

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 1, 2019

LINEHAN: Sorry. We can't actually start hearing testimony until we have a quorum, but I can read through the instructions because everyone on the committee has heard it a few times before. Good afternoon and welcome to the Revenue Committee public hearing. My name is Lou Ann Linehan. I'm from Elkhorn, Nebraska, and represent the 39th Legislative District. I serve as Chair of this committee. The committee will take up the bills in order posted. Our hearing today is your public part of the legislative process. It's your opportunity to express your position on the proposed legislation before us today. If you are unable to attend the public hearing and you would like your position stated for the record, you must submit your written testimony by 5 p.m. the day prior to the hearing. Letters received after the cutoff will not be allowed and will not be read into the record. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please turn off your cell phones and other electronic devices. And it's very helpful, it goes much quicker when you're about to testify if you move up front. So if you're going to testify and you're coming up next, move up to one of the front rows. The order of testimony is the introducer, the proponents, the opponents, and neutral testimony, and then closing remarks. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the pages who I will introduce here in a minute. And you don't have to wait until right before you testify. As a matter of fact, if you've got them, you're going to need 11 copies. And you need copies, get them to the pages as soon as you can. When you begin to testify, please state and spell your name for the record. Even if your name's Roger, we still need you to spell it. Please be concise. It is my request that you limit your testimony to five minutes and we will use the light system. So you have four minutes it will be green, and then it goes yellow for a minute. And by the time it turns red, you should wrap up. If there are a lot of people wishing-- well, I think it'll be fine today. If your remarks were reflected in a previous testimony or if you would like your position to be known but not-- do not wish to testify, please sign the white forms at the back of the room, and it will be included in the official record. Please speak directly into the microphones so our transcribers are able to hear your testimony clearly. I'd like to introduce committee staff. To my right is legal counsel, Mary Jane Egr Edson, and to my left is research analyst, Kay Bergquist. At the end of the table is committee

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clerk, Grant Latimer. And I would like the committee members to introduce themselves starting at my far right.

KOLTERMAN: Senator Mark Kolterman, District 24, Seward, York, and Polk Counties.

LINDSTROM: Brett Lindstrom, District 18, northwest Omaha.

FRIESEN: Curt Friesen, District 34, Hamilton, Merrick, Nance and part of Hall County.

BRIESE: Tom Briese, District 41.

LINEHAN: I'll have the other members who-- I think they're in other committees introducing bills. And I, at some point today, am going to leave too. So you-- please remember that senators, I'll just read this here, may come and go during our hearing as they may have bills to introduce in other committees. Please refrain from applause or other indications of opposition or support. I'd like to remind our members to speak directly into the microphones and also for the audience directly into the microphones. They're not for amplification but for TV and for the recording. Lastly, we are an electronic equipped committee, and information is provided electronically as well as in paper form. So if you see us using our phones or our computers, it's probably to look up information to ask questions on. I would like our pages, if you would stand up. Introduce yourselves. Either one of you can go first. It's OK.

BRIGITA RASMUSSEN: My name is Brigita Rasmussen.

TSEHAYNESH GHIDEY: My name is Tsehaynesh.

LINEHAN: They are both students at UNL. Brigita is from Hudson, South Dakota, as a sophomore. Veronica is a senior from Chadron, Nebraska, studying political science. So with that, we'll start. Senator Albrecht, on LB-- open the hearing on LB222.

ALBRECHT: Good afternoon, Madam Chair Linehan and Revenue Committee members. My name is Joni Albrecht, senator from Legislative District 17, and I'm proudly representing Wayne, Thurston, and Dakota Counties. And that's J-o-n-i A-l-b-r-e-c-h-t. Today I'll be introducing LB222, but I would like to go over some history first. In 2016, Senator Al Davis introduced LB886, the Volunteer Emergency Responder Initiative Act-- Incentive Act, excuse me, not Initiative, Incentive Act. This act created a \$250 refundable tax credit incentive for volunteer

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firefighters and volunteer emergency responders to encourage the recruitment and retention of our volunteer emergency services across the state. LB886 introduced a point system to track volunteer involvement and determine if the volunteer members qualify for tax credit. The members' points are tracked by a certification administrator. The certification administrator is appointed by the volunteer department and approved by the department's governing body. The certification administrator notifies the volunteers if they qualify or do not qualify for the tax credit and sends a certified list of qualified volunteer members to the department's governing body. Then the volunteer fire-- excuse me, then the volunteer department's governing body is directed to file the cert-- certification administrator's list annually with the Department of Revenue. Finally, the qualifying volunteer member is directed to fill out the appropriate tax credit box on their state tax return. LB886 allowed volunteer members that qualified to begin collecting the tax credit on their 2017 taxes. But for some, unforeseen issues arose when they began to file. In some cases, the governing bodies did not properly file the list with the Department of Revenue, and in other cases, the governing bodies did not file a list with the department at all. So in multiple cases, volunteer members were penalized and charged interest on their taxes and then burdened with calling the Department of Revenue to fix a mistake that they did not make in the first place. So LB222 makes a few changes to simplify the certification administrator's duties and the filing process to solve these unintended consequences. The bill directs the certification administrator to notify each volunteer member in July of each year of the points he-- he or she has accumulated during the first six months of the year. Before February 1 of each year, the certification administrator is directed to send written certification to each volunteer member of the points that he or she has accumulated in the previous year and whether the volunteer member has qualified for the tax credit. Qualifying volunteer members are then directed to attach the copy of this certification to their state income tax return. LB222 removes the role of the governing body and directs the certification administrator to file the certified list of qualified volunteers with the Department of Revenue. The Department of Revenue will be able to cross-reference the information on the volunteer's tax return and the certified list filed by the administrator. LB222 will hopefully remove any unintended burdens caused by the original bill and continue to encourage/reward our hardworking volunteer emergency responders. And additionally, LB222 does not add any additional financial burdens to

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our state. I just ask for your support of LB222, and I'm happy to answer any questions that you might have.

LINEHAN: Thank you.

ALBRECHT: You're welcome.

LINEHAN: Are there questions from the committee? Seeing none, will you stay to close?

ALBRECHT: Yes. Be happy to.

LINEHAN: OK. Thank you very much. Are there proponents for LB222?

MICHEAL DWYER: Good afternoon, Chairperson Linehan, the members of the Revenue Committee. My name is Micheal Dwyer, M-i-c-h-e-a-l D-w-y-e-r. I'm here to testify in support of LB222 that would streamline the process under which the Volunteer Emergency Responders Incentive Act is implemented. A special thank you to Senator Albrecht for introducing the bill, very much. And in addition, a number of the senators that are here on the Revenue Committee were here during the passage of the initial LB886, so certainly thank you for that. I've been a volunteer firefighter, an EMT, with Arlington Fire and Rescue for 35 years, and this spring I'll approach 2000 calls in my career. For 11 years, I've been a member of the legislative committee of the Nebraska State Volunteer Firefighters Association and was part of the group that crafted and helped to pass LB886. In addition, I was secretary/treasurer of the NSVFA during the roll out in the initial tracking, reporting, and the earned credits, when the bill was first enacted. The current intermediate step of reporting to our governing body and then to the body reporting-- that body reporting to the Department of Revenue is challenging, especially considered-- considering the infrequency that many of those boards meet and the short time frame necessary to report to NDR to certify those that have-- that actually have the credits. The small changes created by LB222 would be a welcome improvement to the paperwork and the process necessary for volunteers to participate in these incentives. I believe-- and I also believe it would encourage more participation. I want to be clear, the shortage of volunteer responders in Nebraska, including many of your districts, remains at a critical level. The incentives provided by the Volunteer Emergency Responders Incentive Act are one of the very important pieces of recruiting and retaining fire and EMS providers in our state. And LB222 will streamline the

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process and improve the participation. Thank you, and I would be happy to take any questions.

LINEHAN: Thank you. Are there questions from the committee? Senator Briese.

BRIESE: Thank you, Chairman. And thank you for being here. You helped to draft this original legislation, did I hear you say? Or had a role in drafting any of it?

MICHEAL DWYER: Had a role in drafting.

BRIESE: OK. Very good. And what was the purpose of the original provision in here-- the current provision in here requiring that report to the governing body? What was the purpose of that?

MICHEAL DWYER: Great question. And I'm going to defer a little bit to our lawyer, Jerry Stilmock, but I think the intent of that piece was to just ensure that the-- the credits, the initial points that we were earning, were-- were verifiable, were absolute. You can understand that-- that volunteer associations of any kind are a mixed group and I think everybody just wanted to make sure that all of us had our ducks firmly in a row. That's-- I think now we've had a couple of years under our belt to make sure that the tracking is done, that every-- quite frankly, it's arduous. And one of the push backs we're hearing from the departments is that all of the record-keeping stuff is tough. But now we've had a couple of years under our belt, and many more departments are becoming seasoned with that. And I think that intermediate step, it isn't quite as necessary as we thought it might have been initially. I hope that helps.

BRIESE: Yes, certainly. And-- and-- but you indicate that-- you described a very good reason for having that step in there. Any downside to removing that step? Is it going to be less verifiable, less accurate?

MICHEAL DWYER: To answer you honestly, no.

BRIESE: OK.

MICHEAL DWYER: These are-- at the risk of being trite, these are men and women we trust with our lives and our property. The extra process of, honestly, filling out forms is something, first of all, we do all the time.

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BRIESE: OK.

MICHEAL DWYER: After every EMS run that I make, I have to do a report, as I should. And that process is a legal document, and it has to be filled out correctly and honestly.

BRIESE: OK.

MICHEAL DWYER: These are just-- especially now that we have a couple of years under our belt.

BRIESE: OK. Thank you.

MICHEAL DWYER: Thank you.

LINEHAN: Senator Groene. Thank you, Senator Briese. Senator Groene.

GROENE: Do you know, from the Department of Revenue, how many-- how many individuals have applied for the \$200?

MICHEAL DWYER: I'm going to give you an approximate, and then I'll defer to Jerry. My understanding that there was 1,900 that had qualified or at least in that ballpark. But I'm going to defer to Jerry for the specific numbers. On one hand, assuming for a minute my number is right, that number is encouraging. That's 1,900 people that we've kept in the fire and EMS service that we might have lost. On the other hand, if there's roughly 12,000 to 13,000 volunteer fire and EMS responders in the state, certainly we would like that to be more. In a practical sense, all of those 12,000, even if we did everything right, don't necessarily qualify under the point system. But LB222, in my never so humble opinion, would-- would take away at least a couple of those resistance steps to actually getting it filed and for those who have qualified actually getting the tax credit which is the point.

GROENE: No. I was thinking, as Senator Albrecht already said, just ignore me because I should have been here. I had a fight with a pop machine. But anyway--

MICHEAL DWYER: Don't need to call EMS, do we?

GROENE: No.

MICHEAL DWYER: OK. Good.

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GROENE: But I didn't get my pop. Anyway, so the point system's in place?

MICHEAL DWYER: Correct.

GROENE: And if you go to so many calls, you get a point. If you go to so many meetings, you get a point. How does that work?

MICHEAL DWYER: Right. Meetings, training, public-- I don't want to say public appearances, but public interaction-- I can't think of the term, public interaction--

GROENE: Be in a parade, [INAUDIBLE].

MICHEAL DWYER: Right. The-- the point system is significantly based-- 25 percent of the-- 25 of the 50 points that you need are based on calls. So if you make 10 percent of the calls that your department makes, last year Arlington did 111, so if I make, essentially 11 of those calls, then I've got my 10 percent. I can concentrate-- I'm still going to make calls, but I can concentrate on the rest of that stuff. On one hand, it makes it somewhat easy to attain because it's only 10 percent. On the other hand, it's-- it's still-- that's 10 or 11, and it does weigh, in my opinion, the system towards what's very important and that's responding.

GROENE: Thank you.

LINEHAN: Other questions from the committee? Seeing none, thank you.

MICHEAL DWYER: Thank you very much.

LINEHAN: Next proponent.

JERRY STILMOCK: Thank you, sir. Madam Chair, members of the committee, my name is Jerry Stilmock, J-e-r-r-y, Stilmock, S-t-i-l-m-o-c-k, testifying on behalf of my clients, the Nebraska State Volunteer Firefighters Association and the Nebraska Fire Chiefs Association in support of legislation LB222. Thanks to Senator Albrecht for bringing this. And she said it. Mr. Dwyer said it. It streamlines, it makes the system a little less cumbersome for the volunteers. Volunteers are out doing what they're doing. And if they can-- that member department could just submit its information directly to the Department of Revenue, let them submit it to the Department of Revenue. There were a couple of glitches. Number one is a brand new program, right? So we tried to educate. We tried to promote. We worked with not only our

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members, of the Nebraska State Volunteer Firefighters, but also with the Department of Revenue to try to get it right the first time, right in terms of all steps and then getting the report from the political subdivision over to the Department of Revenue. There were some glitches. Was it the depart-- was it the fault of the sponsoring political subdivision, the city, the village, the fire district? Probably not. I mean, who am I to say whose fault it was? Sometimes it was, you know, I put the doggone document in the mail, but the Department of Revenue doesn't have any evidence that they received it. So we said, oh, time out. That was year one. Year two, let's put them by certified mail so we have a tracking system. Don't just rely upon, you know, I put it in the mailbox or I put it in the post office and it got there, right? And the Department of Revenue says, no. And you know how to hit the heartburn of somebody that is counting on something and they-- and they didn't end up receiving it? So they go do their tax return. They said, yes, check the box, I qualified because I met the requirements. Department of Revenue calls them back and says, we don't have you for both years. Remember, we had to qualify for two years in order to make it out of the chute. You had to qualify for two years as a volunteer getting 50 or more points, that old legislation. And in the second year, if you qualified in two years, then you were able to claim the tax credit. So I filed my tax return. I claim the tax credit. The Department of Revenue said no, no we never got this-- the two years' reports. So was it necessary to have this-- this step? It was something we pulled out from another law. We simply pulled out from another law that the reporting goes from the department to the sponsoring political subdivision to the state. So Mr. Dwyer said, you know, folks, we put our lives in the hands of volunteer EMTs, our lives in the hands of volunteer firefighters. I think they're capable of sending the reports directly to the Department of-- Department of Revenue. And you know, Senator Albrecht, she said she was going to bring this legislation. I said I think it makes sense. I don't know why we have to have that intermediate step of having the political subdivision do it. And-- and I know, Ms. Rex is going to be here. She's going to have a comment for you, you know, about, you know, her thoughts on the-- on the League side of life. But it looks like good legislation, and I think it will help. And I'd ask you to advance it to General File.

LINEHAN: Thank you, Mr. Stilmock. Do we have questions? Senator Friesen.

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FRIESEN: Thank you, Senator Linehan. Mr. Stilmock, basically, the way I read it, you're just-- you're skipping a step in here. The Department of Revenue still checks with the board to see that they're certified by the village or city to be on the emergency rescue, whatever. Is that correct?

JERRY STILMOCK: I don't know what the Department of Revenue does. I think the Department of Revenue says, OK, if you-- Jerry Stilmock, if you check the box that you want this tax credit in 2018, for the tax year 2018, your name better be on the list that we received. And I-- whether or not they go any deeper than that, Senator, I don't know but I--

FRIESEN: Because each year a municipality is required to certify the members of their department and that is sent in somewhere. Now you're-- you're certifying those members for insurance purposes, other reasons. And if they're not certified firefighters, then there's-- they have other problems too.

JERRY STILMOCK: Right.

FRIESEN: So I was just wondering if that list was sent in somewhere where the Department of Revenue could cross reference. I don't care that you're skip-- skipping the municipality.

JERRY STILMOCK: Yes, sir.

FRIESEN: But I want to make sure that they are on a fire and rescue squad.

JERRY STILMOCK: Yeah.

FRIESEN: That's my question, I guess, because--

JERRY STILMOCK: So.

FRIESEN: --those municipalities shouldn't skip that step either because if they're not on that certified list, they no longer qualify for workmen's comp and-- among other things.

JERRY STILMOCK: Payment.

FRIESEN: This is the smallest of their problems.

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JERRY STILMOCK: Exactly. You're speaking with knowledge and thank you. So the list that, Senator Friesen, that you're speaking of, is that list particularly for workers' compensation purposes. I'm Jerry Stilmock and they would agree-- the department recruited me to be a volunteer firefighter in Syracuse, Nebraska. Jerry, you're on the department. No. That's not good enough. I have to-- my name has to be submitted to the city council. The city council has to vote to allow to be-- allow me to be a member on the-- on the Syracuse volunteer fire department or the Syracuse volunteer rescue squad. Why? Because if I'm not on that roster, that official roster, as you've explained very well, Senator Friesen, then I don't count for workers' comp. And then everybody's in trouble. We are absolutely-- that-- that is mission critical. That is step one for that volunteer to be able to undertake business on behalf of the department in which he or she is serving. You are exactly right.

FRIESEN: My question, again is, is the Department of Revenue cross-referencing to that list that the municipality sent in somewhere? I think they have to file it somewhere.

JERRY STILMOCK: The only-- the only place I know it goes, Senator, is that list back to the membership roster. It goes from the city or the fire district. It goes to their insurance company and says, Stilmock is on as of February 1, 2019.

FRIESEN: Does the state have any with workmen's comp? Do they have any--

JERRY STILMOCK: No, sir. The only-- no. I mean the short answer is no. The longer answer is yes, if Jerry Stilmock goes to a fire in South Dakota, then-- then the state is-- is brought in, and that's a long, drawn-out example/answer. But-- but otherwise, no, that list does not go to the Department of Revenue as cross-check. No, sir.

FRIESEN: The biggest point is-- here is, missing this claim is nothing compared to not having workmen's comp if you get hurt on a fire.

JERRY STILMOCK: You said it best.

FRIESEN: And so if this double-checks by requiring municipalities to go through this process, that's not so bad. I don't want them to slip through the cracks and then not be certified. And you know, we-- or

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our department, at least, had a life insurance policy. Again, if you're not certified, you're not going to get that.

JERRY STILMOCK: Right.

FRIESEN: And so that step of the city council voting on that roster was extremely important. I'm not saying it's required for this but I'm saying if it makes sure-- the department makes sure the city does their job, then it's not a bad thing, but.

JERRY STILMOCK: I listened to what you said, sir.

FRIESEN: Thank you.

JERRY STILMOCK: Yes sir.

LINEHAN: Thank you, Senator Friesen. Senator Briese-- I mean, Senator Groene. Sorry.

GROENE: Thank you, Chairman. Basically, simplify this. We went from a two-step to a W-2, basically.

JERRY STILMOCK: Basically.

GROENE: Yeah. Individual gets this certificate, and then they attach it to their state income taxes like their W-2. And they get--they qualify for the credit.

JERRY STILMOCK: Yes, sir.

GROENE: What Senator Friesen is telling me, is that a different part of the law? Because--

JERRY STILMOCK: Yes, it is.

GROENE: It's still there?

JERRY STILMOCK: I mean, yeah. It's a different part of the law.

GROENE: All right. And--

JERRY STILMOCK: The state-

GROENE: --but-- but it's not pertaining to this. There's not a two-step in this anymore. Just the W-2.

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JERRY STILMOCK: Yes, just staple the W-2 to your return. As if you were stapling a W-2 to your return. I agree with what you said-- what you said. Yes.

GROENE: Thank you.

JERRY STILMOCK: Yes, sir.

LINEHAN: Thank you, Senator Groene. Are there other questions? Senator Kolterman.

KOLTERMAN: Just as a general comment, having worked in this arena. What typically happens with the municipality is, you have a firefighter that gets approved by-- first of all, they're brought into the fire department. They get approved. And then they have to go to city council for approval. They also run background checks on driver's licenses and things of that nature, and they have to do that because of insurance purposes. So they don't want some guy with a DUI or a-- driving the fire trucks. And so there's a lot of relevance to what you're talking about, Senator Friesen. But it is going on. And it does go-- I don't know if it's in statute, but it does go on a regular basis.

LINEHAN: Thank you, Senator Kolterman. Are there other questions-- are there other questions from the committee? Thank you, Mr. Stilmock.

JERRY STILMOCK: Thank you. What you've done is a good law. The volunteers that are doing it, it's working. We're going to continue to educate. We need to make sure that the volunteers of fire and rescue are serving all parts of the state because we all leave our homes and we all travel. And we all-- some of us all live in smaller communities, and it is mission critical. There are senators at the table where you're sitting, Senator Kolterman and others, Senator Bostelman, Senator Davis when he was here, Senator Dan Watermeier was here. This is mission critical. And we are going to stay on it until we make sure that we're providing the best EMS service and the best fire service that we can, given the nature of where our rural state is at. I shouldn't have said all that, but thank you for not-- thank you for allowing me to say that, Chair.

LINEHAN: You're welcome.

JERRY STILMOCK: Thank you, members.

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LINEHAN: Other proponents? Seeing none, are there any opponents?
Seeing none, in a neutral position?

LYNN REX: Senator Linehan, members of the committee, my name is Lynn Rex, L-y-n-n- R-e-x, representing the League of Nebraska Municipalities. And we're here today in a neutral capacity. We just have one minor amendment we would recommend, and that would be on page 3 of the bill. And that's Section 2 of this measure to amend 77-3105. And with the changes recommended, this indicates that, again, reading what the changes would be on line 13, "The certification administrator of the volunteer department shall file with the Department of Revenue a certified list of those volunteer members who have qualified," and it goes on what that is. We would suggest, respectfully, that a copy of that also be sent to the city, to the village, to the county, and to all the other entities, for the very reasons that you indicated, even though the workers' comp side is a different set of statutes, just another check and balance. So I don't know that they need to-- this is deleting the requirement to approve it. If you look on-- for example, this would be on that same page, page 3, line 6 through 10, it's deleting the approval requirement. That's fine. Our concern is making sure that at least we could the city and the county and the village, and everybody has a copy of it because for the some-- some of the same reasons, it's just a little bit of cross referencing. And obviously this is a very important incentive. Our volunteers do a fantastic job across the state, and the more that we can do to assist them would be something I think that's valuable for this committee. And we thank the senator for introducing the measure, and I'd be happy to respond to any questions that you might have.

LINEHAN: Thank you. Are there questions from the committee? Seeing none, thank you very much.

LYNN REX: Thank you very much.

LINEHAN: Are there any other people willing to testify in a neutral position? Seeing none, Senator Albrecht, would you like to close?

ALBRECHT: Thank you, again, for listening to this particular bill. I did look it up. There were 1,150 in 2007 asking for this claim, OK? And I will say that over the interim, I had several phone calls and visits from different departments that either-- I mean, truly, I don't know how things fell through the cracks, but I'd be happy to send a copy to the city or the villages. But I would like for-- to work with Jerry Stilmock and his volunteers to make certain that everybody

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understands what the process is because some people went as far to be-- as to be audited because of this one thing on their tax returns. So anything we can do to simplify it, to make it easy for the departments. But when you are asked to be that certification administrator by your governing body, they are giving you that authority to make certain that all of the different points are hit, you know, whether it's calls that you have or education that you need to-- to have within your department. I think they did a really good job. Training, drills, meetings, mutual aid meetings, fire protection, they have lots of different points that you can receive. But I think it's important that not only-- six months into it, you know pretty much where you're at and how many more calls you might need to make or how much-- how much more education you may need or how many other mutual aid calls you should be on to be able to qualify for this, for this \$250 tax credit. So I'd be amena--amenable to, maybe, looking at this, but I don't see any reason why the fire departments wouldn't want to give a copy of it to their city or village. So thank you.

LINEHAN: Thank you so much. Are there questions? Senator Friesen.

FRIESEN: Thank you, Chairman Linehan. I guess, from my standpoint, when I'm-- as I'm thinking about this here, having those lists verified by the city--

ALBRECHT: Um-hum.

FRIESEN: --because potentially, if all of a sudden that fireman is not on the roster--

ALBRECHT: Sure.

FRIESEN: --and he sends in a-- a tax rebate-- or a credit--

ALBRECHT: Um-hum.

FRIESEN: I would assume that could be tax fraud--

ALBRECHT: Certainly.

FRIESEN: --because he has to be a member of that department. And so to verify those two lists, I think, would be critical--

ALBRECHT: Um-hum.

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FRIESEN: --because otherwise now you have one person in a department that could be issuing these certificates--

ALBRECHT: Um-hum.

FRIESEN: --to anyone he wishes--

ALBRECHT: Um-hum.

FRIESEN: --and there'd be no cross-referencing. And I guess, from the standpoint of just everybody's--

ALBRECHT: Checkpoint. Sure.

FRIESEN: --self-interest, they should make sure those two lists are always comparable.

ALBRECHT: You bet.

FRIESEN: Thank you.

ALBRECHT: Thank you.

LINEHAN: Thank you, Senator Friesen. Senator Groene.

GROENE: Thank you, Chairman. But reading the statute, that's already in statute about this certification administrator and keeping point system, award points for activities, that's all-- that's been there in statute. All this is doing is creating a W-2 as I'm calling it.

ALBRECHT: Um-hum.

GROENE: So that's already been done.

ALBRECHT: Correct. But I--

GROENE: I mean, this is nothing new. It's just you have to fill out a form and then give it to each one of your members--

ALBRECHT: Um-hum.

GROENE: --so they can use it for the tax.

ALBRECHT: But I can also understand where Senator Friesen might be coming from. If somebody went on a call and something happened and the city said, you know what, this-- this isn't going to work for us.

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GROENE: But--

ALBRECHT: Then I can understand him want-- them wanting to have a second checkpoint--

GROENE: I understand--

ALBRECHT: --to be certain that it's right.

GROENE: For accounting practice, but-- but the certification administrator is the same one who-- who does the list--

ALBRECHT: Um-hum.

GROENE: --and compiles lists for the city. He's the same one who gives this--

ALBRECHT: To the Revenue.

GROENE: -- W-2. There isn't two administrators--

ALBRECHT: No. No.

GROENE: --certification administrators, so right there's your check.

ALBRECHT: I think that's where our problem lies.

GROENE: He will know because he gave the original certification to the city administration.

ALBRECHT: Um-hum.

GROENE: I mean.

ALBRECHT: And six months into it, you're going to know where you're at. And if there's a dispute with the volunteer and the certified administrator, they can talk about it. But then six months later, that full list goes into the Revenue Department from the certified administrator. Before we were having too many people involved in it. And some people didn't even know what they were supposed to do with the list. So I don't want to hold back a volunteer firefighter who puts his-- his life on the line to help all of us, but more importantly, he should be able to do that without questions.

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GROENE: So this is the first time this list is going to be reported to anybody besides the city clerk or the city council.

ALBRECHT: The first time? It has-- it has been submitted to the cities before this.

GROENE: That's what I'm-- Fine. Besides them, now you're saying it's going to the Department of Revenue [INAUDIBLE].

ALBRECHT: Now it's just going to the Department of Revenue. If, what I understand Mrs. Rex is asking the city to have a copy of it, not necessarily to-- if they dispute something, they-- they could take it up with a certified administrator. But yes, I do believe that they should have a copy on file. But they're-- they're not the ones that are going to send it to the Revenue Department. It's the certified administrator that will. And then he'll get the copies to all the volunteers.

GROENE: But he already exist in statute--

ALBRECHT: He does.

GROENE: --77-3104. And he's appointed by that village and that-- or that fire district.

ALBRECHT: Um-hum.

GROENE: It's all-- he's all-- that person/individual already exists. So the city already has it. This is just-- and maybe I'm completely off base here.

ALBRECHT: I think what they're asking is they want a list of those that are going to qualify for that-- that tax credit. I mean, it's OK for us to turn it into them and let them have it on file [INAUDIBLE].

GROENE: Do we-- do we have a point total that they have to achieve to get the \$250? Is it in the statue?

ALBRECHT: Let me see.

LINEHAN: I think it was brought up before.

GROENE: All right. Thank you.

LINEHAN: Any other questions from the committee? Seeing none, thank you very much. There is a letter for the record. There is a proponent

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from Richard Good, St. Edward Fire and Rescue, excuse me, two letters and Scott Schmidt, Cozad Volunteer Fire Department. There are no letters opposing or in neutral position. So with that, I close the hearing on LB222. I'd like to give an opportunity to the senators who came in a little bit later. Senator Groene, would you like to introduce yourself?

GROENE: Senator Mike Groene, Lincoln County, District 42.

LINEHAN: Senator McCollister.

MCCOLLISTER: John McCollister, District 20, central Omaha.

LINEHAN: And I'm going to step out on to another hearing and let the Vice Chairman Friesen take over.

FRIESEN: Thank you, Chairman Linehan. We will now open the hearing on LB272. Welcome, Senator Morfeld.

MORFELD: Senator Friesen, members of the Revenue Committee, my name is Adam Morfeld. For the record, A-d-a-m M-o-r-f as in Frank-e-l-d, representing the fighting 46th Legislative District, here today to introduce LB272. My district, which comprises downtown and northeast Lincoln, often faces chronic underemployment, closing, and downsizing of several major manufacturing centers over the last ten years. The district's median household income is currently the second lowest in the state. And as I went door to door, the need for living wage jobs and incentives to attract industries that create these living wage jobs to Nebraska became clear. LB272 would provide, for the first time in Nebraska, nonrefundable income tax credit to an employer for wages paid to apprentices as a part of a qualified apprenticeship training program. The credit is equal to \$1 for each hour worked by an apprentice during the year with a tax credit being capped at the lesser of \$2,000 or 50 percent of the wages paid to the apprentice. In light of the current fiscal challenges the state is facing, LB272 also has a \$2.5 million cap in the amount of tax credits that can be distributed. This is a program based on Apprenticeship "South" Carolina which in 2007 had only 90 companies with apprenticeship programs and 777 apprentices. Today, there are 819 companies in South Carolina with 6,300, almost 6,400 active apprenticeships and 17,458 apprentices served in the lifetime of the entire program. These apprenticeships are skilled in construction, nursing, and IT fields, all high-wage and in-demand jobs. Although LB272 is drafted-- as drafted, is limited to construction trades, it is my intention to

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expand this program to include other critical need areas such as IT and healthcare. Many manufacturing companies, IT, and skilled trades require extensive training in a world dominated by technology.

Nebraska can become a hot spot to attract these industries and jobs to the state. As the Governor has noted in the past, a skilled work force is imperative to Nebraska to be competitive and a critical need for our state at the present time. Offering incentives for businesses who provide high-paying apprenticeships is a great way to ensure Nebraska is work force ready. Apprentice training programs ensure that a properly trained work force which leads to better work outcomes, higher wages, and a portable career. I also want to share with you an amendment that was brought to me, if a page will come over here, that was brought to me by the "General Contractors of Nebraska, Building Division." The amendment eliminates the requirement that an apprenticeship program must be administered by trustees. The reason is that some organizations that have apprenticeship programs do not have trustees and would otherwise qualify for this program, so we're taking that out. Making Nebraska workers more competitive and creating a climate to attract high paying jobs is the purpose of this legislation. I urge your favorable consideration of the bill. Would be happy to answer any questions. I have two more bills up in Judiciary this afternoon so I may have to leave before closing. Thank you.

FRIESEN: One quick-- quick question. Could you kind of give me a distinction between the fighting 46th and the District 46?

MORFELD: That's a good question. You can ask Senator Conrad that, my predecessor. She coined the term and I'm just copying, so.

FRIESEN: Any other questions from the committee? Seeing none, thank you.

MORFELD: That was easy. Thank you.

FRIESEN: Are you going to stay around for closing?

MORFELD: I'm going to try. But I have two other bills up.

FRIESEN: All right. Thank you. Proponents? Welcome.

JESSE PARKER: Ho, committee members, my name is Jesse Parker, J-e-s-s-e P-a-r-k-e-r, and I'm going to do something a little bit different. I'm going to introduce myself in my Omaha language. Omaha lot to dah nuble oh. Omaha eshashay wuwheata tay gamuck thee. She

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waukayee eshashay wuwheata tay [PHONETIC] Jesse Parker. What I told you was, I'm an Omaha man, and I come from the Bird Clan. My Omaha name, given to me by my grandfather, is Thundercloud, and my white man's name is Jesse Parker. I'd like to say, ewangelay webalho [PHONETIC], thank you, everyone, for having this hearing today. You know, it was two years ago that I had looked in the mirror and said to myself, if you're going to do something with your life, then start making change. The first step I took was to give up alcohol. And I'm proud to say that I am two years sober, very proud of it. But also at that time, I had no car. I had no home, and I was living, you know, a subpar life, I would say. During that time in my sobriety, I had to face challenges each day, temptation. And you know, I looked at myself last year, in May, and I wanted to make a career change, a good-paying job, good health insurance, and opportunities like this to talk to all of you. In May of 2018, I was hired on at Falewitch Construction as a first-year apprentice. You know, I can't thank my teachers, my journeyman, and my foreman in the short span that I have become a valuable asset to my contractor. During that time, I was appointed apprenticeship committee chairman for Locals 1463 millwrights, 427 carpenters, and 1306 interior systems. We, as United Brotherhood of Carpenters and Joiners, support this bill as it will help others like myself become the carpenters of the future. We like to say in Omaha, we say, Atayga Ho [PHONETIC]. That is all. Wi'Bthu Ho. Thank you.

FRIESEN: Thank you, Mr. Parker. Stay-- stay-- stay seated at your chair, please.

JESSE PARKER: Oh.

FRIESEN: I grew up speaking German. I wish I could continue to speak my language as well as you spoke your native language. But you did a great job. Again, are there questions from the committee? Senator McCollister.

McCOLLISTER: Yeah. Have you graduated from your trainee status, and are you a full-time employee now with the?

JESSE PARKER: Yes. It only took me 7 working days out of our-- we have like a 90-day probationary period, preapprentice program. But with the clear mind, you know, I can do anything with my life now. Seven working days it took me, and there are others like myself out there. And you know, hopefully you guys can give us the opportunity to hire more carpenters because about 40 percent of our work force is going to be retiring here in the next 4 to 6 years. And we need people like

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myself, I'm only 27 and we are the wave of the future, to keep high-paying jobs here. So thank you. Do you have any more questions?

McCOLLISTER: One more. Did you go to a school or is this part of the corporation that developed this program like a Metro Tech or [INAUDIBLE].

JESSE PARKER: Nope. I've always worked nonunion jobs, and I just kind of picked up, you know, little tricks of the trade. And then the way our-- our union works is you have to go to either a contractor, and you work through your 90 days. And then they will send your letter of intent over to the union. And then from there, you'll be able to test in to see where you are, your skillswise, and that's how you get your pay scale.

McCOLLISTER: Are there a great many people doing what you're doing?

JESSE PARKER: Say that again, sir.

McCOLLISTER: Yeah. Are there are a lot of other people doing exactly what you've done?

JESSE PARKER: Currently we have, and I'll leave this up to them, but I believe we have in interior systems, that's the union I'm a part of, about 389 apprentices-- or total members, sorry. We have about-- roughly about 200-and-some-odd. Again, I would like to refer that to my brother over here. He'd have a better answer to that. But it is nice to work with other apprentices who are basically going through the same life change. This has changed our lives. I have a car now. I have a home now. I just bought a home. I like Nebraska taxes, by the way. But this is what this job has given me. I have-- I have good health insurance. I have a home and I have a car. I'm very proud to say that.

McCOLLISTER: Well done. Thank you.

JESSE PARKER: Thank you, sir.

FRIESEN: Thank you, Senator McCollister. Senator Groene.

GROENE: I think something you've got.

KOLTERMAN: I've got a different question. I'll ask somebody else.

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GROENE: Thank you. So were you in an-- an apprentice program that qualified-- we have some apprentice programs out there now. Was yours a-- did you get a tax break or did the company get a tax break for your apprentice program or was it just a standard union apprentice program?

JESSE PARKER: Standard union apprentice program.

GROENE: And they-- I know the sheet "metalers"-- workers because I have a nephew in Omaha, they have a shop. They have a school. But they actually train them. Does the Carpenters Union have that too?

JESSE PARKER: Yes, sir.

GROENE: They have a shop and instructors that you can improve your skills.

JESSE PARKER: Yes, sir. We go every--

GROENE: That's something that has to be brought out because some of our community colleges are failing in that area, but I know the union does it themselves in certain work areas so. Thank you.

FRIESEN: Thank you, Senator Groene. Any other questions from the committee?

JESSE PARKER: If I may add one thing, we do go to class 4 times a year, and that is 40 hours a week, 5 days a week, 8 hours. So we do get a lot of different training, a lot of training like ICRA where we're working in hospitals. That is a big sell moving forward.

FRIESEN: Do you choose which segments to take training in or is that just part of the system?

JESSE PARKER: It's-- basically it's scheduled from-- your first year you'll learn basic orientation, intro to metal framing, intro to drywall. And then you start getting into more advanced framing, advanced drywall, ICRA training, health care training. And then you start working on like acoustical ceilings and drywall finish. Well, like I said, in the short time that I've been in the union, I can tell that I have turned into a great carpenter. And I can't wait to see where I am, you know, in four years when I journey out.

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FRIESEN: Thank you, Mr. Parker. You impressed me. So keep up the good work.

JESSE PARKER: Thank you, sir.

FRIESEN: Thank you very much. Any other proponents? Welcome.

JESSE GREGERSON: Welcome. Welcome. Good afternoon, Senator, committee members. My name is Jesse Gregerson, J-e-s-s-e G-r-e-g-e-r-s-o-n. I live at 3375 S. 129th Street, Omaha, Nebraska, 68144. I'm here today as a proponent of LB272. I'm a business representative with the North Central States Regional Council of Carpenters and a 15-year member of Carpenters Local 427 located out of Papillion, Nebraska. I also went through a four-year apprenticeship program. The skills I acquired were the best thing I've done for myself and my family. As a business representative, it is my job to make sure apprentices have the ability to secure stable work while they are learning and earning. Our ability to recruit high school students, veterans, men and women, into the trades is directly tied to our ability to place them with contractors that value the tuition-free education. It allows them to hire apprentices knowing they don't have all the skills but are willing to invest in their training and long-term career paths. People that go through the apprenticeship programs tend to stay in the state. They don't normally leave, and therefore contribute what they have learned back in to Nebraska and their local communities via construction projects, for example, Pinnacle Bank Arena, Henry Doorly Zoo, Memorial Stadium, UNO campus, TD Ameritrade ballpark, and many more. These are examples of projects that men and women are proud to say that they have built and cherish them with others in their family all while going through their apprenticeship. There is a skilled-trades gap all over the country, and apprenticeship training programs are one of the best kept secrets out there. They're tuition-free, graduating without debt, and earning a good living while living-- while learning is something we want the public to become more aware of. Your support of this bill will help promote skilled trades with parents, counselors, as well as contractors. Contractors that invest in apprentices are investing in the future of the construction industry. The upward mobility for apprentices doesn't end with becoming the journeyperson. They could become estimators, foremen, general foremen, engineers, superintendents, company owners, and community leaders. And that's just a few for an apprentice to further his or her career path. So with that being said, I stand in support of LB272. It will help

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contractors remain competitive while training new Nebraska tradesmen and women. Thank you.

FRIESEN: Thank you, Mr. Gregerson. Any questions from the committee? Seeing none, thank you for your testimony.

JESSE GREGERSON: Thank you.

FRIESEN: Welcome.

CHRIS CALLIHAN: Good afternoon, Senators, and thank you for taking time to let me talk to you today. My name is Chris Callihan, that's C-h-r-i-s C-a-l-l-i-h-a-n. I'm the business manager with International Brotherhood of Electrical Workers Local union number 265 here in Lincoln. I'm an active with both the Greater Nebraska Electrical Training Apprenticeship program-- excuse me, and electrical-- Lincoln Electrical Apprenticeship program. I'm also a delegate with the Lincoln Building and Construction Trades Council. And I am testifying to you today in support of LB272, the tax credits for partnership training program, on behalf of the members of Local 265. LB272 provides for a nonrefundable income tax credit to an employer, my area electrical contractor, for wages paid to an apprentice as part of the qualified apprenticeship training program. This is a \$1 tax credit based on or calculated on the hours worked by the apprentice during the year. To us, this is a built-in incentive to the industry, to the employer, to make sure that the contractors are employing apprentices in a program but also making sure that they are also getting hours needed to advance through required OJT, or on-the-job training. The tax credit is capped at less than \$2,000 or 50 percent of the wages paid to the apprentice. Overall, this bill is also capped at \$2.5 million per year. I myself was trained through the-- through the Lincoln Electrical JATC-- JATC apprenticeship program. I turned out from that program in 2009. It gave me the training in both the industry and the safety that goes hand in hand with doing electrical work. It is a dangerous job and can hurt you at any given moment. Training is paramount in being safe, productive, and successful in the electrical construction industry. I also know that it is-- that this is all-- is not exclusive to my industry and that there are a lot of other career paths that this bill would help the employers that choose to use approved apprenticeship programs. There have been a lot of people talking about the need for internships, apprenticeships, and vocational training programs in Nebraska. The Governor, himself, has talked about the need for skilled work force in business holding some employers back from growing or expanding their companies in Nebraska.

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IBEW Locals and the Nebraska chapter of NECA are currently continuing to expand our training programs to out-- to areas outside of Lincoln and Omaha metro areas. We have apprentices and journeymen working in Kearney, Lexington, Ravenna, Gothenburg, Grand Island, Holdrege, Broken Bow, Hastings, Norfolk, Columbus, and towns in-between. This is allowing us to offer those members and employees in those areas good pay, access to benefits that include health insurance, training, and pensions. Our apprenticeship programs are heavy-- heavily supported nationally when it comes to its standards, registration, curriculum, and advancement of technology. From the electrical trades' side of things, we are starting to really see technology become more and more used. This isn't just the product being installed or hooked up to power, but also to the tools that we are using on the job as well. We are looking at light fixtures that are now controlled through low volt, can be dimmed, but also can change colors. We're also looking at light fixtures that are now controlled through low-- or-- that also will broadcast your Wi-Fi. I think the day and age of having blueprints on your job sites is slowly going away. We are starting to see now tablets and more advancement in the bid-- bidding software that the tools that they use. You will be eventually seeing on a job site a tablet or computer that will have your blueprints and your CAD all on it. You're not going to have the 30-foot piece of paper, 16 pages deep on your desk anymore. It's going to that. It'll be sooner rather than later. We, the IBEW NECA, spend millions to stay on top of these changes each year, both in the technology on that side and also the curriculum, safety, everything involved. One of the last figures that I heard was around \$24 million was spent by IBEW NECA in 2013. Thank you for your time and listening to me talk about LB272 and our position on it. I'd be open to any questions or concerns.

FRIESEN: Thank you, Mr. Callihan. Senator Kolterman.

KOLTERMAN: Thank you, Senator Friesen. Can you tell me now, under your program, that you've got an apprentice program that's been working very well?

CHRIS CALLIHAN: Since 1947.

KOLTERMAN: Where does the funding come from at the present time?

CHRIS CALLIHAN: Contractors.

KOLTERMAN: So the contractors pay the cost--

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CHRIS CALLIHAN: Um-hum.

KOLTERMAN: --for you to educate that person?

CHRIS CALLIHAN: Yep. They pay a percentage of gross wages into the JATC's fund and that fund there in turn trains everything from an apprentice, entry level, all the way to the contractor. Our contractors get their continuing ed and advancement as well. So as a journeyman wireman, I'm licensed in the state of Nebraska and the state of Wyoming. All my continuing ed I get through my training. I've got 12 hours of continuing ed in Nebraska and 16 in Wyoming.

KOLTERMAN: And how do they arrive at the fee that they charge the apprentice?

CHRIS CALLIHAN: That is-- that is a-- you kind of bring that up and that's good. The subject of trust is brought up. Our trust is half NECA, our contractors, and half our labor. And our labor side is made up of guys in the field. And those are guys that are running work, running a service van during the day, and come in after work. And then they sit down and handle the day to day or business or that-- for that trust and the apprentices that are underneath it.

KOLTERMAN: So do they-- when you talk about your-- are they paying labor dues, labor fees into this fund?

CHRIS CALLIHAN: No it's-- this is strictly a contractor contribution. They pay a percentage of their gross wages that they pay. It's not a deduct. It's a gross wages of what they pay, the contractors, pay into that trust. Underneath the-- underneath themselves, they--

KOLTERMAN: How much does that amount to on an annual basis?

CHRIS CALLIHAN: For me, I wouldn't know. I wouldn't know. I apologize for that. That's something I could probably get for you, so but.

KOLTERMAN: OK. That's fine. I'd be interested. I'd be interested to see how you're funded at the present time because, don't get me wrong, I'm 100 percent behind what you're trying to do, but we don't have any money at the state.

CHRIS CALLIHAN: Um-hum.

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KOLTERMAN: I really like the idea of promoting the trades. But I want to see how you're funded now and why all of a sudden we come to the state asking for some additional monies, just, just.

CHRIS CALLIHAN: And you know, and I think this bill is an incentive. It's an incentive. I've got 13 contractors that are locally based that are signatory to my local. And I've got another probably double that are contractors that are-- have national agreements or national customer bases that come in and out. And there are two. Our locals handle Nebraska, and they've got way more than I do. So you're talking, I don't know maybe, a small percentage of the contractors in the state of Nebraska, electricalwise, are union and use those apprenticeships. Now we're not the only exclusive union or training program or apprenticeship one, but I think we definitely are the best. We've been doing it since 1947, and we again, we-- our curriculum and our advancement changes every year. We are always on top of that. I think this creates an incentive for the contractors that aren't necessarily taking advantage of an apprenticeship program to look at it. You know, I think there's a vast difference, from an employer or contractor standpoint, having Joe the apprentice working for you and having Joe the apprentice working for you that's actually in a program. To me, that's the difference between a job and a career. And it's the difference between a safe and productive job compared to not having one. Having an active apprenticeship program, whether it's mine or another one, is, I think, a huge step forward. And thinking of-- you know, and I've always said, I think an apprenticeship program is a 20-- 15, 20, 30, or 40, or 50-year plan. You know, it's the plan of the next generation. The guys that you're training now are the guys that are going to be buying you out as a contractor, taking your company forward or your next lead guy for your company to move forward and continue to handle that workload. We have to be on top of that and training them. You've got a lot of companies out there that might not have that piece in there, and this is going to help, maybe, them with that conversation. Maybe I need to take two of my apprentices that I have employed and start putting them through a structured program. I need Joe to be trained. I need Joe to have the tools and the skills to make me money, to make-- further my company and his career in this trade, whether it's electrical, iron worker, carpenter, from Brother Jesse and Brother Parker there, there's 15 trades. Every one of them's got a training program so. And IT, nursing, like senator said, so.

KOLTERMAN: Thank you.

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CHRIS CALLIHAN: I think it's more of an incentive than anything.

FRIESEN: Thank you, Mr. Kolterman. Senator McCollister.

McCOLLISTER: Thank you, Senator Friesen. Did you mention what trade you have?

CHRIS CALLIHAN: I'm electrical.

McCOLLISTER: Electrical. And you're a journeyman?

CHRIS CALLIHAN: I am a journeyman wireman. I turned out of the program in 2009.

McCOLLISTER: How many vacancies for electrical workers are there in your immediate area?

CHRIS CALLIHAN: In mine right now? Right now immediately today, I could probably use a handful of journeymen. Apprentices? We're always kind of looking. We're never going to really going to try and turn one down because, you know, it's a long-term goal. So that's short-term thinking when you start turning them away.

McCOLLISTER: What kind of outreach do you have to find folks to become apprentices?

CHRIS CALLIHAN: Me? I am-- between the three programs because you've got the one in Omaha. You've got the one in Lincoln. Then you've got Greater Nebraska which covers a lot of northeast, central, and western Nebraska. We're trying to cover the entire state to draw. But you know, that's easier said than done to some degree, you know, when it comes to marketing. But you know, we're pulling-- we've pulled apprentices from the Panhandle, from North Platte, from Kearney, the north central part of the state, you know, off to high 20-- Highway 20 and everything, you know, get into Valentine, even down to Holdrege and stuff like that so. I'd like to say, we're probably the best well-- best kept secret, our apprenticeship program. I mean, we haven't done a very good job in the last 30 years of marketing, and that's on us. But we're getting it out there. And you know, our Lincoln program is accredited with SCC, so if you get a SCC brochure for their vocational specialty, we're listed in there. So you can either go through the program in Milford or you can actually go through our program. And the nice thing about our program, it only costs for an apprentice, for those five years, is his books. The

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contractors, as part of that fee they pay in, that percentage covers the tuition. So that saved me \$10,000, \$12,000.

McCOLLISTER: OK. Thank you.

FRIESEN: Thank you, Senator McCollister. Senator Briese.

BRIESE: Thank you, Chairman Friesen. Thank you for being here. Earlier in your testimony you talked about a lot of contractors that don't have apprenticeship programs in the construction industry. Can you quantify that for us, estimate that for us? What percent of those contractors would have apprenticeship programs? What percent would not?

CHRIS CALLIHAN: You know, I wouldn't. I would probably venture to say, in the state of Nebraska, without talking to the state electrical division, you're probably looking 300 to 500 contractors. And that's everything from a one-man shop to like in Commonwealth Electric. You know, they've probably got 500 electricians between the three branches. Miller Electric, right now, probably got 1,000 electricians. So that's a wide range. And again-- and again, some of that is, you know, I got to own it to some degree, from my standpoint, that we didn't do a very good job of marketing ourselves. There's a lot of contractors that are out there that, I think, if they truly knew that 265 and NECA we're offering an apprentice program in that area that they could sign on, I think they probably would jump. And that I got to own, and we will do a better job. So but I think this helps incentivize it too, to actually take advantage of it and do it. But at the same time, I know from work force development as well, there's a lot of contractors out there that are creating their own too. And depending on where it falls for qualification, that might follow suit.

BRIESE: But a lot of contractors currently do have a qualified apprenticeship program?

CHRIS CALLIHAN: I don't know. I know the number's increasing.

BRIESE: OK.

CHRIS CALLIHAN: But I don't know what-- to what-- a number. But I know the vast majority of contractors probably do not have an active or utilize an active qualified apprentice program, and that's not a good thing. I think we need to grow.

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BRIESE: OK. Thank you.

FRIESEN: Thank you, Senator Briese. Senator Groene.

GROENE: Thank you. I heard you mention the word North Platte. There was an apprenticeship program in North Platte?

CHRIS CALLIHAN: We have drawn apprentices from North Platte. Our-- part of our long-term goal is to keep working west and to eventually have something more sustained and permanently in North Platte and then in the Panhandle.

GROENE: I didn't like you saying you're drawing from North Platte. You took our workers away.

CHRIS CALLIHAN: I'm putting them to work in North Platte and other places. They're kind of nomadic.

GROENE: So they-- like when we built the new hospital.

CHRIS CALLIHAN: Yeah.

GROENE: Your union would have been there?

CHRIS CALLIHAN: We are-- you're going to test me. We were on that job, but I don't remember. I think we were doing a lot of the HVAC controls and some of the data. We did do the major medical-- or the major electrical on it. But we are pulling resources, both apprentices and journeymen, from vast areas of the state because our contractors, right now, are stabilizing and trying. And they're-- and they're doing work for customer bases that are keeping them moving around, so they might do a service call in Broken Bow or an outlying area around there, and the guy might be from north of there.

GROENE: Isn't electrician a little bit different because in statute, in licensing, you have an apprentice and a journeyman--

CHRIS CALLIHAN: Um-hum.

GROENE: --and an electrician? You don't have that in carpentry and-- and-- well, sheet metal work, through the union, you do--

CHRIS CALLIHAN: Um-hum.

GROENE: --but not at the licensing across the state.

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CHRIS CALLIHAN: No, not all of them. Not all of them.

GROENE: You say qualified-- I heard you say the word qualified apprentice program. How do you quantify qualified apprentice program?

CHRIS CALLIHAN: In my eyes, and this is in my eyes, and I think that it should be the standard because again, if you're putting this incentive out there, then why not make sure that XYZ electric or carpentry work or whatever has five apprentices working for them, and making sure that they're not just signed up for the program and getting the credit, but they're actually attending classes, passing those classes. There's some structure there. Otherwise, you're just handing out a tax incentive, you know? But I think, you know, you-- our program is registered with the Department of Labor. There's hours that are logged. They have to have 800 hours in the program. They've got to have the 8,000 hours on the job. So all that's logged. That to me is kind of how I start to define qualified.

GROENE: Thank you.

CHRIS CALLIHAN: Appreciate it.

FRIESEN: Thank you, Senator Groene. Senator Crawford.

CRAWFORD: Thank you, Vice Chair Friesen. And thank you for being here.

CHRIS CALLIHAN: Um-hum.

CRAWFORD: Just to put a fine point on what you were just saying, if a program is certified by the Department of Labor, would you consider that a program that's worthy of a tax incentive? Having the certification is what's really-- what we should look for in terms of distinguishing which apprentice programs qualify, who should qualify?

CHRIS CALLIHAN: To me, I think that'd be the first step. But I think, again, if you've got five apprentices working for you, are they actually enrolled and taking classes? Maybe only two of them are. But you're getting the tax incentive on all five.

CRAWFORD: But would you be accredited-- certified by the Department of Labor if you were doing that?

CHRIS CALLIHAN: Yeah. I would--

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CRAWFORD: You still could be.

CHRIS CALLIHAN: Yeah. I think that's, like I said, the first step. We are registered with the Department of Labor. Our national JATC is registered nationally. All of our standards are registered with them so they're known and public. And all of our apprentices go, like I say, go through SCC from the Lincoln side, so their grades are turned in and recorded. And our instructors are vetted. Our instructors go through training once a year so.

CRAWFORD: So you're doing everything right. I'm just trying to identify if that certification is a good mark for us to use.

CHRIS CALLIHAN: Me personally, I think it would be.

CRAWFORD: Thank you.

CHRIS CALLIHAN: I think that way you know you're moving properly forward.

FRIESEN: Thank you, Senator Crawford. Any other questions from the committee? What would be the beginning pay of an apprentice?

CHRIS CALLIHAN: Depending on which area contract, but right now, I think even the lowest one is \$10-something and change. Then your benefits are on top so.

FRIESEN: Then as you work you increase-- your skills increase, you get paid more.

CHRIS CALLIHAN: Yeah. And ours are completely structured, so as you advance in both those two hours again, the 800 hours in class, 8,000 training on the job, as you progress there's raises automatically in play. And it ladders you all the way up to when you pass the state of Nebraska journeymen's line-- exam and turn out of the program. You get the full pay which range anywhere from \$25, \$24 bucks an hour all the way up to \$36 depending on where you're working. But again, all your benefits are paid on top. Your two pensions and your health insurance are paid by the contractor on top of that.

FRIESEN: Any other questions from the committee? Seeing none, thank you, Mr. Callihan.

CHRIS CALLIHAN: Thank you.

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FRIESEN: Welcome.

FELICIA HILTON: Good afternoon, Madam Chair, committee members. My name is Felicia Hilton. I am the director of government affairs for the North Central States Regional Council of Carpenters and I am here to speak as a proponent for the bill here today, LB272. I just wanted to-- you guys have heard from everyone else about the program. But I just want to emphasize that the apprenticeship programs and the members of in particular, the carpenters union are in partnership with a number of our contractors. We pay into the apprenticeship 70 cents of every hour worked. The contractors also contribute to the trust as well. And that the partnership and the investment that is made in the young and upcoming carpenters in Nebraska as well as throughout the council that I represent is something that I think is-- is underlooked. And it's a value that I think a lot of people have somewhat forgotten with the push to put a bunch of kids through college which is a very noble thing. But there are a lot of kids that learn with their hands and their mind. And we are [INAUDIBLE]. And I think that the trade itself doesn't get enough credit for the math that it actually teaches young people. We are science technology, engineering, math-- engineering and math applied. We get a number of students that come in and didn't do well in math at all, and all of a sudden, they're doing Trig and they know what Pi means. But they are learning it because it's applied. And that investment from union members as well as the contractor into the future of upcoming cont-- carpenters is something that I think this bill will help promote. And also, it gives the contractors an incentive to really invest in apprenticeships. It's a time-honored way of learning-- learning with your hands, using your mind. And in a lot of cases the young people that come out of the apprenticeship, they come out without any debt, and they-- they graduate without a bunch of debt. And they can basically buy homes and do the things that Jesse said that he was able to do. And when we say tuition-free, obviously it isn't free. The members and the contractors contribute and pay for the young people to come into the program. They cover books and everything else that they need to know. And our instructors are paid, but it's all paid through the-- the fund, the trust fund. So it isn't free, but it's free to the young person. They're earning while they learn. And it is something that I think that if we could figure out a way that we can invest in that side of education, which is what I believe this tax credit is doing, so it's not asking for direct dollars into-- because we all want to support community college or college education in that sense and giving students the opportunity to take out loans and get state

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grants and state funding for college. But in this sense, we're just asking for a tax credit to help contractors that are hiring apprentices. Obviously it's a great cost to hire someone that's a greenie. You don't really know what you're doing on the job. You come on a job site and you have no idea. But we're just asking that you guys consider this-- this legislation to-- to really support this type of learning and this type of student that would come in and excel in a four-year apprenticeship program and be able to create a great career path for themselves without the tremendous debt that-- that goes into furthering your education.

FRIESEN: Could you please spell your first and last name?

FELICIA HILTON: My first name is Felicia, F-e-l-i-c-i-a, and Hilton, H-i-l-t-o-n.

FRIESEN: Thank you. Are there any questions from the committee? Senator Groene.

GROENE: Thank you, Vice Chair. Do you have an out-- outreach program to get into the high schools and reach kids before they give up?

FELICIA HILTON: We do.

GROENE: That there's something they can do besides wear a suit and tie?

FELICIA HILTON: We do. It's called Career Connections. And it's our curriculum that we work with school districts to use in their, basically, whatever curriculum they're pushing or using for their schools. We try to encourage them to use the Career Connections that we have for construction. And it teaches construction language, construction math, and it's a little broader in the details of the trade. Rather than just teaching how to make a birdhouse or something like that, it gets more into what it is to do math in construction, and you learn the construction language in that sense. So it's-- that's what we push with the public schools.

GROENE: What about attrition? You probably don't like that. But some of them, you train. They're union members. And they get to be 35, and they decide to be-- go off on their own and be a small contractor. Does that happen a lot?

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FELICIA HILTON: Yep. It happens, and it's something we're proud of when-- when, you know, rank and file become contractors.

GROENE: Businessmen-- business owners.

FELICIA HILTON: Yeah. And they learn a lot of that, and we try to always offer upgrade classes. So there's always upgrade classes for every journeyman. So as an apprentice-- every four-year apprentice is coming out of the program knowing the latest in the technology and the skills on the-- on the job or in the trade. So yes, we do.

FRIESEN: Thank you, Senator Groene. Any other questions? Senator Linehan.

LINEHAN: Thank you, Senator Friesen. Do you have an idea of how many high schools you're actively involved with in Nebraska--

FELICIA HILTON: Uh-huh.

LINEHAN: or districts? And it's OK or you could get back to us.

FELICIA HILTON: I think-- I know we're active in the Omaha School District. Do you have any other? I think it's four or five school districts.

LINEHAN: OK. Thank you very much.

FRIESEN: Thank you, Senator Linehan. Any other questions from the committee? Seeing none, thank you, Ms. Hilton.

FELICIA HILTON: Thank you.

SUSAN MARTIN: Good afternoon, Senator Linehan and the members of the Revenue Committee. My name is Susan Martin, S-u-s-a-n, Martin, M-a-r-t-i-n. I'm the president of the Nebraska State AFL-CIO. To net-- today I'm testifying in support of LB272, tax credits for apprenticeship training programs. Apprenticeship programs help employers develop a highly skilled work force, reduce turnover rates, increase productivity, and lower the cost of recruitment. They provide customized training specifically to the needs of businesses by actually providing the training and education as well as a reliable stream of qualified workers. Apprentices may read-- apprenticeships may also reduce worker compensation costs due to the extensive training on safety they receive as well as producing a high level of skills required for the occupation. Apprentices who complete

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apprenticeship programs typically remain with the employer after completing their program. They not only help an employer, but the apprentice-- apprentice as well, providing them with hands-on training, education, and a career, all while earning a paycheck. Registered apprenticeship in our state is a win-win partnership. It helps businesses thrive by building a highly skilled, highly productive work force, and it helps job seekers access and maintain stable careers with good wages. By developing a state-based tax credit for apprenticeship program, the benefits would reduce an employer's investment in apprenticeship training costs, taking a burden off them, and allow for more employers to use apprenticeship programs. Apprenticeship is a successful job true-- job-driven training strategy that is an effective tool under the Workforce Innovation and Opportunity Act. We need to be proactive in thinking of ways to increase our skilled work force and providing better paying jobs to keep Nebraska's economy moving in the right direction. The tax credit for apprenticeship training program has been implemented in several other states, and a handout that I provided shows you what other states are doing. So I would ask that you support this legislation and the benefits that will ultimately have in our state.

FRIESEN: Thank you, Ms. Martin. Any questions from the committee? Seeing none, thank you for your testimony.

SUSAN MARTIN: Thank you for your time.

BRUCE BOHRER: Good afternoon, Senators. I'm Bruce Bohrer. For the record, my name is spelled B-r-u-c-e B-o-h-r-e-r. I'm appearing in support of LB272, the Apprenticeship Training Program Tax Credit Act. I'm the registered lobbyist for the Lincoln Chamber of Commerce, and I'm testifying in support of LB272 on behalf of the Lincoln Chamber of Commerce, the Lincoln Young Professionals Group, the Greater Omaha Chamber of Commerce, and the Nebraska Chamber of Commerce and Industry. Apprenticeships have been around for more than a century in our country but have gained more attention in recent years due in part to the skills gap within our talent pipeline. There is a new interest in expanding these kinds of programs, and in recent years, a growing number of states have turned to apprenticeships as a potential solution to their labor shortages. This is according to a March, 2018 article in Governing Magazine. A 2016 survey of business leaders by the Nebraska Chamber of Commerce found that 80 percent said their community or business faced a work force shortage. When asked to identify what type of worker was most needed, 90 percent said-- said

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skilled workers, skilled labor. Also mentioned was a need for workers in science, technology, engineering, and mathematics. I spoke to our director of Workforce Development. He was a very strong supporter of this proposal. It was his opinion that the tax credit would be a way to convince more companies to take the plunge into apprenticeship. He also gave a lot of credit to the Department of Labor for making it very easy. And finally, he said another great thing about apprenticeships, and really we've heard about that in this discussion this afternoon, is that the-- it's easy to measure their outcomes and calculate the benefit to both the employee and the employer. We believe that apprent-- apprenticeships could play an important role in addressing our work force shortage and skilled labor needs. LB272 offers a means, within limits and guidelines that have been discussed already, provided under the bill which encourage employers to offer them. We appreciate that this bill will be broad enough to encompass different types of apprenticeships rather than the traditional that we've heard from, the skilled trades. Also IT and healthcare which is important as we look to our future work force needs. The bill also has a variety of providers, and I think that's a good option to have as well. We do agree with the amendment that's being suggested by the AGC which would remove the trustee administration requirement. I appreciate your consideration, and will conclude my remarks unless you have any questions for me.

FRIESEN: Thank you, Mr. Bohrer. Questions? Senator Briese.

BRIESE: Thank you, Chairman Friesen. Thank you for being here.

BRUCE BOHRER: You're welcome.

BRIESE: In view of the labor market and the labor shortage we face in Nebraska and the lack of skilled workers in some of these areas, your organization, does it believe that \$1 an hour credit on here will actually increase the number of apprenticeship programs from what it is right now?

BRUCE BOHRER: Yeah. I think it will. When you look at the other states, were-- were pretty close to what we are there. But that's-- that is the objective. So if that needs to be adjusted, I mean, I think we could see. But that is the goal.

BRIESE: But-- but \$1 an hour would-- would have an impact?

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BRUCE BOHRER: Yeah. I think it's \$1 an hour, per hour worked or a \$2,000 cap.

BRIESE: OK. Thank you.

FRIESEN: Thank you, Senator Briese. Any other questions from the committee? Seeing none-- Senator Linehan.

LINEHAN: I'm sorry. I was slow with getting my hand up. Do you have-- thank you for being here.

BRUCE BOHRER: You're welcome.

LINEHAN: Do you have any idea out of the, we hear 50,000, 55,000 jobs that we can't fill in Nebraska, how many of them are in this bucket, skilled?

BRUCE BOHRER: I don't-- I don't--

LINEHAN: OK. If you could get that for us, I think that would help.

BRUCE BOHRER: Yeah. I sure could. That'd be a good question for our work force director. He would know that for sure.

LINEHAN: OK. Thank you very much.

FRIESEN: Thank you, Senator Linehan. Any other questions from the committee? Seeing none, thank you.

BRUCE BOHRER: All right. Thank you.

FRIESEN: Any other proponents? Seeing none, anyone wish to testify in opposition to LB272? Seeing none, anyone wish to testify in a neutral capacity? Welcome.

ANNE KLUTE: Thank you. Thank you for allowing the opportunity, Senator Linehan and the committee. My name is Anne Klute, that's A-n-n-e, last name, K-l-u-t-e. I am the president of the Associated Builders and Contractors. We are a trade association that supports the construction industry. We have a national organization, and we have 70 chapters across the nation who also offer apprenticeship training. It is-- we are coming in to testify at a neutral level but will change our-- will definitely support it once we take out Section (2) (d), the trust-administered portion of the bill. So I really don't have much to sell you on now because that's taken care of. We agree with most of

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what has been said previously. Obviously apprenticeship is the oldest form of education that we've ever had. It is-- we find that it is the best form in our particular industry based upon the fact that our-- our apprentices do work with their hands every day, and they need to have that training every day to make sure they are safe. I believe everyone else has covered that. The Associated Builders and Contractors train through the National Center for Construction Education and Research, NCCER, and it is an accredited program and a nation-- a program that is used across the nation. I guess I can stop there because everyone's said most of everything else unless you have any questions.

FRIESEN: OK. Thank you, Ms. Klute. Senator Briese.

BRIESE: Thank you, Chairman Friesen. Thank you for being here. So of your organization, of the folks you represent here, what percent of those folks have some sort of apprenticeship or a training program similar to an apprenticeship program?

ANNE KLUTE: There are a large percentage of our members that do have-- I can't tell you exact percentage--

BRIESE: It's going to be a large--

ANNE KLUTE: --but there's a very large percentage of ours--

BRIESE: --a large percent.

ANNE KLUTE: that do apprenticeship programs. The reason we chose not to support with the trustees in there is because some of our members do have their own apprenticeship training programs which are accredited through the NCCER. In addition, I'd like to add that the Nebraska Department of Education is accredited to train the NCCER program in their schools. So they are implementing that in some of the high schools as preapprenticeship programs.

BRIESE: OK. Thank you.

ANNE KLUTE: Um-hum.

FRIESEN: Thank you, Senator Briese. Senator Crawford.

CRAWFORD: Thank you, Vice Chair Friesen. And thank you for being here. Just for the record, you're talking about another certification that

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we could use to determine which are appropriate intern-- apprenticeships? You said CCO--

ANNE KLUTE: Oh, NCCER is just the training program that we utilize. We are accredited through the Nebraska Department of Labor as well.

CRAWFORD: Oh, OK.

ANNE KLUTE: So it would be through the Department of Labor.

CRAWFORD: OK.

ANNE KLUTE: I'm sorry. I apologize for that.

FRIESEN: Thank you, Senator Crawford. Senator McCollister.

MCCOLLISTER: Yes. And thank you for your testimony.

ANNE KLUTE: Um-hum.

MCCOLLISTER: Perhaps you've seen that list of states that have apprenticeship programs? How does Nebraska compare with the other states they vie with?

ANNE KLUTE: Compare in what capacity?

MCCOLLISTER: Let me find the sheet, tax credit sheet. Perhaps you have not seen this document. So the question is, in terms of those states that offer programs, does Nebraska rank up the--

ANNE KLUTE: As far as the quality of the program or the accredit-- the credit-- the tax credit?

MCCOLLISTER: The credit or tax credit would be--

ANNE KLUTE: The \$1 tax credit, I think that would be a fair assessment of the dollar per hour. Is that what you're asking me?

MCCOLLISTER: Yes.

ANNE KLUTE: Yes. I believe that would be a fair assessment. I think that would be fair.

MCCOLLISTER: Thank you.

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FRIESEN: Thank you, Senator McCollister. Any other questions from the committee? Seeing none, thank you for your testimony.

ANNE KLUTE: Thank you. And thanks to Senator Morfeld for the amendment. I know he's not here, but we'll thank him anyway.

FRIESEN: Anyone who wish to testify in the neutral capacity? We do have some letters for the record, proponents: Jean Petsch from Associated General Contractors; Kim Quick, Teamsters Local Union 554; J.P. Mertlik, D. R. Anderson Constructors Company. No opponents and no neutral. That will close the hearing on LB272.

LINEHAN: We will open the hearing on LB266, Senator Lindstrom, change the School Readiness Tax Credit Act. Good afternoon.

LINDSTROM: Good afternoon, Madam Chair and fellow members of the Revenue Committee. My name is Brett Lindstrom, B-r-e-t-t L-i-n-d-s-t-r-o-m, and I represent District 18 in northwest Omaha. Today I bring you LB266, a bill to make changes to the School Readiness Tax Credit Act. In 2017, Nebraska became the second U.S. state and the first in the Midwest to offer tiered tax credits to child-care providers based on their rating in Step Up To Quality, our state's childcare quality rating and improvement system. The School Readiness Tax Credit was made available in two forms. First, a nonrefundable credit for individuals who own or operate child-care programs rated as step three or higher in the Step Up To Quality system. A second refundable credit was also made available to childcare professionals who have been employed by qualifying programs for at least six months and were enrolled in the Nebraska Early Childhood Professional Record System. The purpose of these credits is to incentivize child-care operators to reinvest in their programs and strive for higher levels of quality and affordability in services they provide to Nebraska's working parents and their youngest children. Secondly, the credits are intended to encourage more skilled professionals and choose-- to choose and build careers in this critically important but often undervalued sector in our state's work force. Unfortunately, current statute language makes it impossible for a significant portion of Nebraska's quality child-care professionals to take advantage of these tax credits. These statutes prohibit self-employed child-care providers from utilizing the refundable credit and disqualifying providers who are classified as S corp from utilizing nonfundable [SIC] credit. As a result, these quality and affordability incentives for child-care providers have been significantly underutilized as the tax credits became available two

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years ago. LB266 clarifies and corrects the relevant statutory language so self-employed individuals and S corporations can access these credits, allowing them to fulfill the purpose originally intended for them in the School Readiness Tax Credit Act. Safe, reliable, and developmentally positive children-- care is crucial to the social and economic infrastructure of our communities. Even so, many areas of our state lack sufficient quality child-care options to meet the needs of working parents and their employers. It is in our interest-- it is in our own best interest to encourage small business operators and skilled early learning professionals to remain engaged and viable in this industry which directly and indirectly generates significant revenue for our state and nation. LB266 offers a simple way to incentivize and develop Nebraska's early childhood work force, and I hope that you will see fit to advance this bill out of committee. And with that, I'd be happy to answer any questions you may have.

LINEHAN: Thank you.

LINDSTROM: Thank you.

LINEHAN: Are there any questions from the committee? Seeing none.

LINDSTROM: I will be sticking around.

LINEHAN: Proponents, please.

ELIZABETH EVERETT: Hello. Chairman Linehan, members of the Revenue Committee, thank you for allowing me to testify today. My name is Elizabeth Everett, E-l-i-z-a-b-e-t-h E-v-e-r-e-t-t, and I'm a policy associate with First Five Nebraska, a statewide early childhood policy organization. I'm here today to testify in support of LB266. I would like to start off by expressing gratitude to Senator Lindstrom for introducing this cleanup bill for the School Readiness Tax Credit. These tax credits expire in 2022, so I believe it's imperative to get this language corrected so these childcare employees and providers can take advantage of this financial incentive. The School Readiness Tax Credit was passed in 2016 and provides two new tax credits for child-care employees and providers who participate in Nebraska's quality rating and improvement system, also known as a Step Up To Quality. The refundable tax credit is available to employees who work up-- who work at a Step Up To Quality-rated program, and who have been part of the Nebraska early childhood professional record system, or NECPRS, for at least six months. The dollar amounts for the refundable

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tax credit varies depending on the employee's credentials. The nonrefundable tax credit is available to providers who are at a step 3 or above in the Step Up To Quality system. Again, the dollar amount varies depending on the program's quality rating and the number of children participating in the childcare subsidy program who attend the provider's program. Unfortunately, we have learned that certain child-care providers and employees are unable to benefit from the tax credit because of current statutory language. Right now, self-employed individuals are not eligible for the refundable tax credit and child-care providers that are classified as an S corp are not eligible for the nonrefundable tax credit. This was not the intent of the original bill. LB266 provides clarifying language so both self-employed individuals and S corps are eligible for the tax credits. First Five Nebraska believes these tax credits help offset some of the costs for child-care employees and providers.

Self-employed, family home providers often put their own personal money back into their small business so they can provide quality care without raising the rates for parents. Further, this financial incentive would encourage more people to join Step Up To Quality and potentially move up the quality rating system resulting in greater numbers of high quality child-care programs for children in Nebraska. As Senator Lindstrom has said, Nebraska consistently ranks among the highest states in the nation for the percentage of parents who actively participate in the work force. Given our state's work force needs, it is extremely important that these families have access to high quality child-care options so parents can afford to attend their jobs knowing that children are being cared for in safe, reliable, and developmentally positive settings. Improving how the School Readiness Tax Credit works is part of the solution to this challenge. Again, thank you for allowing me to testify today, and I'd be happy to take any questions.

LINEHAN: Are there any questions from the committee? Senator Friesen.

FRIESEN: Thank you, Chairman Linehan. The different steps here. I mean, it starts out steps one, two, three, four, five. What-- what raises you to that-- is it a performance-based or if you get a degree, do you move up or what? What is the criteria for moving up that rank?

ELIZABETH EVERETT: Correct. So for the employer refundable tax credit, some of it does depend on your credentials. I actually have a sheet here that I can pass out that shows, according to Department of Education, what point system you would qualify for depending on your

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credentials. So depending on, for instance, like if you have a bachelor's degree or associate's degree, you might get higher points than someone who just has their certificate. And so depending on that, that will give you a higher tax dollar amount.

FRIESEN: So it's not necessarily performance-based, who might be a better teacher. It's based on credentials?

ELIZABETH EVERETT: It is, credentials and training requirements. The goal is, again, to hopefully provide these individuals the opportunities to kind of grow with more of these because, again, the financial incentive will increase if you have higher credentials, if you have more training, if you are at a program for a longer period of time.

FRIESEN: I mean, I've just-- I've known some people that don't have very much education and yet they're very good child-care providers, so I'm-- performance-based would interest me more than just having a degree. So thank you.

ELIZABETH EVERETT: OK.

LINEHAN: Thank you, Senator Friesen. Are there other questions from the committee? Seeing none, thank you very much.

ELIZABETH EVERETT: Thank you.

TRACY GORDON: Good afternoon, Chairperson Linehan and members of the Revenue Committee. Thank you for the opportunity to speak with you today in support of LB266 which provides clean up language and revision.

LINEHAN: I didn't hear your name.

TRACY GORDON: Thank you, Tracy Gordon, T-r-a-c-y G-o-r-d-o-n--

LINEHAN: Thank you.

TRACY GORDON: --and thank you for the opportunity to support LB266 providing clean up language and revisions to the Nebraska School Readiness Tax Credit Act. Again, my name is Tracy Gordon and I am coexecutive director of the Nebraska Association for the Education of Young Children. I have over 25 years of experience in the early childhood field, having worked with all ages of children and in a variety of settings and professional positions. The Nebraska

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Association for the Education of Young Children envisions a state where all young children receive the highest quality early care in education and where early care in education becomes a priority for all of Nebraska citizens. Our organization is committed to supporting high quality care and education for young children in the state of Nebraska. As such, we testified in support of the original School Readiness Tax Credit Act as we believed this act would have many benefits to early childhood educators and the programs in which they work. It was never the intent to eliminate specific populations of the early childhood work force to have access to these tax credits, and at no time did we intend to exclude any providers or staff in the original cost estimates. Moreover, the original intent was to ensure that all early childhood educators and programs would have access to this resource. It was only after the bill had passed and we started to see that some providers' applications were being denied, that we realized we had unwittingly excluded some providers. And now we seek to correct this. In order to move the previous bill out of committee, some concessions were made, including placing a cap on the number of credits, changing the provider credit from nonrefundable to refundable, and eliminating the parent and business credit which lowered the fiscal estimate to around \$3 million. One of the greatest takeaways from this past year was the learning curve for fiscal analysts, revenue experts, and admittedly early childhood education experts, to understand a system as complex as Step Up To Quality and to recognize the time it takes programs to achieve higher levels of quality and the work force to achieve higher levels of education. The case in point, is that, even with the \$3 or \$5 million cap, we have come nowhere close to reaching that ceiling, and we have not even come close to reaching what was appropriated. These types of tax-- tax credits aren't comparable to something like the Earned Income Tax Credit where someone qualifies based on income or the "Nebraska Historic Building Tax Credit" that invests millions in credits for building renovations. This is a tax credit for child-care programs and providers to achieve higher quality, a different kind of investment in the development of people, which takes time. Higher educational degrees take time. Institutional changes within classrooms take time. Because the proposed tax credits are directly aligned with Nebraska Step Up To Quality, improvements and quality of care, accessibility of care, teacher education, and teacher retention and quality programs will be directly influenced. The additional revenue received by early childhood education programs through the tax credits would go directly back to the programs and could be used to provide valuable resources of income to help in many ways that will have a better chance of

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moving the scale in quality-- on quality in Nebraska. Lack of resources and an effort to maintain affordability for parents often make it difficult for individual child-care programs to reward or encourage increased teacher education through salaries. As a result, many teachers leave the field or never even consider the profession an option. If we expect the child-care work force to be highly trained and educated, we must find a way to recruit them, compensate them competitively, and retain them. Tax credit incentives are a way to close this gap without raising costs for families and provide enough incentive to both stimulate teachers to increase their education and remain in their classrooms. Utilization of the School Readiness Tax Act will allow us to provide incentives for teachers who have the education, skills, and knowledge we know makes the difference in their classrooms. Cleaning up the original language of this bill will allow all early childhood educators and programs to have access to this important and impactful program. Thank you for your consideration.

LINEHAN: Thank you. Are there questions from the committee?

TRACY GORDON: Yes.

LINEHAN: Senator Briese.

BRIESE: Thank you, Chairman Linehan. Thank you for being here.

TRACY GORDON: Thank you.

BRIESE: Looking at the numbers here, the fiscal note suggests another \$71,000 or so, and then you talk about-- or there's some data here that suggested maybe only \$178,000 or so utilized up to date. Is it being underutilized?

TRACY GORDON: It is.

BRIESE: If so, why is that?

TRACY GORDON: It's currently being underutilized because of the two exemptions that we have seen that-- we unwittingly left out two of the big populations within our field, the family child-care home providers and the S corps. So they're not able to access it, which means we're not able to promote it and to get those early childhood programs involved in the tax credit.

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BRIESE: OK. Even though our fiscal note suggests that this would only result in another \$70,000 --\$70,000 or \$80,000 in credits each year?

TRACY GORDON: Yeah.

BRIESE: That's the way I read it, but anyway.

TRACY GORDON: I don't understand that, but I can't imagine that if we're not utilizing-- I think we're up to \$130,000 of utilization in that tax credit right now. And even if-- when we originally planned this, we planned for all the family child-care providers, the center-based providers, the S corps, all of them to be using it. So I would assume that we would still fall within that original cap.

BRIESE: OK. Thank you.

LINEHAN: Other questions from the committee? The original cap being \$5 million?

TRACY GORDON: \$5 million.

LINEHAN: So I think what the fiscal note's saying, it would go over that-- \$71,000 over the \$5 million. But we can get clarification. I'm sorry, there's no address on here. Is it-- are you in Lincoln or Omaha?

TRACY GORDON: We are based in Lincoln. Would you like the address?

LINEHAN: No, I just. No, I just kind of wondered.

TRACY GORDON: Yeah. We are based in Lincoln, but we serve the early childhood population across the state.

LINEHAN: OK. Do you have any idea how many people have-- access this program outside Lincoln and Omaha?

TRACY GORDON: I do not.

LINEHAN: OK. All right. All right. Thank you very much. Are there other questions? OK. Seeing none, thank you very much.

TRACY GORDON: Thank you for your time.

LINEHAN: Other proponents?

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HAYLEY JACKSON: Hi. Thanks for allowing me to speak today. My name is Hayley Jackson, H-a-y-l-e-y J-a-c-k-s-o-n, and I'm the assistant director of the University of Nebraska Children's Center. We're a full-day, full-year, early childhood program that serves 181 children daily. We received our rating of a step five from Step Up To Quality in the summer of 2018. This will be the second year that our 26 full-time teachers have had the ability to apply for and receive the Step Up To Quality tax rebate. This tax credit has made a huge positive impact in the lives of my teachers. As a school, like many others in our field, we are not able to pay our teachers near what they deserve. Our teachers are college educated and work countless hours to provide the highest quality of care and education for the children and families we serve. Yet many make less than \$13 an hour. The Step Up To Quality tax credit allows our teachers to receive additional money to compensate them for all of the hard work that they do day in and day out. This funding has allowed my teachers to help pay their bills. Some have helped pay for their weddings, and countless more have utilized this money as a way to help make ends meet. The tax credit is extremely meaningful to us as early childhood educators because it is a small gesture that lets us know that the work we do every day matters and that our hard work is recognized by the Nebraska Legislature. Thank you.

LINEHAN: Thank you. Are there questions from the committee? Yes, Senator Friesen.

FRIESEN: Thank you, Chairman Linehan. So you work for the University of Nebraska?

HAYLEY JACKSON: Yes, sir.

FRIESEN: And so do they offer any other benefits that normally wouldn't be offered to employees, furthering education or anything like that?

HAYLEY JACKSON: Yes. So as employees of the University of Nebraska, we are able to take classes and further our degrees and things like that for a very minimal cost.

FRIESEN: And so a child-care provider that comes to work there, what is the beginning pay?

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HAYLEY JACKSON: So we have a hiring matrix, and it's based on their credentials and years of experience. It's usually around like, I don't know, \$12.50 an hour.

FRIESEN: OK. What would be the highest?

HAYLEY JACKSON: It caps out at \$15 an hour.

FRIESEN: OK. Thank you.

HAYLEY JACKSON: Yeah.

LINEHAN: Other questions from the committee? Thank you, Senator Friesen. Senator McCollister.

McCOLLISTER: Yeah. Thank you, Madam Chair. It applies only to Nebraska tax paid, correct?

HAYLEY JACKSON: Um-hum.

McCOLLISTER: I understand. Yes, we do have low brackets which-- which kick in at low income. Are those people receiving these benefits able to utilize the full credit?

HAYLEY JACKSON: Can you? Sorry.

McCOLLISTER: I mean, at some point, if they're not paying any income tax, the credit, it has no value. It's not like an earned income tax credit where you actually get paid below a certain level, but do they, in fact, utilize these credits to their full extent?

HAYLEY JACKSON: Yes.

McCOLLISTER: OK. Thank you.

LINEHAN: Thank you, Senator McCollister. Other questions from the committee? I think maybe what-- are the refundable tax credits? OK. Senator Lindstrom is going to answer the question. So when you said, excuse me I, minimal cost, so is it a deduction in your cost per hour you pay in tuition? If you're going-- if you're working here and then you take a class at university--

HAYLEY JACKSON: Yeah. So we have to pay a little bit of fees, but that's it. So last semester I think I paid \$89 for taking 4 graduate level courses.

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LINEHAN: Graduate level courses?

HAYLEY JACKSON: Yeah.

LINEHAN: OK. That's helpful. Thank you very much. Any other questions? Thank you. Other proponents? I'm sorry, Friday afternoon here. Opponents? Neutral? Senator Lindstrom, would you like to close?

LINDSTROM: Thank you, Madam Chair, members of the Revenue Committee. To Senator McCollister's question, there are two separate elements to the program. There is a nonrefundable tax credit and a refundable tax credit. And the difference is, with the nonrefundable, it deals strictly with the child, the individual child. And-- and with the employee, they might go through the process of improving their education, there is a refundable on that side of it. So if your tax liability would be zero on the nonrefundable side, it essentially wouldn't matter. But if on the refundable side you are in that second tier, I guess it's not a tier but a second portion of your employees being certified in the level one, two, or three class-- one-- one three-- I'm sorry, one, two, three, four classification, you potentially could receive a refundable tax credit. But keep in mind, this-- this is already-- this-- we have this already. What we're doing is just cleaning up the language to make sure that sole proprietorships and-- and subchapter S-structured businesses can participate. And because of the newness of the program, I think that's where you've seen the-- the fund at \$178,000, just out of people haven't taken advantage of it quite yet. And by limiting only a portion of business, it-- it-- that's what probably has hurt it. I think, to Ms. Jackson, I don't know if I heard it correctly, it's about 100-and-some kids?

HAYLEY JACKSON: Yes.

LINDSTROM: So just the math on that, it's around \$80-some thousand or so. Their group might be about half of what the program has been so far. So we're just trying to clean it up with the original intent of opening it up to the different structures of businesses and how people are so. I know it's one of those issues that is pretty important for young families and getting folks to come to Nebraska, is having high quality childcare. So with that, I'll be happy to answer any final questions.

LINEHAN: Questions from the committee? Thank you, Senator Lindstrom. There are letters for the record. We have proponents: Kim Chase,

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Chase's Child Care Corner; Jennifer Baumann, Little Angel Daycare; Denita Julius, Little Sprout's Child Care; Lori Retzlaff, Lori's Daycare; Holly Clouse, Trucks N Tiaras Family Childcare; Jenifer Nelson, Nurture and Nature Family Child Care; and, Cathy Clark-Martinez, Lincoln. Those are all proponents. We have no opponents and no one in neutral. So I would assume, Senator Lindstrom, those are probably all privately owned childcare that somehow--

LINDSTROM: The ones you listed?

LINEHAN: --yeah, that just got left out. OK. Thank you very much. And with that, we close the hearing on LB266.

FRIESEN: We will now open the hearing on LB288. Welcome, Senator Linehan.

LINEHAN: Thank you. Thank you.

FRIESEN: We're good to go.

LINEHAN: OK. I just don't get in trouble. Good afternoon, fellow committee members. For the record, my name is Senator Lou Ann Linehan, spelled L-o-u A-n-n L-i-n-e-h-a-n. I represent Legislative District 39. I'm introducing LB288. LB288 would change both the individual and corporate income tax rates for tax years beginning or deemed to begin on or after January 1, 2020. The bill is introduced as a placeholder bill. It does not specify any new tax rate. With that, I will answer any questions.

FRIESEN: Thank you, Senator Linehan. Any questions from the committee? Seeing none, are there any proponents who wish to testify? Are there any opponents who wish to testify? Anyone wish to testify in a neutral capacity? We do have one letter for the record in support from Dean Kenkel of Omaha. Senator Linehan, do you wish to close?

LINEHAN: I'll waive my closing.

FRIESEN: All right. Thank you very much. We'll now close the hearing on LB288. We will open the hearing on LB289.

LINEHAN: Good afternoon, fellow committee members. For the record, my name is Senator Lou Ann Linehan, spelled L-o-u A-n-n L-i-n-e-h-a-n. I represent Legislative District 39. I'm introducing LB289. LB289 would change the timeframe for county-- for a county to inspect and review

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all parcels of real property from every six years to every three years. This bill is introduced as a placeholder bill.

FRIESEN: Thank you, Senator Linehan. Any questions from the committee? Seeing none, anyone wish to testify in proponent? Anyone wish to testify in opposition? Anyone wish to testify in a neutral capacity? Welcome, Mr. Cannon

JON CANNON: Senator Friesen, thank you. Distinguished members of the Revenue Committee, thank you. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the deputy director of the Nebraska Association of County Officials, and we are here to testify neutral on LB289. Senator Linehan has already described this as a placeholder bill, and with that in mind, we're only here to note that the language of the bill is something that our assessors would want to make sure that we're on the record indicating that they're not entirely wild about it. And so with that, I'm happy to take any questions the committee might have.

FRIESEN: Thank you, Mr. Cannon. Are there any questions from the committee? Seeing none, thank you for your testimony.

JON CANNON: Thank you. Have a great weekend, everyone.

FRIESEN: Anyone else wish to testify in a neutral capacity? Seeing none, Senator Linehan, do you wish to close? Waives closing. We'll close the hearing on LB289.

LINEHAN: Good afternoon, fellow committee members. For the record, my name is Lou Ann Linehan.

FRIESEN: We will-- Excuse me. Excuse me. Now we will open the hearing on LB290. Sorry.

LINEHAN: I'm sorry. I'm sorry. Good afternoon, fellow committee members. For the record, my name is Lou Ann Linehan. It's spelled L-o-u A-n-n L-i-n-e-h-a-n. I represent Legislative District 39, and I am intro-- introducing LB290. LB290 would change the sales tax rate effectively July 1, 2020. The bill is introduced as a placeholder bill. It does not specify any new tax rates. And with that, I would take any questions.

FRIESEN: Thank you, Senator Linehan. Any questions from the committee? Seeing none, anyone-- any proponents wish to testify? Any opponents wish to testify? Anyone wish to testify in a neutral capacity? Seeing none, Senator Linehan, do you wish to close? Senator Linehan waives

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closing. We will now close the hearing on LB290 and we'll close the hearings for the day.