are doing what many of them-- us-- many of them sent us here to do. When I was campaigning, as was already mentioned, property tax relief and fair funding of schools, and I want to emphasize in-- especially in rural areas and that's where I was campaigning, fair funding of schools is very important too. But we-- and-- and rural areas have supported our schools with property taxes, almost totally with property taxes, with very little funding from the state. And-- and we've done it for a decade or better especially, and now some of the hurt is-- is starting to move into rural areas as-- as I predicted a year ago on this mike. And it's-- it's even come in much stronger than I thought it would in-- in the urban areas. This isn't just about agriculture anymore. The property tax crisis has grown to be an issue in the entire state, both rural and urban. If we really want to incentivize our businesses, which is another bill that we'll be talking about later today, our businesses, homeowners, farmers and ranchers, we need to vote for-- to provide substantial property tax relief. Yes, our farmers and ranchers are struggling, but now our homeowners are as well, especially with the Coronavirus. Homeowners are being forced out of their homes, as was talked about earlier, by high rent, which is a result of higher property taxes. They're gonna be moving across the river. They are moving across the river. They're moving like-- like was mentioned. Retirees are moving south. And much of that is because of property tax, the high property taxes in Nebraska. The Revenue Committee has worked tire-- tirelessly to compose this comprehensive bill. The purpose-- purpose of this bill is to reduce Nebraska's overreliance on property tax for funding our K-12 schools. Now, I'm gonna talk a little bit about agriculture again. Commodity prices are really low in agriculture as a result of a mount-- a number of things. But the Coronavirus has not helped the situation any either. Corn prices are three-- under \$3 a bushel. Soybean prices is very low. Wheat prices are very low. All crop prices are very low. Livestock isn't any better. Cattle prices, because of the Corona situation especially, have-- have really taken a tumble. And [INAUDIBLE] are not profitable. Hogs aren't any better. Dairy hasn't done very well for years. Agriculture is a quarter of Nebraska's economy.

FOLEY: One minute.

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MURMAN: Thank you, Mr. President. A quarter of Nebraska's economy is created by agriculture or depends almost completely on agriculture. We're the second highest property tax paid to-- second highest in the nation property taxes that are paid by individual farmers, second only to California. And that's not something really to be proud of. We're eighth highest in the nation overall. And as I mentioned, there's-- it's not good for the economy of our state. Colleagues, we have a lot of responsibilities as-- as legislators, whether it's addressing overcrowding in our prisons, implementing safe planning in our YRTC's, protecting innocent life, or fixing our roads after the flooding last year. These things are all important, but our goal as legislators should be--

FOLEY: That's time.

MURMAN: Thank you, Mr. President.

FOLEY: Thank you, Senator Murman. Senators McCollister, Bolz, and Dorn. Senator McCollister.

McCOLLISTER: Thank you, Mr. President. Good morning, colleagues. I need to acknowledge that Nebraska does have high property taxes. When I first ran for this body in 2014, Nebraska was seventh highest in property taxes. And, of course, I ran on that platform. And we're still talking about that particular issue today. It's high time that we moved on that issue. Secondly, I need to acknowledge that Senator Linehan and the Revenue Committee have worked hard-- tirelessly on this issue. We've spent all last year and this year on various approaches to property tax reform. But I have to tell you, colleagues, that LB1106 is not the approach to take. And I do support the bracket motion. Why is that? Why is LB1106 a step backward? Well, first off, has-- has not engaged the stakeholders in this at all. Every school district in the state, every school group in this state opposes this bill. We have to look back as Senator Crawford indicated, back to the TEEOSA formula that occurred in 1990. Stakeholders, all the stakeholders were involved in that process. And what resulted was the TEEOSA formula that resulted in districts that have high needs getting resources from the state. Coming from an urban district as I do, I represent OPS, I represent Millard and I represent Westside. And those are urban areas. And OPS particularly has high needs, foreign language speakers, rural or urban poverty. Those people need more help. And I think the current TEEOSA formula takes that into account. We need to involve all the national experts, just as we did in 1990, agriculture and business, and create a new formula that takes in all those factors that they looked at then. We probably looked at 15 different iterations of LB1106 during those last couple of years. I still think

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it's half-baked. We just have not come up with a proper way to do it and that's been a moving target. So I would encourage this body to reject this LB1106. We go back to the drawing board, involve all the stakeholders, not just some cramdown effort by the Revenue Committee. Thank you, Mr. President.

FOLEY: Thank you, Senator McCollister. Senator Bolz.

BOLZ: Thank you, Mr. President. Owning a piece of land and a home, it's a part of the American dream, it's a part of the Nebraska way of life, and it's not lost on me that that's what's at the heart of this initiative. That's what's at the heart of the debate this morning, is that property taxes shouldn't hold families back from achieving their goals or farmers and ranchers from earning a living. In Nebraska, we have a lot more work to do to make our property tax system more fair. And I'm willing to keep doing that work. I'm willing to sit down with anyone, urban, rural, school advocate or farmer to make that happen. As we continue to address a global pandemic and the personal and economic consequences of Coronavirus, it's our job to keep doing just that. Any proposal that moves forward effectively needs to do a few things. It needs to provide relief to farmers, ranchers, and homeowners. It needs to protect local control. It needs to ensure quality education. It needs to help farmers and families achieve their dreams. And fundamentally, it must be financially responsible. I do believe that this body can find a path forward and I'm committed to doing that work. At the same time, I have a couple of questions about how this bill aligns with those ideals. First, I want to make sure that schools and students who have high needs, individuals who are low-income English Language Learners and special education students get the resources they need to succeed. TEEOSA prioritizes funding to school districts where student-- student needs are greater than local resources. Moving away from equalization through TEEOSA to foundation aid through this bill raises concerns that funds will shift from high needs to lower needs. I'm concerned that eliminating the averaging adjustment will mean that schools who aren't funded for their actual needs. The next question is pretty-- pretty essential, and that's fundamentally how do we pay for this? How are we going to do this in a manner that is fiscally responsible? The estimates I've seen say that LB1106 has a price tag of about \$519 million over the next 3 years. And colleagues, I'm sorry to report that our short-term forecast is down. And the information that I've seen from IHS and Moody's says that we'll be down either \$367 million or \$413 million, depending on which forecast you look at in the out years. We must do this, absolutely. But we must do it in a fiscally responsible not-- manner. I'm going to keep listening to this debate and I'm going to yield the

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remainder of my time to Senator Stinner to continue our financial conversation.

FOLEY: Thank you, Senator Bolz. Senator Stinner, 2:00.

STINNER: Thank you, Senator Bolz. I have prepared a couple pages of budgetary discussions, but I'm gonna start first by scurrying the press. And I'm gonna tell you, I'm tired of reading that the Legislature has done nothing for property tax relief. That is factually false. We do have a distribution system and a methodology for property tax relief. We contribute \$275 million to property tax relief. Guess what? That's the fourth largest item in our budget. You start with TEEOSA at a billion dollars, work your way down through Medicaid, and aid to-- to higher education, the next number's property tax relief. Press, get it right. What we're working on today is a new methodology and a new way of distributing revenue. Now, up to now, we've been taking excess revenue when we've had it. And if you look back over the last four years, we haven't had a whole lot. But we went from 105 six years ago to 275 now. Even in tough times, we've prioritized property tax relief.

FOLEY: One minute.

STINNER: So the idea that we haven't done anything in this Legislature, and we need to get it done, is false. Now, has anybody recognized it? Obviously not. Obviously not. So there has to be a new distribution system-- system and there has to be some equitable way of trying to compensate it, but we've been using excess dollars. Excess dollars, by definition, is holding down spending, which we have done. This budget recall-- requires 3 percent spending. Budgets before that were less than that because we didn't have any revenue. I think we can run this government efficiently and effectively on 3 to 3.2 percent. Normally, what we would have, if you look over the past 20 years, 4.7 percent increase in revenue. We could take that sliver and devote it for other initiatives and property tax. We haven't had that opportunity. If we would have had that opportunity, my guess is we'd be over--

FOLEY: That's time, Senator.

STINNER: --we'd be somewhere close to a half a billion in property tax relief.

FOLEY: That's time. Thank you, Senator Stinner.

STINNER: Thank you.

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FOLEY: Senators Dorn, Stinner, and Lathrop. Senator Dorn.

DORN: Thank you, Lieutenant Governor. I wanted to thank Senator Linehan, the Appropriations-- not Appropriations, Revenue Committee for bringing this bill forward and allowing us to have this discussion on the floor. I think most people are well-aware of that property tax relief discussion has gone on for years. It started 10, 12, 15 years ago with ag land property. Even visited with a superintendent from my district that said the schools at that time had talked to the senators, the Governor, everybody involved that needed to do something to alleviate the problem that they saw coming forward. Well, as Senator Stinner said, we have alleviated part of the problem. We have contributed some money. This body has contributed some money to property tax relief. However, as I think most people realize going forward, we probably haven't solved the problem. We haven't solved the issue of funding the schools and other things by property tax and the fact that they have risen the way they have risen the last 10, 15 years. Senator Linehan brought up Blair Public Schools. About three weeks ago, Senator Friesen and I met with all of the school-- a representative from each of the school associations or whatever, and Superintendent Grizzle from Fairbury handed out a sheet and I've shared it with some people. I know I passed it around some, but the STANCE schools, the 19 STANCE schools, the last 5 years, what has happened to them in valuation changes. Blair in 2015, they had a 1 percent increase in residential property. They had almost an 18 percent increase in ag land values. Fast forward and you can look at the chart if you'd like to, in 2019 they had an 8.3 percent increase in residential property and they had a decrease of a tenth of a percent in ag land. All 19 STANCE schools went from 2015, an increase of 4 percent in residential, 15 percent in ag land, to 2019, they went to an increase of 6 percent in residential and a decrease of 3.5 percent in ag land. These are the schools that most of them are at that dollar and a nickel. I know, Beatrice is at the dollar and a nickel. They have about 29, 30 percent ag land. You see the shift that has started to take place the last five years. This is what started bringing about our whole discussion 10, 15 years ago the shift that went to ag land. With that, a corresponding shift of TEEOSA funding to the schools that didn't have that increase in valuation. That's how TEEOSA is set up. It's as Senator Bolz said, it set up-- or needs. It's based on your needs and a lot of other things in there. But if you now are a richer school district, you can fund more of your own-- own needs and that's what's happening now to the urban areas. We are slowly shifting back to where we were maybe 20 years ago. At this rate, it's gonna take a long time getting there. When I talked earlier last year on a-- the property tax bill we had, I explained the fact

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that it's happening to the urban areas now, what it had happened to the ag land areas, but it's gonna take us a lot longer than that 10-year period to get back there if we don't do anything. We have, as Senator Stinner said, we have contributed--

SCHEER: One minute.

DORN: --the Property Tax Credit Fund. We have contributed \$275 million. But I believe most of us Senators would believe that that's kind of a Band-Aid's approach. That is halfway solving the problem, but it isn't solving the problem or the issue that we have in this state with property taxes. And using them as one of the main sources of funding schools, that and TEEOSA, because when we as a body, when we don't have funds to fund stuff or to fully fund the budget, one of the things that always gets looked at because of the large amount of the dollars in there is TEEOSA. This year we're gonna put \$1.052 billion in TEEOSA. That's a large amount. It does help the schools. It does give them the opportunity to have that strong education, what they desire. But it does not solve the property tax issue.

SCHEER: Time, Senator.

DORN: Thank you very much.

SCHEER: Thank you, Senator Dorn. Senator Stinner is next followed in the queue by Senator Lathrop, Linehan, and Chambers. Senator Stinner, you're recognized.

STINNER: Thank you, Mr. President. Members of the Legislature, I'm glad I got that scurrying of the press out of my system. I do want to have a talk about this budget situation and if you'd go to your green sheet, which is on the back of your agenda, that kind of represents the pre-COVID numbers. And I stood on the floor and I said, I can point to a way forward making this legislation from a financial side a doable situation. And so we actually have the actual numbers for the 1920 incorporated here, which is \$138 million you can see over our required reserve, our cash reserve. And you can also see \$435 million in the out years. Now, the reason I said that it was a doable situation because at that time there was projected 4 percent increase in expenditures and 3.6 percent as a two-year number for revenue growth. And if you remember me talking, I said 4.7 is kind of the average over 20 years. That really puts it into a fairly conservative posture and so I felt like that was doable. So we pulled back the expenditures to that 3.2, 3 percent, and that yields more money within that out year. So I could point to a path forward. Additionally, I want to point up we had \$275 million projected to go into the rainy

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day fund, pushing that over \$700 million, which would put it really close. I think it was 14 percent fully funded, 16. So there was a real comfort level on my part. But I did say that once we do this, this is a big chunk of money there is not a whole lot of room for any other initiatives. OK. This was a priority, and I will say I've supported every property tax initiative that has come down, I've supported it. But you know what I want to emphasize to this body, this budget is our responsibility. It's not the Governor's responsibility. It's our responsibility. And with that, that means that we have to make prudent and fiscally responsible decisions based on what we have in front of us. That's-- that's important to remember that. Now, our run rate at the time be pre-COVID, we were running a revenue growth at three percent. As you can see, we still ended up at four. But, of course, that last quarter was that. But it provided us that 134-- 33 that we left, plus the 275. We actually had a cushion going into COVID of over \$400 million. Now, I don't want to necessarily go into what I think the forecasting board, I can tell you it's lower, but I was given early on in the COVID thing numbers that were suggested by IHS and Moody's. So we ran a 500 million, 10 percent down. Looks like we're gonna be down 5 to 6 percent. Obviously, the federal government and what they have done to support individuals as well as business during this crisis that we're under, had an effect. My biggest concerns are in those out years right now when I run the projections, the out years are somewhere between five and six hundred million negative. That's the numbers I have to look at. It's doable this time, we can probably balance this budget this time. Is there a lot of extra money for future expenditures, future initiatives? When I look at LB1106, it automatically lowers on a yearly basis for three years, as Senator Linehan pointed out, automatically--

SCHEER: One minute.

STINNER: --thank you-- automatically lowers the assessed valuation, forcing the Legislature to come up with money. It's just like-- or otherwise, the schools are short. Otherwise, it's kind of a line-item mandate for us to spend this, which means now we have to make choices. And I'm not sure the revenue is going to be there to support all the services that provides for the well-being of our citizens. Along with that, I think we're gonna have a longer time to get out of this hole we're in, which means our unemployment rate's gonna be higher, which means that Medicaid expenses are gonna be higher, which means it's gonna put pressure on all government services. That's increase in cost, so COVID has put a whole different hue on this whole situation, a whole different cast on this situation.

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SCHEER: Time, Senator.

STINNER: Thank you.

SCHEER: Thank you, Senator Stinner. Senator Lathrop, you're recognized.

LATHROP: Thank you, Mr. President. Colleagues, good morning. I want to join those who have stood up and recognized the work of Senator Linehan and the Revenue Committee on this issue. It's been a two-year undertaking for that committee. And I can tell you that I know, Senator Linehan has put a great deal of time into this. Every time I see her, she's got a pile of tables and numbers and notes and she's scratching stuff out and trying to talk to people about her plan. And I greatly appreciate and want to acknowledge the hard work that she's put in on this. I think it's worth taking a moment to just get some historical perspective on how we got here, because I don't think-- it's like a lot of things around here, I think we can stipulate that property taxes are too high. They're too high in the rural areas and they're too high in the urban areas. And you wouldn't get any argument from anybody in this body or in this state that would suggest that, nah, they're about right. That's-- that's not where we're at. Property taxes are too high. We'd probably talk to the business community and they would tell us that corporate taxes are too high. They need to be lower. They might tell us that the high earners need a break so that they stay here instead of moving to Wyoming or South Dakota or some other place that's a little more income tax friendly. That's the challenge we face in Nebraska. I think it's worth having some historical perspective, however, so that people understand how we got to where we're at. So, of course, and this almost goes without saying, but for the benefit of people that are on TV, we don't levy property taxes. The best thing we can do as a Legislature is support those political subdivisions that are dependent upon property taxes with the hope that they will lower their property taxes and-- or we can, as we do, put money into a property tax relief fund and distribute it to property taxpayers. So now we find ourselves in a place where we don't have enough revenue into the state to disperse to the political subdivisions so that they can provide the property tax relief to people in urban Omaha, Ralston, Millard, or into the rural areas as well. And how we got there is worth understanding because I was here for it, or at least part of it. And back when we had money and-- and I can tell you, I remember when corn went to \$8 a bushel, we had money. We had tax receipts. We had revenue. And we cut income tax. Right. We cut income tax. And we did it with the support of rural senators. That was not their priority at the time. They were encouraged by our then

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Governor Heineman to cut income taxes. And then corn, of course, went down. Our receipts weren't as strong as they would have been had corn stayed at \$8 a bushel. And now we're short of revenue, least not enough revenue to put into the schools and satisfy all these needs we're hearing about, property tax relief, support for the political subdivisions that are reliant upon property taxes. And so we start cutting those things. Every time we're short of revenue the-- the Appropriations Committee, the Education Committee, the Revenue Committee, there's some powwow that I'm not involved in, and they figure out how much we're gonna put into TEEOSA, and when we don't have enough money, which apparently is every year, except for maybe 3 over the last 25, we don't fully fund that.

SCHEER: One minute.

LATHROP: And when we come up with a new formula-- when we come up with a new formula to do that, that is dependent upon the Legislature being able to fund it every year, or it's not property tax relief for the urban people when we start coming up short on money and cutting state aid to the-- cutting money to TEEOSA. Then those school districts that appear to be getting a property tax break under this proposal are gonna have to go back to the property tax and raise their property taxes. And in the meantime, our friends who are in low-levy districts will continue to receive the foundation aid. Senator Linehan listed off a number of groups that are supportive of this proposal, and I'm sure they are. None of them include the school districts or the school groups and there's a reason. They are very, very, very leery of a new formula.

SCHEER: Time, Senator.

LATHROP: Thank you.

SCHEER: Thank you, Senator Lathrop. Next up is Senator Linehan, followed by Senator Chambers, Bostelman, and Clements. Senator Linehan, you're recognized.

LINEHAN: Thank you, Mr. President. So I've been listening. There's-- there's a couple things I want to push back on. The idea that this hasn't been thoughtful or collaborative, I would like to remind you all that last year the STANCE schools and the NRCSA schools helped write the bill. I have met with multiple superintendents and the officials again and again. So last year we were trying to raise revenue. They-- I don't know, that's why they tell me they can't be for it this year. I don't understand it at all. We have pre-COVID and we'll get to that in a minute. We had the revenue. I do not

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understand. I-- I-- because on some of these schools, we're talking about huge property tax relief for their property taxpayers in the STANCE schools. We're talking about property tax relief for every Nebraskan, whether it's a farm, a homeowner or a business. I think I have been collaborative. I've sat in meetings where people have pounded the table and yelled at me, which I thought was a little out of line, but I stayed in the meeting. I have been collaborative and I have listened, and so has the rest of the Revenue Committee. And so has the Education Committee. Senator Bolz mentioned the averaging adjustment going to the schools with the highest needs. That's not how that works. Now, I appreciate all the comments this morning about how hard I've worked and how hard the Revenue Committee has worked and how hard the staff has worked and they have worked very hard. But we are not just working hard, we actually know what we're talking about. The averaging adjustment is given to schools over and above their needs. Needs are figured and then because they're large and their cost per pupil is less, they get a bonus. It's not about their needs. Senator McCollister mentioned that he represents OPS, Millard, and Westside. Westside is not equalized. Westside does amazingly well under this LB1106. So I'm-- OPS and Millard do not get hurt. Then I have some questions for Senator Stinner if he would yield.

SCHEER: Senator Stinner, would you yield, please?

STINNER: Yes, I will.

LINEHAN: So I read again this morning in the World-Herald-- actually this is what I do when I first wake up, I get my coffee and read my iPhone. So there's an op-ed from the school groups that says once again that this bill was built and funding that was dependent upon a one-time surplus. Now, I've told them several times that's not true. And I think if I recall right before we left in March, I asked you on the floor and you said, that is not true. We are not using the surplus to pay for LB1106. Is that true, sir?

STINNER: Yes, it is. You are correct.

LINEHAN: OK. So it should disturb us all that the school groups continue to say something for months now that they've been told by the Chairman of Appropriations and the Chairman of Revenue who actually know something about it, that that is not true. Yet it was in-- they claimed it again this morning. And I won't even go into all the other things they claimed. The other thing, we don't know about our revenue. We won't know--

SCHEER: One minute.

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LINEHAN: --we won't know until tomorrow. But on this \$138 million, Senator Stinner, will we have enough there to pay for the CARES Act tax cuts?

STINNER: Well, I'm sorry, Senator, I-- I didn't quite catch your question.

LINEHAN: Is there enough money in the budget so we don't need to decouple from the CARES Act tax cuts?

STINNER: I will say this about decoupling, if it is included the way it is, it will be a deduct of \$125 million for this particular-- 2021.

LINEHAN: So do we have enough money to do that now?

STINNER: One would say that we will probably be in a negative position where we'll have to adjust our current budget to get to zero. So we won't have excess.

LINEHAN: So if we-- but we don't know until tomorrow, actually, but--

STINNER: Right.

LINEHAN: So are our choices here the--

FOLEY: That's time.

LINEHAN: --CARES tax cuts--

FOLEY: That's time, Senator.

LINEHAN: --the property tax? Thank you.

FOLEY: Thank you, Senator Linehan and Senator Stinner. Senators Chambers, Bostelman, and Clements. Senator Chambers.

CHAMBERS: Thank you. Mr. President, members of the Legislature, I don't generally speak on these kinds of bills because there are senators actively engaged on both sides. But because of misleading snippets, out-of-context statements, deliberate misrepresentations of what had been said on the floor, I'm gonna read from an article published in this morning's Lincoln Journal Star which demonstrates the importance of context. Chambers, in his speeches Monday, was responding to a flier sent out in District 1 on Slama's behalf that said her opponent, Janet Palmtag, also a Republican, quote, sides with Lincoln liberals, atheists, and radical extremists, unquote. There are photos of Chambers and Palmtag on the flier put side by side. Chambers

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and others have said they believe the flier to be racist. Some senators on Monday said Slama should have apologized for the flier, which Governor Pete Ricketts has said was appropriate. But Chambers said it was Palmtag who deserved the apology from Slama. Quote, Am I looking for an apology? Certainly not, Chambers said. I'm a grown man. I've had worse things than that done toward and said to me. Palm-- end quote. Palmtag did not respond to calls for comment. This is the full context of the Monday's statement in question. Chambers speaking, and this was from a verbatim recording. I feel sorry for that lady down there, Palmtag, among those cowardly racists. I had read nothing, heard nothing about a scandalizing woman down there who's suddenly running for office. And then these low-down people that I've named, Senator Slama, Governor Ricketts and all the Republicans have decided to try to destroy that woman's reputation, destroy her by using my name. I feel an obligation. How they will take to show how she and I are in league with each other, to lift her up in the minds of the people who live down there with her, who have known her, who have never to my way of thinking and understanding since we're playing dirty, said that she was given favors because favors of a fleshy nature were expected in return. Now, I don't know if Senator Slama has heard what they're saying about her and why the Governor picked a very young person with no life experiences. I didn't know they had traveled together. How would I know that if white people didn't tell me. They want to play dirty? Well, let's get down in-- well, let's get out-- get dirt out here on everybody. I feel more protective toward my daughter than some white men feel toward theirs. My daughter could not be put in a position where certain salacious things were suggested about her because of some older white man who was supposed to symbolize power and why he's putting her in that position when she has no credentials to justify it. Only one thing, period. And that's what's being said about Senator Slama. She knows it. You all know it around here because some of you have told me, but I'm not going to out you. End of quote. At another point in the afternoon, Chambers was talking about how Andrew Jackson was a slaveholder and treacherous toward, quote, black men who saved his bacon at the Battle of New Orleans and the War of 1812, end-- end of quote. Jackson promised black men that if they would fight on the side of America, they would be free, he said. Quote, Ha ha ha, unquote, Chambers said. Quote, the lying, sniveling, cowardly, treacherous rat, period.

FOLEY: One minute.

CHAMBERS: You all see him as a hero, I don't. Suppose I had raped white women. Suppose I enslaved Senator Slama and used her the way that I wanted to. You think Thomas Jefferson was a great man? Do you

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realize he had a room in Monticello for Sally-- Sally Hemings, and he had six children by that woman in the house where his wife lived. He was a mere man and he was not a good man. How can a man be good if he's a rapist, a child molester or a pedophile? And you all deify him and I'm supposed to go along with it? End of quote. Get the context and fortunately for us, all of our words are recorded and people can see the real story instead of the misleading snippets. Thank you, Mr. President.

FOLEY: Thank you, Senator Chambers. Senator Bostelman, Clements, and Groene. Senator Bostelman.

BOSTELMAN: Good morning, Nebraska. Good morning, colleagues. I stand this morning in opposition to the bracket motion and in full support of AM2870 and LB1106. We've talked about and we've talked about and we've talked about property taxes every year I've been here, and I hear the same thing from those in opposition. Can't do it now, let's do it next year. Let's do it another time. Let's study this. Let's study that. I've worked with senators. I've worked with ag leaders. We've brought property tax bills every year, multiple ones every year to the floor and they get no vote. They get filibustered. They don't make it to the floor. They don't make it out of committee and that's just not right. Out of the 244 school districts in this state, 165 receive no funding, school funding support from the state through the TEEOSA, or very little if they do. We have cities, we have schools in large cities across the state who have-- I-- what some of my schools, small schools would like to have a fraction of the things, the ability to have offerings of educational opportunities as far as classes for sports, other academics and they're-- they can't afford it. They don't have it just because we continue to see large growth in the schools in Lincoln and Omaha, maybe Grand Island or other cities across the state, where they can provide a large number of academic opportunities, which is good for those students. I'm not saying it's not, but we can't do that in rural Nebraska in small schools, it's not possible. Our taxes are out of control on our ag land. We can't afford it. I have people, I have farmers, I have families, so we're talking about families. We're talking about a business in town, we're talking about a house in town, that's one thing, but when we talk about ag land and the taxes on those, we're talking about a person's livelihood, their life. Generations of farmers, of ranchers who are selling out. They're moving out of state because they can't afford it. They bought their land. They pay more now in taxes than what the land that they bought originally cost them. Families are inheriting land that they can't afford the taxes on. They can't pass it down generation to generation because the taxes are too high. If now's not

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the time, what are we gonna do-- another two, three, four years, wait till a perfect time. When is that perfect time gonna be? I don't know if there's ever gonna be a perfect time. I don't think there's ever gonna be a perfect bill, but we need to do something. It's up to this body to do something, to do the right thing. And the right thing is to continue to work on property tax, significant property tax, because if we don't have the money to do this, what do we have funding for? What can we support if property taxes are not it because it's the number one thing. The number one thing in my district, property tax relief. We can't continue to kick the can down the road.

FOLEY: One minute.

BOSTELMAN: We can't continue to ignore the loss, the brain drain, the loss from rural Nebraska because they're not moving to the cities, they're moving to Missouri. They're moving to Iowa, to South Dakota. They're leaving the state. So what does that do? That just leaves large corporations, foreign corporations come in and buy up the land. We're losing our population because people can't afford to live here and people can't afford to pay their taxes. We need to provide the funding to the schools that they need to operate. That's what this bill does. It gets us down that road to start providing the proper funds to schools that we need to do to start down that path and to give property tax relief that we need to give to our ag producers, to our farmers, but also to our homeowners and to our corporations. We are a high tax state.

FOLEY: That's time, Senator.

BOSTELMAN: Thank you, Mr. President.

FOLEY: Thank you, Senator Bostelman. Senator Clements, Groene, and Slama. Senator Clements.

CLEMENTS: Thank you, Mr. President. I stand in favor of LB1106 and against the bracket motion. I also have been working to try to find a good solution for property tax relief. And I thank also the Revenue Committee for coming up with this plan. I see the school districts in my area are not going to lose total revenues. They're gonna be protected in their budgets. And that was a important condition for me to see that the schools are remaining whole as we allocate funds around the state. Especially for my district, I was looking at the handout that I got this morning and it said I have a little bit of farm ground, and it looks like a 22 percent drop in tax there, which would be about a \$15 per acre tax reduction on the farm. Well, average farm in my area is probably about 1,200 acres a person is farming.

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That would be \$18,000 a year of tax relief for one of my average farmers. And what are they gonna do with that \$18,000? They're gonna spend it on equipment. They're gonna pay some income tax maybe on it, finally. It'll be economic development in the community. And so this is not just all going out, it's going to have a multiplier effect. My ag borrowers are treading water is how, what I'd say. And one of them told me he can't tread water much longer. And so I think it's-- it is time to help them. Also, it looks like an average house in my community would be about a 12 percent decrease in tax. And the homeowners, I appreciate that the homeowners as well as the ag producers are gonna benefit. On my-- my little farm, I get about \$11,000 of crop share as a landlord per year. The tax on that 11-- on that farm is \$4,250, so 39 percent of my crop revenue goes for taxes. And that-- I was figuring out the net return on that, on the value of that farm is about 1.6 percent rate of return. And that doesn't really keep a person up with inflation. And there's other places-- people are gonna quit buying our land, and it's gonna drop the value with that kind of poor returns. And then for the farmer who's paying interest to the bank of 4 or 5 percent, a 1.6 percent return is going to just keep putting them behind. And in comparison to that 39 percent of revenue for the farm going for taxes, my office building, about 1 percent of the revenue goes for taxes. I do hire more labor, but I still don't have the burden that a farmer does for the percentage of revenue that is going for property tax. So I think this would be a good economic developer for the rural areas and give some needed tax relief, especially with the farm economy prices we're struggling with.

FOLEY: One minute.

CLEMENTS: So I would like to yield the rest of my time to Senator Groene.

FOLEY: Thank you, Senator Clements. Senator Groene, you're next in the queue, so you've got 6:00.

GROENE: Thank you. So what is LB1106? To me, it is the Legislature's attempt to create an economic stimulus program. Property tax relief is the broadest, quickest way to put money into the consumers' pockets and into the economy. It will stimulate all areas and all segments of the business sector, not just the big corporations. When people have money, they spend it. What else is it that we've talked on this floor? This is workforce housing. Owning a home is becoming unaffordable for first-time buyers and retirees. A major factor is the high property tax relief. It can be 30 percent or more of a monthly mortgage payment for a young family. This is workforce housing. We throw money at things in the state, in this body. What else is it? It creates good

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policy versus money, throwing money at the problem. Property Tax Credit Fund is throwing money at a problem. Fiscal conservatives do not do that. And well-- look at the results we've had. What the Property Tax Credit Fund has done is allowed local governments to hide behind the credit to raise their tax levies and to raise they're spending. We need good policy. Why LB1106, while school funding? Senator Linehan or I or anybody on the Revenue Committee, don't want to pick on schools. It is the one thing in our constitution this body has to fund. Free instruction in our common schools. We failed miserably. We have let the lobby take the revenues for their projects and we have failed miserably the taxpayer. We have shifted to funding for the schools to the property taxpayer. We've done it over and over again. We are 49th in the nation in state funding for public schools, behind New Hampshire. And guess what, they don't have an income tax. Those folks are probably glad to pay property taxes. And 49th. But what does that make us? It would makes us second highest in the nation how we fund our schools in prop-- with property taxes. We are 21st in the nation. This-- the people in Nebraska do not have to apologize for how we fund our schools. Some school administrations and school boards might have to apologize what they've done with the money, but we are 21st in the nation in spending per student. Doesn't sound kind of mediocre, but we're 14th in the nation in cost of living. So those employees at those school districts have the 14th lowest cost of living of all the teachers in the nation and administrators. Administrative cost. You compare Cheyenne, Wyoming, to Grand Island. You can compare Salina, Kansas, to Kearney. We are 30 to 40 percent higher in what we pay our administrators. The people of Nebraska are demanding property tax relief. I hear it all over the places, Senator Bostelman. They are moving. And here's the sad thing. If you can afford to move, you move. But we have a heck of a lot of people in this state who are trapped. They own a home. They retire. They can't afford to stay there. But they're trapped. So what is your concern? I have had no, in six years, not one single taxpayer locally or a citizen, teacher even, tell me, and education chairman statewide, tell me we underfund our schools. That they fear we're gonna take money from the schools. So who do you hear from, Senator DeBoer, Senator Crawford-- administrators. And I don't blame them. I've managed companies, I want income. It's easier to set a budget when income is available, when the product line is wider. What I hear from administrators, and it's a good argument, not that we're gonna underfund them, we're gonna take away the revenue source. We are gonna lower the revenue source locally by lowering the valuations. Takes away their ability to tax the local person at a higher rate and to gain more of their income because they don't trust the state. That's fine. But they are supposed to be business managers.

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FOLEY: One minute.

GROENE: We give them their money and then they manage the school. Not anywhere in the nation. When this crisis hit other states, Wisconsin, California, Utah, Massachusetts, did the education establishment support the effort? If you're gonna wait around and wait for the education establishment to support what we must do for our citizens, it will never happen-- ever happen. This is very good policy. We are taking care of our schools. We are taking care of our-- and it fixes it with good policy, long-term stability. A formula that works. It doesn't allow the shift of property tax again. Foundation aid grows. Every child, every parent will know when they-- wherever they live in the state of Nebraska, we care enough to give at least 15 percent-- fund at least 15 percent--

FOLEY: That's time, Senator.

GROENE: --of their cost.

FOLEY: That's time.

GROENE: That's not asking a lot.

FOLEY: Thank you, Senator Groene. Senators Slama, DeBoer, and Walz. Senator Slama.

SLAMA: Thank you, Mr. President. And good morning, colleagues. I rise today in support of LB1106 and in opposition to Senator DeBoer's bracket motion. Just really briefly, because it's not worth too much time to address Senator Chambers comments, it's just continued blatant sexual harassment of me on the floor of this Legislature. But you know what? It's just a pathetic attempt to distract from the real issues facing Nebraskans. Guess what? It's not gonna work. Moving along, LB1106 is a great bill. Senator Linehan is an outstanding subject matter expert on property taxes and school funding in this state, and I can think of few senators at any point in this Legislature's history who have worked harder and have gained a higher mastery of the issues as she has with property tax relief. Senator Albrecht raised a great point this morning. She represents a tri-state area. For me, District 1 in southeast Nebraska, we're a quad-state area. Hundreds of my workers in my district live across the border, either in Iowa, Missouri, or Kansas. Because of property taxes, it's cheaper to live 20 minutes away from your job and just commute every morning, then to pay Nebraska's absurdly high property taxes. This doesn't just impact our work force in District 1, this impacts our young people who can't afford to pay taxes on their first homes, so they decide to rent for

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longer periods of time instead. This prevents them from setting down roots in our rural communities and having that benefit of owning their first home. Moreover, retirees who have long since paid off their house can no longer afford to live in their homes because they can't afford the property taxes on it. In addition, our farmers are moving to Missouri, Iowa, and Kansas, left and right, to buy up ground because when they look at their bottom lines, they just can't do it anymore. And it's not that commodity prices are low because they are, or anything to do with their business practices, it's because they're paying a \$100 an acre in property taxes every single year. There's a road in my district. It's called 702 Road. It goes along the Nebraska-Kansas border, exactly. Folks on the north side of the road live in Nebraska. Those on the south side of the road live in Kansas. Folks who live right across from the street from each other, pay up to 50 percent more in property taxes. Now, I don't know what draws the folks who live on the north side of 702 Road to be willing to pay those taxes, some do. God bless them. We're happy to have them in District 1. But it's an issue that we have left unaddressed in this Legislature for far too long. I'd like to offer the remainder of my time to Senator Linehan if she'd like it.

FOLEY: Thank you, Senator Slama. Senator Linehan, 1:45.

LINEHAN: Thank you, Senator Slama. Thank you, Senator, President. Senator, President. [LAUGH] Mr. President. I do want to recognize all the work on the Revenue Committee real quickly here. Senator Briese, Senator McCollister, Senator Crawford, Senator Friesen-- help me if I forget-- forget somebody. My good friend, Senator Groene. I'm forgetting somebody. Briese, I think I said Senator Briese.

_____ : Kolterman.

LINEHAN: Senator Kolterman. They have worked hard all summer. They've worked hard for the last two years. We had a lot of tough decisions in committee. I really do appreciate their input. I would remind everybody this came out of committee, 6-2. We had-- we had going back two years ago, I think, I wouldn't-- I remember very clearly coming down O Street trying to find coffee for seven-- you know, working with farmers. You know, I grew up on a farm and I miss it kind of sometimes, but never at 7:00 in the morning and driving down O Street and searching desperately for coffee for Friesen, Groene, and Briese, and donuts. Little did I realize that was going to be like an everyday occurrence for the next six months. But I want to apprec-- I want you all to know that when we kicked this out of committee, we knew what we were doing. It wasn't just Lou Ann Linehan. It was a lot of people. The bill contains things that were very important to Senator Groene,

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very important to Senator Friesen, very important to Senator Briese, important to all of them, Kolterman, McCollister, Cavanaugh. I would like to shout out, even though Senator McCollister and Senator Cavanaugh did not support when we-- the bill to the floor, they were there all the time.

FOLEY: That's time.

LINEHAN: They engaged and asked questions. Thank you.

FOLEY: Thank you, Senator Linehan. Senators DeBoer, Walz, and Briese. Senator DeBoer.

DeBOER: Thank you, Mr. Lieutenant Governor. I also want to thank Senator Linehan and the committee. I mean, everyone's been doing that, but they have been working hard. I think we should recognize that. I think we should recognize that this is how a legislative process works. People work really hard to bring a proposal before. Sometimes it passes, sometimes it doesn't. It's a frustrating experience I'm sure, when you work really hard on something and things don't go-- don't get passed. I understand that a lot of frustration in this body over a lot of things, that's just part of governance. So I do want to thank everyone for their time. In fact, I would say that Senator Linehan and her committee went above and beyond the call of duty. So thank you for doing that. You know, it's a given. We all want property tax relief here. Nobody here is gonna say, do you want there to be property tax for your constituents? No, I don't want there to be property tax for my constituents. Of course we want property tax for our constituents. Some of us worked really hard on the issue. I also very much want property tax relief for my constituents. I prioritized a bill on property tax relief for my constituents. It didn't make it out of committee. It's in that Revenue Committee. In fact, in that hearing, somebody accused us of-- of only listening to our schools or something like that. I don't remember exactly what it was, but I have to tell you, one of my two school districts opposed my bill in committee because they said it went too far. But after they did that, I still prioritized it because I believe in property taxes. I think we need to do something. I would like to do something. I don't want to do it on the backs of our children and their education. Want to clear up a point about demographics, because I have had presentations on this, actually quite a few of them in our Planning Committee on which I serve. What's happening in Nebraska is Nebraskans are moving from rural Nebraska areas to urban Nebraska areas. And then from those urban Nebraska areas, that's when they move to other states in the country. So it isn't that people are moving directly from our rural areas generally. Of course, some people are. But generally speaking,

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our demographic shifts are going from rural to urban and then from urban Nebraska to other states. But they're not going directly from rural to other states, least not generally. I think that's an important point because it explains how our school district demographics are shifting. But I want to tell you a little bit about Bennington. Bennington is the school district, one of the school districts that I represent. It's-- there are two of them. I also represent OPS. Both of them are very strongly against this bill, but it's not just the administrators. I want to be clear about that. It's the teachers. It's the parents of the students who are in those schools because when I talk to them, they value having strong public schools and continuing to fund those. And right now, I called-- I called up one of the school officials in Bennington, which is something that I've been doing throughout this pandemic. I do it quite often. I say, what do you need? I know this is a trying time for you. What do you need? How can I help? And he said, I've been trying so hard to-- we've been working so hard to get ready to get the school-- the schools reopened in the fall. We've been trying so hard to get things done so our kids can come back, so we can have on-line learning, which is something we've never done before, but now we're doing it. Just another added thing that we're doing. By the way, I've taught both in-person and on-line, and it doesn't just happen like that. Right. It's not just a one-to-one exchange. There's a lot of additional labor that's required to do that. So I think we ought to really thank our teachers and recognize the work that they're doing and our administrators for trying to figure out how to get our kids back there safely. So he said, I've been working all this stuff, I'll get to-- I'm gonna get to this.

FOLEY: One minute.

DeBOER: I-- I know I need to get to this stuff about school finance. We've got to keep our funding in place. It's especially important now. And I said, you know what? The Nebraska Legislature is gonna do the right thing. We're not gonna take your money away. We're not gonna defund you by passing this bill in the middle of a pandemic when you're being asked to do even more than you were asked to do before. I said we will take care of this. There are many other ways to do property tax relief that aren't this way. We're not saying don't do property tax relief. I think that may be getting missed somehow. We're saying do property tax relief. Don't do it this way. Senator Hilkemann, who doesn't like the Property Tax Credit Fund, really doesn't like this bill enough that he put a motion onto this-- an amendment onto this bill or-- or filed an amendment on this bill to put the money in the Property Tax Credit Fund anyway. I-- I want to

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ask Senator Stinner about the surplus. I think it's just a difference of--

FOLEY: That's time.

DeBOER: --words that we're using, but I don't have time.

FOLEY: Thank you, Senator DeBoer. Senators Walz, Briese, and Lowe. Senator Walz.

WALZ: Thank you, Mr. President. You know, I've been sitting here listening to the debate and I'm-- after hearing so many comments about our citizens of Nebraska, I-- I'm gonna take a little bit different angle. And it's probably because I am a teacher at heart. Senator La Grone talked about how homeowners are waking up, no longer able to afford their homes. They're being taxed out of their homes. I think that's really sad that our citizens are suddenly waking up and not understanding why they can't afford their home. Senator Grone-- La Grone, you brought up a really good point. We all know that paying taxes is a responsibility of a citizen. A consumer of services. It is very apparent to me today that if all of a sudden Nebraskans are waking up, our citizens and our consumers do not understand property tax, the valuation process and how it will affect their mortgage payments and their budgets. Why don't we educate people on this? I mean, let's be honest. The average Nebraskan has no idea what the assessed valuation of their home is or how to estimate-- estimate their tax responsibility if they purchase a home at \$150,000. I am looking for a banker. Senator Clements, will you yield to a question?

FOLEY: Senator Clements, will you yield, please?

CLEMENTS: Yes.

WALZ: Thank you. I-- I should have asked you, but I just decided to ask a banker. What-- what education do you provide as a lender to help consumers understand the process of valuation or what happens to valuation and their tax responsibilities if their home increases in market value so they can make informed decisions before they sign on that dotted line or that loan document. What kind of education are you as a lender providing that consumer so they get-- what-- what will happen in the future, not today?

CLEMENTS: People don't get much education, they get to-- to know what the property tax is, how much a month it is, and they generally hope that it stays about the same, but it does always increase.

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WALZ: Right.

CLEMENTS: So there is very little education given.

WALZ: Thank you. Thank you, Senator Clements. Now, I know that there are some of us who-- who do understand this. We do understand that valuations are based on state statute. Farmer Senator Briese, would you like to answer a question?

FOLEY: Senator Briese, would you yield, please?

BRIESE: Yes.

WALZ: Senator Briese, do you know the percentage of valuation you pay on ag land?

BRIESE: Yes, 75.

WALZ: 75 percent. So would you say that when you calculate your tax re-- responsibility or an estimate, you're able to do that if you buy, I don't know, 100 acres at \$13,000 an acre, can you-- can you estimate what your lia-- your responsibility would be for taxes?

BRIESE: Yes, I could.

WALZ: OK. Thank you, Senator Briese. Well, one more question, Senator Briese.

BRIESE: Sure.

WALZ: Do you think the average consumer--

FOLEY: One minute.

WALZ: --understands this process?

BRIESE: Unfortunately, I don't really think so, no.

WALZ: Yeah. Thank you. As a realtor who helps people purchase property every single day, I can tell you that without a doubt the valuation process and the tax responsibility is not understood, without a doubt. I think it's time that we look at how we provide a solid education to every single consumer. Somewhere in the process of purchasing that property the ability for consumers to be able to correctly budget for taxes within their mortgage payment or within their family budget or within their business plan will really allow them to make sound

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decisions today and in the future. So regardless of what happens with LB1106, we--

FOLEY: That's time.

WALZ: --need to educate Nebraskans.

FOLEY: That's time, Senator Walz.

WALZ: Thank you, Mr. President.

FOLEY: Thank you, Senator Walz. Senators Briese, Lowe, and Cavanaugh. Senator Briese.

BRIESE: Thank you, Mr. President. Good morning again, colleagues. I-- I want to take some time to address a few of the things that have been brought up this morning. Somebody earlier pointed to the Property Tax Credit Fund and-- and suggested that we do not get enough credit for what we've done towards the Property Tax Credit Fund. But as I travel in my district, I don't usually talk a whole lot about the Property Tax Credit Fund. We need to remember that the \$275 million in there is only about 6 percent of the total property taxes levied in Nebraska and the \$50 million we've put in there last year is only about 1 percent. That's not a lot to brag about. And even after we account for the Property Tax Credit Fund dollars, we still collect 70, roughly 70 percent more in property taxes than we do state, local, and motor vehicle sales taxes and roughly 40 percent more in property taxes than we do corporate and individual income taxes combined. It's time we correct this imbalance, and AM2870 can help us address that. Somebody else bemoaned the move away from equalization aid, but we need to remember that equalization aid would still-- will still be the backstop under AM2870. It will boil down at the end of the day for the equalized districts to equalization aid. And then maybe more importantly, several have suggested that we can't afford significant and substantial property tax relief. I maintain that we can't afford not to. This afternoon we're gonna talk about business incentives and-- and as it was last year, it needs to be a package deal and it needs to be with LB1106. And why should it be a package deal? Because significant and substantial property tax relief is more important to economic growth in Nebraska than any business incentive. One can't go without the other. We talk all the time about growing our state, moving our state forward. We have try-- we try to attract residents to our state, but yet we saddle our young homeowners with residential property taxes 60 percent higher than what they'd have in neighboring states. We saddle them with a house payment \$100 higher than they'd have in neighboring states solely due to the higher property taxes.

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Folks, that's not conducive to growing our state. We've talked about keeping young people on the farm, but yet we saddle them with property taxes three times higher than what some of their counterparts would have in the average neighboring state. That's not conducive to economic growth. Third highest property-- ag property taxes and the fourth highest residential property taxes in the country are choking off economic growth in-- in our state. Nebraskans are depending on us to do something about it and they are demanding we do something about it. It's time that we deliver. How much time do I have left, sir?

FOLEY: 2:00.

BRIESE: 2:00, thank you. Would Chairman Stinner have time to yield a question?

FOLEY: Senator Stinner, would you yield, please?

STINNER: Yes, I do.

BRIESE: Thank you, Senator Stinner, and I just wanted to follow up on a question that I think that Senator Linehan was posing to you as time expired. I would have given you a heads up on this, but I thought you probably had a little time to think about it after she started to ask it. But I think the question that is relevant here, do you feel that we're going to have to choose between the CARES Act tax cuts and property tax relief at the end of the day?

STINNER: Yes. How's that for a short answer?

BRIESE: Yeah. Yes. And I-- I-- I appreciate your brevity and I appreciate your answer. Thank you for that. And thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senators Lowe, Cavanaugh, and Morfeld. Senator Lowe.

LOWE: Thank you, Lieutenant Governor. I stand in full support of LB1106 and AM2870, and against the motion to bracket. You know, the last time I checked, we on this floor were public servants. We don't educate the people. The people educate us, and that's the way we should act. When I ran for this position, property tax relief was the number-one issue and it still is to this day. We pass other bills. And we get those done, but yet we still don't get meaningful property tax relief done. It's what we owe our people. It's what we owe our constituents, the people that we work for, the people that we answer to. We need to support LB1106 and AM2870. We need to get this done.

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Now in District 37, they also want the business incentive package, LB720. And I do support LB720. I do wholeheartedly support LB720, but until we get property tax relief for the people, I cannot support LB720. And I want to support LB720. So let's pass LB1106. Give our schools meaningful state support. Now, with COVID that came on this year, I make a little bit of money off of renting buildings. I have several buildings and I rent to several different people. I gave them tax relief. I gave-- I gave them rental relief for two months because many of them were closed for those two months, and I said, pay me as soon as you can. Now, in the meantime, our property tax was due. I still owed that. It was good that I had saved money back and had money in the bank to pay the property tax relief because I still have six of those businesses that have not paid in full. They are still not fully open. They are still not back up and running at even 50 percent capacity. People are staying home. People are being cautious as they should. It is a tough time. But we must be considerate of the people. The people don't have the money that we think they have. A lot of them don't have the money saved back. As I was campaigning, I would go to houses that were rental houses. And the people said, I don't have a problem with property tax, I pay rent. I had to inform them that even renters pay property tax. I said, has your rent gone up in the last two years? And they said, well, yes, it has. I said, that's because your property tax in Kearney and Buffalo County keeps going up. A lot of-- a lot of our property tax in Buffalo County has gone up over 100 percent in the last three years.

FOLEY: One minute.

LOWE: Thank you. The people of Nebraska need property tax relief. And I find it very funny that yesterday we talked about schools and how schools needed the protection with Senator Groene's bills. How the teachers needed that so they can deal with the students. And the senators yesterday that opposed Senator Groene's bill, today stand in support of the schools. How can that be? Oh, wait, it's what side of the-- the bill you're on. Schools are schools. We need to support our schools. The state needs to support our schools. And we need to support meaningful property tax relief with LB1106. Thank you, Lieutenant Governor.

FOLEY: Thank you, Senator Lowe. Senators Cavanaugh, Morfeld, and Pansing Brooks. Senator Cavanaugh.

CAVANAUGH: Thank you, Mr. Lieutenant Governor. First of all, I would like to say happy birthday to Senator Morfeld. I guess he'll be giving us quarters right after Senator Bostelman does for our treats. I hope you're having a wonderful day so far, Senator Morfeld. I commit to

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bringing black and brown voices in every conversation surrounding public policy. Not just one public policy as specific to people of color. I commit to be a partner in the work ahead, not a leader. I commit to take real concrete action on concerns and issues of people of color. Nebraska has 325,984 public school students based on NDE 2018-19 fall membership reports. Sixty-six percent of public school students are white and 34 percent of public school students are nonwhite. Year one of LB1106 is estimated to increase the '20-'21 state aid by \$107.6 million, 74 percent of the total increase in state aid in LB1106 goes to white students, 24 percent of the total increase in state aid would go to nonwhite students. That's a 10 percent difference in the population versus the percent that we are giving to-- in state aid to the students of color. And I would also like to note that it is-- words are really important. And when we are talking about people of color, it is important to say people of color, not colored people. That was something that was said on the floor and I just wanted to make that correction for everyone moving forward. I hope that you will take that to heart. Would Senator Stinner please yield to a question?

FOLEY: Senator Stinner, would you yield, please?

STINNER: Yes, I will.

CAVANAUGH: Thank you, Senator Stinner. How will we pay for this?

STINNER: Well, I was trying to deliver that message as we look at our current budget and we talk about where we're going to be or what COVID has caused to happen. And certainly the impact is not demonstrated in this fiscal status yet. So I was giving you an analysis, a pre-COVID of why I made the remarks I did, is that I could demonstrate on the financial status that we had the capacity to do this. With this bill, however, that pulls down assessed valuations, it creates a revenue gap for schools, which we have to make up. So it's really kind of a mandate that we have to come up with funding to fill that gap. And if revenue doesn't show up, say revenue growth is flat, revenue growth may be down because of the uncertainty associated with COVID, we probably do not have-- certainly not greater than 3 percent revenue growth, which really kind of supports where we're at today. So that puts us in a position. Our hands are tied. We're gonna have to make some critical decisions about, you know, do we-- how much money do you provide for education, for higher education? Is there money there for provider rates? There are other choices that we could make to find that-- to find that money, but they're not comfortable choices. They're not realistic choices. So really ties the Legislature's hands. And that's really one of my points is, we have to have in uncertain

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times, flexibility in this Legislature, depending on what revenue happens. Now with a depleted rainy day fund back down to-- and if I do the adjustments, if we get all the money back from the Governor's Emergency Fund, we'll be at 465. We're not even in a minimum reserve when every business on the face of the planet who wants to survive is accumulating cash, is working on their working capital, is actually borrowing money so that they can show cash and can weather this storm. And all the projections I've seen--

FOLEY: One minute.

STINNER: --the best projection is 2023 we may be back to what's called normal if we have a vaccine, but CBO, which is Congressional Budget Office, talks about 2028. So we will be dealing, and you will be dealing after I leave here, an irregular revenue stream. Therefore, you have to have something passed. And I believe in property tax relief that has that component to it, which is flexibility.

CAVANAUGH: Thank you, Senator Stinner. I am in support of this bracket motion. I oppose the amendment, AM2870. I-- I like everyone in this body want to see property tax relief happen. I live in the highest taxed district in-- Senator McCollister and I proportionately--

FOLEY: That's time, Senator.

CAVANAUGH: Thank you.

FOLEY: Thank you, Senator Cavanaugh. Senators Morfeld, Pansing Brooks, and Albrecht. Senator Morfeld.

MORFELD: Thank you, Mr. President. Colleagues, I rise in support of the bracket motion, and I think that we all acknowledge that property tax is a problem in the state. But my biggest concern is, is how do we address in a sustainable, fiscally responsible way, which is what we've been talking about a little bit this morning. First off, we have to be able to make sure that we have more revenue in this state, because that's the problem right now is that we've got a revenue problem. We've chipped away at our revenue for the last 10 to 20 years and now we're at a point where we can't rob enough from Peter to pay Paul without increasing revenue somewhere. That's my biggest concern, is making sure that we have sustainable long-term property tax relief, but that we do it in a fiscally responsible way. And I'm gonna keep getting up on the mike every year that we have this debate for the next two years that I'm in here and talking about that, because I have not seen anything that creates more revenue to be able to do what we want to do. And as Senator Stinner noted earlier, this idea that we're

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not giving substantial property tax relief right now based on our budget is a myth. Is it enough? No. Clearly, it's not enough. But in order to create that sustainable stream of funding and do it in a fiscally responsible way, we have to create revenue from somewhere. And I get frustrated when we have these debates on the floor about creating new industries such as wind energy or even marijuana or you name it, the answer is just no. It's like, nope, can't do that. And then we go on and we go, oh man, woe is us. We don't have any revenue, we can't give property tax relief. We can't do this. We can't do that. Well, we need to be more forward thinking in how we are creating and fostering new industries in our state, new industries that can often help people, and being thoughtful about that, because we're not. And the bottom line is we don't have the revenue to do what this bill wants to do in a fiscally responsible way, because to Senator Hansen's point-- to Senator Hansen's point, I can't go back to the constituents in my district who are telling me that there are other priorities and say, hey, listen, we gave Lincoln Public Schools some more funding. Yes, in years one and two, but in years three and four, all the models show that bottoming out and they're being a huge deficit when Lincoln Public Schools is a district that is quickly growing. I want to make sure all the districts have resources across our state, but I can't go back to my district and other equalized districts, which are often our fastest growing districts and saying, hey, listen, yeah, we gave you some support. We gave you some aid for year one and two. You're on your own. Years three and four, good luck. That's not responsible for me as a Senator that represents that area and it's not responsible as a state. We have a lot of different opportunities to create revenue coming up. One is making it so that we legalize marijuana. That's in the medical sense, so not as much revenue, but potential revenue down-- down the road. Two, there's also a ballot initiative for casino gaming that would bring in \$75 to about \$80 million in an estimate. And 70 percent of that would go to property tax. That's another option down the road that the voters will have. We have opportunities to expand the ability to bring in wind energy. We have some of the highest wind energy potential in the entire country. And yet we have foregone those opportunities. So I'm for property tax relief, but I'm for doing it in a responsible, sustainable way that makes sure that we continue to prioritize the other things that make our great-- our state great and that I hear from our constituents in Nebraskans that keep them here. But we have to create revenue first to do that. And that is the overwhelming conclusion that I've come to--

FOLEY: One minute.

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MORFELD: --over the last six years in this body. We have to create revenue. We have to be more forward thinking about that. And I remain committed to that and I remain committed to creating a more sustainable way that we can have a more balanced tax system, but we need more revenue. Thank you, Mr. President.

FOLEY: Thank you, Senator Morfeld. Senators Pansing Brooks, Albrecht, and Matt Hansen. Senator Pansing Brooks.

PANSING BROOKS: Thank you, Mr. Lieutenant Governor. Well, I am opposed as-- as Senator Lin-- Linehan knows to LB1106. I-- I believe-- I have listened to my school's LPS says it does hurt LPS, Lincoln Public Schools. It also creates the use of foundation aid, which is something that I can't ever support and that has been brought forward by others in this body as well. And I-- I cannot support the use of foundation aid. I would agree wholeheartedly that Senator Linehan has been open to compromises and-- and I have too. We've worked together. We have also-- I-- I've also supported this bill in the past. Senator Briese and Senator Crawford brought a bill last year on property taxes and nobody could agree to how to pay for it and everybody ran to the corners. And to me, my bottom line is that we cannot hurt the schools. We need to keep the discussion of property tax proposals going, especially those that protect our constitutional duty to fund our schools. So in the spirit of nonpartisanship, I would like to give the rest of my time to a woman I greatly admire for her determination and strong mind, Senator Linehan.

FOLEY: Thank you, Senator Pansing Brooks. Senator Linehan, 3:30.

LINEHAN: Thank you, Senator Pansing Brooks and thank you, Mr. President. This is awkward because I have things I want to ask other colleagues, but it somehow doesn't seem fair since Senator Pansing Brooks yielded me the time. So that'll be my effort at being very nice today. I do-- Senator DeBoer, you mentioned this won't be a tough question, but you mentioned Bennington. Bennington is much like Elkhorn because it's growing really, really fast and I think as one of the administrators from Elkhorn told me, it's basement to baby to school. The houses grow in my neighborhood like mushrooms and then north of Elkhorn, which is Bennington, they also do. So I just want to-- if you've got this sheet, Senator DeBoer, for Bennington, what's gonna happen in Bennington, if we do nothing, if we just kind of stay the course, property taxes will go up almost 16 percent over the next three years in Bennington. And they have to because, as you said, they're a fast-growing school district. They've got-- they-- they have new buildings like probably every other year, if not-- I think they've got two new buildings right now. New Heights, yes. So under current

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law because they have-- they are up against their limit right now on their-- and they use QCPUF. So under current law, they can go up 9.1 percent next year, 6.8 percent the following year and 13.5 percent the third year. That's current law. Under LB1106, they can go up eight twenty-- two percent the first year, 5.7 percent the second year, and then 13.8 percent in the last year. So by the time we get to third year, it's almost the same. One of the things that I have been willing and I think others who are supportive of this bill have been willing to do is look at this and figure out where you're getting-- where you're not whole, as the schools would say whole, meaning they're not as much as you would get under current law to look at transition aid. Unfortunately, I haven't got any schools that will-- willing to let come in and seriously sit down and look at this, because as we were told during our group of 10 meeting all summer long, when we met-- well, not all summer long, from when we left in March, first on Zoom until we got back here three weeks ago, that the schools weren't willing to negotiate. They didn't want to give us any sign that they could live with this at all.

FOLEY: One minute.

LINEHAN: So that's made it very difficult because I actually know Terry Haack. He actually-- his father was the superintendent in the school very close to where I grew up. He's a very good administrator. He has, I believe it might be Norris, but I believe Haack has the lowest cost per student in the whole state. He does an excellent job. I-- there are plenty of schools out there that are doing a great job. But the problem is, our current way of doing business doesn't help those schools as much as it helps others. I just want to make sure that-- and we talk about the schools. It's not about the schools, folks. It's about the children, the students, the kids in those schools. And not liking foundation aid, I'm sorry, because you did yield me time, Senator Pansing Brooks, I don't know what's more fair than every child, regardless of what public school they're in, get some money. I don't understand. It's-- everybody says, TEEOSA is too complicated. That's simple, every child. And it doesn't hurt "equalizationing." It doesn't--

FOLEY: That's time, Senator.

LINEHAN: OK. Thank you very much.

FOLEY: Thank you, Senator Linehan. Senators Albrecht, Matt Hansen, and Wayne. Senator Albrecht.

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ALBRECHT: Thank you, Mr. President. I'd like to yield my time to Senator Groene.

FOLEY: Thank you, Senator Albrecht. Senator Groene, 5:00.

GROENE: We got to correct a couple of things that were said on the floor, a question. Senator Walz, better hope your opponent wasn't listening to that. Your voters are stupid. Let me tell you what happens out there in reality. Not stupid for voting for you, but you said they don't understand taxes. They do. That farmer in your district. I grew up around your area. He bought a farm. He inherited it. He'd been working it. He did a cash flow. He already owns the property. He gets a 20, 30 thousand dollar property tax increase on his land because valuations went up. And guess what? The lower taxing entity did not lower their levy. And the biggest one is schools. I heard a couple of comments about guess what, property taxes are a local effort, they're set locally. Not with the schools. We tell them what their needs are, we tell them they have to tax to the maximum for a local effort, and then the state picks up the remainder. So any claim that it's a local problem on the property taxes on education is false. Senator Morfeld, when you ran the Medicaid expansion petition, did you worry about how we were gonna pay for that? I never heard it once because you were passionate about that issue when your people wanted it. Well, our property taxpayers are passionate about this and they want it and they need it. How you gonna pay for it? Let me tell you how the process works around here, and Senator Stinner will probably agree, we put policy in place. We put a formula in place. We calculate the formula and we say this is the funding we need. Now, now the way it happens is, Senator Stinner, or whoever the Appropriation Chair is, says we don't have enough money. He came to me this year and said, can you cut funding for schools as Education Chair by \$50 million. I said, I won't get it through my committee, we might get 25. That's how we work here now. Where's the relief valve on how we fund the university and this and that? Ten million for workforce housing. Special. A pork barrel thing. Senator Groene lowered the aid to schools by 25. I got this special pork barrel thing where I need \$10 million. That's how it works here. We're-- property taxes for funding schools is the relief valve and we've done it to the point where we're 49th in the country in funding our schools with property taxes. Passing LB1106 puts it in the place, the formula. Now guess what happens, folks-- Senator DeBoer and Crawford? Schools are in the room at Appropriations. We have a formula, you have to fund it. We're at the table. Adjustments will be made, they always are in the free-market system. Right now, we're not in the room on how we fund our schools. This body shifts it to the property taxpayer and then so

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all of us can get our little special projects paid for. That's reality. Why is the average adjustment in there? It has nothing to do with funding or needs. It has to do at a moment in time in the past, at this moment in time, a deal was made with some of the big districts and their senators. We will give you this extra average adjustment if you pass this bill and give us 33. That's make an ugly sausage. That average in adjustment has nothing to do with the actual needs of those schools. And now some of you are protecting it. Protecting it because you don't think your property taxpayers, your homeowners, your young families need a tax break. You're listening to your administrator. They need--

FOLEY: One minute.

GROENE: --that money making three, four hundred thousand dollars and they need more.

FOLEY: Thank you, Senator Groene. Senator Matt Hansen.

M. HANSEN: Thank you, Mr. President, and good afternoon. Sorry, good almost afternoon. Good morning, colleagues. I think we are-- I saw a motion pad going around. I think we might be recessing for a little bit so I don't know if I'll be the last to speak or not. I do want to talk about kind of-- I am a Senator. I represent my district. I make my decisions. To say something like, I'm doing this on behalf of the school administrators, to say that looking at a sheet that, as I said earlier, genuinely looks like it might raise property taxes, not lower, raise property taxes in my district and all of us saying-- accusing me of covering up for special products or projects or whatnot just is devoid from what the debate is. I'm trying to figure out how LPS will look a year from now, two years from now, three years from now, four years from now, because the voters of L-- of LPS are my voters, my constituents, the people who trusted me to look out for their interests. I understand this is a hot button issue. I understand this is what people stake their campaigns on. I understand why it comes up, I understand why there's multiple bills that get introduced to multiple bills that get prioritized. But the same way, it's a hard issue. It's a hard issue because we are-- we're trying to slice of pie that already exists in a different way and that means things change. You know, talk about equalization aid. I mean, equalization aid kind of starts with the principle that school districts aren't equal. I mean, that's kind of the concept is they aren't equal. They don't have the same resources. They don't have the same needs. That's why we have a school aid formula to begin with. There's always going to be some school district that is resource-- the most resource heavy or the-- and probably the most resource poor and alternative. There's always

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going to be that short of drastically changing how we structure school districts short of probably breaking and taking away local control, which I don't think anybody has been really interested in or considered a viable option. That is just something we have to deal with and work around. So that's where I'm looking at. I'm trying genuinely just what is things gonna look like for LPS. And I know we keep talking about young families, young homeowners, whatnot. Keep in mind, there are a considerable portion of our state, a considerable portion of my district that are renters. This property tax debate is all theoretical to them. There are a number of people in my district who utilize LPS and don't have any relief for property taxes because they don't directly pay property taxes. And I know somebody is gonna argue that the landlord is gonna reduce their rent. And you guys know very different landlords than I do that-- we'll leave that for there. That is what we're dealing with. I am trying to make sure that the young family who I told I was gonna support strong schools and LPS, they send their kids, they voted for me for that to do that tries to line up with the attempts to lower property taxes in this body. I'm treating this as a sincere issue. I'm treating this as a genuine issue of concern for the state. And I'm really trying hard to understand the issue. It's not being beholden to administrators. It's not being beholden to whoever, it's us as a body, at least my case. I can't speak for everyone or anyone probably. But in my case, it's myself trying to figure out as an independent senator, as somebody who represents a portion of Lincoln, trying to balance the portion of Lincoln that elected me versus the needs of the state. What is the right compromise? What is the right bargain? This is a difficult issue. It's a thoughtful issue. It's an issue that, frankly, is gonna have winners and losers whether we pass the bill or whether we don't. And that's kind of what we're looking at and what we're dealing with.

FOLEY: One minute.

M. HANSEN: Thank you, Mr. President. I said, Senator DeBoer I would give her some time, so I'll yield my remaining 30 seconds to Senator DeBoer if she needs it.

FOLEY: Senator DeBoer, you have the remaining time, 45 seconds.

DeBOER: All right, I'll try and talk fast. Thank you, Mr. President. Thank you, Senator Hansen. I want to make sure we don't lose a point here when we're talking about what basic funding mechanism we have here. Senator Stinner has said that this is a rigid system in terms of how we're putting our state funding in, and it is in that it creates a line item that won't allow the Appropriations Committee the same amount of latitude when determining how much to pay for schools. All

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right. So here's the problem. The amount-- we-- we have a hybrid system. I think the fundamental problem is that we have a hybrid system, and that's just the difficulty of a hybrid system. Some of the money comes from the local resources and some of it comes from the state resources. When you have that, everybody wants to pay a smaller part of the pie.

FOLEY: That's time, please.

DeBOER: Thank you.

FOLEY: Thank you, Senator DeBoer. Items for the record, please.

CLERK: Mr. President, Enrollment and Review reports LB461, LB774, LB780, LB780A, LB840, LB931, LB1003, LB1042, LB1042A, LB1055, LB1148, and LB1152 as correctly engrossed. Senator Quick, new resolution, LR353. That'll be laid over. Reminder, Urban Affairs has an Executive Session scheduled at noon in Room 1113, Urban Affairs Exec Session, noon, 1113. Senator Gragert would move to recess the body until 1:30 p.m.

FOLEY: Members, you heard the motion to recess. Those in favor say aye. Those opposed say nay. We are in recess till 1:30.

RECESS

FOLEY: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. The afternoon session is about to reconvene. Senators, please record your presence. Roll call. Mr. Clerk, please record.

CLERK: I have a quorum present, Mr. President.

FOLEY: Thank you, Mr. Clerk. Do you have items for the record?

CLERK: Just two, two study resolutions: Senator Williams, LR354, LR355. Both will be referred to the Executive Board. That's all that I have.

FOLEY: Thank you, Mr. Clerk. Members, we're going to pick up right where we left off just before the lunch break. Next in the queue are Senators Wayne, Hunt, and Crawford. Senator Wayne, you're recognized.

WAYNE: Thank you, Mr. President. Well, colleagues, I am in an interesting position. It seems like we are fighting education versus property tax and it's interesting for me because this is the same school system that wanted to physically intervene, at a

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disproportional rate, black and brown students, who also fought my bill to create a more diverse teacher pipeline. And my public school open-choice enrollment bill they fought against this year. Nevertheless, I still love public schools. What's also interesting is that I also love my district where I have historic Florence and where my parents grew up or where I grew up in Orchard Park where-- I'm going to give three examples, but it's, it's-- across my district, there was one house valued last year \$67,000 and this year, it went to \$115,000. Another house, \$80,000, went to \$125,000. Another house was \$83,000 that went to \$113,000. And all of those individuals are on fixed income and have no idea how they're going to be able to support that big of a jump in one year. So clearly, there's a property tax problem. Clearly, there is an implementation problem. And I wasn't even going to speak on this bill, but what struck me was what Senator Bostelman said about generations of farmland that can't keep their farmland because now they inherited a property tax that goes with it. And we, as a body, are saying that it's a government-created system, a government-endorsed system, and we have to do something to save those farmers. Again, it's a generational wealth issue where now they have to inherit a generational tax created by the government, endorsed by the government. We also-- the second thing I heard was we want to protect the farming industry so they can compete. My question to this body is, what about the generation act-- generational action-- government-endorsed action that people who have suffered under-- for those same generations? Government actions, for generations, have endorsed and in fact funded systematic racism, redlining, lending discrimination, and some as recently as 2008. I'm going to educate you a little bit on a new term. These individuals have inherited what's called the "black tax," the black tax of not being able to own property, whose property has been devalued by the government-sanctioned segregation, that government have placed freeways through the middle of their black neighborhoods, separate but unequal school systems, and government lenders, who are supported by this body, refusing to lend to black people. This agricultural property you speak of today about protecting those farmers, at a time when African-Americans couldn't even buy or own land. I just find that very interesting. I find it very interesting because when I have a bill that comes on this floor LB1218, we're going to talk about opportunities and most of you guys will stand up and be against it because it costs too much. It costs too much fixing and correcting the black tax, but it doesn't cost too much to make sure that farmers who enter-- who got property for generations and generations when other people couldn't and the system that endorsed that has created a problem where they may lose it today. See, I had the same problem. Small and minority businesses are leaving Nebraska to go compete

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somewhere else because of what is called a black tax. You can Google it. You can look it up. We don't get the same opportunities to compete for government contracts and we oftentimes go to schools that are not as good as other schools. We also have health disparities. All that is a tax on us, but yet this body refuses to deal with it. In fact, we want to encourage it and endorse it through LB147. We want to encourage it and endorse it when my bill comes up and you speak out against it because there might be a fiscal note. So Senator Bostelman, La Grone, Groene, whoever else is speaking in front of this bill, in support of this bill, saying that people cannot buy homes--

FOLEY: One minute.

WAYNE: --they cannot compete because their property taxes are too high, I suggest to you that the black tax is too high. That at some point, we have to take the same amount of passion that we have to helping farmers compete, making sure they don't lose their family homes and farms to make sure medical bills that are in my community that they don't lose their family homes because of this tax. So when we start having that conversation, I will be all on board with everything we're talking about. But we can't talk about one industry and one group of people because the tax is too high, yet ignore the tax that goes on in my community. So I look forward to your endorsement on my bill. I look forward to my bill passing for small businesses to compete and maybe minimize some of this black tax--

FOLEY: That's time.

WAYNE: --but let's have that conversation too. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Senators Hunt, Crawford, and Vargas. Senator Hunt.

HUNT: Thank you, Mr. President. I'd like to, I'd like to yield my time to Senator DeBoer.

FOLEY: Thank you, Senator Hunt. Senator DeBoer, 4:55.

DeBOER: Thank you, Senator-- Mr. Lieutenant Governor. Thank you, Senator Hunt. We've talked about a lot of things this morning, this afternoon now, on the floor. I don't want a couple of points to get lost. I want property taxes to be lower in this state. I want property taxes to be lower in this state. I've said that before, spent the last year working on it. Some of you have been involved in groups with me where I've been trying to work on it, trying to listen to everybody,

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trying to figure out what the best solution is. You're right; I don't have the committee structure so that's why my bill is stuck in committee. Doesn't mean I'm not trying to do it, doesn't mean I don't have a good idea, but there it is. There are a lot of ways we can do property tax relief. We don't have to just do this way, lots of ways we can do it. Property tax credit fund is one way. We've been working on that for the last couple of years. I have a bill, LB1073, that's another way. There are many ways we can work on property tax relief in this state. I'm sure Senator Briese has had 12 different bills in the last four years on property taxes. I know Senator Friesen has had a number of bills. I know a lot of you have had a number of bills. You're probably all as frustrated-- no, you're probably way more frustrated than I am, I would guess, because I'm fairly new to this process, I'm fairly new to this argument. It's frustrating as heck to me that we can't get something done. This isn't the way. Here's one of the things that happens. If there isn't enough money for your school district to support its schools from its local economy, from what-- whatever the hyperlocal situation is, if they can't support the schools and the state doesn't come in with the money, what do they have to do? Well, under this bill, they'd have to do a levy override. They'd have to raise your property taxes. Now because of the fact that you're not being taxed on your full valuation, you'd have to see whether you came out ahead or not in the first year. But eventually, if there's not enough money from the state coming in, then you're not going to be ahead. Then your property taxes are going to be even higher. And we know over time, the state has not been a reliable dance partner in paying its portion of the state-- of the funding for education. That's one of the reasons why we got into the mess that we're in today. The other reason is that ag valuations went up faster than residential, commercial valuations did. Now I'm told that they're dropping back down or they're not raising as fast as residential and commercial. This bill would lower ag valuations that can be taxed more than it does residential, commercial. So there is a disproportionate help then for agricultural folks. My question is, what happens in the long run when things shift back the other direction? Now we have a systemic issue where we're charging a much-lesser percentage of valuation than we are on residential, commercial. That hurts our commercial interests.

FOLEY: One minute.

DeBOER: We're in the middle of a morass, it's true. We have a problem in this state. We're trying to figure it out. One of the things that would-- I think we can all agree, substantially help it, is if we could slow down the movement from rural to, to urban. I don't know how

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we do that. Consolidation is happening in our agricultural sector, in part because now we have, what, 24 line planters? I'll look over to Myron, yeah-- to Senator Dorn, sorry. So consolidation is happening because that's just the way things are happening. I don't know how to stop it. If someone has an idea on how to make all of this work so that we don't have fewer and fewer people owning land in the rural parts of the state-- maybe some part of the solution is property tax relief, but I think it's a little more complex than that. One of the things I'd like to do is rural broadband.

FOLEY: That's time.

DeBOER: Thank you.

FOLEY: Thank you, Senator DeBoer. Senator Crawford and Senator Vargas. Senator Crawford.

CRAWFORD: Thank you, Lieutenant Governor, and good afternoon, colleagues. I'm going to try to be brief so I can make sure that my colleague, Senator Vargas, also has a chance to speak. He's next in the queue and hasn't spoken yet. So I want to speak briefly on the record for the concerns that have been raised to me from people who are affiliated with school districts in my area, but also people across the state who are concerned about the education of many of our neediest students. And that concern raises the long-term impacts that people are worried about with LB1106. The current funding formula, TEEOSA, is an equalization formula, meaning it prioritizes funding to districts where school needs are greater than local resources. And while LB1106 doesn't directly touch TEEOSA, the concern is that when we move to a foundation aid model, one in which schools receive a set dollar amount per pupil regardless of local need, that puts TEEOSA funding at risk without-- if we do not, at the same time, substantially increase state funding to education to guarantee that funding will continue long term. Without that, the likely outcome is that funds will be taken away from the neediest districts and redirected to least-- less-needy districts. Again, I just want to emphasize this is the critical sustainability and equity concern that I have heard over and over again, not only from educational leaders, but from other constituents in my district. They say that over the years, the state has more often than not had trouble meeting our obligation to our TEEOSA funding formula. So over the years, more often than not-- many more times, often than not, the state has not been able to meet its obligation to our neediest students. And now with LB1106, we are going to be taking 15 percent of all of our revenues off the top. And so if we have not been able to afford education for our neediest students now, how will we be able to do

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that with 15 percent less revenues? So if we don't provide some way of increasing revenues while we move in this direction, we are putting our neediest students at risk. And with that, I yield the rest of my time to Senator Vargas.

FOLEY: Thank you, Senator Crawford. Senator Vargas, 2:00.

VARGAS: Thank you very much, Senator Crawford. A couple of points I want to make sure to make here, all of them-- I view this in a very interesting way because some people might remember I introduced a bill last year that was trying to, to, to cap our wireless occupation fees. A lot of municipalities utilize these cell phone taxes-- I'm looking at you, Senator Friesen-- these cell phone taxes. And in some places, it's a-- it's being utilized significant-- we're number two, number three in the country for our cell phone wireless, wireless taxes. And ironically, at that time, I couldn't get support when I was trying to stop some level of overspending. I don't inherently view this so black and white, but I do think that part of the problem inherently does exist that we can't, we can't simply look at an entity, even a political subdivision, and say they can't potentially be spending less. I say that-- frankly, I say that, you know, a little bit invulner-- vulnerable because I don't think everybody always views that-- I think people view that we just want to keep spending. But in this issue, I think there is still-- when we're looking at every school district, even, you know, CPAR, Center for Public Affairs Research, through the Planning Committee, we did a whole analysis of every single school district. And I'm not telling you anything you don't know, but for the public, we are overly reliant on property taxes to fund our schools. That's a-- that is true. We have-- most of our smaller school districts on average, and I want to make sure to get the numbers right, our smaller school districts-- average per-pupil expenditures for schools with less than 6,100 students or less, there's about \$15,456. That's a lot. I mean, that's, like, \$4,000 more than the average of our state. And it just stems that there's, there's clearly more of a problem and an issue and it's not only going to be solved-- I've said this on the mike even last year when we were debating this, this-- a similar reiteration of this where there was components of it that were trying to limit spending. And that actually intrigued me because I don't think that's always inherently a bad thing.

FOLEY: Senator, Senator Vargas.

VARGAS: Thank you.

FOLEY: You're on your time now, you have 5:00.

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VARGAS: OK, thank you very much. So that's all to say is-- I see merits and understanding that there's multiple different places where we need to try to fix this system and some of it does live outside of where we are. Within where we are, I know we worked on property tax relief, but it doesn't seem like that. We worked on it in-- within Appropriations. It's not the solution to the problem and I hear-- I've heard that. I've even heard it from Senator Dorn before-- he sits next me in Appropriations-- that it, it is not the solution to the problem. But I know we've done some work in that. The hard part I have, and it gets to Senator Wayne's point, is that we-- my district is inherently different from any of your districts. About 40 percent of the, the, the children in my district are living in poverty. I have a hard time-- just me-- I'm saying, in general, we have a hard time pushing forward some legislation that has any cost affiliated with it that might help more individuals in poverty. Now that's hard and I think to Senator Wayne's point, I understand. Although I don't live that experience, that property tax relief has been a multigenerational issue for a whole subset of population that I have not experienced. But that's the hard part. We're trying to do a little-- both in what we're doing. In my time here in the Legislature, we've lived with very little to no funding to then spend time-- funds on the floor. It's very-- it's been, it's been far less than past years. I'm not saying the goal is to spend, but it's also a fact that we have, we have not spent nearly as much as past legislatures on initiatives. And in fact, we are looking at \$50,000 fiscal notes as game changers for whether or not something passes or not and that's really hard. I would like to find some balance where we can look forward to doing this, but then also figure out a longer-term priority for where we spend our resources, the finite resources we have in the future. It's why I-- sometimes, I struggle with the long-term future funding, that we're tying, because I want to believe that future legislatures will be able to balance both the needs of our state and our communities that may not always have the loudest voice in the room, with also knowing that we're going to have to potentially, if we have more revenue, fund and fill in a potential gap that may, that may arise. So I say that because I, I see this is, is, is inherently difficult and it really puts a lot of faith and-- into our future legislatures to then ensure they understand that balance. But we are still struggling to then bring forward some legislation that is going to prioritize people of color and low-income individuals. I'll keep fighting for fiscal restraint. I've brought several bills. We, we brought a bill through Executive Board that, that look at fiscal restraint and long-term planning because I think we need that. We need that as a state. We need to be strategic. I'll keep working on those issues, but I also want to figure out how we can strategically invest in, in areas. My

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concern is we may not have future funds to then think about investing in areas. That's what I worry about. And if you don't have future funds to then invest in areas, then you're going to say, where do we cut from? And that's just-- that's hard for me because we're seeing growing poverty across our state. Actually, urban and rural Nebraska have the same percentage of poverty right now. It's the first time we've seen that in about 20 years. So I'm not telling any of my senators that live in rural Nebraska that, but for the public, that perception is right-- it's, it's that they're the same right now. Our needs are growing. The number of languages spoken across the state in Nebraska and the number of individuals that are uninsured are continuing to grow. We see it in our federally-qualified health centers. They serve, you know, anywhere between a 30 to 40 percent different population in certain places that are uninsured. We have a growing area of need.

FOLEY: One minute.

VARGAS: And for-- and, and we'll talk about this later with LB720. We have low unemployment and, and that's good. We have lower unemployment numbers in general, especially, you know, relative to our-- the Midwest. But we still have one of the highest, I think we're number two or three in the country, for people that are working one or more jobs and are still living in poverty. So our wages aren't keeping up and our skill gap isn't keeping up. We take [SIC] about H3 jobs. We talk about that in Appropriations all the time. And the Governor's been focusing on H3 jobs as well. I want to figure out a way that we can do both. You're not going to see me here say I'm vehemently against it, but I also want to figure out a way that we can strategically as a body say this is what we're going to invest in in the future if it's both relief, but it's also investments in programming or in existing institutions that will help grow our state. Both of those things deserve some level of merit and that's not entirely one committee's job.

FOLEY: That's time, Senator.

VARGAS: Thank you.

FOLEY: Thank you, Senator Vargas. Items for the record, please.

CLERK: Mr. President, new resolutions: LR356 [LR357, LR358] through LR359 by Senator Matt Hansen; a study resolution-- study resolutions that will be referred to the Executive Board. Senator Lowe, LR360. That will be laid over. That's all that I have. Thank you.

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FOLEY: Thank you, Mr. Clerk. Speaker Scheer, you're recognized.

SCHEER: Thank you, Mr. President. Using the allotted time on this bill, we'll move to the next item on the agenda. Thank you.

FOLEY: Thank you, Mr. Speaker. Pursuant to our conventional practices, we're going to clear the speaking queue and start over again with the next bill. Mr. Clerk.

CLERK: Mr. President, LB720 is a bill offered by Senator Kolterman. It is on Select File. The Enrollment and Review amendments were considered and adopted last year, as was an amendment by Senator Stinner. I do have multiple amendments pending.

FOLEY: Thank you, Mr. Clerk. Senator Kolterman, it's been a number of months since we've worked on this bill. Why don't you give us the, the big-picture overview before we get into the debate? Senator Kolterman, you're recognized.

KOLTERMAN: Thank you very much, Mr. President and fellow colleagues. First of all, I'm-- once again, I'm back to ask for your support for my priority bill, LB720: ImagiNE Nebraska Act. As we all know, the world changed dramatically this spring and continues to change every day. However, this has given Nebraska an incredible opportunity thanks to the leadership across this state. With this debate, we are sending the world a message about Nebraska, our belief and confidence in our future as a state. Whether we want to admit it or not, creating policy to spur job growth, capital investment is critical to fund our key priorities that we all care about, whether it's K-12 education, property tax relief, infrastructure, funding Medicaid at a greater level. All these initiatives rely on revenue, which comes from jobs and investments in our state. This is why it is critical that we send this message to decision makers around the world and around the United States. It shows Nebraska is a great place to do business, to raise a family, and to call home. If we're to succeed with our priorities as a state, we must invest in our future. This is a pivotal moment in our state's history and it impacts everything we hold dear. This is exactly why I've been completely transparent about what we're trying to do. This is why I've met with everyone that brought me concerns. I have tried to rectify as many concerns as I can so we can make this bill the best it can be for all Nebraskans, urban, rural, employers, both large and small. We can achieve everything we seek to achieve this year, but our role is critical. This is not the time to divide us. This is not the time to play politics. Let's keep this debate on a high road. Bottom line: we can take hostages, we can divide our state, send horrible messages to the world that we will force companies and

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people look at other states or we can show the world that Nebraska is looking forward and has a bright future. As we get into this bill, the world is competitive, but Nebraska has a proven track record and compete-- and can compete. We can find the money for all of our priorities, including property tax relief, but we have to put politics aside and send a strong message to companies that Nebraska is open for business, that we want their business. I want to thank everyone that has approached me with advice and thoughts on how to make this new program better. But now it's when the rubber meets the road. I need your vote to show the world that we-- what we mean, that we're open to do business. With that, thank you and I look forward to a very cordial debate.

FOLEY: Thank you, Senator Kolterman. Mr. Clerk.

CLERK: Mr. President, thank you. A series of amendments and motions, as I indicated earlier. When the Legislature left the bill last May, pending was an amendment from Senator Vargas. That amendment is still pending. There was a cloture motion filed at that time that failed. I also had, at that time, a bracket motion from Senator Erdman. Senator, I have MO92 that tried to bracket the bill to June, June 6, 2019. I'm going to suggest to you that that should be withdrawn. This is one of the old two ones we talked about. And then a second bracket that was filed earlier this year, Senator, to April 23, 2020. Likewise, I'm going to suggest that you consider-- OK, thank you. In that case, Mr. President, the first motion this afternoon, Senator Erdman would move to bracket the bill until August 13, 2020.

FOLEY: Senator Erdman, you're recognized to open on your bracket motion.

ERDMAN: Thank you, Mr. Lieutenant Governor, and good afternoon. I listened to the debate this morning and we talked about property tax and now we're going to talk about, I can imagine, how high your taxes are going to be now at. That's the word or the name I've given it and so I have the solution. I have the answer to all of these problems that we've been talking about, the property tax issue and the incentive. It's called the consumption tax. The consumption tax solves all of these issues. It's a bold statement, a way to rethink the way our tax system is set up in the state of Nebraska, fixes it once and for all. But we're not here to talk about that right this moment, but I want to bring it to your attention that it's out there. What I want to talk about is the LB720. Imagine how high your taxes are going to be now at. When I arrived here, four years ago now almost, began to review LB775, which was our first attempt at incentives. And then we replaced that with the Nebraska Advantage Act and many of those

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incentives were put in place to keep businesses here that were here and prevent them from leaving. One of those that comes to mind is Conagra. Anybody know where Conagra is today? It's in Chicago. So last year, we had a joint meeting between the Revenue Committee and the Appropriations Committee for review of what happened the prior year on the tax incentives, LB775 and the Nebraska Advantage Act. Commissioner Tony Fulton came in and spoke to us and he gave us a document that showed that we had given away or we had claimed about-- against the state of Nebraska last year, about a \$148 million from the Nebraska Advantage Act and it created 1,142 jobs. So if you did the math, that was \$121,000 in tax incentives to create a \$40,000 job. When I asked the Commissioner-- if you are trying to analyze whether that was a good decision or not and you're trying to qualify whether you made a good decision, it didn't seem to me that that was because if you're going to spend \$121,000 to create a \$41,000 job, what's up with that? And he said there are other intangibles that can't be measured. And I said, like what? And he said, well, they move here, they buy a house, and they pay taxes. I said, great. So even if a couple moved here and each made \$40,000 or \$50,000, they have two children, they attend our public schools, which costs \$13,000 a year, that's \$26,000 it's costing us. And they'll never live long enough to pay enough taxes back to be \$121,000 in incentives made up. So we keep moving forward with trying to do incentives to encourage businesses to come here. And why do we do that? Very simple. Our taxes are too high, we know that. We know our taxes is too high and we're uncompetitive so we give incentives to certain businesses. I was visiting with Senator Moser this morning, say he and I have a business very similar across the road from each other. He's not being squeezed down by coronavirus, shut down. I'm from out of state. I move in here. I qualify for the Imagine Act. I get tax incentives. I have an unfair advantage over Senator Moser. I succeed, he doesn't. That's what this LB720 does. It picks winners and losers and government always does that. There is no value in LB720 for the average person in Nebraska. The people that are taking advantage of LB720 and can qualify, it's a great thing. In September of last year, I had written an op-ed piece about incentives. Unbeknownst to me, a lady that was working on incentives for every state from The Wall Street Journal called me. We had a long visit about incentives. At the time she called, she had completed about 50 percent of the states with their incentive packages and I asked her a question. I said of all the incentives that you've looked at thus far, is there is a, is there a common denominator, a common thread that runs through all the incentives? And without hesitation, she said, yes, there is. I said, what would that be? And she said, not one, not one state can measure whether it's any value or not, not one. And she went on to say that at that point in time in her analysis, Virginia

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had the most incentives of the states that she'd reviewed. And she said she reviewed with the people that she could get to respond from Virginia and her question was this: had you not gotten an incentive to come to Virginia, would you have come to Virginia anyway? And she said on those recipients that-- those businesses that returned the, the questionnaire, 79, 79 percent said we would have come to Virginia without any incentives, but if they wanted to give us an incentive package, we were going to take it. So that's exactly what happened. So we have no idea whether LB720, the Nebraska Advantage Act or LB775 actually did us any good at all. But we're going to pass that. So this morning, we talked about LB1106, which is going to give us property tax relief and let's say LB706 gives us \$60 million in property tax relief this year. And we now give away \$125 million in the ImagiNE Act. So the taxpayers in the state of Nebraska are going to pay \$60 million more in taxes next year because we passed LB720 even if we passed LB1106. It doesn't make any sense. And so last week, I received an email from a, a, a coalition of states. There was 14 of them. They've gotten together and I will talk about that later and I'll show you the document, but they had gotten together to form a coalition against incentives in their states, as well as those who belong to the coalition; 14. And they were of the same opinion that I am, that there is no value in those and if we can get enough states together, we can eliminate these incentives and make it a plair-- a fair playing field across the board for every business, not just the ones the government chooses to win. And so as we move through the discussion about LB720 and if I get another opportunity to speak, I will ask Senator Kolterman several questions about LB720. And when you begin to look at all the things that LB720 creates, all the funds it creates, all the boards it creates, and all the things that it does, you have to begin to wonder, why do we need all these things? Well, we're going to find out and see if Senator Kolterman has an answer for those, but let me, let me finish up with this. We come into this body and we come to this floor and we share ideas and our concerns and we try to convince the people that are watching us today that we're actually going to influence somebody or change their mind. I used to think that. And I come here and I hear people share their ideas and their comments. They have-- they even use facts here like that. They use facts and they can prove their point and it changes no one's mind. So what I'm saying is those of you listening in here today have already made up your mind how you're going to vote on LB720. So those things that I'm pointing out to you or that we'll be discussing later will not change any of your minds. But what I want to-- want the people that are listening to know is that I've looked at this, I've tried to analyze this, and I understand that for the average citizen in the state of Nebraska, there is no value in these incentives. I also understand that in the

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state in Nebraska, if you want to accomplish something and the Chamber of Commerce is not on your side or the big schools are not with you or perhaps even the university, if you get in front of any one--

HUGHES: One minute.

ERDMAN: --of those three groups, you stand in their way, chances of succeeding are very slim. Because as a person told me yesterday, seldom does the Chamber of Commerce not get what they want. And so consequently, they're the ones promoting LB720 and they will continue to do that because it's great for eastern Nebraska. And I know LB720 has supposedly some kind of rural manufacturing available. I'm not sure it means anything to us. One thing LB720 does-- it'll be just like the Nebraska Advantage Act and it will take local sales tax revenue away from local communities. And I'll give you an example. In the city of Sidney, there was a corporation near that collected--

HILGERS: Time, Senator.

ERDMAN: --significantly-- thank you.

HILGERS: Thank you, Senator Erdman. Debate is now open on the bracketed motion. Senator Williams, you are recognized.

WILLIAMS: Thank you, Mr. President and good afternoon, colleagues. And I stand in opposition to the bracket motion. As strongly opposed to incentives as Senator Erdman is, I will fully counter that by being very supportive of incentives. And in a little bit, I'll tell you a story about how the average people of Dawson County and Custer County have benefited significantly by a reduction of their property taxes, by the work that has been done with LB775, Nebraska Advantage, the use of tax increment financing, and in the future, hopefully LB720. I have and will continue to stand for and vote for property tax relief. I have voted for every property tax relief opportunity that I have had to vote on during my six years in this body. I will also stand and advocate strongly for growing our state. The bottom line is we can't grow our state without a strong incentive package. Nebraska Advantage sunsets at the end of this year. And if we hang out the we are not open for business sign, that will hurt us immensely. And growing our state is clearly part of reducing our property taxes and our tax burden in our state. A quick story: in 1990, the entire tax valuation of my home community of Gothenburg was \$40 million. A group of very concerned citizens that I was involved with worked very hard to change the direction of our community that was coming out of the ag crisis of the '80s with store closures, bankruptcies, declining population of the school, and declining population of the community. Through the

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hard work and efforts of local people investing money and the wise use of LB775, Nebraska Advantage, and tax increment financing opportunities, today the tax valuation of our community is in excess of \$300 million. That's from \$40 million in 1990 to in excess of \$300 million today. Six hundred new jobs were brought to our community over that period of time, numerous new homes were built, and those companies invested over \$70 million in brick and mortar. And those jobs are here today. All of the tax increment financing time has run. All of those properties are back on the tax rolls. I think the average people of Gothenburg benefited significantly because our school enrollment has increased. Our levy that is charged by our city has decreased. Our school has decreased their levy and we are on a trajectory of success. We come to this body with different priorities, but I don't believe the priorities of property tax and economic development are mutually exclusive. And yes, I agree that we need to be working together and solve both of these problems during this session of the Legislature. But folks, we have a dilemma. It appears to me that we are headed towards an impasse. We have LB1106 sitting in front of us that we spent three hours on this morning. And I don't know whether Senator Linehan--

HILGERS: One minute.

WILLIAMS: --can bring that back with 33 votes or not. I hope that we have something. But if that horse can't finish the race, we need to saddle up a horse that can finish the race so that we can deliver property tax relief. The solution is to find a different structure that works, you know, and very quickly, I would tell a story that a friend of mine that is a psychologist says that human beings only react in one of three ways when faced with adversity. And that's what we are faced with. They either quit, they blame, or they step up and work together for a common solution. We can't quit and we can't blame. There's been enough of that I will tell you over the last, just these-- this week in this Legislature. We need to work together. We need to find that solution and thread that needle for a structure that can bring the schools on board.

HILGERS: Time, Senator.

WILLIAMS: Thank you, Mr. President.

HILGERS: Thank you, Senator Williams. Senator Hilkemann, you are recognized. Senator Hilkemann.

HILKEMANN: Thank you. I rise and oppose the bracket motion that we have here this afternoon and I do support LB720. You know, when,

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when-- in the mid-80's, when InterNorth was leaving Omaha, the rumors were that Conagra was leaving, rumors were also that UP was leaving. And it was sort of-- there was kind of-- it got very pessimistic around Omaha. People said the last one here, turn out the lights. And then we had-- LB775 came available. LB776 restored faith to the area and those business incentives has worked. And I-- it's just amazing what I've seen in the growth of Omaha, since being there in the mid-80's when I first started my practice, to what it is today. Part of it is, is, is our good philanthropic community in Omaha has been good. We've got some good success of some good businesses there, but part of it were the incentives that we had provided by the state of Nebraska and that we responded to the needs that we had at that time. Not only has Omaha grown, I've seen this happen across to our state and that gave us a good nucleus. We-- are these incentives perfect? Absolutely not, but try to have a-- try to woo companies without having some type of an incentive to bring them there. And therefore, I stand to support this bill and I would give the rest of my time to Senator Kolterman if he'd like it.

HILGERS: Senator Kolterman, 3:10.

KOLTERMAN: Thank you very much, Senator Hilkemann. I appreciate your support and the time. How does this affect the everyday person in our state, whether it's in western Nebraska, whether it's in Omaha or Lincoln or Seward or wherever it's at? You know, I can talk a little bit about how it affects my community, how it affects my district. I will tell you that-- I'm going to, I'm going to give you four names: Pioneer Hi Bred, Monsanto, Bayer, Syngenta. That's four companies that, that help agriculture. They grow seed corn in my district. We probably have one of the largest seed corn presences in the state of Nebraska as well as the United States because we have some of the most productive land in the nation right here. Now how does that affect the everyday person? Well, first of all, they all have nice factories that process the corn, put it into bags, and send it out to the farmers. Now the farmers will tell you it's way too high, but there's a lot of research and development that goes into that product. But I'm going to go deeper yet. The employees are there and they're all getting good wages. Let's talk about the ancillary benefits of having them there. Has anybody in this room ever had a kid detassel? Detasseling, do you know what detasseling is? It's pulling, it's pulling the tassel off of a, of a corn plant so that the, so that the plant can cross-pollinate. Each one of these companies that I mentioned hire thousands of kids and have ever since we got into hybrid seed corn. I had a nephew this summer that came here from Mississippi and, and he told me that he could make \$7,000--

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HILGERS: One minute.

KOLTERMAN: --in six weeks, \$7,000. And you know what? He got up at four o'clock in the morning and he got on a school bus and he went out to those cornfields and he, and he roped out bad corn and he pulled tassels. Now there's kids all over this state, Lincoln, Omaha, Norfolk, York, Seward, that get on those school busses at four o'clock. We're teaching those kids work ethic. We're teaching those kids responsibility. And yeah, it maybe isn't the best-paying job, but it's a heck of a good job for a summer over a six-week period. So yeah, it-- you know, it does affect the local economies and the local people. I want to talk a little bit about the process we're going through here today. Back on January 23 of last year, 2019, I was kind of humbled and honored--

HILGERS: Time, Senator.

KOLTERMAN: --that someone had asked me-- pardon me?

HILGERS: That's time, Senator.

KOLTERMAN: Thank you.

HILGERS: Thank you, Senator Kolterman and Senator Hilkemann. Senator Linehan, you are recognized.

LINEHAN: Thank you, Mr. President. Good afternoon, colleagues. I want to make it abundantly clear that I want incentives too. And I want us to have property tax relief and I would like to be able to afford the CARES tax cuts. I did not become Chair of the Revenue to raise taxes. I became the Chair hopeful and I think of those that supported me, the idea was we were going to cut taxes. I was headed back to give Senator Stinner a heads up. I was going to ask him a couple of questions. So that's your heads up, Senator Stinner. We have a situation where when we were here in March, we thought we had enough to do it all. That appears-- maybe it's not the case now. We don't know until tomorrow. And on top of the case, we had enough to do what we wanted to do in March. We have the new CARES Act tax cuts kind of thrown at us so I don't think we can really decide till we get word from the Forecasting Board where we are. But I would like us to under-- at least this is where I think, this where I think we have been for the last 18 months. We need to figure out a compromise where everybody gets something. We need property tax relief. We don't want to be the only state in the Union without an incentive program. We have-- if we have-- when we have the hearing next Monday on the CARES Act tax cuts, they'll be able to come in-- whoever those affect, they'll be able to come in and

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tell us what the situation is. But the idea that one group or this group or that group, any group-- this is not-- that's not what legislatures do. That's why we're here. We work out the best for the whole state. So one of my questions-- Senator Stinner, I hope that was enough heads up-- is--

HILGERS: Senator Stinner, will you yield?

STINNER: Yes, I will.

LINEHAN: So these are really top-line questions-- I don't think-- so our revenues, as I'm looking at the green sheet, they're right around what we were expecting, \$5 billion, right? That's what-- '21-'22, we're expecting \$5 billion in 2021. We're expecting our revenues to be about \$4.9 billion--

STINNER: Yes.

LINEHAN: --right? I'm reading that right? So you said this morning, you thought we'd be 5 percent down, is that what your guess is now?

STINNER: This, this was IHS' adjusted numbers that they came up with in the executive formula. They've kind of adjusted down from 10 to 8. Now it looks like somewhere between 5 and 6 percent.

LINEHAN: And that's nationally, right? That's what they think nationally or is that what they think about Nebraska?

STINNER: That's what we use in our, in our calculations as we presented to-- now this is GDP growth so there is a direct relationship between that, but that's overall economic growth.

LINEHAN: So it's nationwide, not Nebraska specific, those numbers, aren't they?

STINNER: Actually, this is really kind of honed back to Nebraska--

LINEHAN: OK.

STINNER: --because you do-- you are using revenue numbers from the revenue side of things that are coming in so they do adjust their economic model to that.

LINEHAN: So I know you're excellent at math and I've made mistakes on the floor when I try to use my iPhone. So 5 percent of \$5 billion would be how much?

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STINNER: \$200-- 5 percent would be \$250 million.

LINEHAN: So isn't \$250 million about what we think we'll probably get in July from income taxes that we didn't get in April?

HILGERS: One minute.

STINNER: That is a number that is putting-- I think it's \$255 million as a matter of fact-- is the number they're using that will show up as revenue, which will be a plus because we've shifted it from the negative the last time over, yes.

LINEHAN: So if, if that does come in at \$255 million and we're down 5 percent, but we shift that \$255 million into this fiscal year, won't we be back at about \$5 billion?

STINNER: Remember, it's GDP growth that they're using. Many times, it comes back to how does that GDP growth affect sales tax? How does it affect income tax, corporate tax? And they do take a look at what happened prior to that so there may be some tax loss carryforwards and the like of that that, that impact this. But I think--

LINEHAN: But--

STINNER: --if you look at what the average is--

LINEHAN: OK, Senator Stinner, but it's-- I, I don't-- you're wonderful because you have so much knowledge and I appreciate it greatly--

HILGERS: Time, Senators.

LINEHAN: -- but I'm trying to keep-- OK. Did you say time?

HILGERS: Yes, that's time. Thank you, Senator Stinner--

LINEHAN: Thank you.

HILGERS: --and Senator Linehan. Senator Friesen, you are recognized.

FRIESEN: Thank you, Mr. President. Feels a little bit like Groundhog Day. We're going to do this again over and over. It goes back-- I mean, we've, we've talked a lot of-- this morning about property tax relief and it got brought up here a few more times now about how maybe we need to try something different. Maybe, maybe we need to try something different in our incentive program. You know, if you go back and look at what we've done since LB775 back in-- I think it was back in the '70s, we have forgone \$4.1-some billion of revenue. And if I

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remember right, I think Senator Stinner can correct me later on if he wants, but I think our, our long-term revenue growth is 4.7 percent, 4.8 if you go about a 27, 28-year history. So we've given away \$4.1 billion in incentives to grow our state and I think last year, our long-term, 20-some-year history was still 4.7 percent. I keep asking from Department of Economic Development. I've asked the Governor-- I said we've given up \$4.1 billion in revenue and we've got three gold cups, two silver shovels, and when's our revenue going to grow so that we can have property tax relief? Came close this spring, I mean, that was quite a jump in our economic situation from where we had been just a few short years ago when we cut almost \$1 billion out of our budget. And to now turn around, we could have ended up with \$700-some million in the Cash Reserve and \$130-some millions of spending on the floor and a property tax relief proposal. And now we were sitting in an unknown land, uncharted waters, where we don't know what we're going to be like in a year or two or three. It is an unknown. We all get that. Ag is in the doldrums and is going to be there for a couple more years the way it looks to me. Senator Lathrop mentioned this morning about \$8 dollar corn and the taxes that we're rolling in. You bet. Ag carried this state through the Great Recession. We didn't have a huge hole to climb out of because of ag, but what that did is-- the longer-term damage it did to ag by driving up land prices and driving up the cost of our seed corn and machinery and everything else, those costs don't come down. And Senator Kolterman, I'm glad you brought up Pioneer and those companies because they did come here because we're the best, probably in the world, at what we do. I'm not sure incentives decided that they came to Nebraska. I think it maybe-- something had to do with locations at times, but they picked the high-- most highly-irrigated land in the country other than maybe California. They came here for a reason. The ethanol plants, they took part in the Advantage Act. They helped some-- they were the biggest thing that helped rural economic development in probably 100 years, but they came to where the corn was. And yes, corn growers actually subsidized them more than the state did. Whenever I've looked at any of the studies that have done on incentives-- you can go to any number of universities across the country and they've analyzed different states' incentive programs and there's not one of them yet that I think pays for itself. They do not bring in more revenue than they spend. All we're doing is trying to steal companies from each other. And whether or not you look at this-- I remember when I was with the city of Henderson, a neighboring town tried to steal a business with us--

HILGERS: One minute.

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FRIESEN: --using an incentive program. So if as long as we're just trying to steal business from each other, that's, that's a fun game we can all play, but we're probably going to lose that one because we don't have the population and the revenue that some states have. So let's grow businesses. Let's, let's incentivize startups. Let's incentivize small businesses because that's what's in rural Nebraska and they grow into large businesses and they end up in Lincoln and Omaha. That's fine. It's good for everybody. Cabela's grew like crazy. Eventually, it moved out. But look at the things it did while it was here. It wasn't all a bad thing, but they grew like crazy. They were born here. They wanted to stay. They grew too fast. They were a target for acquisition. So again, I, I look at this and I'm-- most businesses just say they want a stable tax policy. The first thing out of their mouths aren't, you know, what do you got for incentives? They come here because we got hardworking people. We've got either resources or some other reason--

HILGERS: Time, Senator.

FRIESEN: Thank you, Mr. President.

HILGERS: Thank you, Senator Friesen. Senator Briese, you are recognized.

BRIESE: Thank you, Mr. President, and good afternoon, colleagues. We talked all morning about the property tax crisis in our state and how everyday Nebraskans need-- desperately need property tax relief. And I thought going into this session that we were going to develop a package of property tax reform and business incentives. It would be one proposal, one proposal that the majority of us could come together, get behind, and support, one that would deliver meaningful and substantial property tax relief for everyday Nebraskans. But here we have business incentives essentially going out on their own. Rest assured, I'm not voting for business incentives unless meaningful and substantial property tax relief as part of the package. It's not a good look to tell everyday Nebraskans that we're more interested in what some perceive as corporate welfare than we are in alleviating their nation-leading property tax burden. So I guess I feel compelled to do something I really wasn't planning on doing, doing and that's being fairly-- and that's being critical, more critical of Senator Kolterman's bill than I intended to be. With business incentives, I've always been troubled by the issue of causation. How do we assure that the dollars that we put towards incenting certain conduct actually causes that conduct to occur? In other words, are we throwing taxpayer money away by rewarding conduct that would have occurred anyway? That's always been my biggest concern with incentives. And the

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comments from our former director of economic development at the hearing in 2019 are not reassuring. When I asked him about the causation issue, you know, he noted, quote, that's a difficult question to answer, unquote. Quote, I don't think there's any way that any one of us can understand the full intent of a company and why they make the decisions they make. And when I asked if the data he was-- that was being reflected reflects increased activity that would have occurred anyway, he admitted there's likely activity that's received an incentive that would have occurred without that incentive. Is that a wise use of taxpayer dollars? I don't know. I suggest it's not. So I've always been and continue to be troubled by that causation issue and questioning whether it's really a good investment for our taxpayers. The issue of causation aside, I also have some, some concerns and questions about the bill and the language. And, and I could ask Senator Kolterman questions about this. I'm not going to do that on the floor or on the mike here, but I'll bring him up and he or someone else can address them or maybe his aide can explain some of this to me. But first, the bill refers numerous times to a qualified location and I just don't see where these locations are limited to Nebraska. I ask myself, can a Nebraska company decide to invest in Council Bluffs or Kansas City or Denver and have that investment qualify for an incentive, incentive? Seems like a stupid question, but I assume that investment must be in Nebraska, but I'd like to have someone point out in the language of the amendment we're talking about for LB720, point out where it tells me that. And the, the bill-- the amendment talks about base authority that tries to put limits or caps on how much can be expended on the program. But guess what? The Governor alone can allow this to be exceeded. I'm not interested in ceding this authority to the Governor, regardless of who he or she may be, and I don't think you should either. And what about that base authority? It isn't much of a cap. I see that new applications are not to be approved for any year in which the base assort-- authority is projected to be exceeded. So the cap is based on projections-- it's not a hard cap. If projections go awry, it could easily be exceeded. But it's also a cap that probably is most likely never challenged or at least I hope it isn't, because a cap grows from \$100 million the first couple of years to \$125 million to \$150 million to \$200 million by '26-'27 because it's based on revenue growth by the end of the payouts.

HILGERS: One minute.

BRIESE: Thank you, Mr. President. It could be \$350 to \$450 million. Then I see something called the job-- Key Employer and Jobs Retention Act. It's my understanding that this targets one company threatening

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to leave our state and it qualifies for this if, among other things, it is "at risk of moving more than one thousand existing equivalent employees from the state, as determined by the director." Folks, on the Revenue Committee, we heard from people who have moved their, moved their ag operations across state lines and some would-- who-- many who would like to. We've got plenty of them at risk of leaving. And you're not going to have to look too hard to find people that have moved from this state to escape the property taxes that averaged, averaged \$100 a month more than in neighboring states. So we've got plenty of everyday Nebraskans at risk of leaving us. What should we do about them? And then we go on to the Nebraska Transformational Project Act. It's a proposal to contribute \$300 million of taxpayer dollars to what many of us call the UNMC Project. It's contained in the bill of LB1084.

HILGERS: Time, Senator.

BRIESE: Thank you, Mr. President.

HILGERS: Thank you, Senator Briese. Senator Lathrop, you are recognized.

LATHROP: Thank you, Mr. President, colleagues. I'll yield my time to Senator Kolterman.

HILGERS: Senator Kolterman, 5:00.

KOLTERMAN: Thank you very much. I appreciate that, Senator Lathrop. I might talk a little bit about where we're at, what we're trying to do here. We haven't-- since I didn't get open on my bill really, I want to talk about what we're trying to accomplish, but I would like to talk about the process that we've been through. And I'd like to thank all my colleagues that have come to me with concerns and I'd like to also express some of my own concerns about the process. First of all, I've had a lot of people come to me with various ideas. You know, some people come to me and say, well, that's just pie in the sky. Why this busi-- why are you picking this business or that business? I can't support that bill because it's got wind included in it. The wages are way too low. We need property tax first. This costs too much money. We need caps. We don't need caps. I've had four bracket motions put on this bill since we started it back in January of 2019. I've had one motion to return it to committee and I've had 26 amendments filed on this bill, all in an attempt to slow it down and not really hear about what's going on. But I will tell you that over the last two years nearly, 18 months, and since 1986, we have really, as a state, not spent more than 3 percent of our budget-- net budget in incenting

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companies to come to our state and grow our state. In return for that, we've had over \$30 billion of investment and way more than 100,000 new jobs. I can't talk about everything because I don't have enough time. I only have an hour and a half amongst everybody, but I will tell you this. Yeah, we have, we have a retention that we've added. We have-- thanks to Senator Groene, we, we have added a rural tier. Dr. Gold brought us the NExT project, which could, by the way, in a time of COVID, in a time of Ebola, be key. And it will also help ensure that we keep Offutt Air Force Base a huge employer in our state. I've dealt with Senator Scheer. Senator Bolz brought me the caps and worked through some of those with me. Justin Wayne brought a bill or an amendment that would help us in blighted areas. The state chambers, I couldn't, I couldn't begin to do anything we've done here without the work of the state chambers; Jen Creager from Omaha, Bruce Bohrer from Lincoln, and Kristen Hassebrook. And Patty Pansing Brooks brought me some amendments. Brett Lindstrom has brought me amendments. Tony Vargas has had an important role. Now let's talk about the companies. First Data, Pfizer, it's huge. In a minute, I'm going to be passing a letter around that I just received from them today. If I have more time, if somebody will yield me some more time, I'm going to read that letter to you because it talks about what's going on with them and the consolidations. People say to me, well, yeah, we put that, that part in there to deal with acquisitions for First Data. Had we had that, perhaps Conagra might have kept their home office here. But I will remind you, Conagra still has a huge presence in Omaha, Nebraska. Even though this isn't their home office, they have a huge employer presence and they create good jobs and they're a good corporate partner. And then let's talk about Kawasaki. They're right here in Lincoln. Chief Industries--

HILGERS: One minute.

KOLTERMAN: Grand Island, Hastings, Nucor Steel in Norfolk and we got Costco in Fremont. And I've got a new company, Scoular, just opened up a Pet Source in Seward, Nebraska; \$50 million investment in our state with 100 new jobs. Do you know what that does to a town like Seward, Nebraska? It revolutionizes it. So this has been a huge undertaking. In addition to all the people I've mentioned, I'd be redundant if I didn't thank my staff and the people that have worked with me very closely, Tyler and the rest of my staff. And then finally, this is not just-- this is really bipartisan. You heard all the names I read; Republicans and Democrat, they all had a part in this bill. And then finally, I would say Governor Ricketts has been very helpful. He's given me access to the Department of Economic Development, two

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directors both looking to expand and grow our state, and PRO, they've been the go-between, Loren and Trinity.

HILGERS: Time, Senator.

KOLTERMAN: Thank you very much.

HILGERS: Thank you, Senator Kolterman, Senator Lathrop. Senator Blood, you are recognized.

BLOOD: Thank you, Senator Hilgers. Fellow senators, friends all, I rise against the bracket motion, but in favor of Senator Vargas' amendment and the underlying bill. And I'm going to speak also briefly on AM3049 because I think it's important that we include this in our support of LB720. I participated recently in Zoom listening sessions with a variety of senators here on the floor where we listened to our constituents in Nebraska organizations that serve our residents. And, and we talked about how the pandemic, racism, social injustice, and other issues have affected our constituents over the last few months. Now out of a long list of concerns, one concern is very loud and very clear and is that Nebraska continues to need good-paying jobs that allow people access to healthcare, childcare, and an opportunity to raise themselves and their families up. We can't keep expecting people to raise themselves up by their bootstraps if they have no bootstraps to use. We can do better. As Nebraskans get back to work, we have the opportunity to provide better-paying jobs and a wider variety of jobs if we keep our economy stimulated and provide these opportunities. Now I'm not talking about more minimum-wage jobs. Although those service-type jobs are important to our economy, we need to talk about jobs where Nebraskans can have a better life. I believe that LB720 is a step in that direction. Now the second component that gets me excited is the support of the NExT Project that you've already heard mentioned. There's more about it in AM3049. So public-private partnerships or PPPs or P3s, such as what is proposed in this bill, allows for the sharing of critical actions and best practices from present and past pandemic responses such as UNMC's internationally-praised response to Ebola. Now what's being proposed will foster a collaborative community of leaders from a variety of sectors, be it medical, government, business, academia, nonprofits, and our residents to name a very small handful of potential participants. So before the reality of the pandemic hit Nebraska and the world, I handed out the article that I've redistributed to you on your desk today. Now it's almost like this author had a crystal ball to let us know that there should be another-- that should there be another pandemic or pandemics, that the role that the DOD and the military will play should be in the forefront. So since then, the

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Internet and media has bombarded us with articles about why the military must be in the forefront for any line of defense against future pandemics. So what's really interesting is that in 2009, the Congressional Research Office, much like our LRO, put out a report about the role of the DOD during a flu pandemic where they broke down the national strategy for pandemic influenza-- can I get the gavel, please?-- implementation plan.

HILGERS: Members, please come to order.

BLOOD: God knows what happened to, to that when this pandemic hit. But regardless, the role they were to play was to assist partner governments-- assist and partner with governments, assist in disease surveillance, protect and treat our U.S. forces' independence, and provide support to these efforts here in the United States. So government, especially at the federal level, moves very slowly. But the more I researched, the more I see that we started a lot of fires in this area that we allowed to extinguish, extinguish. So what I like about living in Nebraska is the exceptional medical and research community that we have here. We are national leaders in more areas than I have time to list. We have an opportunity to embrace more of these initiatives with this bill, provide well-paying jobs that keep young researchers and doctors here in Nebraska who would otherwise seek jobs outside of our state. We will embrace yet another aspect that will keep Offutt Air Force Base here in Nebraska. Offutt Air Force Base--

HILGERS: One minute.

BLOOD: --our number one employer. So we need to be forward thinking and really think about voting green on LB720 today because it's time. And I have to respond very quickly that average citizens should know that the reason that chambers and universities support bills like this is because universities like Nebraska receive hundreds of millions of dollars to do high-priority research that helps the everyday man and woman here in Nebraska and across the world. And chambers need bills like this and support bills like this because they want to grow your communities and keep them viable and keep them sustainable. And they can't do that unless they can bring new businesses in and keep them here. They can't do that unless we continue to do research and be forward thinking about how to make Nebraska sustainable, how to bring in more money, and how to be innovative and forward thinking.

HILGERS: Time, Senator.

BLOOD: Thank you.

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HILGERS: Thanks, Senator Blood. Senator Brandt, you're recognized.

BRANDT: Mr. President, I'd like to thank Senator Kolterman for bringing LB720. Transparency: on the handout for ImaginNE Nebraska, you list greater accountability and transparency, yet does it require a recipient of Nebraska tax dollars to report once a year to a public website all the incentives that a business received the previous year? If you're going to take public money, then you should have a fiduciary responsibility to let the public know how many tax dollars are being given away. All of the recipients of the \$12,000 business and stabilization grants just awarded through the CARES Act will be on a public website, but a corporation getting millions of taxpayer, taxpayer dollars through Nebraska incentives is not. That just doesn't make any sense. Job retention: this bill would allow the state to spend \$4 million annually to companies with 1,000 or more employees who threaten to leave the state. This is bad policy. This seems like extortion. Why shouldn't all businesses be eligible for these payments? We need to remove the 1,000 employee limit and open it up to all businesses in the state or better yet, just remove it from the bill altogether. Fiscal responsibility: this program is capped at 3 percent of all the state's receipts and can be exceeded by the Governor. This seems even more excessive than the existing Nebraska Advantage Act. All funds for any incentive program need to go through and be approved by the Legislature. When I reviewed the Department of Revenue's report on LB775 and the Nebraska Advantage Act this last July 15, I found it very interesting that the last part of the report showed other states' business incentive programs. I can tell you Nebraska has a very generous, if not overly generous incentive program when compared to other states. I support the bracket motion. I stand against LB720 and the amendments until we can improve the bill. I would yield the rest of my time to Senator Erdman.

FOLEY: Thank you, Senator Brandt. Senator Erdman, 2:40.

ERDMAN: Thank you, Mr. Lieutenant Governor. Thank you, Senator Brandt. I appreciate that very much. Senator Kolterman did have it right. He said without the State Chamber, nothing happens here. He is correct because if you don't get the State Chamber's approval, nothing moves. So I was wondering if he would deal to a question or two.

FOLEY: Senator Kolterman, would you yield, please?

KOLTERMAN: Yes, I would.

ERDMAN: OK. Senator Kolterman, I have a question here. It's a, a statement. I'll read this sentence to you and then you can explain to

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me what it means. We're talking about locations that qualify. It says any other business location where at least 75 percent of the revenues from sales to customers who are not related and that are delivered outside of Nebraska. What does that mean?

KOLTERMAN: I'm not sure. I'm going to have to look at that.

ERDMAN: I think it means what Senator Briese said, you can have a business outside the state and still be-- still take advantage of the Nebraska Advantage Act. Another question I have is in the bill, it says that the DOR, Department of Revenue, must notify municipalities liable for refunds that are available to the business who qualifies for the ImagiNE Act, OK? And it also says that they may qualify for tax credits, personal property tax exemptions, or rural property tax refunds. And so my question is, why does the local community municipality have to return those sales and use taxes to a person, a recipient from the Nebraska Advantage Act? Why does that fall on the city's responsibility?

FOLEY: One minute.

ERDMAN: Hello? Senator Kolterman, did you hear my question?

KOLTERMAN: Yeah, I did. I believe-- if it's, if it's what I think you're talking about it, yeah, the city, the city already got the sales tax so they have to give it back to them.

ERDMAN: So what happened in Sidney is they had qualified-- Cabela's had qualified for the sales tax exemptions refund and it cost the city of Sidney \$8 million; \$8 million was two years of their budget. Unannounced, they just lost that revenue. Why is it the city's responsibility to give that sales tax back that the state collected?

KOLTERMAN: Because they, they collected it up front. The city collected the sales tax upfront.

ERDMAN: Say that again, I couldn't hear you.

KOLTERMAN: They collected it up front. The city collected it once, they can't keep it twice.

FOLEY: That's time, Senators. Thank you, Senator Erdman and Senator Kolterman. Next in the queue, Senator Lindstrom, DeBoer, and Halloran. Senator Lindstrom.

LINDSTROM: Thank you, Mr. President, and good afternoon, colleagues. I first want to thank Senator Kolterman for-- and his staff for their

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hard work on LB720 and I continue to stand in support and against the bracket motion. You know, what often comes up in this debate is that incentives are just for Omaha, Lincoln. One component that Senator Kolterman mentioned was a portion of my bill, LB605, dealing with renewable chemicals and the tax credit. Most of those businesses reside outside of Omaha and Lincoln. They are what Senator Friesen talked about on ethanol. It's the next generation of value add to the ag sector and ag economy. So when we look at LB720 and the components in there, it does address many of the businesses and different economic sectors across the state. Senator Erdman, you're right. When we talk about our tax code, corporate income tax, individual income tax, property tax, sales tax, all of it needs to be addressed, but that's not what we have in front of us. We still need to be-- and, and remain competitive. The fact of matter is, if we do not pass LB720, we let Nebraska Advantage Act sunset at the end of this year, we will be one of a handful of states, if not the only state, to not have an incentive. And we have to remain competitive when we, when we-- in this competitive nature in which we reside. You mentioned Virginia. What was interesting is I actually was forwarded-- this is back during the session, in, I believe, February or March. A company out of Omaha forwarded me an email that was-- that came from Virginia's DED director of economic development that was recruiting this business. And in this day and age, when we have most of the companies-- the startup companies, they're very mobile and could go anywhere. And so other states that might have a better tax code because of other resources that they may have, Nebraska has to do some things that make us remain competitive and those are the incentives that we have. LB775, Nebraska Advantage Act, do we get it right every time? No, and that's why we do need to let Nebraska Advantage Act sunset. This is the next generation of it. Things that didn't exist-- Facebook, for example, didn't exist when the Advantage Act was around. So we're trying to address not only what we see right now, but what we see into the future. It's been brought up, the, the NExT Project. I can't imagine that we want it-- to do this as a state, say to the Department of Defense, hey, we have-- we would invest \$300 million for the opportunity to have 7,500-plus jobs, \$2 billion-plus in investment, and we're just going to say thanks, but no thanks. I can't imagine. Senator Blood pointed out Offutt Air Force Base, that's always up when it comes to the discussion about BRAC and, and potentially moving that. Now we did do an investment recently and secured some dollars for the, for the runway. However, we have to look at this in a long-term manner. This isn't just what we're dealing with now. This goes far beyond with-- just this year. This is, this is a huge economic expansion that could take place in Nebraska if we do it right. Senator Williams brought it up. Most of us who have been here

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the last six years have voted for property tax relief every time it comes up and I'm no exception. I have voted for every single property tax relief bill that has come up. Fortunately or unfortunately, there, there just-- sometimes votes don't line up. Certain people like the incentive, some per-- some people like the property tax. And we haven't got to that point yet where we're able to put those together and, and pass it at this point, but there is opportunity. We still have 15 days left to potentially do that. I'm going to listen to more debate. I think was brought up-- most people will have an idea of where they are going to stand on this issue and this bill. I hope that we can move forward and not hold other bills hostage and we can find a compromise to this process. But again, I want to thank Senator Kolterman. And with that, I'll yield my remainder of my time to Senator Kolterman. Thank you, Mr. President.

FOLEY: Thank you, Senator Lindstrom. Senator Kolterman, 1:00.

KOLTERMAN: Thank you very much, Senator Lindstrom, Mr. President. Senator Brandt, I would-- I'd like to address your concerns about transparency. In the bill, on pages-- of the amendment, I think my staff just pointed out to you that once a year, the-- beginning in 2021, the director and the Tax Commissioner, they have to file an electronic and annual report for the previous fiscal year to the Legislature no later than October 31 of each year. And then that, that says that they have to-- the report shall disclose the identity of the taxpayer, the qualified location or locations, and the total credits used and refunds approved during the immediately preceding two years expressed in a single aggregated total. And I'm not going to read the whole amendment because I only have a minute. But I will tell you--

FOLEY: That's time, Senator.

KOLTERMAN: -- there's all kinds of accountability in this bill.

FOLEY: Senator Kolterman, that's time. Next in the queue, Senator DeBoer.

DeBOER: Thank you, Mr. President. Actually, I would like to hear from Senator Kolterman some more things. For one thing, I would like to hear-- Senator Briese pointed out about the caps. I want to hear your response to him on whether or not what we have are some solid caps--

FOLEY: Senator Kolterman, would you yield, please?

KOLTERMAN: Yes, I will.

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DeBOER: --whether or not we're going to have those caps be solid caps or not. I also-- Senator Erdman, I'm still thinking. I am listening and I haven't decided yet so it does happen now and then. And so anyway, actually, I'll just yield my time to Senator Kolterman. Please talk to me about how this is affecting small businesses throughout the state and the caps.

FOLEY: Senator Kolterman, you are yielded 4:10.

KOLTERMAN: Thank you very much, Senator. I appreciate the time. I've got to find my notes here. I'm talking about the-- let's talk a little bit about the caps. If, if I had my way, we wouldn't have caps. In the past, we have not had any caps built into this program. But as a request of senators that came to me and had some concerns about the idea that we're getting carried away in order to control the costs, we've instituted some caps. We put a \$100 million cap in there for the first two years. It's my understanding that once they get to the \$100 million of applications, potential payouts, they have to stop taking applications. And then the second two years, it goes to \$125 million. And then years five and six, it goes to \$150 million. And then after six through ten, it goes to 3 percent, just like-- approximately what we've been spending over the last-- since 1986 because that's what our average cost has been. Now we did have originally a cap in there. It was a hard cap that said if you got to those caps, you could come back to the Legislature and we could take a look at the review of that. But we asked the Attorney General if that was appropriate and he said, no, it doesn't meet constitutionality. And so we took that out and he said, you can't take money from the Legislative Branch, give it to the Executive Branch, then bring it back to the Legislative Branch. And so we had to give it to somebody, the authority to exceed the cap. So let's say a company-- let's just use the example of a Facebook or a Google or some large national company wants to come in here and they have a \$100 million program that they want to put into place. We would-- but if we're up against the cap, the Governor has the ability to extend the cap during that period of time. And, and he does have that specific authority so that we don't turn our back on a potential really good client or potentially good company that wants to take a look at our state. If somebody's got better ideas on that language, we're open to that, but we need a trigger that in the event that we're up against the caps, there's got to be a way that we can extend it to bring these better paying-- job paying companies to our state. It doesn't mean he's going to use it for every project, but it, it has to be there some way. I'll talk a little bit about how this benefits rural Nebraska other than just Omaha and Lincoln. I could-- I don't know where to start with that. I could start out by saying that when

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we were looking at the rural manufacturing tier, we, we invited rural manufacturers from Norfolk, Columbus, Lincoln, Hastings, Grand Island, Seward, Fremont. They all came to the table and told us what they could live with and what they, what they needed.

FOLEY: One minute.

KOLTERMAN: As a result of that, you've got this handout that I passed out showing the benefit package and how it's going to affect small towns. I will tell you this, under the Advantage Act and under LB775, our average wage was \$13.35 per hour and there was no requirements for benefits to be paid. Under this, on our least projected program, that goes to \$16.10 an hour and they have to provide a health insurance and other benefits under this program. So we've expanded that considerably. People say to me all the time, well, there's-- some people are still going to be eligible for CHIP. Well, I submit to you, how do we get around that? If you look at-- on the bottom of the page that I handed out to you on this section here, if you look at what research I've done, our administrative aides, our assistant public council, our committee clerks, our legislative aides--

FOLEY: That's time, Senator. Thanks, Senator Kolterman. Next in the queue, Senators Halloran, McDonnell, and Wishart. Senator Halloran.

HALLORAN: Thank you, Mr. Lieutenant Governor. Well, there's a huge question of whether or not incentives really work, right? There's study after studies that suggests that they don't. I'm sure there's probably some studies that say that they do. So what are the reasons an industry chooses to go from one state and choose another state? It's-- they have a matrix, matrix. That's a fancy word for a simple group of questions that they ask themselves about whether a state is a place they want to move to for an address. One of those questions on that matrix is infrastructure, right? Do they have the railroads, highway infrastructure, interstate utilities adequately enough to accommodate their, their industry? Second question on the matrix would be available workforce. Are they-- is there a sufficient educated and trainable workforce? Third question is a market for what is being manufactured or sold. And a fourth one, and probably the most important one, is the tax structure. Is it competitive? Nebraska has failed on that one grossly. We've been talking about taxes. We spent four-- three hours on LB1106 in an effort to try to give some property-- much-needed property tax relief to Nebraskans who have lived here for generations. It's a bit of an irony that we're willing to talk about giving tax relief to a business that doesn't exist here now, but to move here. But we struggle so hard to get property tax relief to those that do live here and it says something about our tax

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structure. The, the form of incentive that we give them is an income tax credit, right? Well, that suggests that our income tax is probably too high. So until we come to a point where we look at a very systematic restructuring of our taxes, we're going to, we're going to deal with these kinds of things, the games of giving money away to attract businesses that-- oh, yeah, if you qualify for that matrix I list-- listed off, if you have infrastructure available, workforce, market for what they produce and a decent tax structure, they'll come. So colleagues, I suggest that we need to support the bracket motion and look deeper into overhauling our whole tax structure. With that, I'll yield the balance of my time to Senator Briese.

FOLEY: Thank you, Senator Halloran. Senator Briese, 2:20.

BRIESE: And thank you, Senator Halloran, for that. I appreciate that. And as I look through the bill, I come to the Nebraska Transformational Project Act, Section 80-- starts in Section 83. It's a proposal to contribute \$300 million of taxpayer dollars to what a lot, a lot of us are calling the NExT Project or the UNMC Project. This is contained in a bill, LB1084, that hasn't even been voted out of committee. It had a hearing and I sat in on that hearing on February 6. And also, there was an informational meeting on January 10. And I think I like the project, I think it could be good for the state. But the issue for me is, is the taxpayers' \$300 million necessary to this? And I tried to get to the bottom of that issue and I wasn't really convinced that taxpayer dollars were necessary. What I did hear was that the UNMC location is ideal, perhaps even unique in the country. Why is that? According to the testifier, its proximity to Offutt, UNMC's previous experience with infectious diseases and education programs, previous history, et cetera, make us better positioned to obtain this facility perhaps than anywhere else in the country. So I came away from the meeting and the hearing thinking that this thing is most likely going to be built here without us ponying up \$300 million from our taxpayers. And what about that number, \$300 million? At one point, the testifier said he wished he knew that--

FOLEY: One minute.

BRIESE: --there was a magic number. Thank you, Mr. President. Obviously, things may have changed since then, but the bottom line is, I'm not convinced our \$300 million is necessary. I guess something else I happened to notice in that particular section, among other things, you know, 10 percent of the space we're talking about here can be used for recreational purposes. And it somewhat describes recreational purposes, but I thought to myself, you know, try to sell that to property taxpayers unable to pay their property tax bills that

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we have \$300 million to pony up for the project. And oh, by the way, you can dedicate 10 percent of your space to "recreational purposes." Anyway. I'm not sold on that and there's several other questions about it that I'd like to talk about more, but I think we're running out of time here. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Next in the queue, Senators McDonnell, Wishart, and Walz. Senator McDonnell.

McDONNELL: Thank you, Mr. President. Good afternoon, colleagues. I oppose the bracket motion. I don't support everything that's in LB720. I don't support some things that have been left out of LB720, but I do support the improvement that LB720 does compared to LB775. I do support Senator Kolterman, the work, the time he's put in, the willingness to compromise and listen, and that's why we have those improvements now from LB775. There's an old saying, you can have 100 percent of nothing or you're going to have 50 percent of something. It's about compromise. We need to compromise based on the idea of what is best for the state of Nebraska. And not only on this bill, we talked about LB1084, we talked about LB1106 this morning. But we have to come together, find a way to move forward, and I think Senator Kolterman has done that and I want to thank him for that. I'll yield the remainder of my time to Senator Kolterman. Thank you.

FOLEY: Thank you, Senator McDonnell. Senator Kolterman, 3:45.

KOLTERMAN: Thank you, Senator McDonnell. A couple of things. I got a note-- or I was listening to Senator Halloran. He said that we failed. Who's going to want to come to a state that's got high property taxes? Well, first of all, I don't know how you explain that to Kiewit that made a heck of a decision to build in Omaha when they could have gone anywhere in the nation. Google, Facebook, Scoular-- Pet Source, it's called in my town-- Costco, I-- they, they knew what they were getting into when they came here. They made the conscientious decision to build new facilities in the state of Nebraska. So that just didn't happen. They knew what our tax structure was. Did we give them a few incentives? Absolutely. The thing you have to remember in this bill, though, is they don't collect a nickel until they make the investment, until they create the jobs. The business that's coming to Seward is spending \$50 million in Seward, Nebraska. Costco spent millions of dollars in Fremont, Nebraska. If you come to Seward County, we have 12 growers that brought young people back to the farm. That's huge. And that-- and we're just one-- we're on the fringe of that. The other one, you take a look at Butler County. It revolutionized what their property taxes are going to be like. They've got, they've got growers all over that county. So to say it's failed, I don't, I don't buy

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that. I started talking about the salaries. You know, we're never going to get where we want to be. But the point I'm trying to make is we have people that work for us in this building that don't make enough. They can qualify for CHIP. I don't see us mandating that they get a higher wage. I don't see anything wrong with \$16.10 an hour plus the benefit package that some of these companies are getting. I think it's a shame what we pay our people here, but at the same time, we have to live within our means. These companies are trying to live within their means. When a company comes to our state and they want to open up a business, they've got tremendous startup costs. Those startup costs, in most cases, they're training these people to come to work for them because many of these people, probably over 60 percent of them, have not gone to a four-year college. They maybe started and didn't finish or they just came right out of high school or they came right out of the service. So for us to give them a job that's going to pay \$35--

FOLEY: One minute.

KOLTERMAN: -- \$34,000 a year plus benefits or up to \$71,000 a year plus benefits, those are great jobs in our state. And again, I always hear well, a family of four. Well, in most cases, a family of four in today's environment, there's more than one person working in that family. The other thing is, under the Affordable Care Act, if you were offered a health insurance product, the company is required to pay 60 percent of your premium as an individual. That's under the Affordable Care Act. So we have done tremendous work in raising the wages from \$13.35 all the way up to potentially \$34.50 plus health insurance on top of that. So we've done everything we can to address the issues that people brought. That's a result of listening to Senator McDonnell and Senator Hansen, who both work with, with labor quite extensively. So there's-- again, there's been a lot of bipartisan input into this.

FOLEY: That's time, Senator.

KOLTERMAN: Thank you very much.

FOLEY: Thank you, Senator Kolterman. Senators Wishart, Walz, and Stinner. Senator Wishart.

WISHART: Thank you, Mr. President. I rise in strong support of LB720 and against the bracket motion. I ran for office with a priority to grow our economy and Lincoln and our state by supporting policies that expand good-paying jobs, enhance our business climate, embrace innovation and entrepreneurship, attract and retain young people, and improve access to healthcare that's affordable. LB720 does all of that

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and more. By 2030, colleagues, our state will have more people 65 and older than 18 and younger. If we continue to go down the path of outmigration of young people, in ten years, our state is on the trajectory of having more people who are 65 and older and aging out of our workforce than 18 and younger and entering it. One of the key questions that we need to be asking ourselves as senators is how do we, as a state, attract and retain young people and how do we help our senior population age gracefully at the same time? LB720 provides our state and those making investments into our state, the tools necessary to attract, train, and retain top talent in Nebraska so that we have a booming economy that provides us the infrastructure to support the needs of our senior population as well as all community members. I want to read just an excerpt from an article that was written by Frank Barber in the Heartland Real Estate Business Magazine. He says, "Winning the fight on business talent erosion in Nebraska." And this was written April 16, 2020. Although an article on soil erosion might seem more fitting coming from Nebraska, the great erosion concern for the Cornhusker State is retaining its young and talented workforce. Nebraska's state education system ranks No. 6 in the country in its high school graduation ranks No. 4 in the country, according to U.S. News and World Report. But Nebraska is faced with the dual challenge of retaining young, homegrown talent as well as attracting the next generation of talent from outside the state. Nebraska is presently leaking young talent to surrounding states with an annual net outward migration of approximately 3,300 persons and ranks 39th in the country with respect to attracting talent between the ages of 25 to 29 years old, so it's a double whammy. A 3,300-person outmigration of talent might seem fairly modest, but over time, it can and will become significant. Like a faucet that continues to drip, you don't realize the cost until you see your water bill. Taking steps to enhance both the retention and attraction of young talent is key to Nebraska's economic success. Thankfully, such steps are being pursued in both the private and public sector. And LB720 is one key piece of this effort. Our state must find a way to attract-- end quote. Our state must find a way to attract and grow top-tier employers in order to create opportunities for all Nebraskans, not this-- just those of a certain income, class, education or geography, all Nebraskans. And colleagues, I did want to update you. I had the opportunity to listen in on a listening session that was sponsored and organized by Senator Machaela Cavanaugh to listen to advocates across the state about how co-- the COVID pandemic had affected them and the people that they advocate for. And I was shocked to hear that in Lincoln, we have more people now on unemployment and unemployed than we have jobs available. That is a critical problem that absolutely needs to be a priority in this state.

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FOLEY: One minute.

WISHART: Thank you.

FOLEY: Thanks, Senator Wishart. Senator Walz to be followed by Senator Stinner. Senator Walz.

WALZ: Thank you, Mr. President. I rise in support of LB720. I, I do believe that this is a vital component to a very comprehensive plan to improve our economy here in Nebraska as well as the lives of all Nebraskans. As Senator Kolter [SIC] mentioned, Costco has been an important addition to our community in Fremont. And we certainly, absolutely did see wages grow-- wages increase as a result of, of Costco being there. We need to continue to attract employers to create those opportunities for all Nebraskans. And with that, I'd like to yield the rest of my time to Senator Kolterman.

FOLEY: Thanks, Senator Walz. Senator Kolterman, 4:00.

KOLTERMAN: Thank you very much. I appreciate that, Senator Walz. Thank you, Mr. President. I've got a couple of things I've got to, I've got-- I've got so much to say. I don't have enough time to say it, but I will-- I want-- a couple of things. Senator Erdman asked about communities not knowing when they're going to get a-- get hit with a big tax bill from the state. Well, the reality is that has been the truth in the past. They collect the money, they send it in, and then when the rebate goes back out, they have to re-- they have-- the company has to-- they have to collect that back or pay that back, but we're changing that in this bill. We've got the reporting in this bill so that once a year, we're going to give the municipalities a heads up that, hey, this could be coming to you. That's something new. Again, it's an improvement that we had come up with as a result of looking at the past. I'm going to talk a little bit about the Pfizer deal, the retention deal. Everybody has a letter in front of them. I want to read as much as I can into the record. Dear Senator Kolterman, as the Legislature considers LB720, a bill that will fund Nebraska's economic development incentives, I want to unequivocally state our support of the legislation and the significance of such economic development incentives to Pfizer's consideration of Nebraska as home to our largest footprint of U.S. associates and office space. As you know, Pfizer is one of the largest private-sector employers in the state, with over 4,600 associates in Omaha and the Lincoln area and our economic impact in terms of our annual payroll exceeds \$300 million. While the COVID-19 pandemic is challenging our state's-- our site strategy in a way in which we certainly didn't predict earlier this year, it does not change the simple fact economic incentive programs

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such as this type contemplated in LB720 are essential components of our comprehensive evaluation of the places where we want to grow, maintain, or reduce our associate footprints. So they're going to-- you can read the rest of the letter yourself, but I will tell you this. I've been involved with economic development projects and when they come to our state, they look at your community and they say, I like what you're doing here. I want, I want to be here, but I've also got an opportunity in Iowa. I've got an opportunity in Kansas. I've got an opportunity in Ohio. And I've got a go where I can get a little bit more boost, get a little bit more bang for my buck. But if you could help us with this, we'll come. That's the way it works. If we don't have an incentive package, we won't even get that opportunity. They won't come at all. They won't-- they'll just say, well, there's no one-- there's no incentives in Nebraska to go there so why would we even look at that? These site selectors take into account every aspect of these incentive packages.

FOLEY: One minute.

KOLTERMAN: And so as we go forward, we need to remember that. Finally, Senator Walz, you talked about the Costco project. There have-- their initial investment in the state of Nebraska was supposed to be \$400 million. That's in Fremont. That's just in Fremont. It grew to \$450 million and now they're adding another \$50 million because they're putting a, a-- Midwest Labs out of Omaha is going to put a lab in their office, right in their facilities, and manage it for them. The other thing that happened in Fremont was there was a beltway road project. They needed to, to bring trucks in and out of that community. So the beltway project, the price came close to \$50 million higher than the past year, but Costco joined with other local businesses in contributing close to \$10 million towards the completion of that. Those are key things. These are corporate partners that we want in our state. They're creating terrific jobs.

FOLEY: That's time, Senator.

KOLTERMAN: Thank you very much.

FOLEY: Senator Stinner.

STINNER: Thank you, Mr. President. Members of the Legislature, I stand in strong support of LB720 and opposed to the back-- bracket motion. I'm going to make a few comments and then turn it back to Senator Kolterman. This debate is running-- I guess I'm the last speaker so. You know, I've spent a lot of time talking about the budget, imagine that. But I can tell you that on the budget side of things, most of

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the focus in committee as well as my time is on the expense side of things. Obviously, revenue is an important component of it because we have to react to it. We spent a lot of time about rev-- talking about revenue growth. That's what LB720 is about. It's about top-line growth. It's about growing jobs, bringing companies here, retaining companies here with good-paying jobs. This is a vast improvement over Advantage Nebraska, the Nebraska act that is sunseting, so it's very critical, especially in COVID days. We're running over 6 percent unemployment for the month of June, I saw. We got to put people back to work. Now let's talk about manufacturing for a moment. We haven't quite spent enough time on that, in my estimation, and it's called about the COVID effect. I just want to bring your, your attention to that. The COVID effect to me is that-- and I looked at a survey by Thomas Industrial-- survey that indicated 65 percent of the companies-- manufacturing companies are likely to look at reassuring, with 20 percent saying their very likely-- jobs, bringing them back home. So that's an important aspect of what we're trying to do in LB720. With that, I want to yield the rest of my time to my good friend and great statesmen, Mark Kolterman.

FOLEY: Thank you, Senator Stinner. Senator Kolterman, 3:00.

KOLTERMAN: Thank you very much, Senator Stinner. I appreciate your support and your thoughts. On closing, I'm going to, I'm going to talk about just a couple of things that are near and dear to me inside this bill. You know, I'm a businessman. I've been in business my entire career. My family had a small business in Seward, Nebraska. I carried on with a different type of business, but I ran a business for nearly 40 years and I've looked for good investments. When a company comes to the state in Nebraska, they're looking-- where can we put-- where can we make a difference, where can we create new jobs, and where can we get a good bang for our buck? I heard a little bit ago that how do we arrive at \$300 million for the state of Nebraska to put up for the NExT Project? That project was brought to us by the federal government originally. But let me ask you this: has anybody ever raised money for a project in their community, whether it's a civic center, whether it's a senior center, whatever you're trying to raise money for? The good people in Omaha, Nebraska, said to them, if the state of Nebraska will give \$300 million, we'll give \$300 million from, from our personal wealth-- do you know how much money \$300 million for somebody to give away in Omaha, Nebraska, is? That's a lot of money and I know there's billionaires there, but \$300 million is a lot of money, esp-- and when you look at the \$2.6 billion project that we're looking at there and potentially 8,700 new, high-paying jobs and over 40,000 jobs total over a ten-year period for the construction, that-- if that

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isn't economic development, I don't know what is. So for us to invest-- and by the way, we don't have to put up one nickel if this project doesn't happen. All we're saying is we're going to make a \$300 million investment once the federal government gets to \$1 billion and once private individuals give us \$300 million.

FOLEY: One minute.

KOLTERMAN: Where are you going to go and get a return on your investment? For \$300 million, you're going to get \$2.6 billion. In addition to that, I'm told that there will be enterprise zones built around that. We're going to have new, new hotels, new food service vendors, new transportation facilities. If that isn't economic development, I don't know what is. And the fact of the matter is, if it doesn't happen, it costs us nothing; zero, numero uno. So I say to you, this is good legislation. It's bipartisan. It's been dealt with. It's been, it's been looked at by many, many eyes. We've done everything we can to appease people. I have voted for every property tax bill that's come to this floor. I was one of the swing votes that brought LB1106 to the floor. I want property tax--

FOLEY: That's time.

KOLTERMAN: -- but we should have both. Thank you very much.

FOLEY: Thank you, Senator Kolterman. Items for the record, please.

CLERK: Mr. President, thank you. Your Committee on Enrollment and Review reports LB43 and LB755 and LB899 as correctly engrossed. That's all that I have.

FOLEY: Thank you, Mr. Clerk. Speaker Scheer.

SCHEER: Thank you, Mr. President. We have now exhausted the portion of time allotted to LB720 and we'll move on to the next item.

FOLEY: Thank you, Mr. Speaker. We'll clear the speaking queue and move on to General File 2020 senator priority bill, LB1052. Mr. Clerk.

CLERK: LB1052, a bill by Senator Wishart, relates to the Medical Assistance Act; it changes provisions relating to prescription drugs. Senator Wishart presented her bill yesterday, Mr. President, to the body. Senator Arch presented Health and Human Services Committee amendments. Those amendments are pending.

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FOLEY: Senators Wishart and Arch, if you'd just like to take a moment each to refresh us on where we left off yesterday, then we'll go to the speaking queue. Senator Wishart, you are recognized.

WISHART: Thank you, Mr. President. How much time do I have? Because I rushed the last time and so I would like to take a moment.

FOLEY: A couple of minutes--

WISHART: A couple of minutes?

FOLEY: 2-- 2:00.

WISHART: OK, great. Well, thank you, Mr. President and--

FOLEY: Excuse, excuse me, Senator, unless you care to push your light, you'd have more time, but there's no one in the queue at this time.

WISHART: Oh.

FOLEY: Senator Wishart, please proceed.

WISHART: OK. Thank you, Mr. President. Good morning-- good afternoon, colleagues. I'm here again to introduce LB1052. This-- I had to try to rush last time so I do want to just take an opportunity to to walk through, again, the importance of this legislation, especially since I know I have some constituents listening and this is a bill they've worked on really hard. So over two years ago, I was contacted by a constituent of mine about a situation concerning her brother who she is guardian for. His name is Curtis [PHONETIC] and he has schizophrenia, the paranoid type, and suffers from significant obsessive thoughts causing suicidal and homicidal ideation at times, which has led to several hospitalizations in the past. After many years of work on, on finding a solution with his doctors, they were able to find a combination of medications and treatments that allowed him to live on his own in an apartment in Norfolk, hold a part-time job, and enjoy relative stability and independence. He was able to enjoy this independence with no psychiatric hospitalizations from 2016 and 2017. In February 2017, Curtis [PHONETIC] was denied coverage for one of his medications critical to his stability. The cost of that was \$97 per month, \$1,000 per year. After he was no longer able to have his medication covered, Curtis [PHONETIC], who I remind you had remained independent and hospital free from 2016 to 2017, was hospitalized five times at an approximate cost of \$32,000 covered by Medicaid. Since his March 2017 hospitalization, he has been living first in a therapeutic group home and currently, in an assisted living

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facility. He now receives an additional \$442 per month, \$5,000-plus a year from the state of Nebraska, to cover the additional cost of those facilities. While he is now back on the original drug his managed care organization denied him, he may never go back to the level of independence that he had for over ten years. Curtis [PHONETIC] is lucky to have his sister Marlene [PHONETIC] advocating for his care, who has helped me on this legislation and is the reason I'm bringing this bill. When I originally started to look into this issue, I was also serving on a task force that Senator Walz introduced on mental health. We visited living facilities across the state where a significant portion of the people they serve have severe mental health needs. This is one of the most vulnerable groups of people that I have ever seen and met with. Most, unlike Curtis [PHONETIC], do not have family members to support them. They are transient. They have dealt with criminal justice system. Oftentimes, their guardian is a lawyer they have never and will never meet. I asked those facilities if their clients were experiencing situations similar to Curtis [PHONETIC] and was told yes, quite frequently. Every one of them said yes. So this became clear to me that this was an issue that was affecting Nebraskans across our state. Colleagues, this has to change. Our goal in this state should be to work towards people with mental health issues living as independently as possible, as long as possible, as healthy as possible, and with the least cost possible to our state. In my opinion, and from what I've witnessed on the mental health task force, people are not being provided the level of care that will help them towards independence. So it frustrates me when I hear a situation where an individual who has been able to achieve 11 years of independence-- was, was denied the ability to continue that financially and continue on that successful path. In addition [SIC] to the moral and public health imperative to solve this problem, it is crucial that we ensure thousands of dollars, public dollars are not spent due to similar fallout from what happened to Curtis [PHONETIC]. The bill you see before you today simply adds language that explicitly says that the department, a managed care organization, or a pharmacy benefit manager cannot deny coverage of a drug that falls into one of three categories: antidepressant, antipsychotic, or anticonvulsant that is deemed medically necessary by the patient's healthcare provider. AM2645 represents a compromise with the Department of Health and Human Services, managed care organizations, and representatives from the pharmacists. And I really want to thank the Department of Health and Human Services. I want to thank managed care organizations and the-- Senator-- Chairwoman Howard and the members of the committee for their willingness to help me in negotiating a compromise. This amendment allows someone who has had success on one of these three drugs in these categories to be grandfathered in on that medication

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and not face any new prior authorizations or barriers. Following several meetings with the department, we were able to remove the fiscal note from the bill. And I have confirmation from the Department of Health and Human Services and Fiscal Office that there is no longer a fiscal note attached to this bill. AM-- and the reason we were able to do that is because there was no concern about us being out of compliance with federal regulations. AM2645 also includes two bills from Senator John Arch.

FOLEY: One minute.

WISHART: -- LB847 and LB887. I fully support them and wanted to offer him a path and a vehicle for his bills to pass this year. Senator Arch will speak to those. Thank you and I urge you to support this important legislation.

FOLEY: Thank you, Senator Wishart. Senator Arch, you opened on the committee amendment yesterday, but why don't you refresh us on that. Please proceed.

ARCH: Thank you, Lieutenant Governor. I, I-- yes. AM26-- AM2645 has two of my bills, LB847 and LB887. And just a quick recap on that, it's-- they're-- LB847 is found in Sections 2, 3, 8, 10, and 11 and it has-- it-- both of these are pharmacy bills. They are-- they are bills, in this particular case, having to do with nursing facilities and assisted living facilities and it has to do with a placement of a sticker, changing the label on a, on on a pharmaceutical when that pharmaceutical is actually changed in its, in its prescription. And so we've worked that out with, with the physicians, with the pharmacists, and we believe that we have now come to a, a good place. The bill, the bill was actually the result of a working group with Nebraska Pharmacists, the Nebraska Health Care Association and staff, Nebraska Department of Health and Human Services. So we, we think we found a good place there. And I can get into that further if you would like more detail. Sections 1 and 16 are, are LB887 and this, this bill authorizes pharmacists to make small adaptation to prescriptions with patient consent, does not authorize the pharmacist to change a prescription or write a prescription, but simply modify a prescription in these kinds of things-- and these are enumerated in the bill: change in the quantity, if the quantity or package size if-- is not commercially available; change the dosage form, like tablet to gel caps; dispensing multiple months' supplies if the prescription is written with sufficient refills; and substituting any chemically-equivalent drug product to comply with a drug formulary. But if the prescriber has-- specifies no substitution, that's not permitted. So this saves both the pharmacist and the prescriber time.

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My understanding is that, that in particular with LB847, this is the practice that's going on right now and it just clarifies that so the Department of Health and Human Services understands how, how the stickers are going to work with the pharmacy and the, and the medical record. So with that, with that, I will stop and I'd be happy to answer any questions.

FOLEY: Thanks, Senator Arch. Moving now to the speaking queue, Senators Geist, Kolterman, and Lathrop. Senator Geist.

GEIST: Thank you, Mr. President. I just want to stand in agreement with both the amendment and the underlying bill, LB1052. I spoke earlier with Senator Wishart and explained that in my past life, I was in pharmaceutical sales, directly promoting neuroscience medications. And the difficulty that that family member was expressing about getting someone with a very complicated mental health disorder or illness stable and keeping them stable is extraordinarily difficult. And then even changing dosing, much less changing an entire medication or removing a medication can be obviously detrimental. And I-- that letter is just a perfect representation of that and I would say anyone who falls within the categories of the medications that she is looking at is looking at that kind of, of upheaval in their life just with a change of medication. This is an excellent idea. I'm glad there's been compromise to make it work and make it so that all sides are in agreement. And I don't know as much, Senator Arch, about your, your amendment, but it sounds like common sense to me. So anyway, I just want to stand in great support of LB1052. Thank you, Mr. President.

FOLEY: Thanks, Senator Geist. Senator Kolterman and then Senator Lathrop. Senator Kolterman.

KOLTERMAN: Thank you, Mr. President. I, I, too, appreciate the hard work that's gone into this bill. I learned about it early on from Senator Wishart and I believe that the Health Committee's done a wonderful job of putting together a really good amendment in conjunction with the bill. So I support both AM2645 as well as LB1052 and thank them for their, their work on this bill. This is important legislation. With that, I would yield the rest of my time to Senator Wishart.

FOLEY: Thanks, Senator Kolterman. Senator Wishart, 4:20. She waives that opportunity. Senator Lathrop.

LATHROP: Thank you, Mr. President, colleagues. I stand in support of the amendment and the underlying bill. In 2007, the first year I was to serve in this body, I passed a bill on the Medicaid drug formulary

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and that was-- it was kind of groundbreaking at the time. It saved a lot of money and we dealt a lot with the individuals who are in the pharmaceutical industry about these medications and the Mental Health Association groups. And what we learned is we can put, in a formulary, blood pressure medication or a cholesterol medication. We can start people out in a drug formulary on some ordinary medic-- some medications for ordinary things like blood pressure and cholesterol and things like that. But when it comes to the medications for people who need drugs to treat the conditions that are described in this bill, basically mental and nervous disorders, if I can use a term from the legal side, that's more of a, that's more of a test. So somebody gets an antidepressant. They put it on them and it may not work for one individual, but it may be the best thing for another. When you lock in on what works for an individual, you don't want to change it. That's what that person needs, that's what works for that person. And to take them off and try to put them on something else to save a couple of bucks a pill, perhaps, causes more disruption, more problems. And it may take years to get that person back to where they were on the proper drug so I think this is really good legislation. It's appropriate and I support both the amendment and the underlying bill. Thank you.

FOLEY: Thanks, Senator Lathrop. Senator Arch, you're recognized to close on the committee amendment. He waives close and the question before the body is the adoption of AM2645 committee amendment. Those in favor vote aye, those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 41 ayes, 0 nays on the adoption of committee amendments.

FOLEY: AM2645 is adopted. Is there any further discussion on the bill? I see none, Senator Wishart, you're recognized to close on the advance of the bill. She waives close and the question before the body is the advance of LB1052 to E&R Initial. Those in favor vote aye, those opposed vote nay. Have you all voted? Record, please.

CLERK: 42 ayes, 0 nays on the advancement of LB1052.

FOLEY: LB1052 advances. Proceeding now to General File 2020 Speaker priority bills, LB1124. Mr. Clerk.

CLERK: LB1124 by Senator Howard relates to public health and welfare, adopts the Opioid Prevention and Treatment Act, introduced on January 22 of this year. At that time, referred to Health and Human Services, advanced to General File. I do not have committee amendments. I do have an amendment to the bill from Senator Howard.

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FOLEY: Senator Howard, you are recognized to open on LB1124.

HOWARD: Thank you, Mr. President. Good afternoon, members. Today, I rise to talk about LB1124, a bill that creates the Opioid Prevention and Treatment Act. This bill creates a cash fund that will serve as a destination for funds that the state of Nebraska is to receive as part of a Department of Justice settlement relating to the advertising of opioids. This is the last opioid bill of my career and I'm really excited to present it to you today. This bill was voted out of the Health and Human Services Committee on a unanimous vote. There was no opposition testimony at the hearing. I worked in consultation with the Attorney General's office on this language and his office testified in support at the hearing. Usually when I present these bills, I tell you the story of my sister, but it's already, like, bothering me today and I don't know why. But you all know why this issue is important for me and my family so I'm not going to talk about it again. But I will tell you that I've mentioned her every year on the floor and that it's really important for other families to see that you can talk about this experience, that there isn't a stigma around addiction, that it's hard and that you love them even though they were addicted to something that was bigger than your love for them. So there are a lot of people who are not alone in this experience. So let's talk about the bill because that's a lot easier. All right. About two years ago, the state of Nebraska took part in a multistate investigation, which was wonderful, by the Department of Justice to see whether opioid producers had violated both the Consumer Protection Act and the Uniform Deceptive Trade Practices Act. Spoiler alert: they did, OK? Over the last year or so, the state was also involved in negotiations on a settlement amount that states would receive as part of this investigation and the purpose of this bill is merely to create a home for those dollars when we do receive them and this is quite common. When the Health Care Cash Fund was originally created and established in 2001, we didn't have the master settlement funds then either so it's really not unusual for us to do this now. I've included legislative findings that pertain to opioid abuse in the state of Nebraska. And the purpose of this language is to give background, as the funds that will receive are restricted and we want to make sure that we use them for their specific purpose to combat opioid use and to prevent opioid deaths in our state. The list of items that we can use it for include opioid-use disorders treatment, mental health and substance-use disorders when they're co-occurring with opioid abuse. This includes medication, assisted therapy, recovery services. We can use these funds to assist individuals who are incarcerated and have opioid addiction. We can enhance our Prescription Drug Monitoring Program. We can do law enforcement training. We can distribute

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naloxone, which is an incredible help when you're trying to save someone. I look at Senator Morfeld because he knows. So receiving this money will go a long way toward combating the opioid epidemic. I really want to thank Speaker Scheer for prioritizing this for me. I-- we had a lot going on with YRTC's and I had to use my priority for that. And so just as a friend and colleague, I'm really grateful to him for giving me the priority on this. And colleagues, I'll, I'll talk a little bit more about the amendment, but you will get asked repeatedly in your career what your legacy is for the state, what you're proud of. And my work around opioids is the thing that I am most proud of because to me, I can see that in the eight years that I've been here, our opioid overdose death rate has consistently gone down and it is because of the work that we have done in the state and it's because of the work that we've done in this Chamber. And so we can be really, really proud of that. And with that, I'd be happy to open on the amendment now, Mr. Speaker [SIC] or Mr. President.

FOLEY: Mr. Clerk.

CLERK: Senator Howard, AM2137.

FOLEY: Senator Howard, you are recognized to open on your amendment.

HOWARD: Thank you. Colleagues, AM3127 is a technical amendment that clarifies how the fund should be accounted for when received and when disbursed from the Nebraska Opioid Recovering-- Recovery Fund. I'm making these changes at the request of the Attorney General's office, who I worked with to introduce this legislation. Ordinarily, once settlement monies for a violation of consumer protection laws are received on behalf of the state by the Nebraska Department of Justice, those funds are deposited in the state settlement cash fund and this cash fund was initially wholly administered by the Attorney General. Over time, the Legislature has a pass legislation that allows for transfers from this cash fund to various other funds, including the General Fund. And the practical effect of creating the Opioid Recovery Fund is twofold. First, it codifies the intent of the Legislature that such funds will be used for the amelioration of opioid-related disorders throughout the state. And second, it also, also binds the Attorney General from utilizing these funds for general consumer protection purposes because their office utilizes monies in the State Settlement Cash Fund to finance operations for the consumer protection division. The Attorney General has been and continues to be 100 percent willing to forgo this additional revenue to ensure that all state money recovered from these settlements go toward the goal of this bill, which is preventing opioid overdose deaths in Nebraska. The amendment further clarifies that such consumer protection settlement

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agreements sometimes contain provisions that the defendant is required to provide some form of restitution to specific individuals and these, these are just technical changes. These monies, by the terms of such settlements, already have to be set aside in trust for a specific purpose. Ordinarily, when this occurs, these monies are deposited in the State Settlement Trust Fund and the Attorney General's Office is responsible for ensuring the distribution of these trust funds as required by court order. The amendment specifies where the introduced bill is silent that any similar monies recovered for a specific individual or organization are treated the same and deposited, deposited in the State Settlement Trust Fund. I appreciate your consideration of this amendment. And just a couple of thank you's because this might be my last chance to do it. The Attorney General, Doug Peterson, has been amazing on this issue. He's been wonderful to work with and he's been a really trusted partner for me as we've gone through several years of legislation. And in his office, Josh Shasserre-- and I'm not sure if I pronounced his last name right, but it's pretty close-- was wonderful. And then also, this is my legislative aide's last bill. Timoree Klingler has worked on opioid legislation with me from the beginning and she has done a tremendous amount of work and impacted so many families in the state behind the scenes. So I get credit up front, but she has done so much behind the scenes and this is her last bill on Team Howard. So I would urge the adoption of AM3127 and moving-- and voting green on LB1124 and I'm happy to try to answer any questions you may have. Thank you, Mr. President.

FOLEY: Thanks, Senator Howard. Debate is now open on LB1124 and the pending amendment. In the speaking queue are Senators Cavanaugh and Arch. Senator Cavanaugh.

CAVANAUGH: Thank you, Mr. Lieutenant Governor. I won't take up too much time. I just want to acknowledge my dear friend and colleague, Senator-- Chairwoman Howard is an amazing human being and her dedication to the people of this state is unbelievable. I am so grateful to have the opportunity to work with you in this body, to learn from you. I, I knew Carrie. Carrie is very-- was very special. And anyone who knows Sara, I'm sure, can believe how special Carrie was. And she's lucky to have a sister like you to honor her memory every single day in the work that you do. Thank you, Senator Howard. You truly are a gift to the state and I know Ernie has 15 days left, but so do you. So I just wanted to pause for a moment to celebrate that and to celebrate the work that you have done and the leadership that you have shown as the Chair of this committee and the, the children in the YRTC systems that you have worked diligently to

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continue to lift up even during a pandemic. And you are, you are the, the definition of selflessness and I'm just really, truly grateful to you. Thank you.

FOLEY: Thanks, Senator Cavanugh. Senator Arch.

ARCH: Thank you. I will be even briefer. I will simply say, well done, Senator Howard. Your impact on opioid addiction will be for generations. Thank you.

FOLEY: Thanks, Senator Arch. Senator Howard, you are recognized close on AM3127. She waives close and the question before the body is the adoption of the amendment AM20-- excuse me, AM3127. Those in favor vote aye, those opposed vote nay. Have you voted? Record, please.

CLERK: 43 ayes, 0 nays, Mr. President, on the adoption of Senator Howard's amendment.

FOLEY: The amendment has been adopted. Is there any further discussion on the bill? I see none, Senator Howard, you are recognized to close on the advance of the bill.

HOWARD: Thank you, Mr. President. By moving this bill, I think after a long day of property taxes and tax advantages, we can-- for businesses, we can say that we did something really great today between LB1052 and LB1124. So I appreciate the body's consideration of this bill and I would urge you to vote green on LB1124. Thank you, Mr. President.

FOLEY: Thank you, Senator Howard. The question before the body is the advance of LB1124 to E&R Initial. Those in favor vote aye, those opposed vote nay. Have you all voted? Record, please.

CLERK: 46 ayes, 0 nays, Mr. President, on the advancement of the bill.

FOLEY: LB1124 advances. Proceeding now to LB781. Mr. Clerk.

CLERK: LB781 by Senator Stinner relates to government. It changes or provides an annual continuing education requirement for treasurers of certain local governments; provides a duty for the Auditor of Public Accounts. It was introduced on January 8 of this year, referred to the Government, Military and Veterans Affairs Committee. The bill was advanced the General File. I do have committee amendments, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Stinner, you are recognized to open on LB781.

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STINNER: Thank you, Mr. President and members of the Legislature. I first want to thank the Speaker for making it a Speaker priority. LB781 was brought to me by the Auditor of Public Accounts, Charlie Janssen. LB781 requires that all cities, village, and county treasurers annually complete a continuing education program developed by the Auditor's Office and that proof of completion be submitted to the Auditor. If the city or village clerk is acting as treasurer, they must also comply. LB781 doesn't require any more training than voluntary courses already offered by the Nebraska Association of County Officials and the League of Municipalities. It merely codifies their current offerings into statute by ensuring that all treasurers complete these record-- these courses through the Auditor's Office. Over the past few years, the Auditor has seen a rise in fraudulent instances involving county, city, and village financial officers. The Auditor believes that if these officers were, were required to complete continuing education, many of these instances could be addressed earlier. Just to give you a couple of examples, in February 2019, the village of Pilger fired its clerk of 20 years after it was discovered that over \$700,000 was missing over a decade-- taken over a decade. In March of 2008, the village of Alvo clerk pleaded guilty to embezzlement in addition to the villages of Memphis and Ithaca. This clerk was accused of taking over \$300,000 since 2005. In March of 2019, a Harlan County treasurer was sentenced for felony theft after an audit showed over \$100,000 missing. And there are many more examples, but these are just a few. As you can see, there are many instances of fraud which have occurred over the past several years. I am by no means disparaging the good work done by the majority of local clerks and treasurers. However, something needs to be done to head off some of the bad actors we have seen taking advantage of their positions. There is a committee amendment pending, AM2445, which contains an amendment I presented at the hearing as well as some portions of Senator La Grone's LB807. My portion of the amendment relates to item number three, which inserts language on page 13. This is an effort to work with NACO and the league to ensure that the continuing education program developed by the Auditor's Office is aligned with voluntary courses they already offer. The amendment would simply insert language to require the Auditor's Office to consult with these associations when developing the continuing education program. There is also a friendly amendment bill pending, AM2693, which will be presented later. It would amend Senator Friesien's bill, LB1047, into mine. I want to make sure everybody understands there was no opposition to this. I thank you, members, for your consideration and urge your green vote. Thank you.

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FOLEY: Thanks, Senator Stinner. Mr. Clerk, yet again, there are amendments from the Government Committee. Senator Brewer, you are recognized to open on the committee amendment.

BREWER: Thank you, Mr. President. Again, LB781 was heard in the Government Committee on 6 February 2020, was placed on General File on 25 February with the committee amendment. AM2445 incorporates the operations of Senator La Grone's LB807. La Grone's bill simply updates the references to statute and the new version of the government auditing standards. Both of these bills were noncontroversial at the hearing and received the unanimous support from the committee. The changes in the committee amendment and in the underlying bill will help us to keep government finances in Nebraska more transparent and accountable to the taxpayer. I also have another amendment to the committee AM, which I will address later. Thank you, Mr. President.

FOLEY: Thanks, Senator Brewer. Mr. Clerk.

CLERK: Mr. President, Senator Brewer would move to amend the committee amendments to AM2693.

FOLEY: Senator Brewer, you're recognized to open on your amendment.

BREWER: Thank you, Mr. President. We are amending AM2693 to the Government Committee amend-- and amend it to-- would add a provision to Senator Friesen's LB1047. The current law requires that the statement from each county treasurer's office be published in a legal newspaper in the county, which-- it is originally in the months of July and January. The language from LB1047 would allow these counties to comply with this requirement via internet publication of the statement in circumstances where newspapers are not furnished or if it was an issue of timeliness. LB1047 also proposes more specific details on the mandated contents of the report. LB1047 was supported by NACO and the Nebraska Press Association at the hearing. I would ask for your green vote on AM2693, AM2445, and LB781. Thank you, Mr. President.

FOLEY: Thanks, Senator Brewer. Debate is now open on the bill and the pending amendments. In the speaking queue are Senators Clements and Friesen. Senator Clements.

CLEMENTS: Thank you, Mr. President. One of the villages that had an embezzlement was in my district, the village of Alvo, and it was around \$100,000 for a small village of 100 people or so. It was a significant amount of their annual budget, if not as much as. And these small villages that we have, they get a, a person to serve as

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their clerk or the treasurer. Sometimes, they're not very well experienced. There's just somebody who happens to live in town that's willing to serve and probably not being paid a great deal. So I support LB781 as important to train some of these people, give them some guidance as to how to run their office and hopefully, also let them know about the penalties that could be-- happen to them if they don't do things right. But especially most of these people, I think, really want to do the right thing in their villages. And so I am glad to see that there's going to be some training required and, and offered under this bill. The other amendments I'm not going to speak to, the main one I was concerned with is the main bill, LB781, but I do support that and thank you, Mr. President.

FOLEY: Thanks, Senator Clements. Senator Friesen.

FRIESEN: Thank you, Mr. President, and thank you, Senator Brewer and the Government Committee for addressing the issue that I brought forward. We had a report that-- or a notice that needed to be put in the newspaper for publication and it had to be in a timely manner. We had a newspaper who mislaid the notice, didn't publish it, and therefore, they would not meet their timeliness of their publication. And so that-- they thought they would be in violation of state law. They, they actually were, but this would, in those cases, allow them to also publish the same notice on a, on a website and then the wording is there. We worked with the Nebraska Press Association. This isn't a way to try and work around the publication in a newspaper. It just, in those instances when something needs to be published in a timely manner, that this is an opportunity that they can still get this done. So thank you for your support. Thank you, Mr. President.

FOLEY: Thanks, Senator Friesen. Is there further discussion on the bill or the amendment? Senator Brewer, you are recognized to close on AM2693. He waives close and the question before the body is the adoption of the amendment, AM2693. Those in favor vote aye, those opposed vote nay. Have you all voted? Record, please.

CLERK: 36 ayes, 0 nays on adoption of the amendment to the committee amendments.

FOLEY: AM2693 has been adopted. Further discussion on the bill or the pending committee amendment? I see none, Senator Brewer, you are recognized to close on the committee amendment, AM2445. He waives closing. The question before the body is the adoption of the committee amendment, AM2445. Those in favor vote aye, those opposed vote nay. Have you all voted? Record, please.

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CLERK: 39 ayes, 0 nays on adoption of the committee amendments.

FOLEY: The committee amendments have been adopted. Last call for discussion on the bill. I see none, Senator Stinner, you are recognized to close on the advance of the bill. He waives closing. The question before the body is the advance of LB871 to E&R Initial. Those in favor vote aye, those opposed vote nay. Have you all voted? Record, please.

CLERK: 43 ayes, 1 nay, Mr. President, on the advancement of the bill.

FOLEY: LB871 advances. Proceeding now to LB923.

CLERK: LB923 is a bill by Senator Lindstrom relating to revenue taxation. It changes provisions relating to gross receipts; provides an operative date. Introduced on January 10 of this year, referred to the Revenue Committee. The bill was advanced to General File. I have no committee amendments. I do have an amendment from Senator Lindstrom.

FOLEY: Thank you, Mr Clerk. Senator Lindstrom, you're recognized to open on LB923.

LINDSTROM: Thank you, Mr. President, and good afternoon, colleagues. Before I get into LB923, I just want to wish my son a happy birthday. Happy 7th birthday, Bare [PHONETIC] so. I know he's watching at home. I'll wave. Today, I bring for your consideration LB923, a bill to change a sales tax provision relating to gross receipts. In 2019, I introduced and passed LB218 at the request of Omaha Public Power District to combat an interpretation by the Department of Revenue that utility poles and assorted infrastructure are considered personal property and subject to sales tax. LB218 clarified that any generation, transmission, or distribution facilities' infrastructure or streetlights structures owned by public power districts are not personal property and are considered real property. By classifying public power utility poles as real property, the revenue obtained from lease/rental of these poles-- pole attachments is not taxable and that the contracted labor charge for working on these poles would not be subject to sales tax. LB218 corrected the Department of Revenue's interpretation for public power districts, but did not cover the state's electric cooperatives. Electric cooperatives pay personal tax-- personal property tax and appreciate their infrastructure. Therefore, their infrastructure cannot be deemed real property and must be-- must continue to be defined as personal property. Requiring electrical cooperatives or electrical membership associations to collect sales tax on lease revenues or requiring a contractor to

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collect sales tax for the construction of or services provided on electrical infrastructure has the potential to greatly increase costs to the electric utility. LB293 would ensure electrical cooperatives continue to receive the same tax treatment they have had for decades. The measure protects these, these entities from pain or collecting new sales tax while maintaining their existing tax obligations under personal property tax law. One comment regarding the fiscal note: the Fiscal Office issued a revised note from January 31, 2020, that indicates a significant decrease from the original estimate. This is because the amount that was originally estimated was a gross miscalculation and I appreciate the Fiscal Office taking another look at, at that note. This bill had no opposition, came out of the committee 8-0. The sister bill from last year, LB218, passed 48-0, with one not here. So I'd appreciate it-- first, I want to thank Speaker Scheer for the priority designation on LB923 and I encourage your green vote on LB923. Thank you, Mr. President.

FOLEY: Thanks, Senator Lindstrom. Mr. Clerk.

CLERK: Mr. President, Senator Lindstrom would move to amend, AM3150.

FOLEY: Senator Lindstrom, you're recognized to open on your amendment.

LINDSTROM: Thank you Mr. President. AM3150 simply changes the operative date from July 1, 2020, to October 1, 2020. And this was at the request of PRO. Thank you, Mr. President.

FOLEY: Thank you, Senator Lindstrom. Debate is now open on the bill. Senator Linehan.

LINEHAN: Don't worry, Senator Lindstrom, I'm in full support of your amendment and the bill. I just realized that this morning when I was rambling up here about the Revenue Committee, I forgot to mention how important of a member you have been and what a pleasure it has been to serve with you and I appreciate all your hard work on not just this bill, but the whole year. Thank you very much.

FOLEY: Thank you, Senator Linehan. is there any further discussion on the bill or the amendment? I see none, Senator Lindstrom, you are recognized to close on the amendment. He waives closing. The question before the body is the adoption of AM3150. Those in favor vote aye, those opposed vote nay. Have you all voted? Record, please.

CLERK: 43 ayes, 0 nays on the adoption of Senator Lindstrom's amendment.

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FOLEY: AM3150 has been adopted. Is there further discussion on the bill? Senator Wayne.

WAYNE: Thank you, Mr. President. I was down in my office and I heard public power so I ran up here. Senator Lindstrom, can I ask you a question?

FOLEY: Senator Lindstrom, would you yield, please?

LINDSTROM: Yes, I will.

WAYNE: What does this bill do?

LINDSTROM: So last year, and it's been awhile, LB218, when we looked at-- OPPD, NPPD and the cooperatives came to me last year and said the Department of Revenue had reinterpreted how they were taxing their transmission, their infrastructure, streetlights, that type of thing. And they had been treated a certain way on the, on the tax structure for decades and, and they kind of changed the game last year. And so what we did was just clarify what they had already not been taxed on. The electrical cooperatives weren't sure if they would fit into this particular provision back with LB218 so we waited to see how they felt about it. Once they felt comfortable that this-- that they would be able to, be able to utilize the same treatment that was used for the public power, NPPD, OPPD, we moved forward with LB923. And so basically, it's just to make it fair for the rural cooperatives and the tax treatment that OPPD and NPPD are working and will continue to get.

WAYNE: So if I'm understanding you correctly, it'll be-- if they're installing telecommunications or electronic devices, something to do it that, they won't pay tax on their labor?

LINDSTROM: No, they, they won't. They hadn't been for decades, both OPPD and all the-- NREA, the cooperatives hadn't been. Department of Revenue had a reinterpretation. I can't tell you why, but they did after a number of decades and we're just clarifying the tax treatment that had already taken place for decades. And so they hadn't been playing-- paying that and then the, the Department of Revenue changed that so we're just clarifying that they aren't going to pay that as they haven't been before.

WAYNE: I will go back and review this bill. This was actually a bill that I looked at earlier. I think colleagues need to understand we are creating another tax break for big corporations. And we are not allowing them to pay labor tax if they are working on a public power

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project or involved in public power, whereas nobody else in the industry, particularly in construction, have those same labor breaks. So on Select File, we'll spend a little time talking about it so I get some clarity, but if you probably wouldn't have mentioned public power, I would not have come back up here. But this is a bill that I flagged for myself earlier. Again, we are giving corporate breaks, not taxing labor when the rest of the industry around this area is taxed in the same way. So although I know this will probably get through to General File pretty, pretty quickly, on Select File, we will have a conversation about other areas where tax on labor is not equally distributed across. And most of the time, it hurts small and emerging businesses who are paying labor tax while these big corporations continue not to pay labor tax and it's a problem. So every time I see this injustice, we're going to keep bringing it up. And I flagged this when this bill was first introduced because it is truly an injustice that we are now going to allow other people not to pay labor tax for a specific industry when other industries continue to pay a labor tax and continue to move forward and have to deal with those tax burdens. We are picking winners and losers again. Thank you, Mr. President.

FOLEY: Thanks, Senator Wayne. Senator Moser.

MOSER: Thank you, Mr. President. I was just checking with Senator Lindstrom. The larger utilities got this last session. This is for the small rural electrification associations and so I wouldn't necessarily say they'd be characterized as huge corporations. And it, it covers pole alarms and light fixtures and things like that that they use in their regular course of their business. And so if they pay sales tax on them, they're going to put that into their rates and the citizens are going to pay it anyway. So I don't think there's any great benefit that goes to them that doesn't filter down to the ratepayers anyway. So I understand your angst about public power, but I'm not sure this is a worthy place of a whole lot of discussion, but I guess that's up to you. Thank you.

FOLEY: Thanks, Senator Moser. Senator Wayne.

WAYNE: This will be my last time talking, but let's-- Senator Moser, I do understand what you're saying about that. But that same company-- we're talking about companies, not necessarily-- it could be a joint partner, but we're talking about companies and that same company has to pay tax outside of that. So what we're talking about is partnerships with wind farms. We're talking about partnerships where contractors are coming in and we're allowing them not to pay labor tax. I have a problem with that when the rest of the industry and the private sector has to pay that labor cost. And it shouldn't matter

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whether you're-- I got a bigger problem with our whole tax incentive package and how we do things so I'm going to give you an example. If I am a contractor, which I am, and I go pour concrete for a company, I pay all the taxes, especially if it's a private company I'm working for. If it's a government entity, I can get away from sales tax on material, but I still pay all my labor tax. What will happen in somebody like Facebook or a big corporate-- private corporation, they will have me invoice my labor versus my material. Although I paid all the sales tax on that material, they have me invoice separately because the big corporation can take the sales tax that I paid on my material and get a tax credit from this government, although I paid it. That's what we're doing here too. We're creating a separate tax or nontax that if you are doing work or associated with public power, it could be big, small, rural, they don't have to pay labor costs. If they don't have to pay labor costs, you can never truly compete. If somebody else wants to build that pole barn or that pole, they don't compete at the same price. So we had this big debate and a big filibuster, I guess, around LB720 and everything else, but nobody was going to speak on the fact that we are creating a new labor tax break, that they don't have to pay labor tax. And that's what's mind-boggling with this body sometimes. I was literally downstairs typing an order for a judge because I guess some judges don't write their own orders anymore. And I heard that and I'm like, that can't be that bill already. And we moved a little faster than I thought, but we are creating another exemption on labor tax that goes to help our economy as far as a government-run government and nobody's raising a finger. That every wind farm who gets built, every major construction-- the R-line project, all these major projects that are hundreds of billion dollars are going to be able to-- underneath this telecommunication-- basically, what they're doing is they're treating this like telecom, where telecom does not have to have tax their labor. So those who are working in the telecom industry who are installing wire don't have to pay labor costs. But that same wire being ran for a different purpose, they do. And nobody can tell me the difference of why. So I'm not going to do it on this one. I know there's got to be a lot of support to get this through. I was not prepared to hold this bill up today because I didn't think we were going to get there, but on Select, we're going to have a bigger talk about taxes and why they don't have to pay labor tax, but other people do in the same industry. So we'll have that conversation and I, and I listen to Senator Erdman and others talk about LB720, but we were just going to let this roll through. So we'll look for it on Select. And again, sorry, Senator Lindstrom. I wasn't expecting to be here this day-- this long, but we'll talk about it on Select so those who want to vote, go ahead. Thank you, Mr. President.

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FOLEY: Thank you, Senator Wayne. Senator Lindstrom, you're recognized to close on the advance of the bill.

LINDSTROM: Thank you, Mr. President. I'm just going to clarify a couple of things and I understand Senator Wayne's frustration on some, some other pieces of what he's talking about. However, that doesn't necessarily pertain to this one. LB218 dealt with OPPD, NPPD. This only deals with your rural electric, in particular, eight different ones: Niobrara Valley, Cherry Todd, High West Energy, the Midwest Electrical Cooperative. So it, it doesn't have to deal with that and it isn't a new labor tax. They were never taxed on this. For the last several decades, they were never taxed. So this bill only clarifies how they were-- how they'd been treated. Like I said, Department of Revenue changed their interpretation, hadn't changed that for a number of decades, and so we were just clarifying only for the rural electric cooperative in this case. We passed LB218 last year on a vote of 48-0-1. Again, this didn't have any opposition because we've never taxed it. So this is just a clarification bill in some sense. So we can talk about it between General and Select if you have any other concerns, but I'd appreciate your green vote on LB923. Thank you, Mr. President.

FOLEY: Thanks, Senator Lindstrom. The question before the body is the advance of LB923 to E&R Initial. Those in favor vote aye, those opposed nay. Have you all voted who care to? Record, please.

CLERK: 41 ayes, 0 nays on the advancement of the bill.

FOLEY: LB923 advances. Proceeding on the agenda, General File 2020 committee priority bills. LB632, Mr. Clerk.

CLERK: LB632 is a bill by Senator Hughes. It's a bill for an act relating to regulation of water. It clarifies a statutory reference to rural water districts. Introduced on January 23 of last year, Mr. President, was referred to the Natural Resources Committee. The bill was advanced to General File. There are Natural Resources Committee amendments pending.

FOLEY: Thank you, Mr. Clerk. Senator Hughes, you are recognized open on LB632.

HUGHES: Thank you, Mr. President. Good afternoon, colleagues. If I could, I would like to skip right to the committee amendment, please.

FOLEY: Please proceed to the introduction of the committee amendment.

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HUGHES: Thank you, Mr. President. Good afternoon, colleagues. First off, I want to thank the Natural Resources Committee for all their hard work that we've done this year and appreciate their patience and thoughtfulness on each piece of legislation that we moved to the floor. LB632 is the Natural Resources Committee's second priority bill. AM2766 strikes the language of LB632, which was a committee shell bill and adds the provisions of LB769, LB861, LB933, and LB1201. LB861, LB933, and LB1201 were added into LB632 after being amended by the committee. I will let Senators Gragert, Crawford, and Bostelman discuss their portions of the bill, but first, I want to briefly touch on LB861, a bill I introduced. The provision of the bill-- the provisions of the bill start on page 4 and appear in Section 2 through 6 and Section 14 of the committee amendment. Over the past decade, numerous cities and local government-- governmental units have been subject to special interest activism that would either ban or tax packaging and containers. Items like plastic bags, bottles, cups, cutlery, straws, Styrofoam, and other similar products have been subject to these tactics. If any of those proposed local ordinance has been-- had been enacted, the business sector would have been subject to an amalgamation of city ordinances, local mandates, taxes, fees, regulation, and general confusion. It would have made it impossible to comply with regulations within their communities, state-- across state lines, and the global economy. LB861 amends the Nebraska Intergovernmental [SIC] Solid Waste Management Act by defining the term "container" and providing that local governments shall not adopt regulations that set standards or requirements on the sale or marketing of containers. This allows for more uniform regulation throughout the state. With this change, business and industry will avoid having to comply with varying or conflicting regulations among and between local jurisdictions in Nebraska. It will also encourage a state policy of recycling and secondary uses of solid waste through biomass and pyrolysis. LB861 still allows local governments to regulate solid waste, recycling collection, and recycling programs. Importantly, due to COVID-19, many states and cities that have existing plastic bag bans are suspending or removing these rules. Plastic single-use ban-- single-use bags are safer and cleaner than reusable bags, which often spread germs. Banning plastic bags could lead to greater transmission of germs and viruses in high-traffic areas like grocery stores. This bill was brought to me by a group of Nebraska businesses, including the Nebraska Retailers, Nebraska Grocery Association, and the Nebraska Convenience Store Association. LB861 was passed out of committee on a 7-0-1 vote. At least 21 other states have passed similar uniformity legislation, including most recently, South Dakota and Iowa. With that, I'll turn the floor over

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to my colleagues to discuss their portions of the bill. Senator Gragert.

FOLEY: Senator Gragert, you're recognized.

GRAGERT: Thank you, Mr. President, members of the Legislature. Included in AM2766 on pages 1 through 4 is the content of LB769. LB769 would require that each member of the Natural Resources Commission be a resident of the state of Nebraska. The Natural Resources Commission is charged with helping conserve, protect, and utilize water and related land resources of the state through the oversight of six state aid programs established for this-- for these purposes. Chief among the NRC responsibility is the allocation of the Water Sustainability Fund. The Water Sustainability Fund was provided a one-time startup fund of \$21 million and is dedicated-- and the dedication of \$11 million per year. This funding has been a General Fund appropriation so the NRC is dealing directly with the allocation of Nebraska tax dollars. The commission consists of 27 members, 13 of the, of the commission members represent unique river basins throughout the state and are elected by a caucus of the NRD directors who reside in the river basins. The remaining 14 members are appointed by the Governor to represent various water-related interests such as recreation, public power districts, irrigation districts, et cetera. While the statutes do require residency requirements within the river basins, neither the elected or appointed members currently are required to be, to be residents of the state of Nebraska. There are several river river basins that do extend beyond the state borders, such as the Niobrara Basin, which starts in Wyoming and also extends into South Dakota. Thus, there is an opportunity for a nonresident to get elected. It is perplexing to me that the Nebraska residency was not a requirement built into serving the Nebraska Natural-- to serving on the Nebraska Natural Resources Commission. It seems like a commonsense requirement for the board that is administering Nebraska tax dollars and focusing on this stability-- sustainability, excuse me-- of Nebraska water supply, of Nebraska water supply. Although there is a recent instance of an NRC member moving out of Nebraska and remaining one as a commissioner, I am not bringing this bill in response to any one instance or commissioner, but rather to protect the integrity of the commission for the long term. At the public hearing before the Natural Resources Committee, no one testified against LB769 and it was advanced from the committee on a 7-0 vote with one member absent. I urge your adoption of the Natural Resources Committee amendment and the advancement of LB632. Thank you. I will now pass the mike to Senator Crawford.

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FOLEY: Actually, you're on borrowed time. You-- Senator Hughes, it's your time. You have to make the delegation of time.

HUGHES: Could I yield to Senator Crawford, please?

FOLEY: You may. Senator Crawford, please.

CRAWFORD: Thank you, Mr. President, and thank you, Senator Hughes. I want to thank Chairman Hughes for including LB933 in the committee amendment to LB632 and the committee as well for their support. LB933 makes a number of updates to our current statutes on utility shutoffs with the intent to prevent tragedies due to utility shutoffs for customers that depend on life-saving medical equipment as well as to provide clarity and information for customers who may be struggling to pay utility bill. In light of the coronavirus pandemic, the provisions of LB933 are more timely than ever. With many Nebraskans out of work, utility bills are a challenge for many that are struggling to keep up with the loss of income and juggle other bills and obligations. At the end of June, Lincoln Electric Systems reported past-due accounts were up 350 percent than is typical for this time of year. As of July 1, MUD reported that twice as many customers were at risk of disconnection than were at the end of March. The clarity in shutoff policies provided by LB933 would help those who have fallen behind on utility payments. And again, also it includes provisions to-- for consumer protections for those with life, life-threatening injuries or illnesses and includes language that prevents companies from charging excessive disconnect and reconnect fees.

FOLEY: Senator Hughes, there's about 1:18 remaining. Thanks, Senator Crawford.

HUGHES: Thank you, Mr. President. Senator Bostelman.

FOLEY: Senator Bostelman, 1:00.

BOSTELMAN: Thank you, Mr. President. Thank you, Senator Hughes. I'll be very quick with this to give you a, a-- just a brief on it. What my portion is-- my LB1201 was amended into LB632 and that deals with the Flood Mitigation Planning Task Force. What we did last summer in LR241 with a study with Senator Pansing Brooks and I and others did-- the amendment is on Sections 9 through 13 of the bill. And when we get to it, when I have some time, I'll come on, put on my light, and we'll talk a little bit more about it. But LB1201 from the-- create the Flood Mitigation and Planning Task Force is what my portion-- found on Sections 9 through 13 of the bill. Thank you.

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FOLEY: Thanks, Senator Bostelman. Senator Hughes, you actually passed up your first ten minutes. If you need additional time, you may take it.

HUGHES: I, I think we've covered everything we need to at this point so let's move on.

FOLEY: Very good. Thank you, Senator Hughes. Pending before us is LB632 and the committee amendment. In the speaking queue are Senator Hunt and Senator McCollister. Senator Hunt.

HUNT: I make a motion to divide the question.

FOLEY: Senator Hunt, in just a moment, I'm going to ask you and Senator Hughes to come to the desk to discuss that division, but if you'd like to explain to the body how you want to divide that question, you may do so at this time.

HUNT: Thank you, Mr. Lieutenant Governor. I'd like to divide the committee amendment to take the, the components of LB861 out of the committee amendment and consider that as a separate amendment.

FOLEY: Thank you, Senator Hunt. If you would like to kind of desk, please, with Senator Hughes and we'll talk through how we're going to make this division. It's the ruling of the Chair that the amendment is divisible. Mr. Clerk, if you would take a moment to explain the division to the members of the body.

CLERK: Thank you, Mr. President. Pursuant to your order, the amendment is divisible. There will be two, two components. The first component will be AM2866, AM2866.

FOLEY: Thank you, Mr. Clerk. Senator Hughes, you're recognized to open on the first division.

HUGHES: Thank you, Mr. President. This that we are taking up first is LB861, my container bill, and that is basically what I opened on. This is a bill that creates uniformity across the state so business has the opportunity to streamline, keep costs down, keep inventories low to the benefit of consumers. You know, with that, we'll see what Senator Hunt has to say. Thank you.

FOLEY: Thank you, Senator Hughes. In the speaking queue is Senator McCollister and Senator Hunt. Senator McCollister drops out of the queue. Senator Hunt, you are recognized.

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HUNT: Thank you, Mr. Lieutenant Governor. Thanks, Senator Hughes, for being willing to talk through this and thank you to Senator McCollister for letting me take a spot in the queue real quick. So I, I don't intend to kill this underlying bill. There's a lot of really great things in it like LB789, LB933, LB1201. I think those are all good. This one, though, I have a problem with, basically for the reason that it, it preempts local control. So what this bill says-- I'll read you this part. "A county, municipality, or agency shall not adopt, enforce, or otherwise administer an ordinance or resolution that prohibits the use of or that sets standards, fees, prohibitions, or requirements regarding the sale, use, or marketing of containers." County municipality shall not adopt, enforce, or administer. Well, what if they want to? What this says is, to put it simply-- that a city could not pass a plastic bag ban ordinance. Like, that's kind of what this is about. This bill, this bill is based on model legislation that was written by and developed by the American Progressive Bag Alliance, which is a division of the Plastics Industry Association. It's not, it's not my intention to talk about, like, recycling issues or climate change issues or sustainability stuff up here. My big problem with this bill is that it's a local control issue. One thing that I, I recall Senator Hughes saying as a proponent for this bill is that if there were plastic bag bans, it would create a patchwork of ordinances around the state that would be really difficult for retailers to handle. But that isn't the case because we don't even have a plastic ban ordinance anywhere in Nebraska that I can find and so this is really putting the cart before the horse. Even in Omaha, city council passed a plastic bag ban and the mayor vetoed it so that's exactly how we want this system to function. That's exactly what we want cities to be able to do. Let the, the local process work how it works. Plastic bag companies and retailers, many of them big chains all over the country, they adapt to local ordinances just fine and we see them do that in other states that do have regulations on containers like bags. So you know, just coming from a local controls perspective, I encourage you to vote red on AM2866. This one's going to be a no because that is the one preempting local control. And then the next amendment, which is the rest of those great bills, that's a good one. So I'm not going to take up any more time on this. I'm happy to answer any questions, clear up confusion, and thank you.

FOLEY: Thanks, Senator Hunt. Senator McCollister.

McCOLLISTER: Thank you, Mr. President. Good afternoon, colleagues. Would Governor, Governor [SIC]-- would Senator Hughes yield to a few questions? [LAUGHTER]

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FOLEY: Senator Hughes, do you yield, please? [LAUGHTER]

HUGHES: Absolutely.

McCOLLISTER: OK, the first part of this question, Senator Hughes, relates to the container ban, is that correct?

HUGHES: Yes.

McCOLLISTER: OK, so if the city council of Omaha wanted to ban or tax plastic bags, they'd be, be prevented from doing so?

HUGHES: Yes, it, it would be under the state-- I'll find it here. It would be state policy that they could not adopt regulations to prevent or tax those items.

McCOLLISTER: Wasn't isn't it the mantra of the Republican Party that the local control is best and the government that governs the least governs best? Doesn't this violate those principles?

HUGHES: There-- that is a sentence that rings true with me, yes. I will agree that I am a smaller government, less government type of individual. But there are times when it is important for business to have streamline and uniformity across their service area that does benefit the consumer and that's, that's most important.

McCOLLISTER: Let's talk about that a little minute. Let's presume that the city council bans plastic bags. How does that hurt rural Nebraska?

HUGHES: I don't know that it hurts. It's just-- it's good because it does let those companies have one product that they use to service all of their stores. The example that I think I've shared with you and, and several of you on the floor is probably the Casey's convenience stores. If the Casey's convenience store in Norfolk banned plastic bags, but all of the other Casey's stores in Nebraska did not, none of the other municipalities, it would be a real challenge for that one location in-- that one store in that location to have to have a separate product and that, that is not good for business. And, you know, business is what drives our economy.

McCOLLISTER: Is that really burdensome? I now have the choice in Omaha of selecting a plastic bag or a paper bag or bringing my own container. How would that be a burden on rural Nebraska if, in fact, Omaha banned plastic bags?

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HUGHES: It's not a burden at all on, on the consumer. You still have that right to choose whatever you want. We're just making sure that industry has the ability to be as efficient as possible.

McCOLLISTER: Thank you, Senator Hughes, for that question. I have one more. Under the amendment, AM2766, does that favor incineration over recycling for disposal of garbage?

HUGHES: No, we do not-- this does nothing to do with what local municipalities can do with their landfills, their recycling programs. You know, we're not dictating what they can keep out of their landfills, what goes in their landfills. What-- really, what this does is it does encourage recycling of plastics because there are some plastics that are not recyclable.

FOLEY: One minute.

HUGHES: And what those things are doing is they are being bundled and hauled to our landfills. If we can get significant volume, more critical mass, there's a process called pyrolysis where you can take all plastics and convert them into basically diesel fuel. So what that does, especially for rural Nebraska, like where I live, where I'm 300 miles away, that at least my local municipality can get the fuel back of hauling a truckload of bundled plastics to that pyrolysis plant and not cost them more and not end up in our local landfill.

McCOLLISTER: Thank you, Senator Hughes.

FOLEY: Thanks, Senator McCollister and Senator Hughes. Senator Erdman.

ERDMAN: Thank you, Mr. Lieutenant Governor. I want to thank Senator Hughes for bringing this up. I understand that we're talking about Omaha and rural Nebraska, but I think we missed the point of what Senator Hughes was trying to discuss or describe to people. If these businesses have a location-- and maybe he didn't make that clear enough, I thought he did-- that they have a location in Omaha and they ban plastic bags. And all of their other locations are outside of Omaha and they can use plastic bags there. In Omaha, they have to have paper bags or whatever is permissible in Omaha because of the ban against plastic bags in Omaha. So Senator Hughes is trying to streamline the way business can function. I don't know that it's Governor-- the government's duty or obligation or right to tell people what kind of things they can have in one location, not the other. So I'm in favor of AM2866 and I'll be voting green. Thank you, Senator Hughes.

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FOLEY: Thanks, Senator Erdman. Senator Hunt.

HUNT: Thanks. Just briefly, what cities want to do with plastic bags is their business. There are no municipalities, there's no cities anywhere in Nebraska right now that has any ordinances about plastic bags. But we see from what's happening in other states that retailers adapt and it's, it's OK. And a lot of retailers actually are already doing this in other states and they know what to do. They have their own processes, just like cities have their own processes for governance. So vote red on this amendment to protect local control. This is the last time I'll speak and then we can get onto the, the good stuff. Thanks.

FOLEY: Thank you, Senator Hunt. Senator McCollister.

McCOLLISTER: Thanks again, Mr. President. Senator Hughes, would you yield to a few more questions?

FOLEY: Senator Hughes, would you yield, please?

HUGHES: Of course.

McCOLLISTER: Senator Hughes, would your bill in any way impact the fees that governments may charge some of the residents for garbage?

HUGHES: I don't believe so. That's certainly not my intent.

McCOLLISTER: Well, I'm glad to get that on the record. As this bill goes to Select File, perhaps we could make some changes that give some local prerogatives. Would you object to that?

HUGHES: I'm always willing to make any bill better.

McCOLLISTER: Well, I intend to help you with that effort and thank you, Senator Hughes.

FOLEY: Thanks, Senator McCollister and Senator Hughes. Senator Groene.

GROENE: Thank you, Mr. President. I also thank Senator Hughes and people's bills that are in this. Senator Hughes, would you answer a question?

FOLEY: Senator Hughes, would you yield, please?

HUGHES: Of course.

GROENE: How many bills did you amend into this?

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HUGHES: There are four bills total in this bill.

GROENE: Thank you. I appreciate that you took the Speaker's-- to heart when he said keep your bills to under five in committee bills because we didn't have a consent calendar. It makes it a lot easier for us senators to digest what you've, you have added. Doesn't take a lot of time to read them either and they don't conflict. But no, what, what-- I heard a couple of people on the floor say yeah, already they're doing it. I, I can go to the grocery store and I can have a paper bag or I can have a plastic bag or I can take my own. I think that defines America. And then the, the makers of the paper sacks or the, or the plastic sacks can put some more production into it, some more research and come up with a cheaper model, a more disposable model that fits the mindset of the consumer. Never works well when the government comes in and starts telling people what they're going to do. I know we do it and it's-- and there's always that line where it's-- we don't want the Hudson River to start on fire and-- ever again, but this doesn't seem-- this seems to be that technology is moving fast enough and that-- we heard and I happened to be presenting a bill that day in Natural Resources Committee and I, I was in there and heard, heard a lot of-- a little of this debate. And it sounded to me like the market is reacting to the consumer demands and things are fine. Let the consumer decide. Let the, the retailer decide what supplier they buy their products from. And there's some grocery stores and stuff that do advertise to green people who, who if you come here, you, you bring your own bag and we save the environment. And that's a marketing ploy too, but it's what America is. So I appreciate that Senator Hughes stayed ahead of the curve on this issue and has put it before us because it needed to be headed off before things got out of hand. Thank you.

FOLEY: Thanks, Senator Groene. Senator Clements.

CLEMENTS: Thank you, Mr. President. I rise in support of this AM2866, the container bill. I've had several emails that re-- in support of this measure recently. And one of them pointed out that the Nebraska Grocers [SIC] Association, the Nebraska State Chamber of Commerce, the Nebraska Federation of Independent Businesses, and the Nebraska Restaurant Association were urging adoption of this. It's a pro-business bill that will keep their expenses down, make them more efficient. And in this case, I'm going to support that. And I see that Senator Hughes has passed out a map showing 21 states that have already done this and six more have legislation pending. And I haven't heard the-- I haven't had any negative comments about this and my

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email is just a positive one so I support the amendment. Thank you, Mr. President.

FOLEY: Thanks, Senator Clements. Senator Hughes, you are recognized to close on AM2866. He waives closing. The question before the body is the adoption of AM2866. Those in favor vote aye, those opposed vote nay. Have you all voted who cared to? Record, please.

CLERK: 28 ayes, 10 nays on adoption of AM2866.

FOLEY: The amendment is adopted.

CLERK: Mr. President, the second component to the committee amendments, AM2865.

FOLEY: Senator Hughes, would you like to address AM2865?

HUGHES: Thank you, Mr. President. Thank you, colleagues, for that vote of confidence on the first portion of this. AM2865 is the remainder of the bill. It does contain the other three bills that were amended into the second committee priority bill; Senator Gragert's bill, Senator Crawford's bill, and Senator Bostelman's bill. I would certainly encourage the adoption of AM2865. Thank you, Mr. President.

FOLEY: Thanks, Senator Hughes. Is there any discussion on the amendment? I see none. Senator Hughes, you are recognized to close. He waives closing on AM2865. The question before the body is the adoption of AM2865. Those in favor vote aye, those opposed vote nay. Have you all voted? Record, please.

CLERK: 41 ayes, 0 nays on the adoption of AM2865.

FOLEY: AM2865 is adopted. Speaker Scheer.

SCHEER: Thank you, Mr. President. Colleagues, we've done a, a great job today and I hate to keep you here late because I don't think it would be that late. So we will go till 5:30 today and then we will adjourn. And for those of you that are looking at tomorrow, we will not have it as a late night. We will have a normal day as well. And while I've got the mike, although it's not a personal request, I would just like to acknowledge that when I entered the hallowed halls of the Chamber, I had no grandchildren. And when we left in March, I had seven. Today, I have eight and I'd like to welcome-- I would like to welcome Leighton Waverly Scheer to our beloved family. So she is down in Phoenix doing well as well as her mother and I appreciate the applause and she's just a joyful, little girl so thank you very much.

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FOLEY: Thank you, Mr. Speaker, and congratulations. Is there any further discussion on LB632? I see none, Senator Hughes, you're recognized to close on the advance of the bill. The question before the body is the advance of LB632 to E&R Initial. Those in favor vote aye, those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 39 ayes, 0 nays on the advancement of the bill.

FOLEY: LB632 advances. Proceeding now to LB1056.

CLERK: Mr. President, LB1056 was a bill originally introduced by Senator Lowe; relates to Liquor Control Act. It changes provisions relating to farm wineries; provides for temporary expansion of licensed premises. The bill was introduced on January 21 of this year. At that time, referred to General Affairs. The bill was advanced to General File, discussed on March 6. The-- there are committee amendments by the General Affairs Committee. I believe Senator Briese offered those amendments at that time, Mr. President. I have other amendments pending.

FOLEY: Senator Lowe, you are recognized.

LOWE: Thank you, Mr. President. LB1056 allows bars, restaurants, breweries, wineries, and other entities with liquor licenses to temporarily expand their premises to an adjacent parking lot or a field or alley next to their property with the permission of the local governing body. In many ways, it's similar to a special designated liquor license, but this process will excuse the Liquor Control Commission from the application process. We debated LB1056 last March. During that debate, Senator Brandt and I disagreed on a section of the bill that was amended into LB1056. At that point, I asked Sen-- the Speaker Scheer to place a hold on the bill. During the long recess, Senator Brandt and I kept in touch. It became clear to both of us that we both needed some kind of compromise on LB1056 because my section of the bill was needed as a tool to help struggling small businesses. Senator Brandt's part of the bill was needed to help not-for-profits who were struggling because of the COVID-19 as well. We came to a compromise, which is AM3001. Senator Briese will be introducing that amendment shortly. I want to thank Senator Brandt for working with me to find this compromise so we can help our struggling small businesses and our struggling not-for-profits. I want to add a quick update on the fiscal note of the bill. There was a \$3,000 fiscal note attached. This is because the computer system used by the Liquor Control Commission is so old that whenever they have to make up a software change in regard to licenses, it cost \$3,000 to bring someone in to

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accomplish that change. It could be one change or 50. Either way, it costs the same amount of money. This last part is important. In late February, Senator Hunt's LB734 was signed into law. That bill created a new license for special party busses. That bill had a fiscal note of \$3,000 to add the license. Since that bill was passed in February, the money has already been set aside to make the change. However, because of COVID, the new license has not been added to the system yet-- as of yet, which means the change made by LB1056 can be accomplished using the exact same funds appropriated under LB734. I would like to thank Senator Hunt for having the insight in passing her bill in February and beating COVID. An updated fiscal note has been assigned for-- to LB1056 showing the new fiscal impact of zero dollars and that fiscal note has been passed out. Thank you, Mr. President.

FOLEY: Thank you, Senator Lowe. Senate Briese, you had previously opened on the General Affairs committee amendment. Would you like to refresh us on that amendment, please?

BRIESE: Yes. Thank you, Mr. President. Originally, the committee amendment, AM2595, included three pieces of General Affairs legislation; Senator Lowe's LB1056 in its entirety, Senator Brandt's LB980 as introduced, and then an amended version of Senator Hunt's LB943. And then Senator Lowe has described what has happened since we introduced that and recessed and I'd be happy to open on the next amendment.

FOLEY: Thanks, Senator Briese. Mr. Clerk.

CLERK: Mr. President, Senator Lowe's AM2795 is to be withdrawn. Is that right, sir? Thank you. Senator. Briese would move to amend with AM3001.

FOLEY: Senator Briese, you are recognized to open on your amendment.

BRIESE: Thank you, Mr. President. AM3001 is a new amendment, which would amend AM2595, which was a committee amendment to LB1056 and it would replace the bill. When we originally began discussion on LB1056, there was debate regarding the 9-- the 980 portion of the amendment involving updates to the Lottery and Raffle Act and whether specific forms of payment methods such as online as well as credit and debit cards should be allowed and under what circumstances. This led to the bill being put on hold while those matters were worked out. Over the course of the recess, an agreement was reached by the interested parties on LB980, resulting in AM3001. AM3001 is a white-copy amendment that would replace AM2595. AM3001 includes LB10-- LB1056 as introduced and it is an-- and an amended version of LB980. The

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amendment also removes the portions containing Senator Hunt's LB943 since that bill was amended onto Senator Stinner's bill, LB780, during discussion on the new amendment and therefore, no longer needs to be part of this AM. The changes made by AM3001 can be found in Section 3 of the amendment starting on page 2, line 27. This amendment specifies, in addition to other authorized sales, a licensed organization conducting a raffle under the Nebraska Lottery and Raffle Act may sell tickets or stubs for raffles on its website and at events. And those tickets may be purchased using a debit card in addition to other authorized methods of payment. And so with that said, I think I would like to yield my time to Senator Brandt. He can further discuss that. And Senator Lowe, if he'd like to further discuss the portions of the amendment relative to LB1056, he can do that. Thank you, Mr. President.

FOLEY: Thanks, Senator Briese. Senator Brandt, you have been recognized.

BRANDT: OK. Thank you, Mr. Lieutenant Governor. Good afternoon, colleagues. I am standing today in support of AM3001, introduced by Senator Briese, and in support of the underlying bill. As was mentioned by Senator Briese, the General Affairs-- this is a General Affairs Committee priority bill and includes my original bill, LB980, to update and streamline the Nebraska Lottery and Raffle Act, which covers lotteries and raffles that are conducted by nonprofit organizations, volunteer fire companies, volunteer first aid rescue, ambulance, or emergency squads. My bill is intended to help these nonprofit groups as they raise private dollars by easing government red tape. This bill has only grown in importance as nonprofit organizations that had plans for in-person fundraisers find their plans completely changed due to COVID-19. I appreciate the continued, continued work on this bill that has allowed us to come to this agreement and I would appreciate your green vote on AM3001 and LB1056. A little background information, changes this bill would make: first, the bill would allow the special permit that these organizations can apply for to last for one year rather than the current time period that lasts for three calendar months. Second, it changes the tax filing requirements from quarterly to yearly. Nonprofits operating raffles and lotteries are required to pay, as a tax, 2 percent of the proceeds of the lotteries and raffles back to the Department of Revenue. This bill will not change that. What it does change is how often they must fill out the paperwork to remit these taxes. Right now, they are doing it quarterly even if no events are held in that quarter. LB980 instead requires these taxes to be remitted once a year, cutting down on volunteer time, state-required paperwork, and

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Department of Revenue staff time. We heard a story this year that some chapter, probably a Ducks Unlimited chapter, got dinged by the department because they didn't file their quarterly report during quarantine when they would have obviously not had any events or any sales so this takes away that useless requirement. Finally, this bill gets us into the twenty-first century by allowing on-- online sales with a debit card. Department of Revenue regulations prevent the use of credit cards. In fact, the regulations specifically say that all chances to participate in a lottery or raffle must be paid for an advance by either cash or a check. AM3001 allows raffle tickets to be sold in person and online using only a debit card, not a credit card. The act in total is called the General Affairs COVID Relief Act of 2020.

FOLEY: Thanks, Senator Brandt. Senator Briese, did I hear you say you wanted to yield time to Senate Lowe, is that correct? No. OK. All right, debate is now open on LB1056 and the pending amendments. Speaker Scheer.

SCHEER: Thank you, Mr. President. Colleagues, I did not mention the actual facts before in relationship to why we're getting out early this evening. And, you know, as a public official, I want to be completely transparent. I received a call this afternoon from Senator Morfeld's fiancée. She is cooking him a candle-lit, romantic birthday dinner and she did not want him to be late. So consequently, on behalf of her, you can send her your thank you's for the early night. So congratulations and happy birthday, Senator Morfeld.

FOLEY: Thank you, Mr. Speaker. Is there any discussion on the bill or the amendments? I see none, Senator Briese, you're recognized to close. He waives close on AM3001. The question before the body is the adoption of AM3001. Those in favor vote aye, those opposed vote nay. Have you all voted? Record, please.

CLERK: 37 ayes, 0 nays on adoption of AM30-- AM3001.

FOLEY: AM3001 has been adopted. Any further discussion on the bill or the pending committee amendment? I see none, Senator Briese, you're recognized to close on the committee amendment.

BRIESE: Just wanted to thank Senator Lowe for allowing us to use his bill as a committee priority and for-- I want to thank Senator Lowe and Senator Brandt for working those issues out. Thank you, Mr. President.

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FOLEY: Thank you, Senator Briese. The question before the body is the adoption of the committee amendment, AM2595. Those in favor vote aye, those opposed vote nay. Have you all voted? Record, please.

CLERK: 40 ayes, 0 nays on adoption of the committee amendments.

CLERK: The committee amendments have been adopted. Any further discussion on the bill as amended? I see none, Senator Lowe, you are recognized to close on the advance of the bill. He waives close and the question before the body is the advance of LB1056 to E&R Initial. Those in favor vote aye, those opposed vote nay. Have you all voted? Record, please.

CLERK: 39 ayes, 0 nays on the motion to advance the bill.

FOLEY: LB1056 advances. Proceeding now to LB1056A.

CLERK: LB1056A, by Senator Lowe, appropriates funds to implement the provisions. Senator Lowe would move to indefinitely postpone LB1056.

FOLEY: Senator Lowe, you may speak to your motion to indefinitely postpone your bill.

LOWE: Thank you, Lieutenant Governor. As I stated before, a new fiscal note has been put out so I don't need LB1056A. Thank you.

FOLEY: Thank you, Senator Lowe. Is there any discussion on the motion? I see none, Senator Lowe, you're recognized to close on the motion.

LOWE: Please vote green.

FOLEY: The question before the body is to indefinitely postpone LB1056A. Those in favor vote aye, those opposed vote nay. Have you all voted? Record, please.

CLERK: 42 ayes, 0 nays on the indefinite postponement of LB1056A.

FOLEY: LB1056A has been indefinitely postponed. Proceeding to LB1160.

CLERK: LB1160 is a bill by Senator Matt Hansen relating to labor and adopts the Nebraska Workforce and Education Reporting System Act. Introduced on January 22 of this year. At that time, referred to Business and Labor, advanced to General File. There are committee amendments pending.

FOLEY: Senator Matt Hansen, you're recognized to open on LB1160.

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M. HANSEN: Thank you and good afternoon, colleagues. LB1160 creates the Nebraska Statewide Workforce Education Reporting System Act. This bill is the second of the Business and Labor Committee priority bills. I will note there's a white-copy amendment, AM3084, that rewrites the bill after discussions with stakeholders and I will address that in amendment when I open. I'll note that the amendment is largely technical and similar to the introduced copy and probably most important for the body, eliminates the fiscal impact. Some background on LB1160: the development of a statewide longitudinal data system was one of the recommendations of the 2019 Nebraska Economic Development Task Force. At the final meeting of that task force last December, I volunteered to take the lead on this recommendation and LB1160 is the result of those discussions, a bill that supports the continued planning and development of Nebraska Statewide Workforce Education Reporting System, also often called NSWERS. The Economic Development Task Force specifically recommended a longitudinal data system to help the state track education and workforce outcomes and thus, track the effectiveness of education and workforce-related programs in the state. This bill has its roots in LB1071 from 2010, which directed the University of Nebraska, State Board of Education, and the Nebraska state colleges and the community colleges to adopt a policy to share student data. Those partners created NSWERS as a joint public agency. LB1160 seeks to expand this partnership to include the Nebraska Department of Labor in order to ensure the exchange of data throughout prekindergarten to postsecondary education and then continuing on into our workforce. This expanded partnership will allow NSWERS to provide workforce outcomes data to postsecondary institutions. It will support students and parents in understanding what education, training, and career pathways best prepare students. This will allow comprehensive data about students' success and career outcomes and allow the state to better align our programs and demand with the labor market. LB1160 is the start of what I hope will be a valuable asset to the state of Nebraska that will allow for a long-term focus on our educational workforce programs in order to meet the needs of our citizens. In order to accomplish this bill, it requires a memorandum of understanding to be signed between the Department of Labor and the NSWERS joint public agency by the end of the year. My office has worked with the Department of Labor and the University of Nebraska and I am confident this will be an easy deadline to meet. The bill further provides that the Legislature will also receive a report about NSWERS and their progress by December 1, 2021. With that, I would urge the body to advance LB1160 and be happy to open on the committee assignment.

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FOLEY: Thanks, Senator Hansen. Senator Hansen, you're recognized to open on the committee amendment.

M. HANSEN: Thank you, Mr. President. AM3084 is the Business and Labor Committee amendment. Both it and the bill were advanced from committee earlier this week on a 6-0 vote, with one member absent. At the hearing back in February, we heard testimony in support of the bill from Susan Fritz with the University Nebraska, Greg Adams with Nebraska Community College Association, and Sarah Moylan, representing a variety of business groups including the Greater Omaha Chamber, Nebraska Chamber of Commerce and Industry, Lincoln Chamber of Commerce, and the Nebraska Economic Development Association. At the hearing, the Department of Labor testified in opposition due to its original fiscal note. After the hearing, my office worked with the department to eliminate the fiscal note by better assigning the duties correctly to each partner and eliminating [SIC] the fiscal impact for the department to hire the new staff. The AM makes a few other changes at the request of the other stakeholders, such as correcting the name of the system by inserting the missing words "statewide" into the title. With that, I would thank the staff and all the stakeholders for their work and ask the body to adopt AM3084 and LB1160.

FOLEY: Thank you, Senator Hansen. Debate is now open on LB1160 and the pending committee amendments. Senator Clements.

CLEMENTS: Thank you, Mr. President. Would Senator Hansen yield to question?

FOLEY: Senator Hansen, would you yield, please?

M. HANSEN: Yes.

CLEMENTS: You mentioned this is creating a longitudinal data system. Would you explain the term "longitudinal data system?"

M. HANSEN: Sure. So a longitudinal data system is data that tracks the same individuals throughout a long period of time. It's kind of common in academic studies and it's becoming-- increasing focus in, kind of, tracking labor market data. So in this case, the goal of the system is to, say, track people who graduate from state colleges into their employment to see if they're, say, still employed in the areas of their degree or their areas of the focus or if they got a scholarship for a specific program, if they are still engaged in that field, you know, five, ten years down the line.

CLEMENTS: Thank you. And who is creating this system?

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M. HANSEN: So the system exists as a joint partnership between the University of Nebraska and the state colleges. And this bill would kind of formalize it and get the Department of Labor to include the workforce data. It would be largely housed within the University of Nebraska.

CLEMENTS: All right. And finally, I didn't quite catch how you eliminated \$2 million fiscal note.

M. HANSEN: Sure. Quite simply, we accidentally required the Department of Labor to do things the University of Nebraska were already doing. And so we clarified that the University-- the Department of Labor, does not have to do the exact same thing that the university is already doing and so that meets the need.

CLEMENTS: Transferred the duties away from the Department of Labor?

M. HANSEN: Correct.

CLEMENTS: That was why they were in opposition to the bill?

M. HANSEN: Yes, correct.

CLEMENTS: Thank you, Senator Hansen. Thank you, Mr. President.

FOLEY: Thanks, Senator Clements. Continuing discussion, Senator Albrecht to be followed by Senator Erdman. Senator Albrecht.

ALBRECHT: Thank you, Mr. President. Would Senator Hansen just yield to a few questions?

FOLEY: Senator Matt Hansen, would you yield, please?

M. HANSEN: I'd be happy to.

ALBRECHT: Thank you. Can you tell me who sat on that committee in 2019 and recommended this?

M. HANSEN: Yes. So the Economic Development Task Force of was, was chaired by Senator Bolz and Senator Arch was the Vice Chair. It also had myself, Senator Stinner, Senator Wayne, Senator Linehan, Senator Vargas, Senator Groene, Senator Matt Williams, as well as Senator Quick.

ALBRECHT: And looking at Section 2, page 1, lines 9 and 10--

M. HANSEN: Um-hum.

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ALBRECHT: The introduced version said-- would develop a plan. An amendment says the state supports the continued planning and development of the Nebraska Statewide Workforce and Educational Reporting System.

M. HANSEN: Um-hum.

ALBRECHT: Has a plan already been developed?

M. HANSEN: Yes, so NSWERS, as it exists, exists to some extent already among the community colleges and the state colleges and the university. And so rather-- that was kind of confusion with the Department of Labor. The original bill implied we were creating it from scratch and instead, we are formalizing something that already exists and looping in the Department of Labor.

ALBRECHT: And on page 1, Section 2, number 3 indicates the reporting system is envisioned, among other things, as a robust lifelong learning system interested in hearing and knowing more about the provision.

M. HANSEN: Sure. I, I apologize, I didn't catch exactly where you were on the bill.

ALBRECHT: Page 1, Section 2, number 3.

M. HANSEN: Sorry. Yes, so kind of the goal-- and if I could explain NSWERS a little bit more, what the goal of NSWERS and why a lot of groups, including the chamber and some of the business groups like longitudinal system, is it lets you reflect on the policies, the both-- kind of, we, as the state, as well as the universities make. So you know, sometimes, like, say there's a scholarship program. Let's say there's a scholarship program to, I don't know if this exists, but get, you know, more students from, from Nebraska high schools to get engineering degrees and work in the engineering field. If you don't have a system to track where college graduates work in Nebraska, you're not necessarily sure if you're ever creating that. You can track who-- you can track people who work in the field and you can track people who graduate from the colleges, but unless you combine the data systems or somehow align them, you're not necessarily sure if those are the same people or those are people moving in from out of state, if you're losing brain drain. So that's the goal of this.

ALBRECHT: OK. And a couple more questions.

M. HANSEN: Sure.

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ALBRECHT: Page 2, Section 4, lines 24 through 29: could you explain the memorandum of understanding required to be executed by the Department of Labor?

M. HANSEN: Sure. So the memorandum of understanding was kind of the procedure that NSWERS was created with in the original bill. It's a-- kind of the function of how we get some of the joint agencies and other state actors to come together. This lets them kind of negotiate the terms and the exact procedures and just gives them a deadline to kind of come up with a memorandum of understanding, an agreement for lack of a better word.

ALBRECHT: OK. So with that said, it kind of makes me wonder if the fiscal note isn't there now, but it could certainly be later if they decide to do some of the things. OK? That's just a comment from me.

M. HANSEN: Sure.

ALBRECHT: OK and I noticed that, that you're kind of concentrating on this pre-K to postsecondary education. So is there a particular reason while-- why the, the task force came up with with concentrating just on that or are you concentrate on--

FOLEY: One minute.

ALBRECHT: --a lot of businesses for the state of Nebraska?

M. HANSEN: Sure. No, I would say the task force is interested in kind of all areas of the labor market. It's the connection for-- with the education system. So if you, say, have an apprentice program in a high school designed to get people engaged in certain field, you can then walk through and see if that actually, you know, five years, ten years down the line, those high school students are actually engaged in that trade in Nebraska. And that's the connection to pre-K through postsecondary.

ALBRECHT: Thank you very much. Thank you, Mr. President.

FOLEY: Thank you, Senators Albrecht and Senator Matt Hansen. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor, and good afternoon, again. I'm going to try to describe what I think is happening here because the fiscal note went away. And Senator Hansen can listen and maybe he could help me if I've misstated it. So you were asking, in the original bill, for the Department of Labor to keep track of this and

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share that information and now the university or the state colleges or the community colleges are going to now take care of that and that's why the fiscal note went away. Can you help me with that, Senator Hansen? Will you answer that?

FOLEY: Senator Matt Hansen, would you yield, please?

M. HANSEN: Thank you. Yes, I would. Yes, so fundamentally, all of this data already exists. There just isn't an agreement or a process to share it. So if you are interested, the Department of Labor has all sorts of data in terms of employment in different industries. That's how we can attract all sorts of things, including unemployment in different industries as well as the-- colleges obviously know who their students are and this would combine it into-- be kind of the existing system that we've already required the colleges to do. So we already kind of require the colleges to have the system. This is just incorporating the Department of Labor data.

ERDMAN: OK. So the question that comes to mind as I listen to the discussion, why do we need this bill? Why don't we just have the community colleges and state colleges and the university do a memorandum of understanding and move forward with doing this? Why do we have to do a bill to allow them to do this?

M. HANSEN: Well, we had a bill to make the state colleges do the memorandum of understanding in the first place. A memorandum of understanding is just kind of the procedural thing. Without any sort of legislative statute, it wouldn't be binding. So in theory, it could exist and then be canceled. In this case, we'll at least ensure that it exists and needs legislative approval to be changed or eliminated.

ERDMAN: OK. All right, well, thank you.

FOLEY: Thanks, Senator Erdman and Senator Matt Hansen. Is there further discussion on the bill or the amendment? I see none, Senator Matt Hansen, you are recognized to close on the committee amendment.

M. HANSEN: Thank you, Mr. President, and I'll close just by simply saying this is something we've worked on closely with the Department of Labor and the other stakeholders. They are all, kind of, professionals and experts in housing this data. And I think kind of broadly, especially on the education side and the business side, there's real excitement for this. Kind of the concrete example I get is, you know, if, like, a college wants to do a scholarship that says we want more, you know, we want more STEM majors to work in our community and we're really going to pilot that or a community college

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says, you know, we really are going to work on, you know, getting certain trade certifications. We want them to go out and work in Nebraska. There's no follow up and they don't actually know if that investment works without having labor market data. And that's just a simple bridge you're trying to connect. There's already existing databases on the state college side based on a previous bill the Legislature has done. There's already existing databases based on the Department of Labor. And this is just kind of merging them together, getting them to kind of all come to the same page so that later a college, the Legislature, who is it, can kind of see are these investments we're making in education? Are these investments we're making in workforce development work? Again, it was a recommendation of the Economic Development Task Force, which was a composition of a variety of different committee chairs. And we adopted it at our December meeting where I volunteered to carry this bill on behalf of the task force. With that, I would urge the adoption of both the committee amendment and the bill.

FOLEY: Thanks, Senator Matt Hansen. The question before the body is the adoption of the committee amendment AM3084. Those in favor vote aye, those opposed vote nay. Have you all voted who care to? Record, please.

CLERK: 34 ayes, 3 nays on adoption of committee amendments.

FOLEY: AM3084 has been adopted. Further discussion on the bill as amended? I see none, Senator Hansen. He waives closing. The question before the body is the adopt-- excuse me, the advance of LB1160 to E&R Initial. Those in favor vote aye, those opposed vote nay. Have you all voted? Record, please.

CLERK: 33 ayes, 4 nays, Mr. President, on the advancement of the bill.

FOLEY: LB1160 advances. Proceeding now to General File 2020 senator priority bills, LB956. Mr. Clerk.

CLERK: LB956 is a bill by Senator Walz relating to Medical Assistance Act and provides duties for managed care organizations regarding provider agreements. Introduced on January 13. At that time, referred to Health and Human Services, advanced to General File. There are committee amendments, Mr. President.

FOLEY: Senator Walz, you're recognized to open on LB956.

WALZ: Thank you, Mr. President. LB956 is a bill to provide duties for managed care organizations regarding provider agreements. Throughout

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this process, we have done as much as we can to include the managed care organizations in what we were doing without compromising the intent of the bill, which is to provide for fair and transparent contracting between managed care organizations and Nebraska providers while ensuring continuity of care for their patients. The core of this bill requires a managed care organization to notify a provider whenever there is a material change to a provider contract, the occurrence and timing of which is not otherwise clearly, clearly identified in the provider contract the decreases-- that decreases the provider's payment or compensation for services to be provided or changes the administration-- the administrative procedures in a way that may reasonable-- reasonably be expected to significantly increase the provider's administrative expense, including altering an existing prior authorization, precertification, or notification. This legislation is loosely, loosely based off of a law in Kentucky that applied to all insurance companies and ensure-- and ensures the most efficient method of notifying physicians of significant changes in their contracts. As part of our many conversations with the managed care organizations, we have included lang-- included language to ensure that a material change would not include new, new requirements of state laws, rules, and regulations adopted by DHHS or new regulations from Medicare or Medicaid implemented by the United States Department of Health and Human Services. Further language adds a definition of a provider, requires managed care organizations to establish a procedure for changing an existing provider contract that includes at least a 60-day notice and (a) the effective date of the material change, (b) a description of the material change, (c) the contact information for a representative of the MCO, (d) notice of the opportunity for a meeting, and finally, (e) notice that upon three material changes in a 12-month period, the provider may request a copy of the contract with the changes consolidated. This is an issue that was originally brought to me over the interim by the, by the physical therapists and the speech-language providers. But after introducing the bill, there was an outpouring of support from NABHO, the Nebraska Medical Association, the Nebraska Pharmacists Association, the Nebraska Occupational Therapy Association, the Nebraska Healthcare Association, the Nebraska Hospital Association, and the Nebraska Optometric Association. This-- excuse me-- this made it clear to me that the issue was far more widespread than what a few providers were actually experiencing. The information we heard from the physical therapists as well as the other providers is that the current notification process is not nearly substantial enough. Currently, there is an online portal that houses all details regarding an agreement between a provider and an MCO. To my knowledge, information on this portal can be changed at any time without notice. This has

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caused a number of issues with providers and their patients. For example, there have been times when a provider has been providing a specific service to their patients and being consistently reimbursed until one day, out of nowhere, they will stop receiving reimbursement for such service without any notification of the change to the contract. It then becomes the provider's responsibility to incur the costs of that procedure. I have also heard stories about new regulations and physical therapists' contracts prohibiting them from diagnosing and treating an individual on the same day. While there may be an explanation for this decision, the delay of care can cause a number of problems for the patient and cost the provider time and money. Trying-- we are trying to encourage, in an attempt to solve this issue, increased communication between providers in the MCOs so they can explain how a contract change may not work at the base level. Another bill of mine as well as Senator Ben Hansen's LB1105 is being amended into this bill. I will quickly speak on this before Senator Howard opens up on the committee amendment. LB955 is a bill relating to medical assistance to change provisions regarding discontinued eligibility. Right now, according to a federal requirement as well as DHHS rules and regulations, if the department decides to remove an individual from Medicaid, they are required to send out a notification in the mail at least ten days prior to the date they are to be removed. If the individual wishes to appeal the decision and maintain their benefits during the appeal process, they must, they must do so within that ten-day time period. If they don't, they can still, they can still appeal, but they would not continue to receive their benefits during that, during that process. Many times, the department will send out the notice at the last minute, leaving the individual with little or no time to read over and determine how to act upon the notice before their benefits are rescinded. With the amended version, version of LB955, we would clarify that, except in the case of an emergency, the notice of removal or denial from Medicaid shall be mailed on the same day or as the day after the decision is made. It also allows the department to deliver the notice by electronic communication. The other paragraph of this amendment dictates, dictates that the notice shall include an explanation and reason for the proposed action, the information used to make that decision, including regulations or laws requiring that action, contact information of-- for personnel of the department to address any questions regarding the action, information on the right to appeal, and an explanation that-- and an explanation of the availability of continued benefits pending the-- such appeal. It is my hope that with these changes, we can not only remove the fiscal costs of the bill, but provide more transparency for the individuals on Medicaid as to why the decision is made, what their options are moving forward, and

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how to address the situation. For those in vulnerable medical situations on Medicaid, this loss of care can cause a huge amount of stress in already-- in an already dire circumstance. With that, I would encourage your support for this legislation as well as the committee amendment. Thank you, Mr. President.

FOLEY: Thanks, Senator Walz. As the Clerk indicated, there are amendments from the Health Committee. Senator Howard, you're recognized to open on the committee amendment.

HOWARD: Thank you, Mr. President. Good evening-- good afternoon, colleagues. Committee amendment AM2827 amends Senator Walz's LB956 and LB955 and includes Senator Ben Hansen's LB1105. I would just note for the record, Senator Walz has covered LB955 and LB956. The amended provisions of LB956 are found in Section 2 on pages 1 and 2 of AM2827 and the amended provisions of LB955 are found in Section 3 of the committee amendment on pages 2 and 3. I'll speak specifically to LB1105, which is Senator Ben Hansen's bill. It's included in LB956 and it's really about Medicaid audits, which I know is exactly what we want to talk about at 5:30. It changes the term "recovery audit contractors" to "program integrity contractors" throughout the, the legislation. It changes the timeframe for determinations. It changes the timeframe for resubmission of claims. It requires you to use a specialist when you're reviewing claims so that a physician or a medical professional in the specialty area of practice is establishing the audit methodology. It does not allow extrapolated overpayments, which was something that the committee really discussed and considered. And so all three of these bills, LB956, LB955, and LB1105 were voted unanimously to be included in AM2827 by the HHS Committee. And I would urge a green vote for AM2827 on the floor today. Thank you, Mr. President.

FOLEY: Thanks, Senator Howard. Is there any discussion on LB956 or the pending committee amendment? I see none, Senator Howard, you're recognized to close on the committee amendment. She waives close and the question before the body is the adoption of AM2827, the Health Committee amendment. Those in favor vote aye, those opposed vote nay. Have you all voted? Record, please.

CLERK: 42 ayes, 0 nays on adoption of committee amendments.

FOLEY: AM2827 Health Committee amendment has been adopted. Further discussion on the bill as amended? I see none, Senator Walz, you're recognized to close on the advance of the bill. She waives close and the question before the body is the advance of LB956 to E&R Initial.

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Those in favor vote aye, those opposed vote nay. Have you all voted?
Record, please.

CLERK: 45 ayes, 0 nays on the advancement of the bill.

FOLEY: LB956 advances. Items for the record, please.

CLERK: Mr. President, the Executive Board reports LB681 to General File with amendments attached and Senator Groene would move to adjourn the body until Thursday, July 23 at 9:00 a.m.

FOLEY: Members, you heard the motion to adjourn. Those in favor say aye. Those opposed say nay. We are adjourned.