

HUGHES: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the sixty-fifth day of the One Hundred Seventh Legislature, First Session. Our chaplain for today is Senator Kolterman. Please rise.

KOLTERMAN: Good morning, colleagues. Join me in prayer. Dear Lord, thank you for this beautiful day. Thank you for giving us another opportunity to come together to do the work of this state. In a torn world, make us people of compassion for each other. You say blessed are the peacemakers for they shall inherit the earth. Help us to understand what that really means and live up to it. Finally, Lord, we boldly ask that you bring our country together. Teach us to love as you have loved us. Amen.

HUGHES: Thank you, Senator Kolterman. I recognize Senator Pahls for the Pledge of Allegiance.

PAHLS: I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

HUGHES: Thank you, Senator Pahls. I call to order the sixty-fifth day of the first-- of the One Hundred Seventh Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

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

CLERK: Mr. President, on page 1053, in line 29 after the letters LB insert LB385, LB666, LB386, and LB386A. That's all that I have, Mr. President.

HUGHES: Thank you. Are there any messages, reports, or announcements?

CLERK: Mr. President, I have neither messages, reports, nor announcements at this time.

HUGHES: Thank you. Colleagues, Senator Albrecht would like to recognize Dr. David Hoelting of Pender, Nebraska, who is serving us as family physician of the day today on behalf of the Nebraska Academy of Family Physicians. Dr. Hoelting, would you please rise to be

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recognized by your Nebraska Legislature. Thank you for your service, Doctor. Speaker Hilgers.

HILGERS: Thank you. Thank you, Mr. President. Good morning, colleagues. I promised last week that before the end of the week this week, I'd give you a big picture update on what the schedule will look like the next two weeks. I will give you an update tomorrow morning at the end of the week for what next week will look like. But I think it's really important as we continue in this three-week stretch of longer days that you have a sense of where we're headed. And so, as I promised last week, I will give you before the short weekend an opportunity to know what's coming the next two weeks and what my intent and goals are for the next two weeks. So I'm going to schedule-- these are in numerical order. It's not the order in which these will be scheduled. I want to be really clear. But these-- these next set of bills that I'm going to read are the ones that I intend to get through the next two weeks, so next week and the week following: LB18, Senator Kolterman's bill relating to the ImagiNE Act; LB26, Senator Wayne's bill relating to sales tax of water service; LB64, Senator Lindstrom's bill relating to taxation of Social Security; LB84, Senator Bostelman's bill relating to the ImagiNEe Act; LB103, Senator Dorn's bill relating to aid to counties; LB132, Senator DeBoer's bill relating to the School Financing Review Commission; LB185, Senator Brewer's bill relating to funding for the DHHS; LB306, Senator Brandt's bill relating to eligibility requirements for low-income home energy assistance; LB336, Senator Hughes's bill relating to temporary state park entry permits; LB366, Senator Briese's bill relating to the Microenterprise Tax Credit Act; LB364, Senator Linehan's bill relating to Opportunity Scholarships; LB388, Senator Friesen's bill relating to broadband; LB396, Senator Brandt's bill relating-- relating to the Farm to School Program Act; LB406, Senator McDonnell's bill relating to the Lower Platte River Infrastructure Task Force; LB432, Revenue Committee bill relating to tax rates; LB454, Senator Friesen's bill relating to School Property Tax Stabilization Act; LB542, Senator Walz's bill relating to issuance of highway bonds; LB566, Senator McDonnell's bill relating to the Shovel-Ready Capital Recovery Act; LB568, Senator Pansing Brooks's act-- bill relating to changing provisions for truancy in juvenile courts; LB579, Senator Moser's bill relating to provisions for the Department of Transportation; LB595, Senator Albrecht's bill relating to sales tax, certain sales tax exemptions; LB630, Senator Bostar's bill relating to a study of the commercial air filters in classrooms; and finally LB682, Senator Linehan's bill for the New Markets Job Growth Investment Act. The common theme of those is they relate to

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spending and tax issues. If you have a bill that is on General File priority bill that is not among that list, that is-- those bills will come up after that. So in order to get through those two weeks, I want to be clear about scheduling, because this has come up a little bit this week in terms of when we're going to end. And so for the next two weeks, I think everyone should be prepared, even though it's been my hope in the past to be able to get done around 7:00 or 7:30, everyone should go into the next two weeks on our full days to be prepared to go later in the evening. So going into next week for Monday, Tuesday and Wednesday, we-- my intent will be that we will schedule, you should be prepared to have a dinner break of around 30 minutes, around 7:00, depending on where the debate is. Now my hope is at least for one, if not more, of those nights, we will just be able to adjourn for the day before that. It's going to depend on the day's progress. And I will, as early in the day as possible, give everyone a heads up as to when we'll end that night so that you can plan. But I don't think it's fair to say we probably will end at 7:00 and then ask you at 4:00 or 5:00 at night to go till 9:00 or 10:00. I think it's much more reasonable to say be prepared to go to 9:00 to 10:00, but now we can get done a little earlier. So first thing is next week and the week after, be prepared on those full days to have a dinner break here and go late. The last day of the week, next week and the week after, so next Thursday and next-- and the Friday following, my plan now is to not adjourn at noon or roughly at noon. We will be prepared to have a lunch break and have a full day. Now, we won't go late on those days, but be prepared to go till 4:00 or 5:00 the last day of the next two weeks. We have a lot of work to get done, a lot of issues that are going to have a lot of debate. And I want to make sure that we have the time to get through that and so for the next two weeks, we need to accommodate a little bit later schedule. After we get through that, we'll revisit to see what we have left. I will continue to have some scheduling of Select File and Final Reading. We'll do our best to fit those in within blocks between bills or at the end of the day, depending on our progress. So it won't be all General File. But the primary focus of the next two weeks are going to be those General File, those bills that I referenced on General File. So if you have any questions, please let me know. I know these days sometimes you expect them to go late or long and then sometimes things speed up. And conversely, sometimes we think bills are going to go quickly and they don't go as quickly as we anticipate. So we're doing our best to try to give you as much of advance notice as possible. For the next two weeks, we're going to err on going longer and then maybe pleasantly surprising everyone on a day or two versus the opposite, being in a position where we run out of time because we didn't plan ahead of

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time. So that's the plan. Tomorrow morning, I will be providing an announcement for the schedule for next week. It will be-- it will draw from the bills that I just referenced so you're not surprised, but I will give that update tomorrow morning. But hopefully this gives everyone enough of advance notice to plan for your weeks and evenings the next two weeks. Thank you, Mr. President.

HUGHES: Thank you, Speaker Hilgers. Mr. Clerk, we will now proceed to the first item on the agenda.

CLERK: Mr. President, LB408, a bill by Senator Briese. It's a bill for an act relating to property taxes. It adopts the Property Tax Request Act; to change provisions relating to property tax request. The bill was introduced on January 14 of this year, referred to the Revenue bill-- Revenue Committee, excuse me. The bill was advanced to General File. There are committee amendments pending.

HUGHES: Thank you, Mr. Clerk. Senator Briese, you're wel-- you're recognized to open on LB408.

BRIESE: Thank you, Mr. President. And good morning, colleagues. I rise today to present my LB408. The green copy of LB408 would limit property-- property tax asking increases to 3 percent per year plus real growth. It would exclude amounts accessed to pay for voter approved bonds and would allow the limit to be exceeded by a vote of the public. I first want to thank Senator Geist for prioritizing this bill and I want to thank her for her commitment to Nebraska taxpayers in doing so. And I also want to thank Chairman Linehan and my fellow members of the Revenue Committee for their work in advancing this bill out of committee 7 to 1. I have a-- we have a compromise amendment that was advanced from the committee that Chairwoman Linehan will be describing here soon, and I have a further amendment to the committee amendment with further compromises and accommodations to address concerns of the stakeholders that I will describe in more detail later. Folks, we have a property tax crisis in Nebraska. According to some sources, we have the third highest ag land property taxes in the country, the fourth highest residential property taxes in the country. According to the Department of Revenue, we collect roughly \$950 million a year more in property taxes and state, local and motor vehicle sales taxes, roughly \$800 million more per year in property taxes than we do corporate and individual income taxes combined. Our ag land property taxes are roughly three times higher than that in our neighboring states. Our residential property taxes are roughly 60 percent higher than they are in our neighboring states. We force our homeowners to pay an extra hundred dollars a month in property taxes

on a modest home than what they would pay in the average of the adjoining states. And, colleagues, that's not conducive to attracting residents. That's not conducive to growing our state. Our unreasonable, unsustainable overreliance on property taxes to fund local government is choking off economic growth in our state. Recently, many of us have spoken about the anger vented by folks across Nebraska. I spoke of the anger I perceived for many of the good folks that have testified before the Revenue Committee the last couple of years on property tax issues. And some day that anger is going to manifest itself into something that we don't like, something that the state can't handle. It's probably going to appear on the ballot someday. So what are we going to do about it? It's going to take a multipronged approach. And I submit to you that LB408 is one of the necessary prongs. Thank you, Mr. President.

HUGHES: Thank you, Senator Briese. As the Clerk stated, we have committee amendments from the Revenue Committee. Senator Linehan, you're recognized.

LINEHAN: Thank you, Mr. President. And good morning, colleagues. Senator Briese's done a good job of explaining provisions of LB408. AM371 is a committee amendment. AM371 was amended to LB408 by 8 to 0 vote. The committee amendment becomes the bill. AM371 clarifies that a political subdivision's property tax request in any year shall not exceed its request authority. Request authority shall be equal to the political subdivision's tax request from the prior year multiplied by 103 percent. A political subdivision may exceed the 3 percent plus real growth limit for no more than two consecutive years, with the majority of the vote of the political subdivision's governing board. If this situation occurs, the property tax request of the political subdivision shall be reduced to ensure the increase in the property tax request does not exceed 9 percent over a three-year period. Senator Briese worked with all the stakeholders on this to give them flexibility. This gives them a great deal of flexibility. The three-year period will be measured using the year when the political subdivision exceeds the 3 percent plus real growth limit as the first year. If the vote to exceed the 3 percent plus real growth limit is for two consecutive years, the three-year period shall be measured twice using each of the two consecutive years as the first year of the applicable three-year period. The 3 percent plus real growth limit should not apply to political subdivision's property tax requests that will be derived from real growth value of a political subdivision. So this for Sarpy County I know is very important because they're growing fast. It's certainly important for Elkhorn and Omaha, where you have real growth of substantial. Any of you that are from

the Omaha area, if you started nine years or excuse me, now go-- start at 168th and drive west on Dodge Road, know what real growth looks like. There are cranes and bulldozers and dirt moving everywhere all the way out Dodge almost to Fremont and between Elkhorn and Gretna. That's all new growth. A political subdivision that chooses not to increase its property tax request by the full 3 percent plus real growth may carry forward one-half of its unused request authority to future years as a carryover request authority. Carryover request authority may be used in future years to increase the political tax requests above the 3 percent plus real growth limit. Again, flexibility. The 3 percent plus real growth limit shall apply to property tax requests set in 2022 through 2027. The 3 percent plus real growth limit shall no longer apply to property tax requests set in 2028. Therefore, it's sunseting. So if this doesn't work, we will be back in 2028. You'll have-- that Legislature will have-- some of you will still be here-- that Legislature will have a chance to adjust. That's to protect for any future inflation. Section 13-506 is amended to require the presentation required at the budget hearing shall also include information showing the public subdivision is in compliance with the Property Tax Request Act. As Senator Briese indicated in his opening, LB408 as amended becomes operative on January 1, 2022. Thank you. I just want to-- we've done-- we talked about this a lot yesterday. We as the Legislature have done a significant amount to address property tax relief. When I got here, I think we were at-- I'm going to mess this up-- it started at one hundred and twenty-- \$115 million of property tax credit relief. I think the first year I was here, Senator Friesen worked. We got it up to the two-- it was at 225. We went up to 275. This year the appropriators have put in another \$68 million over-- \$63 million over the next two years. And we also in LB1107 last year, which is now going to be at \$313 million this year. So we're at over \$700 million and trying-- and we have the homestead exemption. We need partners. We need partners to solve this problem. We can't just do it here in the Legislature and we need partners to address it. We have a lot of taxing entities across the state that are doing an excellent job. They're well below 3 percent. And 3 percent plus real growth average growth across the state is .98 percent. So this is really 4 percent. If you look at all the things that Senator Briese has handed out, you have very few people or entities that would not be able to do this. And then finally and this is critically important, this, just like your levies at your schools, this can be overridden by a vote of the people. So it is real local control because the vote of the people can override it. Thank you, Mr. President.

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

CLERK: Mr. President. Senator Linehan, I understand you'd like to withdraw AM521. Mr. President, next amendment to the committee amendments, Senator Briese. Senator, I understand you would like to withdraw FA12 and offer as a substitute AM1064.

BRIESE: Yes.

HUGHES: Colleagues, there's been an objection to the motion to substitute. Senator Briese, you're recognized.

BRIESE: Yes, I move to substitute AM1064 for FA12. AM1064 is an amendment to the committee amendment that represents an enormous amount of compromise and accommodation with the stakeholders involved in this. This AM1064 gets to the heart of the matter and AM1064 is what needs to be taken up. It's what needs to be discussed. And if we want to play around and try to obstruct discussion on AM1064, that's, that's not a productive use of our time. Let's get straight to the issue and debate AM1064. And if we can pass that, then we'll move on to the other amendments, many of which I see contain relevant suggestions, legitimate suggestions that we probably need to consider and debate. Thank you, Mr. President.

HUGHES: Thank you, Senator. Briese. Debate is now open on the motion to substitute. Those in the queue are Senator Slama, Geist, Morfeld, and others. Senator Slama, you're recognized.

SLAMA: Thank you, Mr. President, and good morning, colleagues. I rise today in support of LB408, AM371, AM1064, and Senator Briese's motion to substitute. Senator Briese has done an excellent job of outlining his bill and the reasoning for its implementation. Senator Briese has been a champion for the cause of property tax relief since he's been here, and it truly is a privilege to work with him and sit next to him on the floor. The simple fact of the matter is that if LB408 would have been in place two decades ago, we wouldn't have seen the explosive property tax growth over the last several years. It's important that when we're debating today to frame this issue accurately, Nebraska does not levy property taxes on a state level. We empower local entities to levy property taxes. We in the state government are empowered with offering the guardrails that the local taxing entities must follow. It's also true that we have the third highest ag land property taxes in the country and the fourth highest residential property taxes in the country. I represent District 1, which is in the southeast corner of the state. All five of the

counties in my district: Otoe, Johnson, Nemaha, Richardson, and Pawnee Counties are all a communi-- a commutable distance to a state, whether it's Kansas, Missouri or Iowa, that have property taxes that are a fraction of ours. So we see hundreds of people in my district choose to work in southeast Nebraska, whether that's at Cooper Nuclear Station, Peru State College, C.J. Foods, or any of the other great employers in our area and live across the border, putting down their roots in a neighboring state simply because it's a cheaper cost of living. We're also starting to see generational family farms be sold because it's not financially feasible for the son or daughter to take over the family farm because property taxes are so high. We're seeing a lot of these farming operations move across the border to Missouri, Kansas, and Iowa. And this isn't just a District 1 issue obviously. This is an issue that impacts every district differently in this body. Senator Linehan made some great points in her opening. Most of the local taxing entities in our state are doing an outstanding job. And we do need everyone to come around the table to address this issue. And just as Senator Briese said, we've made some great progress over the last few years, but there are still steps we need to take to address this problem in our state. Now, we need to have substantive debate on LB408 today, not procedural gymnastics put forward by opponents of this bill to make getting to eight hours for cloture easier. So, please, as we're discussing this bill today, let's keep it substantive. Let's talk about amendments. Let's vote on amendments, not motions like this, not objections to what are normally procedural motions. Let's talk about the issues today. Let's not obstruct that discussion, because this truly is one of the biggest issues in our state and certainly the biggest issue in my district. Thank you, Mr. President.

HUGHES: Thank you, Senator Slama. Senator Geist, you're recognized.

GEIST: Yes, thank you, Mr. President. And I do stand in support of the motion of Senator Briese's to withdraw and substitute. I am in favor of, of that substitution. I also would like to thank Senator Briese for allowing me to prioritize LB408. I prior-- prioritized this bill because as we've discussed the past several days, property taxes in Nebraska are too high. You often don't hear that from an urban senator. Most of our rural colleagues are the ones that continue to bring this up. However, when I was out knocking on doors both four years ago and this past year for my reelection campaign, that was the number one thing I heard and that is from my constituents. So the reason that I'm prioritizing this bill is because I heard them and property taxes, residential property taxes in Lincoln are too high. And we have got to, as Senator Linehan so eloquently said, come

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together and make this a priority, not just of the state, but of local government as well. We need to listen to our constituents about what they want from their government. And this is what they want. Many constituents contact me and share that they're no longer able to afford their property taxes on their homes. They-- many are retired. They're on a fixed income. The value of their homes continues to rise. Therefore, the taxes on their home continue to rise. Now, it's not only those who are on fixed income in my district who are-- who are suffering and contacting me, it's the young citizens who are just married or out of college and trying to find a home. The affordability of lower priced housing and the availability is a problem in Lincoln. They could afford the mortgage payment, but when you couple the-- the property tax payment on top of the mortgage, which often is an equal amount so it doubles their payment, it's unaffordable. That was the whole vision of the American dream, is people owning homes. And in our city, in our state we're making that unaffordable and unattainable. Therefore, the reason to prioritize a bill like this has come to the forefront to me in order to serve my district well. So I appreciate that. I appreciate Senator Briese bringing this bill. And I stand in 100 percent support and hope that those taxing authorities who, yes, most, many do very well, but I hope they listen to their constituents as we have and hear that this is something we need to do together. And that's what this bill strives to do. I know Senator Briese has worked very hard to listen to the objections to make some-- some compromise with some of the objections, and I just support it 100 percent. Thank you, Mr. President.

HUGHES: Thank you, Senator Geist. Senator Morfeld, you're recognized.

MORFELD: Thank you, Mr. President. Colleagues, I rise in opposition to the amendment and the underlying bill for several different reasons. First, I think it's important to realize that when we're talking about our constituents, it's the same constituents that elect those local leaders to make these decisions. If those constituents are so upset with their local elected leaders and this is their number one priority and there is a majority of people that agree with that, then they have an option. It's to vote out their local elected officials, much like they have that option with us. It is important to allow local governments the tools to run government. Because as a Legislature, historically and consistently, we have pulled back state aid to local governments. Now, this last year, somewhat of an exception because of the pandemic, we provided aid to public health entities. We passed through funding from the federal level to help with the pandemic. But historically, we have pulled state aid from local governments to be able to do some of the things that, quite frankly, they are able then

to do without raising property taxes. Because the bottom line, folks, is that it's easy political points to say, hey, we need to lower property taxes, but somebody has to wake up the next day and turn on the lights. Somebody has to wake up the next day and fix the roads. Somebody has to wake up the next day and make sure that our kids are educated. And if the local citizens feel as though money is being wasted, priorities are being twisted, then they can go out and they can vote out their local elected officials. In fact, it's easier in many communities to vote out your local elected official than it is your state senator. So, colleagues, I'm opposed to this legislation because this is the wrong approach to property tax relief. It's the wrong approach to go after local governments that are trying to provide the needs of their community and our closest, even closer than us, depending on which community you're in, they are closest to their constituents. This is the Legislature eroding local control and the local ability for them to be able to address the problems that their constituents told them were a priority. Now, if we want to talk about real substantive property tax relief, then we can talk about that. And there's tons of ways that we can provide that without tying the hands of local governments that are trying to do their best, given the circumstances that oftentimes we dictate to them and hand down to them. There's a ton of problems, quite frankly, that I've seen over the last seven years that we have created for local governments where they are the ones left holding the bag, the ones that have to solve the problems that we oftentimes create for local communities. Now, I am very excited for this discussion today, and I'm very excited to see all the people that stand up today saying that we need to take away control from local governments who stood up in opposition to my bill last week and said we need to trust local officials. I've got the transcripts, I've got the receipts. So we're going to have a discussion about that. And anybody who gets up in support of this bill that opposed my bill, I'm going to be reading your words that you said on my bill saying protect local control, protect that local administrator's ability to control their political subdivision, what happens in their jurisdiction.

HUGHES: One minute.

MORFELD: Colleagues, it's true. On the state level, we don't levy taxes. That's immediately apparent to anybody in here. But the reason why we don't levy taxes is a bunch of citizens amended the constitution to put it in local governments' hands so that it would be closer to the people. That's the result of this. We need to trust our local governments to do what's right. And we also need to trust our constituents and our citizens to hold our local elected

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representatives accountable if they feel as though they are not doing the right thing. That's local control; that's government; that's accountability. We already have it, LB408 is not necessary. Thank you, Mr. President.

HUGHES: Thank you, Senator Morfeld. Those in the queue are Senators John Cavanaugh, Senator DeBoer, and Flood and others. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President. Colleagues, I guess I rise in opposition to LB408. I know there's a whole lot of amendments we're going to talk about today. But I would just kind of echo what Senator Morfeld was saying. I brought a couple of bills this year that were, I think, characterized as unfunded mandates to local government because we would have asked them to do something and we wouldn't have been giving them funding. They are funded through the local property taxes and we do ask them to do a lot. And this is how they do it. And I don't think that-- I think this would be characterized as an unfunded mandate because it would constrain how they can fund the projects we're asking them to do. But that's not why I rose to speak. I rose because I wanted to kind of touch on what Senator Geist talked about. I appreciate the consideration of making sure it's easier for young people to buy houses. And I'll just tell you, I guess my personal story, many of you know, I've got four kids that are young and they go to childcare. One of them's in grade school. And I went to school, quite a lot of school, and I'm still paying for that. So I just quickly did the math right here. In terms of when I was looking to buy a house, the thing that factored into whether I could afford that house or not was not the property taxes. It was my monthly childcare bill and my monthly student loan bill. So for your reference, my monthly student loan bill is three times my monthly property tax bill. My monthly childcare bill is ten times my monthly property tax bill. So when we're talking about what is the thing, if we want to encourage people to own property, if we want to encourage young families in particular to buy houses and to live in parts of our state or parts of our city, the thing we should focus on is helping people pay for education, pay for their higher education, pay back their student loans. We should help people make sure they can afford childcare. Because when I was thinking about and I continue to think about and when I make decisions about what I'm going to do, it is not whether or not the property tax is going to factor in. It's whether or not I can afford childcare. When I decided to run for the Legislature, obviously, I took a pay cut from the very lucrative job of being a public defender. That's sarcasm for the record, by the way. But it still was a pay cut. But I did have to factor in whether I could

afford to take that pay cut in light of my childcare expenditures, because this is a time constraint. This is even more time consuming than that job was. And so I do appreciate that we are considering those issues and how we can help young people get a start in life, how we can make young people be parts of our community, how we can get people invested, and how we can make sure that their kids can go to school, that they can-- they can eat is an important one too. I didn't even factor in what my monthly food bill is, but anybody who has young kids knows how much money you spend on milk. But-- and then student loans. We want people to go to higher education. We want people to get those advanced degrees. We want people to get professional degrees and come live in our community and-- and use those degrees to get those higher paying jobs. But when you're first starting out, after you get out of law school, after you get out of medical school, after you get out of engineering school or-- well, probably not engineering school, they do all right. But after you get out of a lot of professional degrees, you're not making the top end of that-- that income. After you get out of college, a lot of people are not making back what it is to-- to pay back those student loans. So those factors weigh heavily on whether or not people can afford to buy a house. Of course, when you're-- when you make a budget, if you're-- if you're smart, you'll make a budget about all of your expenses and all the costs associated with buying a house. Property taxes will be on those line items, but it is not the biggest line item.

HUGHES: One minute.

J. CAVANAUGH: It's going to be a lot of those other costs that we're not talking about here. But those costs are part of-- some of them are part of the services that are provided by these other institutions. Some of them, schools, are part of this local property tax, and schools will be adversely affected and will not be able to expand after-school programs or before-school programs when we make these kinds of constraints. And so this has the opposite effect of that stated objective of helping young people buy homes. And so I think we need to make sure and have-- factor in all of those other parts of that conversation, not just the property tax bill, but what other things people are factoring in when they-- when they're talking about the price and the cost of living in a community. Thank you, Mr. Chair.

HUGHES: Thank you, Senator Cavanaugh. Senator DeBoer, you are recognized.

DeBOER: Thank you, Mr. President. Good morning, colleagues. Potholes, parks, police, pools, schools, sewers, streetlights, snow removal,

trash removal, trails, roads, medians, firefighters, libraries, these are some of the things that people are thankful to their government for. When I go knocking on doors to talk to people in my district, they tell me about the things-- about these things, maybe even more than anything else. These are the things where they see the government making a direct impact in their daily lives. And the things that they all have in common is that they're paid for by local government: potholes, parks, police, pools, schools, sewers, streetlights, snow removal, trash removal, trails, roads, medians, firefighters, libraries. You could add to that list from your own district and its unique needs: bridges, dams, flood protection, sheriffs, whatever it is. We're talking today about how we, we, the state, want to limit those entities and how they raise money to pay for those things. We aren't talking about limiting our own spending. No, this is us telling the locals how to limit the taxes that they levy. And we're not helping them here by sending them help for their services to their citizens. No, we're-- we're just telling them to do all the same things with less money. Nor is this the solution to the property tax problem. I mean, is this the solution? Are we done talking about property taxes if this bill passes? I don't think we will be. This, folks, is the unfunded mandate. Now, I have some amendments that I have filed this morning that would ask the state to backfill whatever is being taken away from what the people in these local areas need to raise. I imagine that those amendments will not be popular with everyone because we want to tell people that they can't raise the taxes, but we don't want to give them the money that they would lose. And we've seen that historically as well. Now, somebody told me this isn't going to be very much money. They've sent around some spreadsheets. I'll have words to say about spreadsheets later that say that it's not going to be a big problem. It's not going to be that much money. Well, first of all, if it's not going to be that much money and it's not going to be a big problem, then what are we doing here? And if it is, then the state should pay for it. And if they can't, then maybe it is a big deal. Maybe it is a lot of money. And we're applying a one-size-fits-all approach to all these different types of taxing entities, as though the city of Omaha is similarly situated with a western Nebraska community college or a very rural school district in north central Nebraska or a county at the Kansas border. And we're pulling a number, not really out of a hat, but at least somewhat arbitrarily and saying this 3 percent would not have absolutely devastated every group we're going to regulate in the past. So it's probably fine.

HUGHES: One minute.

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DeBOER: But we've all noticed that we are not living in normal times. We're not living on the same timeline as the last few years ago. There have been somewhat catastrophic changes in, well, everything our economy has to do. And I'm not sure that the previous years will be good at predicting the next few years. The federal government put \$1.9 trillion into the national economy just a few weeks ago. And I cannot be the only person in this room who worries that we could see some pretty high inflation coming up. Certainly, we will not end up hopefully in the double digit inflation of 1979, 1980. But energy prices are driving things upwards right now, so who knows? That's the problem of picking a specific, discrete number. We don't know ahead of time what will happen. If inflation were to rise above 3 percent and we've limited the ability of local governments to keep up with that,--

HUGHES: Time, Senator.

DeBOER: Thank you, Mr. President.

HUGHES: Thank you, Senator DeBoer. Senator Flood, you're recognized.

FLOOD: Thank you, Mr. President. Good morning, members. There is a big problem and it does cost a lot of money. This is a debate that has long been overdue. What we have today is a system that from 2009 to 2020 has experienced a huge influx in valuation. And as a result, political subdivisions all over the state could play the game, and I say game, where they say we're not going to raise your tax levy. We're not going to raise your tax levy. It's going to stay 7 or 8 cents for the community college. Meanwhile, valuations over 10 years rose \$125,000. Ladies and gentlemen, Exhibit number A about the fiefdom that the community colleges have created is coming to your desk right now. This Legislature over the past 10 years, we have an average around 3 percent growth per year in our spending and we seem to meet the state's needs. Community colleges in the last 10 years, 19.36 percent in 2009, Central Community College; 23.23 percent, 2010-2011; 10.68 percent, '11-12; 8.53 percent, '12-13; 9.8 percent, '13-14; 16.3 percent, '14-15. And then they started to level off. This is what happened, ladies and gentlemen, under our own nose. These political taxing authorities rode the train for the last ten years and they have transferred hundreds of millions of dollars from property taxpayers into the coffers of these political subdivisions under the guise that they didn't raise anyone's taxes. And what have we done? We've done everything we can do. We've driven the fire truck to the house that's on fire. We're pouring as much water on the house as possible, but they're taking the money out the back door. The money is coming out the back door and it's going back into the coffers. And they-- and

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they show up at the Revenue Committee and these political subdivisions are like, you're hurting us, you're hurting us. This 3 percent is hurting us. I think we have a real burden here. Senator Briese has a burden. The Revenue Committee has a burden. We have to prove to this Legislature two things. Number one, there is a problem. And number two, this isn't going to be the end of the world. And I guess, number three, this is the right policy for the state of Nebraska. You want to know what reckless money spending looks like? Look at some of these community colleges, 20, 30 percent increases in how much money they bring in. Why community colleges? Why am I showing you this? I'm showing you this because this is what it looks like when you keep your tax rate the same and your valuation goes up 125 percent. You can't defend this. The executive director of the community college system couldn't defend this at the hearing. This is obnoxious. This is property tax dollars and how they work when a taxing authority says we're going to keep your levy the same and they ride the train all the way up the back door, while we all show up in the fire truck and start putting as much money on it as we can. And that's what we've done. We've got a half billion dollars in aid coming to all of these different taxing authorities: counties, cities, NRDs, county, community colleges. And the joke's on us by the way. If you don't want to take care of this, we continue to lose. You can be all about property tax relief, but there is a problem. Somebody show me numbers like this. Somebody, you know, somebody show me where every political taxing authority in the state has nothing to do with this. When you have 125 percent increase over ten years in valuation, this is what's happened. This is why somebody in Hartington is like, I can't keep up. I can't keep up with my taxes.

HUGHES: One minute.

FLOOD: They take more and more and more. And everybody at the meeting says, we didn't raise your rate. What are you talking about? We didn't raise your rate. We're still at 8 cents. Oh, we're just a little piece of the pie. Well, we're your school. We're-- we're \$1.05, but we're only half of it. Oh, we're your NRD. Gosh, we're only 10 cents. Everybody's always 10 cents. Everybody is always 5 cents. Everybody is always 2 cents. But they're all getting more money. And if we get through this debate and someone convinces me that there's not a problem, then you have to sit here and tell me why this chart here is wrong. Because when you get 10 to 20 to 30 percent increases in the amount of property tax in a given year and we as a state are limiting our spending to 3 percent, there is a problem. So this bill addresses something that is very real. It addresses a problem that we are living with all over this state. And yes, are there political subdivisions

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that have been exceptionally good actors? Metro Community College, in my opinion, Western Nebraska--

HILGERS: Time, Senator.

FLOOD: Thank you.

HILGERS: Thank you, Senator Flood. Senator Williams, you're recognized.

WILLIAMS: Thank you, Mr. President, and good morning, colleagues. And, Senator Flood, now you may hear the rest of the story from Paul Harvey, but I'll get to that in just a minute. I think any of us that have had town hall meetings and met with people recognize that we clearly have some issues with our-- our tax structure. And nobody will tell you that they're paying enough in tax or too much in tax. They always will tell you that they're paying too much. The question that always comes up then is, yes, but you want to educate your kids at a high level. You want to drive on good roads. You want to lock up the bad people, and you want to take care of those people that are less fortunate than the rest of us. My concern with LB408 is the premise of the bill. The premise of the bill seems to be to me that it is to limit local spending, which has the premise that our local entities are spending too much. Those people that are watching the government of our local entities are elected by the same constituents that we are. What makes us smarter than them? I simply don't agree with this premise. And I'll tell you and now is the rest of the story, Senator. I have 13 school districts in my legislative district. The largest four are Gothenburg, Cozad, Lexington, and Broken Bow. In the last five years, Gothenburg's actual spending, get down to the actual dollars that they are spending, has increased on average 1.23 percent. Cozad for the last four years has increased 1.65 percent. Lexington for the last eight years has increased 1.5 percent. And Broken Bow, the leader of the pack, by the way, for the last seven years has only increased their actual spending by half a percent per year. During that same period of time, and I just looked this up, inflation has been slightly less than 2 percent. Every one of these school districts is increasing their spending at a rate less than inflation. And if you watch the economy, you know that current inflation rates have been at all time lows over this period of time due to fed policy. The idea and the premise underneath this bill that our local entities are overspending is not a one-size-fits-all solution. That's my concern with LB408. When I look at the entities beyond the schools, the communities in my legislative district, I personally know most of the mayors. I know a lot of the city council persons. Certainly with the

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school boards, I know most of the school board members and the board presidents and they have direct contact with the same constituents that elected us. They've been elected to do a tough job. They sit there, they do the work, and reap very little, if any, benefits, except for the satisfaction that they're committed to the goal and meeting the expectations of the patrons of the school--

HILGERS: One minute.

WILLIAMS: --or the members of the community. John Fagot in Lexington has been working for the city of Lexington, an elected position, for 27 years. It's offensive to him to have somebody say you're overspending and that the Legislature has to control your spending. It should be offensive to him. It's offensive to Joyce Hudson in Gothenburg. It's offensive to Marcus Kloepping in Cozad. These people work hard for their patrons. And again, I say, what makes us smarter than those elected officials? I appreciate and look forward to the debate we will have on this. I think we're all looking for solutions. Adding additional stress and caps on those elected officials, in my judgment, doesn't help the situation. Thank you, Mr. President.

HILGERS: Thank you, Senator Williams. Senator Blood, you're recognized.

BLOOD: Thank you, Mr. Speaker. Fellow senators, friends all, I don't even know where to begin to unpack all of this. And so I'm hoping that we get to my amendments because I truly believe my amendments do make the bill better. But at this time, I don't support these amendments, nor the underlying bill until I hear something that motivates me to feel differently. And as always, I'll be sitting here for the entire debate to hear what everyone has to say. So Senator Slama specifically said, let's frame this accurately. I couldn't agree more. This morning I was reading the State Chamber newsletter and they said that the Nebraska Chamber supports an equitable and competitive tax structure when coupled with spending restraint and efficient management of resources promotes economic growth. I don't disagree with any of that. But then I see the finger pointing begin and the finger pointing's at our communities. And that's where I start taking issue, because Sarpy County is very, very different than many of the other counties we're discussing today. I encourage you, in fact, to look at what Gretna, their numbers in the Senator Briese's handout today. That'll give you a really good idea of where we're coming from here in Sarpy County. So the word guardrails has been passed around a lot this year. That seems to be like the word of the day, kind of like shenanigans was a couple of years ago. But it's clear to me that the word guardrails is really

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code for government overreach. We're putting in guardrails here and there and everywhere. In other words, I have another bill that's government overreach so buckle up. Telling local governments how to govern, that's what we're going to do. That's not our job. Our job is to put together good policy that allows them to do their jobs. I heard other senators saying most are doing outstanding jobs. So I would ask that Senator Briese yield to a question.

HILGERS: Senator Briese, would you yield?

BRIESE: Yes.

BLOOD: Senator Briese, knowing that that's been said several times on the mike, can you tell me of these organizations that are doing an outstanding job, how many you brought to the table to meet with one on one to help you craft this bill?

BRIESE: The folks that are doing an outstanding job, they didn't particularly harbor any complaints directed towards my office on this.

BLOOD: Did you meet with them? That was the question, Senator Briese. Did you meet with them while you were crafting the bill, not after you dropped the bill?

BRIESE: Yes, met with the school districts in particular; counties, beyond that, not particularly.

BLOOD: OK, thank you very much, Senator Briese, for being honest on that. So we have issues with all of our schools in Sarpy County when it comes to this bill. We have issues with all of our municipalities in Sarpy County when it comes to this bill. You heard Senator DeBoer talk about how really all politics is local. When we go door to door, we're not hearing property taxes in my district. I heard about military retirement. I heard about no taxes on my Social Security, talk about fixed incomes. I can count on both hands how many times I heard about property taxes. People like what they get for their money in Sarpy County. Let's look at the City of Bellevue. City of Bellevue, \$76.33 a month gets you \$18.39 spent on public safety, police, fire, EMS, animal control; \$20.32 for public works, streets, public facilities, and snow removal; \$2.81 for parks and recreation; \$4.14 for the library;--

HILGERS: One minute.

BLOOD: --\$6.84 for general government; \$23.83 for debt service. This is just for Bellevue. I have more. I plan on pushing my button and

giving you more numbers, but that's a hell of a deal. You couldn't even get snow removal for your home for \$76.33 a month, not in the Nebraska winter at least. I think we really need to put this in perspective. This is a blanket approach. We're going to take our time on the mike today. We're going to point out that you can't keep doing these types of bills that punish everybody because you're perturbed at a few. Thank you, Mr. President.

HILGERS: Thank you, Senator Blood and Senator Briese. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. So this will be a good time, I think to talk about the property tax issue in the state. And as you can look through and there's a-- there's a lot of data here to look at, and it's kind of fun going through there and trying to pick out some of the-- what you would call the huge increases versus the number of, whether it's a school district or a city who have actually lowered their property taxes or have, you know, a minus average after that time frame that's laid out here, I think is five years. But again, we-- it varies across the state. It varies across the communities. It varies across school districts. And when you look at all of the different entities that when I look at my legislative district, most of them have kept their spending under the 3 percent. And you-- you find some of these the abnormal ones and it's a one-year spike and then they're back down again. So if you look at a three-year average that's allowed in this to go to 9 percent over a three-year time period, I think right now, from what I've seen, without getting to every one of the entities, I think all of my legislative district would probably fall under the requirements of this bill, and that is without any state aid to education to speak of. And most of those communities are not shopping hubs. They're-- they're basing most of their expenditures completely off of property taxes, counties especially. I know I have one county that had a fairly big increase one year, but I still think that even most of the counties in my area will fall underneath this 3 percent cap. And I have heard from a few school districts in my district that are concerned about it, obviously. But again, if we were properly funding K through 12 from the state level, I don't think it would be an issue either, because they have been able to run their schools strictly on property taxes and they have been able to maintain what I would say is under that 3 percent growth rate that we're giving them. And when you look, too, make sure you're looking at the growth on top of the 3 percent. I mean, there's numerous counties that are over 4 percent, some up to high as 4.7 percent growth rate that are allowed under this. And make sure you keep in mind the bonds are excluded. It is-- and with some of

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the amendments to come yet. I know Senator Briese I think has tried to accommodate as many things as he could without totally gutting the bill. But when you look at this, yes, it's-- probably is overreach. How would we feel if the federal government came down and told us we had a 3 percent cap? Most of our citizens might cheer, but there'd be a few that are upset. And I know we as a Legislature would be very upset that we're being told how much we can spend. We would have the same argument. I think by putting the sunset in place it puts this in there and-- and for all the constituents that have always said that we're-- we're spending too much and they feel frustrated, they're not able to hold down, they feel that their communities or their counties are not holding down spending. They're increasing it too much. This would give them that opportunity to say, OK, here we put this cap in place. Let's see if it works. And if it doesn't work, it sunsets and it's gone. When I was on the city council, I mean, I was upset that we even had a levy cap. And I've carried a bill here that would get rid of the spending caps. It didn't go anywheres. But again, when you-- when you talk about local government and I'll say the cities,--

HILGERS: One minute.

FRIESEN: --I would not be inclined so much to say that they shouldn't control their own destiny. They've got multiple sources of revenue, but we do have a housing shortage issue. And the higher we make our property taxes, the more we're creating a bigger problem there, people just being able to afford housing. We either got to look at a different funding source or different revenue source so that property taxes and people are willing to move here are not buying their house over and over and over again. And I see this spike coming in our urban property taxes. I've talked about this for six years. This should be no one surprise. This is what's coming. This is what happened to ag ten years ago. The same thing is going to happen to urban residential valuations is going to spike. Their property taxes are going to go up even if their levy stays the same, because most of their schools are at the \$1.05 limit. And so they're going to--

HILGERS: That's time, Senator.

FRIESEN: Thank you, Mr. President.

HILGERS: Thank you, Senator Friesen. Senator Briese, you're recognized.

BRIESE: Thank you, Mr. President. Good morning again, colleagues. So what are we talking about here? We're talking about AM1064 and AM1064

represents an enormous amount of compromise and accommodation. It represents a very reasonable limitation on tax askings. Folks, inflation has been moving along for the last 10 years at about 1.75 percent. Wage growth has been less than 2 percent. But property tax askings have been increasing at a rate roughly two to three times higher than that at four and a-- roughly 4.5 percent. And I think it's unconscionable for us to allow that to happen. AM1064 puts in place a very reasonable restriction to help address this. It allows 3 percent plus growth. Actual growth was averaging roughly 1 percent per year. So on average, this bill puts in place a cap of 4 percent. Again, property taxes have been increasing at a rate of about 4, 4.5 percent. Limiting this to 4 percent isn't going to hurt our locals. And again, colleagues, we've come a long ways on this. The concept here began as a straight 3 percent cap in the constitution, excluding funds utilized to pay bonds and to-- it also would have allowed the public ability to override it. But the concept has evolved with this amendment to include an exception for actual growth of the tax base, which I mentioned earlier. I think Senator Linehan mentioned that was contained in the committee amendment, and this exception protects the ability of growing areas to access the revenue needed to facilitate this growth. Second, it will sunset in 2027. And this is also in the committee amendment. And this was a result of committee deliberations. It recognizes the need for flexibility. And having this in statute enhances flexibility, but the sunset provides a backstop. And I think really it also reflects a belief that on the part of the committee that we must and will achieve comprehensive-- comprehensive education funding at some point and that this cap may or may not be needed at that point. Third, the amendment contains a rolling average provision to allow the local board to exceed the 3 percent, but then require a 3 percent average over three years. This is also in the committee amendment. And this was an idea in response to the concerns of, I believe it was Lancaster County at the-- at the hearing whose testimony suggested to me that they could live within this 3 percent plus growth on average, but they have some revenue spikes at times that must be addressed. And this rolling average provision allows the locals to address these spikes and revenue needs. Fourth, the committee amendment excluded funds utilized to repay voter approved bonds. But the amendment contains a new definition of excluded bonds to include all bonds. And this recognizes that some bonds, such as revenue bonds, may not be voter approved and should also qualify. And this was a concern brought to us by stakeholders, NRDs in particular. So when I answered your question earlier, Senator Blood, about stakeholders, I forgot about the conversation with the NRDs. Fifth, the amendment contains an exception for the amounts needed for capital

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construction, necessary for fire and flood mitigation, and to address code violations for health and safety and accessibility concerns. And I think this is just a reasonable commonsense exception to ensure public safety is maintained. Next, it provides an exception for funds necessary to address a natural disaster. And that was an issue that was brought up in committee and would allow access to these dollars to access additional taxing authority in the event of a tornado or flood or something like that. And then the amendment changes the override election procedure to accommodate concerns brought to us by the Secretary of State's Office.

HILGERS: One minute.

BRIESE: It would also include amounts necessary to pay that portion of wages and benefits required by an order of the Commission of Industrial Relations. And finally, the amendment provides schools an ability to exceed the limit by an amount equal to the reduction in state aid caused by an increase in valuation of their tax base. This addresses the primary concern of education that inflationary pressures on their tax base is going to cause a reduction in state aid, and this would allow them to recapture that through the local taxpayers. And several of these provisions are the result of working with many senators, including Senator McDonnell, Senator Bostar, and others. And I submit this bill, the amendment in this form represents a very reasonable limitation. The concerns of many, if not all, stakeholders have been addressed. And note that I distributed a packet of information--

HILGERS: Time, Senator. Thank you, Senator Briese. Senator Wishart, you are recognized.

WISHART: Thank you, Mr. President. Good morning, colleagues. I rise in opposition to LB408. First and foremost, I believe that decisions, especially decisions that involve investing in one's communities and neighborhoods, they are best made at the local level. Colleagues, this bill, the way I see it, is trying to fit into a box, a beautifully diverse state. I have the opportunity in my day job to travel across Nebraska. And what I see is that there are communities that are absolutely struggling. Their Main Street is gone. The only place you're going to shop is the Walmart outside of town. Their infrastructure is crumbling. Their pool is vacant. Their libraries are hanging on by a thread. And then I see other communities where there is real hope that they are going to make it. And the reason they are is because they have a strong group of leaders and a community that truly cares about investing in itself. It actually makes me think back

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to my grandparents who are from what many of us call the Greatest Generation, a generation that went through depression and war. And I remember the sense of pride of walking out your door and being able to invest in your community and bring your community back from a depression, build its economy, and also defend the world against evil. Where is that? Have we lost that? Where is that? When I go door to door, sure, property taxes came up, didn't come up as much as people in Lincoln told me how much they care about our great public schools. I'm somewhat biased since I'm a product of them. We have an opportunity in Nebraska with a lot of people waking up after a very challenging year, many waking up in big cities where they realize maybe I want to move to a community where there's more space, where I don't have to pay college tuition for a really good public education. How are we going to get that? How are we going to attract those people? I tell you, it's not going to be property taxes on the top of the list. I can guarantee you if you polled all the people, all the millennials and younger in this room and across the state on what they care about, property taxes may be on the list, but it's not going to be on the top list. It's just not. Having good schools for your kids to go to, having a public pool, bring back the public pool, which again in many rural communities no longer exists. Although I'll give a shout out to Tekamah. They're investing in themselves and they're going to have a public pool. And you better believe I will be there on opening day. That's what people are going to want:--

HILGERS: One minute.

WISHART: --arts districts, music districts, good infrastructure, public safety, feeling like your kid can walk to that pool through that park and not worrying about them coming home or not coming home. That's what people want. And this bill takes away the ability of people to invest in that themselves, make the decision and I'll go back to my first statement. The reason decisions are best made at the local level is that you live with the people. You-- they're your neighbors who are making the decisions about how you invest in your community. We should not be taking that away. Thank you.

HILGERS: Thank you, Senator Wishart. Senator Erdman, you are recognized.

ERDMAN: Thank you, Mr. Speaker, and good morning. It looks to me like, I'm not an expert on this, but looks like this might be a filibuster. Not sure. But I have a question. If you have a dollar this year and next year you have \$1.03, is, is that not an increase? It appears to be, unless maybe with modern math, that's not an increase, I'm not

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sure how that works. So you have a dollar, you get a 3 percent increase [INAUDIBLE] you have \$1.03 Looks like that's an increase. And we've heard numerous people say that we're cutting their revenue. Oh, and by the way, if you have growth, you can have a greater increase in the 3 percent. I'm having trouble understanding how that math works. It's similar to last year when we talked about LB1107. I said it wasn't property tax relief, it was a decrease in the increase. And so what we do here is we want to have a certain increase percentagewise. And we-- we cut that back to half of that increase and we call it a cut. That's how we work in government. We're not cutting local opportunity to collect taxes. We're limiting it to a 3 percent increase over three years. So it's not a cut. So I had a study done by Art Laffer on our current tax system and what happens in the state of Nebraska because our taxes are so high. And I thought it was important that I share this information with you. The IRS keeps track of the population moves. And so these are the estimates of the population moves in the last 29 years. From July 1, 1990, to June 30, 2019, Nebraska lost 67,000 residents. They lost those to other states. Nebraska's only net migration, net in-migration in 6 of those 29 years for which we have data is 5 of those prior to 1996. Not since then have we gained people. The Census Bureau estimates the Cornhusker State has not gained residents on the in-migration since 2010, and that was very slight. Throughout the 29-year period, Nebraska ranks 27th in 1995 and 40th in 2007 for Nate-- for net in-migrants into the state. And while the factors make-- many factors may contribute to Nebraska's poor performance, the state tax policy is the top of the list. OK. So those states who do a better job of taxes are Florida. They've gained 3.6 million; Texas, 2.7 million; Nevada, 1.1 million; Washington, 1 million; Tennessee, 900,000. So if the citizens of Nebraska are satisfied with remaining subpar, then they have the right to the policies they currently have. If they yearn for prosperity, then a major tax structure overhaul is needed. And so I would ask you to explain to me how a 3 percent increase is a cut. And with that said, I would yield the rest of my time to Senator Briese.

HILGERS: Senator Briese, 1:10.

BRIESE: Thank you, Mr. President. Thank you, Senator Erdman, for that. Much of what we do in this body is about the message we send. What are the optics of what we do? And what message do we want to send here today? What do we want the headline to read tomorrow? Do we want it to read that the Legislature blocked a reasonable limit on tax asking, that the Legislature turned its back on the property taxpayers? I don't think that's a good look. Instead, the message needs to be that we care about the property taxpayers. We've heard their plight and

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we-- and we care enough about it to place a reasonable restriction and restraint on tax askings. And so really the choice is ours. We can work towards a reasonable solution here to show our support and concern for the property taxpayers and the crisis that they are in or we can turn their backs on them. And I would ask for your support-- support for the motion and eventually the support for AM1064. Thank you, Mr. President.

HILGERS: Thank you, Senator Briese and Senator Erdman. Senator Morfeld, you're recognized.

MORFELD: Thank you, Mr. President. Colleagues, I want to respond to just a few different things. One, I may have missed it on the debate, but I didn't hear anybody say that this is necessarily a cut. I mean, yeah, \$1 to \$1.03, that's a-- that's an increase. You're not taking into account inflation and some of the other things. You're not also taking into account that the Legislature might be cutting your budget in some of the different state aid that we've been doing over the last years. In fact, one of the senators who got up in support of this bill led the charge about 10, 15 years ago to cut that state aid. I also want to just address a few different things and maybe I'll just call it the greatest hits from LB88. So, Senator Groene, in opposition to my legislation says, quote, this is coming straight from the transcript: This thing needs to go away. The present system works. The status quo works. We preach local control. Local control is what we have. It works. Senator Bostelman, speaking in opposition to LB88. I don't know his position on this bill yet, but he stated it's about-- it's a local control issue. It's about allowing our administration, our faculty, and our school boards to make the decisions that they want to best effect the education for the students attending the school. Senator Erdman, quote, As I was looking at the article from the University of Nebraska about local control, it's very evident the University of Nebraska and their research has concluded that the most, best and most efficient way to make decisions is locally. Senator Erdman goes down to say at the bottom here of the transcript, when we had our first budget hearing, contrary to any other body I'd served on, we had 40 people, 40 people show up to that budget hearing. Those people were engaged. Those people were there to share exactly what their thoughts are about their taxes and how their children were educated. I got-- I got the picture real quickly. So they were involved. So local participation, local control is very important. I agree with all those senators. Local control is very important. It's important because people on the local level understand the needs of their community the best. They should have the ability to determine whether or not they raise taxes by 1 percent, 3 percent or 5 percent

that year. That's up to them. They're there to discu-- decide that. That's what they were elected to do. That's what they're held accountable to do. Now, Senator Briese talks about AM1064 being a compromise amendment, but yet I'm hearing from people who represent political subdivisions that they weren't asked to participate in LB1064 discussions, excuse me, AM1064 discussions. So if it's a grand compromise, if it's something that brings people together, then there's key people, at least from municipalities and the school boards, that haven't been involved with that. Colleagues, it is important to remember that we have consistently-- consistently taken away state aid to local governments that is critical to help assist them to keep property taxes lower. Now, I have some articles from about 10 or 15 years ago talking about when we took state aid away from local governments. And we'll go through those and we'll talk about it because it's important. It's important to realize the realities here, because the reality is, is that we can keep reducing spending on the state level. We can keep putting money into the Property Tax Relief Fund. But in the end, if we're not increasing revenue elsewhere, then we are taking away our ability to help fund initiatives and projects that are going to keep people in the state, that are going to be able to provide critical aid to local governments, and going to make it so that they can keep their property taxes low. Now, Senator Flood brought up some examples of some community college that he thinks are out of whack.

HILGERS: One minute.

MORFELD: That's good to know. If that's upsetting to the local constituencies, they should go and run somebody else for the community college board. It's a local elected board. If Senator Flood is so passionate about it, he can organize and recruit candidates to vote, get those people kicked out. But the solution is not a one-size-fits-all solution that punishes other local governments in times of need to be able to address the needs of their constituents, their districts, and their communities because we don't know when the next recession is. We don't know when local governments are going to have to make tough decisions. And I'll tell you that in Lincoln, we've made some incredible investments in our community and overwhelmingly all the city councilors that have run for reelection have been reelected. One of the city councilors was actually elected mayor.

HILGERS: Time, Senator.

MORFELD: So it's clear that the city of Lincoln and their constituency--

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HILGERS: That's time, Senator.

MORFELD: --believes things are going well.

HILGERS: Thank you, Senator Morfeld. Senator Pansing Brooks, you're recognized.

PANSING BROOKS: Thank you, Mr. Speaker. Well, I-- I stand in opposition to LB408 and the amendments. You know, what I can't understand is why every property tax proposal always has to hurt my public schools. And I think that you know that I am a huge proponent of our public schools. I am a product of them. My family is all a product of them. They prepare our future. They-- they prepare our children to lead and they do it really well. We have, as we know, kids working in all fields, helping all different industries in our state that were all educated in our public schools. So, you know, it was-- it's interesting because part of what I'm hearing is that-- is the LPS that a decrease in funding has been happening for the past recent times, and that's partly due to enrollment and increased local valuation. Clearly, what I'm hearing today and what Senator Williams articulated beautifully is that there is a complete lack of trust in local control. I just-- I don't even get the the idea on one hand we continue to-- to hear, as Senator Morfeld pointed out, local control is one of the most important things that we can have. We have to make sure to let-- let local entities lead and decide what they want for their communities. And then, on the other hand, we're saying, oh, no, they don't have the ability to lead. They don't know what they're doing. It just doesn't make any sense to me. And plus, those local officials are closer to the electors in a way, because they're in a small community and live and work and deal with-- with those electors every single day. If-- if the people in their areas were not happy with them, then reelect somebody else that isn't going to raise your taxes. The tax ask is limited to 3 percent valuation growth, but there's still recogni-- they're still going to be recognized under TEEOSA that this will end up resulting in less state aid. Again, as I've said, I've worked heavily with the schools. Besides going to the public schools, I cochaired the LPS bond issue in 2007 with former Senator Kathy Campbell. And we worked really hard. We worked with all sorts of entities across the city. We went to and looked at each of the schools. We met with administrators, we met with accountants, we met with teachers, we met with parents. We checked and looked at the different boundaries to figure out how, how we could best use the money to help support the schools. And we ended up with a \$250 million bond issue, dollar bond issue that touched every single zip code in Lincoln. It was able to make improvements in every school for every

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child in Lincoln. And that was because of the great work that was done by the schools, by the school board, by the administrators. It was completely transparent and it was open. And that's-- we were given all the information about funding, all of the information about the budgets. We looked at everything.

HILGERS: One minute.

PANSING BROOKS: It was an over two-year process. And to continue to come back every year and say, oh, we must cut because-- and the schools are getting way too much. And I agree with Senator Erdman, \$1 to \$1.03 is an increase. But is it the correct increase? If it's been a good year and everyone else is getting \$1.06, why should the schools be limited to \$1.03 or why should other entities? So I'm sorry I stand opposed to this. I-- I appreciate Senator Briese fighting for the people in his community. I will also fight for those people, but I will also fight for local control. Thank you, Mr. Speaker.

HILGERS: Thank you, Senator Pansing Brooks. Senator Linehan, you're recognized.

LINEHAN: Thank you, Mr. Speaker. I want to respond to some of the things that have been said thus far. Senator Wishart mentioned the Greatest Generation, and I'm very lucky both my parents from that generation. My mom was the walking example of that generation. Everyone in her class that was male went to World War II, everyone. The day they graduated, then they went to the war. She lived to be 97 years old. Up until I think my brothers finally made her quit at 95, she was the city clerk in Crab Orchard, Nebraska. My mother did not depend on government to do things. As a matter of fact, if you think I'm a fiscal hawk, she would have a fit about government spending. And she was much like her whole generation. They needed a community swimming pool, they would go raise the funds to find a community swimming pool. They did not look to government every time they needed to answer a problem. As a matter of fact, they rarely looked to government. She used to hand deliver water bills to save postage. If-- if we were-- if we were the Greatest Generation, this would be a very different conversation today. And the idea that millennials don't look at property taxes, I got four of them as children, they look at them. My son moved because they couldn't afford property taxes, to a much smaller house. I've got a daughter in D.C. who desperately wants to come back to Nebraska and her fiance says like, no, are you nuts? Look what we'd have to pay for a house plus property taxes. Then the other kind of fallacy that's going on here this morning is it's not up to us, local government. We-- that's not true, guys. We set the levy

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limits. We are in charge of the levies. We set them. We set the limits. We set the valuations, whether it's 75 percent on ag, 100 percent on residential. We are in charge. We are the governing body for the whole state of Nebraska. So it's not like we can just say not our problem. This is all local. Our constituents, they have a hard time figuring out who we are. Do we really think they know who's on the school board and who's on the city council and who the county board member is? They come to us because they know-- they watch us on TV every day, they know we're supposed to be doing something. It's not 3 percent, by the way, either, it's 3 percent plus real growth. And I would give-- would Senator Morfeld yield to a question?

HILGERS: Senator Morfeld, will you yield?

MORFELD: Yes.

LINEHAN: So what is the real growth in Lincoln and Lancaster County? Do you have an idea?

MORFELD: So over the last five years, it's been 2.15 percent in Lancaster County. In the last 10 years, it's been 1.92 percent in the city of Lincoln.

LINEHAN: Well, do you know what the city for the last five years has been?

MORFELD: No, I don't have those numbers.

LINEHAN: But, OK, so let's go with Lancaster County. So you do understand this would be 3 percent plus 2.5 percent. So what we're talking here as a limit in tax taking, how much more taxes they can generate in a year would be 5.15 percent for Lancaster County.

MORFELD: Yes, that's my understanding.

LINEHAN: OK. Is there-- I don't know if Senator Arch is here.

HILGERS: One minute.

LINEHAN: I didn't give him a heads up. I talked to Senator Blood. But Senator Arch, would you yield to a question?

HILGERS: Senator Arch, would you yield?

ARCH: Yes.

LINEHAN: Do you have any idea of the real growth in Sarpy County?

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ARCH: I believe I was just looking at those numbers this morning and I think it's-- I think it's 3-plus percent.

LINEHAN: So you understand, right, that this would be 3 percent plus 3 percent. So Sarpy County would be at a 6 percent.

ARCH: I do understand that.

LINEHAN: Does that seem like a fair amount, 6-- if your property taxes go up 6 percent a year? I mean, I-- thank you, Senator Arch. And then here's the real and this is in-- Senator Briese passed this out. And it really is like a picture is worth a thousand words. Here's the problem, folks. Inflation since 2008, 20--

HILGERS: That's time, Senator.

LINEHAN: Time?

HILGERS: That's time.

LINEHAN: Thank you.

HILGERS: Thank you, Senator Linehan, Senator Arch, and Senator Morfeld. Next in the queue are Senator DeBoer, Senator Hughes, and Senator John Cavanaugh, and others. Senator DeBoer, you are recognized.

DeBOER: Thank you, Mr. President. Good morning again, colleagues. So when I was last on the mike, I was talking about inflation, so I will pick that up again. I think it's important to note that there are times when everything sort of runs smoothly and there are times when we are sort of out in a kind of strange place, whether that be from recessionary period or an inflationary period. And we don't know when those times will come. And that's why a specific number can sometimes lead to trouble. So I was talking about inflation. Now, Senator Linehan said, well, you also have to factor in real growth, but not everybody is actually getting real growth. Not every entity, not every area of the state. Some places are getting smaller. If inflation were to rise above 3 percent and we limited the ability of local government to keep up with that, then in real dollars that's the cut that Senator Erdman, I think he heard me saying. But I was kind of in the middle of the end there. So in real dollars, if inflation goes above 3 percent and we can only raise-- the locals can only raise their tax asking by 3 percent, then we're the ones who are defunding all those things that are paid for by those local governments. Let's remember fixing potholes, parks, police, pools, schools, sewers, streets, snow

removal, trash removal, trails, roads, medians, firefighters, libraries, bridges, dams, flood protection, sheriffs, etcetera. Our local governments have elected officials who make budgets, who have hearings on those budgets, who set levies for taxes; and those locally elected officials know their areas, know what their people want. Surely I know less of what is good for Chadron, Nebraska, than the five members of the Chadron City Council. I couldn't tell you the name of a specific street in Chadron, Nebraska. I've been there a few times. Surely that doesn't make me more qualified than them to tell them how their local taxes should be assessed or spent or when they should invest in themselves to grow. We talk about local control in this room a lot. We throw that term around and it's sort of hard to keep up with who wants local control when. And I won't say that I'm not without guilt on this, but there was always this tension. In philosophy, we call it in an aporia. There is an aporia between wanting everything to be the same throughout the state, the same cap, and wanting things to be appropriate to the local circumstances. We know there are vast differences in our state between the various areas of our state. Do we trust the locals to make the right decision? Do we not trust the locally elected officials to do whatever it is that they think that they should do whatever their people want them to do? It just seems to me like the local community should be able to decide those questions. Yes, Senator Linehan, we do have the ability to set limits. We do have the ability to set levy limits and we have in the past.

HILGERS: One minute.

DeBOER: But I don't think this additional one is going to help us. Senator Flood, if a community college is not going to be good stewards of their tax dollars, then maybe they needed to be voted to change, unless, that is, folks agree with them. If they aren't being voted out, those local elected officials, if they're being voted in time and time again, then people must, as a whole, not be against what they're doing. They must believe that those local officials are making the right tradeoffs. Do people want to pay more in taxes? No, they never do. They will always complain about taxes. I will even complain about taxes. But when they see what it is for, when they talk to those people in the coffee shop and then they vote them in time and time and time again, they must believe in what they are doing. Thank you, Mr. President.

HILGERS: Time. Thank you, Senator DeBoer. Senator Hughes, you're recognized.

HUGHES: Thank you, Mr. President. Good morning, colleagues. We talk a lot about property taxes on this floor. That's because we have a statewide problem in property taxes. We are a very high property tax state and that's hurting our state's economy. That's hurting our ability to attract residents to the state. That's hurting our ability to maintain the residents we have in the state. There are members in this room who, when they retire, they are moving out of state. There are people we know when they retire, they are fleeing the state because they cannot afford the property taxes that we charge on residences. Me, as a farmer, I'm less competitive than farmers that are seven miles away because it's across the state line and their property taxes are 60 percent less than mine. That's in my bottom line. That hurts the state because I'm paying less income tax because I'm not as profitable. It makes my land worth less because the property taxes are higher than they are seven miles away for exactly the same piece of dirt. Same thing for houses, same thing for commercial properties. We are uncompetitive. Homeownership is becoming unaffordable. We're seeing the skyrocketing values of homes, the price of lumber has doubled. New home construction is through the roof. How are people going to pay for the property taxes on those increased values of new home construction and the increased demand for homes in urban areas? This I agree with Senator Friesen. This is just the tip of the iceberg for residents' property taxes. We've-- we've been through this in agriculture and it's not going to be pretty. Why are we even looking at this? Because we're in extraordinary times. Prior to 15 to 20 years ago, we did not have the inflation in valuation of real estate. And levies were relatively stable, budgets were relatively stable. But since we've had the explosion in healthcare costs, that has put upward pressure on every governmental entity that employs people. And that pressure is extremely hard to match as time goes on. Why do we have levy limits? Why did we put caps in place? What was the discussion in the Legislature when those things came to be? I imagine there were a lot of the same phrases, terms used, you know, gnashing of teeth about local control back then. Why did we have to do that? Because we were changing the way we were funding. And property taxes was a main source of revenue and we needed to control it. That's our job. I agree with Senator Flood. Community colleges are absolutely out of control. There's new buildings going up all over the place. Why? Because they have room in their levy limit, because valuations--

HILGERS: One minute.

HUGHES: --are going up. They have room. Why don't people pay attention? Because they elect people to make decisions for us. And

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until your ox is gored deep enough, you don't get involved. You have plenty of other things to occupy your time. I'm very appreciative of everybody in this room for stepping up to make a difference, to be on a school board, to be on a city council, to be on a NRD board. I appreciate the sacrifice that people make and it's a challenge. I spent 12 years on the school board in Perkins County in Grant. I know what it's like to have people unhappy about the budget. My priorities when I was on the board were students, taxpayers, and then teachers. The taxpayers need to be recognized for the sacrifices--

HILGERS: That's time, Senator.

HUGHES: --that they're making.

HILGERS: Thank you, Senator Hughes. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. Speaker. I wonder if Senator Flood would yield to a question.

HILGERS: Senator Flood, would you yield?

FLOOD: Yes.

J. CAVANAUGH: Senator Flood, I appreciate you handing out this handout. I just kind of wanted to talk through it with you a little bit. We talked off the mike, but I thought it'd be helpful to folks to clarify. This is the handout Senator Flood handed out with the whole bunch of numbers on it. That first graph we'll just pick, well, can we pick Metro since that's my community college? So Metro the top there is FY '00-01, Metro's \$30 billion. That is the assessed property value within Metro's footprint. Is that correct?

FLOOD: Yes.

J. CAVANAUGH: So that's that whole first chart all the way down to basically 2016-2017.

FLOOD: Yes.

J. CAVANAUGH: And that goes from \$30 million up to \$60 million?

FLOOD: Yes.

J. CAVANAUGH: And then the next chart down is the-- the total property tax revenue. So for Metro, it goes from 2008-2009 of \$33 million to

\$57 million. Does that sound right? That's the total money that they've taken in as a result of their levy on that assessed value.

FLOOD: Right.

J. CAVANAUGH: OK. That was basically what I wanted to cover. And then I guess the-- the last page has or I'm sorry, second to last page, I think is the same style chart with those years for FY '98-99 down to FY '16-17. That is the levy that those entities are assessing and that is in cents per hundred dollars of assessed value. Is that--

FLOOD: Are you on page 4?

J. CAVANAUGH: I'm sorry, I think it's page 3. One, two, yeah, page 3. Second to last page.

FLOOD: Yes.

J. CAVANAUGH: OK, thank you, Senator Flood. So I just wanted to clarify that because Senator Flood handed this out, and I do think it is an instructive piece of information for folks in this conversation. And I looked at it and at first it was a little confusing. So he and I talked about it. I wanted to make sure it was clear to everybody that there's basically two things part of this is conversation for property taxes, which, of course, is the assessed value, which I think Senator Hughes was just hitting on, that we have a lot of increase in valuations in our state. And one reason for that is desire to own that property. The property basically is the perceived value of what people are willing to pay for it goes up in relation to availability and desirability. And so we have currently and I'm seeing this, I think as Senator Hughes and Senator Friesen kind of hit on, starting to see this in my-- my neighborhood right now. A lot of houses in the last year have turned over at prices that are well beyond what I thought somebody could get for their house or what I thought I would get for my house if I attempted to sell it. So conscious of that, certainly in this conversation that we are seeing a huge increase in values. But Senator Flood's, I guess, point here is that there are these entities that are maybe increasing their valuations. I think you'd have to go through and it's on a line-by-line analysis of whether they've increased their assessment, some have increased, some have decreased. But I just wonder about the wisdom of constraining these local entities in this fashion. I know we have Senator Ben Hansen's bill that is going to come up again soon. And I know there's been some, maybe some changes to it, but my understanding is it's still fundamentally the same, where if you-- if you don't increase or you

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don't decrease levies and the assessed value goes up, you're going to have to answer to the voters. You're going to have to go and have a hearing and notify them and make sure they're informed that that's what's happening. We've had some conversation here today that some folks have talked about that I think is maybe not necessarily constructive. To imply that the citizens of Nebraska are not informed enough to know who to hold accountable for property taxes is not fair. I do think it is incumbent upon all of us to make that effort to make sure people know which parts of government serve--

HILGERS: One minute.

J. CAVANAUGH: --serve which functions. And I think that's what Senator Ben Hansen's attempting to get at. I think that will help with this particular problem of holding these entities accountable. And maybe that, that we-- once we implement that, that new style, then we can come back and revisit this conversation. If our concern is that local entities are not successfully being held accountable, we are taking a step to do that. I don't think-- I think this is a blanket approach that's going to cause problems, unintended consequences, which is a favorite word on the floor here. And I don't think this is the right thing to do at this time. I think we need to make sure that if people want to hold their local entities accountable, they have that option. But if they want to build those other buildings on their campuses, they should be able to do that too. So I will get back on the mike and talk about the other things I was going to talk about. Thank you, Mr. Speaker.

HILGERS: Thank you, Senator Cavanaugh and Senator Flood. Senator Flood, you're next in the queue and you're recognized.

FLOOD: Thank you, Mr. President. Good morning, members. This is not a floor fight. This is one set of senators trying to influence another set of senators that are opposed to give us a cloture vote. Because if we are looking at where we're at right now, I think that a majority of senators in here will vote for LB408. And I think we're a couple votes short on cloture. And so my pitch to you is to help us get to the next step, help us get to Select File. And I think the most compelling thing we can say right now to get you to give us a cloture vote is that what we're doing here is not new. In 1996, Senator Jerry Warner, Jerome Warner, him and his dad's names are on the Chamber across the hall, they did something with a bill, LB1114, where they basically said we need to put some limits on these political subdivisions. Schools, they need to go from what could have been \$1.85 to \$1.10; community colleges, 7.5 cents; NRDs, 4.5 cents. ESUs back then were

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limited back to 1 cent. I know because I've got the legislative history from our Clerk's office, which, by the way, is an invaluable resource. So in 1996, one of the living legends of this institution, Jerry Warner, proposed as Chair of the Revenue Committee, that we start putting caps on what these political subdivisions could assess, which at the time was complete anarchy, complete anarchy for all of these political subdivisions. And Senator Morfeld, you did me the biggest favor today. You talked about the greatest hits on a bill. Well, I have prepared the greatest hits before knowing that you were going to bring that up on LB1114 from 1996. And right now I'm handing them out and I want to read some of my favorites for you, because these are the things that political taxing authorities said back in 1996 when Senator Jerry Warner was proposing and ultimately convinced the Legislature to put caps on. And I quote Robert Doyle representing the SIDs in Douglas and Sarpy Counties: This bill would cause a, and I quote, a number of bankruptcies. It would destroy some of us SIDs. It would severely hinder others. And once again, in my opinion, it would stop housing development as we know it in both Douglas and Sarpy Counties, end quote. I don't think that's happening. Lynn Rex, League of Municipalities, and I am a fan of Lynn Rex on all levels. Quote, The main concern we have, and this is back in 1996, is that the number of cities will be seriously impacted and we hope not even not destroyed by a proposal that would cut them back from \$1.05. Cities are at, what, 45, 50 cents with an interlocal agreement. They were at \$1.05. Lynn Rex, quote, We've had some villages call our office and inquire whether or not their best option, and these are mainly the villages, obviously, whether or not their best option is to disincorporate, end quote. Senator Schellpeper, District 22, Stanton County, quote, If this bill passes in its current form, you won't have those small towns. They'll be gone, end quote. My greatest hits are going around from LB1114 in 1996. These arguments that we're hearing on the floor, like what I'm telling you, folks, what your biggest problem, if you oppose this bill, is that it's reasonable. It caps at 3 percent, which is not a cut. It lets you have a [INAUDIBLE] three-year rolling average, which is a 9 percent increase. What I'm asking for is help us get this to Select File. What we're doing here is way less intrusive than what happened in 1996. And if Senator Warner, in my opinion, had known about these challenges we're having with the increased valuation, and I can't purport--

HILGERS: One minute.

FLOOD: --to say I know him, but chances are maybe the Legislature would have included this 3 percent cap in 1996 and we would be miles ahead of where we are. That would have been another element to

something that passed in 1996. I've got the floor debate here. There's more on the greatest hits handout that you're going to have. But what we're doing here is not mind numbing. It is not revolutionary and it is not going to turn the lights out in any town. It is a small step that could have been-- that would be compared like nothing to what they did in 1996. So read these statements. It will remind you of what's being said today. And if you can find it in your soul, give this a cloture vote. Let's get this to the next level and have a conversation about all these specific taxing authorities and their specific concerns on Select File.

HILGERS: Time, Senator.

FLOOD: But we got to get there first. Thank you.

HILGERS: Thank you, Senator Flood. Senator Matt Hansen, you're recognized.

M. HANSEN: Thank you, Mr. President. And it's pretty fortuitous that I came after Senator Flood because one of the quotes he just held up as being ridiculous is probably verifiably true. He quoted Robert Doyle as talking about the number of bankruptcies in Sanitary Improvement Districts in Douglas and Sarpy County. Colleagues, we have the most municipal bankruptcies of any state in the country because of our SIDs since this time period. I've been trying to reform SIDs, in part because this is a problem. That quote, that concern on that bill is proving to be true because those bankruptcies are happening. Nebraska has the highest number of Chapter 9 bankruptcies of any state in the country since 1981, which including the time period of this bill. Similarly, the concern about Lynn Rex and others on the impact on state, sorry, on municipal budgets, I have been bringing a bill to try and give some more flexibility for specifically for public safety. People want to give big speeches about supporting the police, not defunding the police, so on and so forth. I will tell you that in a city like Lincoln that is growing and already has these caps on it, the public safety issues are going to be the problems in the future. We're building new fire stations because we can pass a bond issue for them, but we can't necessarily hire new firefighters because of these caps that these bills in the past have put in. This is the situation that we're dealing with. And to say that some of these past things, that criticisms didn't land, what in fact, there is still, what would this now be, 20, 25 years later, people are trying to fix some of the errors of this bill is exactly what we're laying down in LB408. If we pass LB408, if we pass anything similar to LB408, putting extra burdens on our political subdivisions, it's something the next

generation's going to have to deal with in some fashion. It's certainly not going to be all sunshine and roses. You are going to have school districts probably need to consolidate. You are going to have students in less than quality buildings because of the declining population, plus inflation and so on and so forth is going to combine to put some school districts in a situation where they can't-- where they aren't even allowed to do popular procedures. They're not even allowed to do things the voters themselves would allow them to do because they can't thread the needle between the restrictions that we already have on political subdivisions and the new restrictions we're going to put them on now. We're going to be squeezing them from both sides if we pass LB408 or a similar proposal. And that is fundamentally a thing that is going to lead to some problems. And as people have noted, it's probably going to be problems out in rural Nebraska, smaller town Nebraska. It's probably going to be worse out there because the allocation for real growth, at least heard-- holds some of the growing cities harmless. On a city that is stagnant or shrinking, you're solely competing against inflation and you're competing against inflation, both in terms of your spending authority and your taxing authority. And when we squeeze them from both sides, you are absolutely going to get in a scenario where somebody and I don't know who and I don't know what city it's going to be and I don't know what county it's going to be, there-- but there's going to be some where they're going to be put in a situation where you're going to have near unanimous support of the voters to do something, build a new fire station, renovate a school, whatever it is, you're going to have near unanimous support of the voters. And they're going to have to come to the Legislature and ask for an exemption to do their special project, because we will not have allowed them, because we're squeezing them on both spending and valuation. That's the situation we're laying out. And to say criticisms of some of the spending caps brought--

HILGERS: One minute.

M. HANSEN: Thank you, Mr. President. To say the criticisms of some of the spending caps haven't proven to be a problem, is not accurate. It's one of the city of Lincoln's biggest priorities to try and figure out how they're allowed to spend more money on police and firefighters under some of the limitations that have been in place since 1996. Because just like this bill, that's a compounding thing. That's a year after year after year thing. And you might be OK in one year. But the decisions you make set yourself up for either success or failure multiple years down the line and there's no way to revisit it short of

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us as the Legislature fixing it. With that, I assume I'm about out of time. So thank you, Mr. President.

HILGERS: Thank you, Senator Hansen. Senator Stinner, you're recognized.

STINNER: Thank you, Mr. President. Members of the Legislature, I want to make this abundantly clear, not only to the Legislature, but to all Nebraska. Property tax relief has been my number one priority since the day I showed up. It's certainly one of the most discussed subject materials that we have within the Legislature. And I certainly want to add just a little bit, maybe a little different bent to this discussion. First of all, you know, we talked about how we can solve this. Certainly TEEOSA reform has been talked about and that was kind of nixed simply because we've tried to throw money at schools before and it didn't quite work in the '90s. And then, of course, we talked about sales tax exemptions, which I was for. We got more exemptions in sales tax than what, what are paid in sales tax. And obviously that was considered to be a tax increase. So we threw that out. So here we are today doing an incremental approach to property tax relief. And apparently that's not good enough. But what we've been able to do is tamp down government spending. And the differential is what we've been slicing off pieces to provide property tax relief and a lot of discussion about three-legged stool. So let's take a look at 2020 on the three-legged stool: \$4.5 billion in property tax; \$1.975 in sales tax; \$3.5 billion in income, both individual, corporate, and miscellaneous tax. So that breaks down 45 percent property tax, which runs 33 different types of local entities-- \$19.7 sales tax, 35 percent individual tax. And I'm going to pull ahead in time. And it may not be a fair comparison because I know property tax could possibly go up, but three point or \$313 million is what we're going to provide in direct relief under the Property Tax Credit Fund. We're scheduled to go up to \$375 million on LB1107. Gambling has come in, \$80 million; \$100 million in homestead exemption. So as I stand here today, \$868 million has been provided by this Legislature for property tax relief. An escalator has also been added to LB1107 in contemplation of increases in the assessed valuation. So to say we haven't done anything on property tax is ridiculous. To say we haven't done it in a big way is also ridiculous. So if I take this 860-- \$868 million from \$4.5 billion, we're down to three million six hundred and seventy-three thousand or seventy-three million dollars. That's 36.7 percent. Compare that to 35. Those two legs are pretty, pretty well balanced. And we can do more. We can add some more. And as I look at what we're trying to get done here, all of the-- all the conversation is around assessed valuation. If assessed valuations is the problem,

let's talk about assessed valuations. Let's talk about maybe taking a look at how we increase assessed valuations. But I will say this, we have imposed limits on all these government instrumentalities, certainly schools. I was on the school board 10 years, had to deal with all the budget restrictions that were placed on us by the state. Municipalities certainly have been cut back over a period of time. And I'm going to take you on a little tour of Morrill, Mitchell, even Gering. I'll take you to Bayard. You know what's happening there?

HILGERS: One minute.

STINNER: They don't have enough money to-- to pave their streets. They're bleeding. They're just been sucked down far enough. So we passed a little bit of a gas tax. Hopefully that'll help a little. But we keep restricting and restricting and restricting, outcomes are not positive. We have small school districts that have aging buildings that have to be replaced. We put more pressure on schools, certainly to-- to provide more mental health and behavioral health. We just keep pushing and pushing and pushing. Now, there has to be a better answer than putting a 3 percent cap and 4, you know, it's actually a 4 percent because there's a real growth factor here. It doesn't sound punitive in my estimation, but the idea is that we still have caps. We still have lids. We still have limitations placed on it on--

HILGERS: Time, Senator.

STINNER: --local governments and local entities.

HILGERS: Thank you, Senator Stinner. Senator Geist, you're recognized.

GEIST: Thank you, Mr. President. Yes, I need to grab my notes here. All right. Thank you. I just wanted to-- to talk a little bit for just a moment about millennials and mortgage payments and all of that kind of stuff that I'm hearing that they don't-- they're not interested in; that they want services and, and what a community has to offer, which, yes, they do. They want art districts. They want what communities have to offer. However, they also need affordable housing and want affordable housing. And that's very high on a list for a millennial, according to The Washington Post, that talks about what are the things that a millennial looks for when they're looking for a community to move to. And in this particular article, it's millennial-- millennials now represent the largest cohort of home buyers and what they are looking for. And at the end of the article, it sums up what they're looking for by saying the top priorities for most millennials are the same as any other generation. They want affordable housing in good

condition in a convenient location. And the other thing that I wanted to add is that I know what my kids do, who are millennials, is go to Zillow and look at different houses and what's available, what the price range is. And in Zillow, they even break down for you what is the mortgage payment? What is the property tax portion of that mortgage payment? So to say that that's not something that they take highly into account is just evidently not the case. I think it's incredibly important that-- that millennials understand if they don't know the portion of their mortgage payment that is property tax, it's easily discoverable and something that makes a huge difference in the type of housing they can select and knowing what's available to them. So and with that, I am going to yield the rest of my time to Senator Briese.

HILGERS: Senator Briese, 2:30.

BRIESE: Thank you, Mr. President. And thank you, Senator Geist. A month or so ago, there was an op ed writer in the Omaha World-Herald that compared LB408 directly or indirectly to California's Proposition 13. And I thought, say what? You know, there's no comparison, no comparison. But it does bring up an interesting point. And again, I sat in on the hearing on Senator Linehan's LR22CA, sat in on senator-- hearing on Senator Friesen's LB454, of course this bill, and I sat in on the hearing on Senator Erdman's LR11CA. And again, there was a common thread in all of them. And maybe it was most apparent at the hearing on Senator Erdman's bill. And again, that was the anger expressed by the testifiers angered at their property tax burden and angered at our failure to address it. So what happens someday if that anger mani-- manifests itself into a Midwest version of California's Proposition 13? So what did Prop 13 do? It was a constitutional amendment in California. Do we want it in our constitution? No, there would be no sunset, but it could end up there. Prop 13 limited property taxes to no more than 1 percent of value. How's that going to work in some of our districts where property taxes are over 2 percent of value right now? What are we going to do about it? It limited valuation increases to 2 percent--

HILGERS: One minute.

BRIESE: And we're talking 3 percent here, considerably more. It required a two-thirds public vote for a special project. Do we want to try to live with something like a Prop 13 here in Nebraska? We might not have any choice. The voters might decide for us. They may force upon us. And if we don't do something about some of these issues, they are going to force it upon us I would predict. We need to move forward

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with LB8 [SIC LB408] that has very reasonable restrictions on property tax growth. Reasonable because there are many exceptions and many accommodations that will allow our local subdivisions to continue to provide the services that citizens demand. And by doing so, we're going to send a message, a message that we hear the concerns of our taxpayers, a message that we are willing to do something about their concerns. Thank you, Mr. President.

HILGERS: Thank you, Senator Briese and Senator Geist. Senator Bostelman, you're recognized.

BOSTELMAN: Thank you, Mr. Speaker. I do support Senator Briese's amendment. I think it's an important step forward to move. I appreciate the words that Senator Briese spoke as well as Senator Flood. This is taxes is number one, how we address that, what we need to do. I'm encouraged is what I'm hearing from different ones in the amendments I see. And I do support Senator Briese's amendment. I will yield the rest of my time to Senator Linehan.

HILGERS: Senator Linehan, 4:30.

LINEHAN: Thank you, Mr. Speaker. I'm going to backtrack a little bit, but first I want to respond to Chairman Stinner. He did an excellent job of describing what he has done as Chairman of Appropriations. He has made property tax the number one issue. We have gone from, I think, \$225 million in relief from the state, maybe even less than that. And now we're almost to \$700 million and more than that if you add the increases in the homestead exemption. So he, he has-- he's pulled his weight. The Legislature has pulled their weight. But here is the challenge, folks. It's like there's-- there's two people in this, two groups involved here. And we can't be the only one doing something. It just won't work. We can't-- Senator Flood said, you know, we're bringing the fire truck and we're trying to put out the fire. I would compare it to like we're pouring, you know, what was that, Fantasia, the Disney movie with the little-- the guy and he get the water running and then he couldn't ever get the water off and he just kept filling up the buckets. But the more, more he filled up the buckets and tried to get water out, it didn't work. We can't just look at one side of the equation. We have to have some partners here. And this is not-- it's not-- this is not a cut. It's not even hard. It's not onerous. A 3 percent increase go-- here-- here's-- here's like the real challenge we've got, folks. Senator Briese handed this out earlier. It's a graph blue, yellow, red. So since 2008 to '20, we had 20.07 inflation. Now, the good news is, really good news, is total Nebraska wage growth is up 39 percent. That's good news. But if you're

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trying to live here and your property taxes have gone up 66 percent, that means you actually have less money, guys. If your taxes are going up faster than our wages, then you have less money to spend. It's not sustainable. Seven hundred million dollars and growing is not sustainable in a state budget if you don't have any controls on the spending. I've been in my house seven years. My property tax has gone up 69 percent. So I'm very thankful that we've addressed property tax relief, but my taxes didn't go down and that's the problem. You've got another article that was this morning stated-- handed out this morning. Senator Hansen brought it, Ben Hansen brought it to my attention, dated April 21, the headline, These are the states with the highest and lowest tax rates. We won, guys, were number six in the whole country, number six highest tax in the whole country.

HILGERS: One minute.

LINEHAN: That's not a recruiting. That's not helpful if we're going to recruit anybody, let alone keep people here. And, you know, we don't have the whole list here, I guess. We should get it. But I've looked at this many times. When we compare ourselves to here's who's ahead of us, guys, who's-- who's above us: New York, Connecticut, New Jersey. It's not our neighbors, not our neighbors as some of the ag producers have said today. They could farm and pay less taxes in all our surrounding states. So we can't, like, pretend this is not a problem. And as Senator Flood has mentioned, and I'm ready to beg, maybe you don't support the idea, but we need to get to cloture here. How can we stay here? How can we spend \$700 million of sales and income tax funds and then not ask for our partners to get in the boat with us?

HILGERS: Time, Senator.

LINEHAN: Thank you.

HILGERS: Thank you, Senator Linehan and Senator Bostelman. Senator Blood, you're recognized.

BLOOD: Thank you, Mr. Speaker. Fellow senators, friends, all, I'd like to thank Senator Flood for motivating me to bring some history forward since he's done the same today. I want to talk and say that I'm still against this as written. Maybe if my amendments were put into it and then you would also waive Sarpy County, then I could get in and support it. But at this moment, it doesn't look like either of those things are going to happen. So unfunded and underfunded mandates, persistent growing problem for cities, counties, school districts. So as a member of the Government, Military and Veterans Affairs Committee

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and former city council member, I'm very well aware of the task service and, yes, office space that the state requires cities and counties to provide, often with little to no reimbursement for the costs associated with those services and programs. In 2014, here comes the history, Senator Flood, the Government, Military and Veterans Affairs Committee released a report on LR582, which I'm going to assume that Revenue looked at, regarding the size and scope of unfunded mandates to counties, introduced by Senator Sue Crawford, who used to sit in that seat, worked with committee counsel, the Nebraska Association of County Officials, and others to research the issue and published the results in their findings. In 2019, Senator Wayne introduced LR149, which updated Senator Crawford's earlier study regarding unfunded mandates to counties and the funding source used by counties to pay for those unfunded mandates. Now the 2014 report, which is still available in NebraskaLegislature.gov, under standing committees reports, detailed 16 actionable steps the Legislature could have taken to address some of the most pressing unfunded mandates to counties from Arthur to Douglas. These include restore state aid to counties; increase user fees such as marriage licenses, permits and registrations, and index them for inflation. Gee, that's a pretty easy one. Increase the amount retained by counties for documentary stamp collection; appropriate money to counties to cover the cost of supervision and transportation of juvenile offenders by law enforcement. Compensate counties for costs associated with housing state prisoners in county jail facilities, including pretrial detention for defendants who are later convicted of state crimes; require DHHS, Probation, and other state offices to pay for their own darn office space and maintenance costs; compensate counties for printing of ballots, ballot space for election to statewide office, constitutional amendments, and referendums; compensate counties for verification of signatures for ballot initiatives; require the state of Nebraska rather than the county to pay for costs associated with an autopsy and grand-- grand jury if a prisoner dies in state custody. Colleagues, in the seven years since the publication of the LR582 report, we have made little to no progress on these 16 unfunded mandates and have only added new ones. This is actually one of the reasons that I ran for office. I saw my own municipality constantly paying for reports that would have then been shelved and no action taken. I continue to see these issues here at the state level. Trying to lower property taxes is seen as sexy legislation that is media worthy, while the long-term effects that we continue to bring to light and find no solutions for continue to build, waiting to one day come down on our heads.

HILGERS: One minute.

BLOOD: LB605, the criminal justice reform package the Legislature passed in 2015 is one such example. The Legislature originally set aside half a million dollars for reimbursement for costs incurred by counties as a result of the bill. A reimbursement fund operated by the Crime Commission, LB605 required the commission to establish criteria for counties in order to qualify for reimbursement through a demonstration by counties that the increased jail costs were a direct result of LB605. The sentiment of most of the senators at the time is that the counties would not see an increase in jail costs as a direct result of that bill. They cited previous work conducted by the Council of State Governments in other states, reported that no other state that had worked with CSG had seen an increase in county jail costs. That was not the case, folks. Unfortunately, this has not been Sarpy County's experience since the bill's passage. Sarpy County has seen a significant increase in county jail costs as a direct result of LB605. In 2019 alone using the definitions--

HILGERS: Time, Senator.

BLOOD: Did you say time?

HILGERS: Yeah, that's time. Senator,

BLOOD: Thank you.

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

HILKEMANN: Thank you, Mr. Speaker. I rise to oppose these amendments and this bill for several reasons. Number one is, is that I do not think it is wise for us as a body to handcuff virtually all of the taxing agencies that we have here in the state. We don't know what emergencies exist. We don't know what-- what each of these districts, what each taxing agent is that appropriates for the property tax. We don't know what issues that they're going to face. And with this, we are-- we are-- we're basically putting them in handcuffs and saying now we want these particular service. Secondly, this is all about property tax, property tax. And I don't like paying property taxes. I don't like paying any taxes. But who does want to say, oh, I rushed there to pay your taxes? Well, it's a part of living in society. And we need to have the public services that we get from-- from the taxation. You know, people in my district, you bet they want their property taxes lowered if they can. But also, people in my district

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are saying to me, can we get our Social Security income exempted? We have people waiting on developmental disability lists for the services. Every one of my school districts, and I represent three of them, are very much opposed to this bill because I believe it is the main issue with this bill as far as I'm concerned, I'll get down to that point, is I believe that this is harmful to our public education. I want to say thank you to the teachers in my districts that I represent. They've been there for their students either online or in the classroom. This has been an extremely challenging year. I've talked with the folks at a couple of my school, this is-- our teachers have gone up and beyond this year to provide education to our students. They are professionals to the nth degree. And I thank you for your service during a very difficult time. This is definitely a time that we need to continue to prioritize our public education system. Millard school systems, about 1 percent to 2 percent increases over the last several years. They understand that they're-- that the taxpayers in their district, that they're accountable to it. They're not running huge overruns in their budgets. The people in my districts have supported the bond issues. They want good quality facilities and education for their students, for all the citizens of our area. I would maintain that certainly in the districts that I represent that our spending is not out of control. I've gotten some-- I-- because of the Opportunity Scholarship that we're going to be discussing in a few-- at some point here soon--

HUGHES: One minute.

HILKEMANN: --I've had cost-- I've had calls from the former Secretary of Education and I said, you know, we've got problems in education in Nebraska that we have to address. We have students getting equalized aid, but we have districts not getting any equalized aid. Those are issues that we need to address. And I-- and I look forward to the opportunity where we can work to take care of some of these without crippling districts that are doing a good job. Let's not cripple our cities and our counties. I think that they're being-- if you don't like what they're doing, you have the opportunity to vote the commissioners, the council people out of office. They make them accountable. That's that--

HUGHES: That's time, Senator.

HILKEMANN: We want everything local. Thank you, Mr. Speaker.

HUGHES: Thank you, Senator Hilkemann. Those in the queue are Senators Hunt, Briese, Williams, and others. Senator Hunt, you're recognized.

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HUNT: Thank you, Mr. President. Good morning, Nebraskans. Good morning, colleagues. Many on the floor this morning have talked about the Greatest Generation. And this is kind of a, like a rhetorical tool that we can use sometimes to, like, connote a time in history where things were better and people were good and folks worked harder and people got along. And that's what we're signifying when we talk about that time. And I can't tell you how many times I've heard someone on the floor say something like that, something like in 1955, my mom did not depend on government assistance to get by. But let's also not let it go without saying in 1955, you could get a home, a nice home for \$10,000. Your college tuition was \$500 for a great college. In 1955, when the Greatest Generation was-- was, you know, adults, if you had a heart attack and had to go to the hospital, your hospital bill could be \$30. So when you're comparing, you know, the generations like that, that's not something that really tracks today. You think millennials aren't proud, that we don't have the same pride as the Greatest Generation? Millennials have done everything that our parents and grandparents from the Greatest Generation have taught us to do that we're supposed to do. We went to college and we got saddled with tens of thousands of dollars of student debt, sometimes hundreds of thousands of dollars, depending on what you study. We delay having families and children until we can afford them because the cost of childcare hasn't kept up with the wages. It hasn't kept pace with the jobs that are even available. When I had my baby in 2010, it cost \$8,000 and that was with insurance from the university. People in my generation, which is a great generation, we delay buying a home until we can afford it. And then all the years and all the time we spend saving money for a down payment with our stagnant wages, the cost of housing goes up year after year. It's like chasing a mirage and you can never get ahead. We have two or three jobs in this economy that's built on the back of a \$2.13 wage for tipped workers. And that wage hasn't gone up in many of our lifetimes. You can't buy a home on that. When you don't have healthcare, you can barely afford birth control on that. Before I moved in November to a new place with a washer and dryer, do you know how much money I spent per month at the laundromat, on gas to do all the little errands I needed to do because I lived in such a crappy apartment? Oh, and let's not forget, our planet's on fire and the boomers in here won't even pass a resolution, let alone a law, to come up with a plan for what we're going to do about climate change in Nebraska, let alone any actual actionable policy about it. Do you think young people like that? Do you think they think that's fine and they would just be happy and feel better if you would pass LB408 to handcuff local authorities so they can pay lower property taxes on their nonexistent houses with their nonexistent wages? Do you

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think people are moving out of Nebraska because their landlord's property taxes have gone up, that that's the case for young people? Talking about Zillow, people in my generation, we look at Zillow like some people look at less appropriate things on the Internet. This stuff that we see on Zillow is like a fantasy to us. We send each other links and we go, wouldn't it be nice to live here? Look at this nice place. Oh, I wish I could afford it. This is so cool. This is so nice. But you know what people do look at on Zillow and what they do care about? When you're on Zillow,--

HUGHES: One minute.

HUNT: --they have a tab here. They have a new feature that tells you the LGBTQ accommodations and protections in the city and state that you're looking at. So when you buy a house, you can see if you'd be protected or not in that state and what the climate is in that state for discrimination intolerance. And I passed out a handout of a screenshot of a Zillow listing in Lincoln, Nebraska, where you can see LGBT local protections. Do legal protections exist for the LGBTQ community at the state level in Nebraska? For housing, no; employment, no; public accommodations, no. When people are looking at places to live, that's the kind of stuff they care about. Jake Piccini, a young man who grew up in Lincoln and attended UNL, actually played a really important role in implementing that feature on Zillow. And I think he just graduated last year from UNL and he moved to Seattle to work for Zillow. And it would be really great to have a tech company like Zillow here in Nebraska. But as long as we have your Governor on TV saying LGBTQ people don't matter and cannabis will kill your kids--

HUGHES: Time, Senator.

HUNT: -- and Nebraska's a gun sanctuary state, that's never going to happen.

HUGHES: Senator Briese, you're recognized, and this is your third opportunity.

BRIESE: Thank-- thank you, Mr. President. A couple of colleagues mentioned how reasonable spending increases have been by schools in their districts and, and I don't disagree with that. In aggregate, school spending has increased by a reasonable amount. But we do have those outliers out there. And-- and what we're talking about here could have an impact on some of those outliers. Someone else talked about inflation. You know, it's kind of fun for me to, and what inflation and inflation in costs could do to some of these local

taxing entities. And it's kind of fun to specula-- speculate about inflation. But I do note that the Open-- Open Markets Committee of the Federal Reserve has recently predicted that inflation for 2021 might run around 2.4 percent. But they predict that in 2022 and 2023, it's going to be 2 and 2.1 percent. Those are not levels that are going to create any problems with what we're proposing here. And if something would happen, if it does, we're going to have to come back here and we're going to have to adjust it. Plus, it sunsets. Somebody talked about local control, but this proposal allows local voters to exceed the limits by a public vote. And to me, that's the ultimate in local control. And someone else was concerned about emergencies and things of that sort. We don't know what's going to happen. Well, this proposal, AM1064, creates exceptions to address fire and flood prevention, exceptions to address natural disaster, things of that sort. And some other folks talked about the harm to public education. Somebody suggested that all of the proposals we bring harm LPS. Well, that got me to thinking here a little bit. You know, really, Senator Morfeld and myself are on the same page here on something. And-- and I agree with him and Senator DeBoer and Senator Cavanaugh and others that really the state needs to pick up more of the cost of public education. We need comprehensive education funding reform. And I truly believe that LB408 can jumpstart efforts to get there. And why, you ask? Education funding reform is not an easy nut to crack. The road to education funding reform is littered with the carcasses of our past failures, and I'm going to leave some out here, but I think to myself LB1084, LB1083. I think there was a LB640, LB289, LB974, LB1106. And you'll say, well, they all contain caps. They were trying to control education spending to ensure that those dollars yielded property tax relief. Let's try a different one on for size then. How about the glaring example of LR21CA? That was a constitutional amendment I introduced this year that still sits in the Education Committee that would have required-- that would require the state to pick up all classroom expenses. And according to my back of the envelope math, OPS would get a roughly another hundred million dollars in state aid out of that proposal. And LPS would get roughly another \$200 million in state aid out of that proposal. Local taxing authority would remain intact. Statutes governing collective bargaining would remain in place. To me, it was a win-win-win for education. And yet education did not support it and the big schools even came in and opposed it. And so I guess for me, the moral there is it's easy to say no to everything if you have unfettered access to property tax dollars. And so if you want education funding reform to occur, you need to be supportive of what we're trying to do here.

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HUGHES: One minute.

BRIESE: The reasonable limitations-- thank you, Mr. President-- the reasonable limitations on tax askings can change the trajectory of those efforts and it can help us all to come to the table to do what needs to be done in the-- in the area of education funding. Thank you, Mr. President.

HUGHES: Thank you, Senator Briese. Senator Williams, you're recognized.

WILLIAMS: Thank you, Mr. President. Good morning again, colleagues. Want to talk a little bit about framing the issue, because this issue that we are dealing with right now has been framed in multiple ways. And part of the time it gets framed as we're turning our backs on property tax owners. And as you heard just a few minutes ago from Senator Stinner talking about what this body has actually done for property tax people, you recognize that we have clearly not turned our backs on those people. It would be a fairer way, in my judgment, to frame this issue that we're letting-- we're afraid of letting local officials make the decisions that they are elected to make. Not too long ago, someone on the mike talked about the fact that people don't know their elected officials and they know us, and that's why the contacts come to us. Boy, I would certainly disagree with that. In my legislative district, I have 18 communities and 13 school districts. And if you go to Sargent or you go to Arnold or you go to Callaway, those people know who is sitting on the school board. They know who is president of that school board. And those contacts get made regularly and they talk a lot about those things. They also know who is on the village board or the city council or who is a county supervisor or a county commissioner. Those people are known and they-- they do their jobs. I want to talk a little bit about a couple of other concerns that I have for the school districts in this, because I believe LB408 is extra problematic for schools as compared to some of the other taxing authorities. Many of our other taxing authorities have other revenue sources other than property taxes to fund their budgets. Our cities have fees. They have electric rates that they can charge. They have water rates. They have-- have a number of things that they can charge. But our schools in particular are saddled with the problem of a very few revenue sources. The most stable revenue source for the schools has continually been property tax, even more stable than TEEOSA or equalization aid from the state because of not knowing much in advance of when that money is going to come and what the, the amount of that money is going to be. Let me put 3 percent in, in perspective for you for some of my schools. Gothenburg, Broken Bow,

and Cozad are all very similar in number of students, makeup of the students, and in the makeup of the budget. The actual dollars spent annually by each one of those school districts just exceeds \$10 million by a fraction. So the 3 percent, if that's where they were with this, is \$300,000. Gothenburg just had to buy a new bus this year. Guess what, \$300,000 for a bus. So you think that that 3 percent can go a long ways, but if you are involved with the need to have a major renovation of your facility due to things that are outside of the exemptions under LB408 and the amendments, you can really get caught with this. I'm concerned about that. And I'm concerned about our schools meeting the expectations of the parents. And we know that through those increasing expectations, schools are charged with doing a lot more than they were when certainly 50-plus years ago when I was a student in public education.

HUGHES: One minute.

WILLIAMS: Thank you, Mr. President. One of the other concerns that school districts have brought to me is a concern that under this kind of structure, schools that are really trying to manage their expenses and managing them really well would be encouraged to actually spend more to protect themselves from future downturns. You could actually have spending increases. And when you go back and look at the schools that I talked about earlier with a 1.23 percent average over five years, a 1.65 percent average increase in spending over four years, a 1.5 percent average over eight years, and a one-half percent average over seven years for Broken Bow, you can see where they would want to increase that and continue spending more. I think there's got to be better ways. I think we continue to look for them, and that's where I'm at at this point.

HUGHES: Time, Senator.

WILLIAMS: Thank you, Mr. President.

HUGHES: Thank you, Senator Williams. Senator Morfeld, you're recognized and this is your third opportunity.

MORFELD: Thank you, Mr. President. Colleagues, I want to talk just a little bit more about some of the comments that were said earlier. First, I have a lot of respect for the Greatest Generation. I think that it's a good example to bring up actually in this debate. And it's an example that actually works in our favor. The Greatest Generation was born from 1901 to 1927. And the Greatest Generation elected somebody named Franklin Delano Roosevelt, who expanded government by

the greatest amount in our country's history up to that time to address problems of common concern. And not only did they elect FDR to do that, they then reelected him several times after that because the Greatest Generation didn't just go around and say, hey, listen, we're just going to raise money for the pool or do whatever the case may be. No, what they did was they used the power of government to address critical problems that were facing them. So, yes, the Greatest Generation did a lot of great things: won World War II, defeated the Nazis, defeated the Axis powers. But you know what they also did? They came together and they used government to improve their lives, to take care of one another, to allow their communities to be able to survive. So if we want to start talking about examples of the Greatest Generation, let's do it in the context of reality. And the reality is, is the Greatest Generation didn't do it on their own. They did it together, allowing government to create programs and other initiatives that required a lot of spending, which is what we're talking about here today, to address their problems. And then when the crisis was over, when the problems were solved, they reduced that spending, they stopped certain programs, and they decided to keep going on with other programs like Social Security. So I'm happy to talk about the Greatest Generation, but it's not a very good example when it comes to limiting government spending because the Greatest Generation did the exact opposite. And I'm not saying it's necessarily a bad thing. And I can go through all the different programs that they created and we can go down the list there. I'll do that maybe a little bit later. But I want to hit on a few other things. First, I will tell you firsthand, as a millennial and as a state senator who represents the youngest district in the state, half of my constituency is college students and I make a lot of efforts to reach out to them. I've never heard them bring up property taxes or taxes in general as a reason why they are staying or leaving this state. I've not heard it once. This is not an issue that young Nebraskans [INAUDIBLE] large are thinking about when they're thinking about staying in the state or leaving. It's just simply not the case. And when it comes to housing affordability, it's not my property taxes, quite frankly, it's a problem with housing affordability. Now, Nebraska remains one of the most affordable places to be able to buy a home, but that's quickly changing and we have to acknowledge that. But it's not because of property taxes. It's definitely not because of property taxes. I've got my own property tax statement right in front of me, and I can tell you personally it's not because of property taxes,--

HUGHES: One minute.

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MORFELD: --because of a lot of other market factors that go into play. To Senator Flood's discussion about what happened in 1996, part of the greatest hits that he left out is the fact that they increased state aid to local governments before and after and during that legislation. And those caps still remain in place. That is something that we have not done and I will go through all of the times over the years later this afternoon that we have cut state aid to local governments. Colleagues, we need to be able to allow our local governments to make the decisions and be held accountable by their constituencies. If their constituencies feel as though they are out of line, whether it's the community college or the city council, their constituents will respond in kind and not reelect them just like us.

HUGHES: Time, Senator.

MORFELD: Thank you, Mr. President.

HUGHES: Thank you, Senator Morfeld. Senator Murman, you're recognized.

MURMAN: Thank you, Mr. President. I haven't spoken on this bill yet, but I feel strongly compelled to. It was property tax relief was the number one issue by far that I heard about when I campaigned, I think almost three years ago now. And as there's a good reason for that, as was mentioned before, Nebraska is third highest in the nation in agricultural property tax and we're fourth highest in the nation in residential property tax. So, of course, it'd be a big issue. Whether we're talking about rural or town constit-- constituents, it is the number one issue. Town people sometimes had the option to move to a different state if they were a retiree. And there was a lot of talk about that. If they could afford that. A lot of them were either already had other homes or were planning on moving to south, typically Texas, Arizona, Florida, those kinds of places with-- and property tax, the-- the expensive property taxes in Nebraska was a big part of that. And if they do stay in Nebraska, there is not a big motivation to improve their property in the town or wherever they live because that would only increase their property taxes. So quite often those that are in town or are in Nebraska and don't have that option to move out, property taxes was a big part of what they had to pay for taxes, because, like I said, if they didn't have-- weren't upper middle class or wealthy, they didn't pay taxes other places. But if they owned their home, they did have to pay that, that property tax or if they rented, of course, they had to pay the property tax through the rent. Here, and then going on to the agricultural part of it, the rural residents, they again, don't have a lot of incentive to invest in their operations here in Nebraska because they, they do need to stay

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competitive with other states. And if they have the option to move their operations to other states, some are doing that. My District 38 happens to be-- border on Kansas. There were many ag producers that rented grazing land in Kansas for their cattle, even bought pasture land in Kansas to graze their cattle or if they were close to the border or were able to transport their farming equipment, they quite often would try and buy more land or rent more land in Kansas than Nebraska because much more profitable there just because of the higher property taxes in Nebraska. So that was another issue. I do know of an extremely large livestock operation that isn't in my district. Actually, it's right in the middle of the state. But when his son--

HUGHES: One minute.

MURMAN: --was able to-- thank you-- to invest in expanding the livestock operation, they started a new operation in a different state. And a big part of that was the high property taxes in Nebraska. So whether you're a beef producer, pork producer, poultry, corn, soybeans, or another agriculture enterprise, you've got to compete with-- with farmers in other states. So it's not conducive to investment in Nebraska to invest further in your enterprise here. It's just making it that much more difficult. We've got a lot of advantages in Nebraska: good soil, good water, open spaces. But property taxes are very much limiting what we can do to expand agriculture in Nebraska. And I know this would be just a part of the solution.

HUGHES: Time, Senator.

MURMAN: Thank you, Mr. President.

HUGHES: Thank you, Senator Murman. Senator Vargas, you're recognized.

VARGAS: Thank you very much, President. A couple of thoughts I wanted to add to this conversation, haven't really chimed in. That's largely because, you know, this is a difficult thing for me to-- to talk about. I was a local elected official. I, on face value, I really don't like individuals trying to, let's just say necessarily rein in local elected officials and their spending. But I've also introduced bills that try to limit that with occupation taxes. So I also have done that. So there's a couple of things that I do want to react to that I think are important. The first here is I do think that, one, it's clear we have a problem with how our current revenue is relied on and property taxes is part of that. I've never been on the mike saying it's not a problem. Senator Wayne said that numerous times on the mike as well and many others. So I don't want that to be the case, that

that's not a problem. The question on the solution is still what we're, I think we're debating. I do believe in local control, even though I know that local subdivisions and entities are making decisions. And this is-- would make sure that we not inhibit growth necessarily, but put caps in place so that it doesn't get out of whack. And that's-- that's the way I sort of understand it. I understand that intent. I'm not against that intent. The hard part I have about this is it's not necessarily in the end going to be as informed as the process that we typically take in Appropriations. Maybe it's naive, maybe it's idealistic. But, you know, since I've been on Appropriations, we've-- we've worked. And again, we're not the Revenue Committee. The Revenue Committee has been doing their work diligently. And I do applaud them for that. That's why we're having this debate. And hopefully those that are elected officials, local elected officials know we're having this debate on spending and-- and making sure things were within budget and doing that forecasting. But we do that here in Appropriations because we have to. We don't think outside of how much we can spend. We're focusing on how much can we put aside for property tax relief. We're evaluating the Governor's budget when he brings it. And we have a small percentage of deviating from what the Governor comes and brings and-- and as for his recommendations. We're not making very big sweeping changes in that. It's a small percentage, but it's iterative and it does rely on local elected officials for doing that. The question in my mind is why aren't more local elected officials, at least from this conversation I'm hearing, doing more of that to ensure that we're not being overreliant or growing too much in certain places where we can benefit from-- from slowing growth or slowing spending so we're not-- we're not growing too much and it's overreliant on property taxes? That's a question that's still in my head. The other thing that I think we-- we don't talk about enough here is as a millennial, yes, I think many millennials don't want higher taxes. But when you provide them with a value proposition on what's more important, what do you care about the most, I think the answer sometimes ends up being different. We've done surveys in my community, and every time I do this survey, I asked people to rank on a scale of one to six what is most important to you. And we include lowering property taxes. We include affordable housing. We include better schooling options in your community. We include these things. And the property taxes isn't the top three. It tends to be somewhere in the four, five, six, at least for my community, which means that it's important. But when in relation to other items, people are still choosing public safety or schools or roads,--

HUGHES: One minute.

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VARGAS: --I think that's important to take in account because nobody's saying it doesn't matter. It's how much does it matter relative to the other pressing concerns that people are asking their local elected officials to rely on. It is something that's still in my head. It doesn't make it yes or no. The last thing that I'll say here is the articles about housing do not take into account wages. One of the major barriers right now for people like me and others in the millennials is housing is expensive. We can't afford it. Wages are not keeping up. Median wages in the state of Nebraska are not keeping up with the housing values and what's currently around. We have the choices that are in front of us. I think part of this conversation is difficult is we also have to focus on how are we going to continue to increase wages. Now, I know that's largely left up to companies, but how-- what can we do to continue to incentivize that? It's not just through incentive programs. We need--

HUGHES: Time, Senator.

VARGAS: Thank you very much.

HUGHES: Thank you, Senator Vargas. Mr. Clerk for items.

CLERK: Mr. President, Reference report referring LR101 or LR102, excuse me. An amendment: Senator Wayne to LB388. Senator McDonnell would like to add his name to LB306. And the Speaker would move to recess the body until 1:30 p.m.

HUGHES: Colleagues, we will keep those in the queue in place and take it up again after lunch. You've all heard the motion. All those in favor say aye. Opposed, nay. We are in recess.

[RECESS]

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

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

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

CLERK: I have nothing at this time, Mr. President.

HILGERS: Thank you, Mr. Clerk. We will now proceed with the afternoon agenda.

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CLERK: Mr. President, returning to LB408. The bill has been presented, as have committee amendments and a motion to substitute an amendment to those committee amendments. I do have a priority motion. Senator Blood would move to bracket the bill until May 10.

HILGERS: Senator Blood, you are recognized to open on your bracket motion.

BLOOD: Thank you, Mr. Speaker. Fellow senators, friends all, this is actually the first time I have done this in five years. So I know that Senator Flood intimated that it was a small group of people trying to cause trouble. I am taking this very seriously, so seriously that over my lunch hour, I printed out the documents from this report, which is LR582 that I referred to earlier, to show you possible state action items that pertain to unfunded mandates that increase our property taxes, LR582 that was put out by the Nebraska Legislature and then basically ignored. And so the question that I have for you is are you willing to let us go ahead and bracket this bill? And, you know, Senator Briese, you notice that I didn't bracket it until the end of session? I did a bracket to give people time to read this report. Now I gave them several weeks because I know some people are slower readers than others. Some other people will have their staff read it and then have them tell it-- them what it says, but I want to know what influence this report, if any, had on this bill because I'm not seeing it. It is so easy for us to point fingers at the local level and say we know better and I'm not saying that we don't have the right to do that, but I am saying that we had solutions that we ignored. And the reason we ignored it is because that's a lot of work. Why not just write one bill that can fix everything? So I got interrupted and I'm going to take my time and finish reading what I started this morning on unfunded mandates and see where we go from here. So I was left talking-- and I can't hear. Can I have the gavel, please? So I left off talking about county jail and the costs for Sarpy County. So in 2018, Sarpy County taxpayers paid over \$8.1 million in costs directly associated with unfunded mandates. Again, 8-- \$8.1 million. Maybe that's not a lot of money to you guys. I'm going to repeat this number one more time; \$8.1 million in costs for Sarpy County taxpayers in 2018 alone. Counties are creatures of the state. Therefore, the only avenue available to counties to address these costs are property taxes. This is particularly-- this is true. I'm just going to leave that word out in light of the fact that state aid to political subdivisions, including counties, was eliminated in 2011. The limits proposed under AM973, for instance, are not compatible with the cost shifting that the Legislature has done and continues to do in terms of unfunded mandates. If we want to fix Nebraska's tax structure, we must

first address these mandates. So I'm going to spend a little bit more time on the mike this afternoon discussing these unfunded mandates for my county and to school districts to further illustrate why, if we are going to approve LB4-- LB408, we must exclude unfunded and underfunded mandates from the legislation. First, I'd like to talk about the costs associated with housing state prisoners in county jail facilities, including pretrial detention for dip-- defendants who are later convicted of state crimes. In 1998, the Nebraska Legislature passed LB695 as a property tax relief measure. Big surprise. The legislation created the County Jail Reimbursement Fund and appropriated \$6.9 million to reimburse counties for expenditures they incurred while housing state prisoners and defendants who were charged and later found guilty of a state crime. LB695 also sets the reimbursement rates at \$35 a day. At that time, the cost to counties for housing these individuals ranged between \$50 and \$100 a day. I'll just talk over the noise. Today, these costs would range anywhere from \$90 to \$140 a day. In 2001, the County Jail Reimbursement Fund was fully funded. However, during the 2002 Budget Special Session, this fund was reduced to \$3.9 million in funding each year. County jail reimbursement, through this fund, ended entirely in 2011. In Sarpy County, this loss of jail reimbursement means a loss of approximately \$200,000 a year. However, because the original jail reimbursement model did not cover the real cost of housing these inmates, the actual loss to my county was over \$1.7 million in 2018. In Lancaster County, Senator Morfeld and all, cost for housing state inmates in 2018 and '19 was \$13.2 million. Second, I'd like to talk about the cost to counties to provide DHHS, Probation, and other state office space and maintenance costs free of charge. This is an issue that everyone from then-State Senator Deb Fischer to Senator, Senator Anna Wishart have tried to tackle with zero relief. Beginning in 1983, in exchange for the state taking over many of the health and human service functions previously provided by counties, counties were required to maintain, at no additional cost to the Department of Health and Human Services, facilities used for the administration of public assistance programs. The net value of the space provided to DHHS in Sarpy County is approximately \$1.3 million. Housing DHHS employees and county courthouses also limits the amount of space available for services directly supporting court functions such as probation officers. In 2014, Hall County, in Senator Aguilar's district, appropriated \$600,000 to purchase an office building just to house all Hall County probation officers. In Lancaster County, lease and equipment costs for Probation, adult and juvenile, and DHHS topped \$725,000 in 2018 and 2019 alone. In all, Sarpy County provides over 18,000 square feet to DHHS and Probation with a cost of \$310,902 alone in 2018. LB605 only increased the costs and square footage counties

must provide for probate-- Probation services. What's more, the County Justice Reinvestment Grant program created to help counties offset additional jail costs under LB605 does not allow for increased Probation costs. In 2015, Senator Groene introduced LB427 to require the state to pay for Probation office space and maintenance. That bill did not get out of committee. Third, I'd like to discuss fees set by state statute. We've already had quite a discussion this session regarding fees and Senator Hughes can attest to how difficult it is to increase fees, even nominally, after his experience with LB215 to increase 911 service surcharges. Most of our process fees have not changed since 1981. These fees include handgun purchase permits or serving a search warrant, warrant, subpoena, or summons. The cost for a handgun purchase permit, for example, has not increased since its establishment in 1991, despite multiple attempts, including Senator McCollister's to raise such fees. The number of handgun permits has increased and the current \$5 per permit is woefully inadequate to cover the cost of the county sheriff's office to process and approve such permit applications. Other inadequate fees include marriage licenses, permits, and registrations. Fourth, as a member of the Government, Military and Veterans Affairs Committee, I want to discuss costs to counties for printing ballots, ballot space for elections of off-- statewide offices, constitutional amendments, and referendums since elections and election law takes up a lot of our time in committee. Current state law requires counties to conduct elections at all levels of government. It also allows counties to prorate the cost of elections and bill some of these costs to political subdivisions. For example, 2010, Lancaster County was able to recoup approximately one-third of its costs of the election from political subdivisions based on a formula that includes ballot space and number of precincts. There is not a provision to allow counties to build a state for constitutional amendments, judicial retention--

HILGERS: One minute.

BLOOD: --or ballot initiatives. In Sarpy County, state and federal races for which there is no reimbursement method, it cost the county \$54,000 during the 2014 election, which represented 62 percent, 62 percent of the Sarpy County Election Commissioner's costs for that election cycle. In 2016 and 2018, 50 and 70 percent of the general election costs were not reimbursable and attributable to state and federal candidate costs. Fifth, Nebraska state statute requires an autopsy and grand hearing for anyone who dies in state custody, including state prisoners who die in state correctional facilities in Senator Slama, Hughes, and Kolterman's districts. For example, since

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2002, the cost to Johnson County in Senator Slama's district have amounted to \$150,859 alone.

HILGERS: That's time, Senator.

BLOOD: Legislation--

HILGERS: Thank you, Senator Blood. Debate is now open on the motion to bracket. Senator McCollister, you are recognized.

McCOLLISTER: Thank you, Mr. President. Good afternoon, colleagues. I would guess that if we totaled up all the time that we spend talking about property taxes on the floor of this Legislature, it's well over one-third of our time is talking about property taxes and I think that's a good thing. So the time that we spend today talking about property taxes is time well spent in my opinion. I serve three school districts. I serve the Westside School District, Millard School District, and OPS, the Omaha Public Schools, but I'm most familiar with both the Westside and the Millard School District budgets. Let me go through some of the budget numbers over the last ten years and I think it illustrates the point that I-- I would like to make. Let's first start with Westside. It's a smaller school district, about 6,000 students, and they spend, at least in fiscal year '11-- 2-- 2011, they spent \$65 million to support education in that school district. And they were-- they increased that budget by \$2,576,000, which was a 4 percent increase. However, fiscal year 2012, they spent \$63,249,000, which was a reduction of \$2,543,000 or a 3.87 percent decrease. In fiscal year '13, they spent \$65,164,000 and they spent or-- an additional \$1,914,000, which was a 3 percent increase. In fiscal year '14, \$68,492,000, which is an increase of \$3,327,000 for a 5 percent increase. In fiscal year '15, they spent \$70 million, which was a \$2.2 million increase, which was a 3.22 percent increase. However, in 2016, they spent \$68 million, which was a \$1.7 million decrease or 2.54 (percent). In fiscal year '17, they spent \$68 million and reduced the budget by \$500,000, which was a .73 percent reduction. In fiscal year '18, they spent \$70 million, which was an increase of \$1.6 million and was a 2.35 percent increase. In fiscal year '19, they spent 72-- almost \$73 million, an increase of \$2.9 million or 4.28 percent increase. And finally, in '20, they increased the budget by \$2.8 million, which was a 3.9 percent increase. So over the years, if-- is-- was about a 1.5 percent increase from \$65 million to \$75 million. Millard's a little different. Largest school district, probably five times the size of Westside. In fiscal year 2010, they spent \$210 million. In 2011, they spent \$205,490-- \$205,489,000, which was a, a 2.5 percent decrease. In 2012, they spent \$203 million, which was a

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decrease of 8 percent. I won't go through all the years, but over that length of time, that school district only increased their budget--

HILGERS: One minute.

McCOLLISTER: --by less than 1 percent, not a lot. And I'm not aware of overspending by the two school districts that I'm most in-- intimately aware of. I know the school board members and they're not wild-eyed radicals and they don't overspend because they know they're responsible to their constituents, just like me. I've knocked on 20,000 doors during my legislative career and the message I get from them, yes, property tax, Senator, but also protect our schools. They value their public schools a great deal. Plus a statutory limit already exists. So I know there are some outliers. I would guess some of the community colleges would be considered outliers and Senator Flood outlined that. I think Douglas County could-- could-- could be considered an outlier with this, their new criminal youth justice center.

HILGERS: Time, Senator.

McCOLLISTER: Is that time?

HILGERS: That's time, yes. Thank you, Senator McCollister. Senator Ben Hansen, you're recognized.

B. HANSEN: Thank you, Mr. Speaker. I first just want to kind of mention my support for LB408 and the underlying amendments and I'm a no vote on the bracket motion by Senator Blood. I appreciate all the hard work Senator Briese has done to put into this bill and actually all the concessions he has been willing to do as well and work with other people in order to make this good bill even better. I-- I first just want to touch a little bit on the idea of local control and does this bill "asurp" local control? And I hate to tell everybody here, but we all introduce bills that have to do with local control and-- one way or another. We were here for how long yesterday talking about LB51. We see a problem with local entities; we try to pass a bill to address it. And I think this is one of the-- another bill to do one-- a similar thing, just in a different fashion. So we all introduce bills that have, have to do with local control in one way or another. It's not uncommon. I do have to have a little bit of pushback on something Senator Morfeld said about LB88 and those who stood up against it. I didn't really talk too much about local control when it come to LB88. I know some other senators did, but we're kind of comparing apples to bowling balls when we compare it to this bill,

when it comes to local control. Local control in one aspect, by having a principal have the ability to maybe have a student not print something because they fight-- find it inflammatory or inappropriate as opposed to people getting taxed out of their homes, kind of a big difference to me. And so I don't know what it's like in Omaha and Lincoln, but I heard already today that property taxes really isn't the number one thing on their list, which might make sense for now. Wait until your property values start to go up, wait till your property taxes start to go up. It's going to be a big concern eventually. And so I know sometimes millennials may not think property taxes are that important right now, which might make sense, but I bet you tell every one of them that-- maybe who are living in an apartment that their rent might go down \$100 every month if we help control property taxes in the state, they might think differently, possibly, I don't know. One of the other things I know that I, that I appreciate with this bill is that we did include NRDs in this, in this bill to help control some of the spending on that aspect. I'm actually in the Papio Missouri district when it comes to NRD. In the last ten years, their spending has gone up-- or their taxes levied has gone up 24 percent. They by far have the most-- I don't know if they have the most taxing authority, but they have enforced the most taxing authority than any NRD. NRD taxes levied in 2020 is over \$27 million and when I look down the list at all the other ones, we're, we're talking about \$1 million, \$800,000, \$3 million, \$1.2 million, and the Papio Missouri River is at \$27 million. And so I think can the state play a role in maybe helping exercise their ability to make sure that we're not overspending? I think that's appropriate within reason. I do appreciate local control, but I also see sometimes when the state recognizes that there's a problem and what kind of role we can play in that as well, just like many other bills that we've discussed already this year and, and previous two years that I've been here. And one of the big things I think that is included in LB408 that I find a good idea is the, the idea of actual growth. And so when we do talk about a cap of 3 percent, I think that's very feasible to say actually we're talking somewhere more like 4 percent. Also when it comes to local control, it doesn't apply to any amounts necessary to repay bonds. It allows entities to exceed the limit for up to two consecutive years if the three-year average increase is kept at 3 percent. It allows school district--

HILGERS: One minute.

B. HANSEN: --to exceed the limit by any amount necessary to recoup a state aid reduction from the previous year caused by an increase in valuation of the tax base. And the voters can actually vote to

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override the limit if they want to. That seems like local control. So I appreciate what Senator Briese has done here and I actually do appreciate the discussion. I'm listening to everybody and learning, actually. And I think one of the things maybe we can kind of concentrate on in the future is also how we equitably fund our, our schools in the state of Nebraska, which might actually create or fix those-- some of those-- a lot of these issues as well. They had-- for instance, Blair Public Schools had to limit their spending quite a bit, not because they wanted to, but because they were forced to because their state doesn't hardly pay them any money like they're supposed to get because I don't find it's very equitable and fair right now. So I'm hoping that's something that maybe we can address in the future as well, along with the discussion that we're having today. So I'm listening. I do appreciate what everyone's saying.

HILGERS: That's time, Senator.

B. HANSEN: And I would encourage anyone to vote green on LB408. Thank you.

HILGERS: Thank you, Senator Hansen. Senator Clements, you are recognized.

CLEMENTS: Thank you, Mr. President. I stand up in support of LB408 and the underlying motion, especially AM1064, which I thank Senator Briese for working on and giving some exceptions that made sense, that should make this palatable for everybody. And I've just also-- on the third page of his handout, especially the inflation of just 20 percent since 2008, but then wage growth of 39 percent, but the thing that really sticks out is the property tax growth of 66 percent. It is a problem that-- it needs to be statewide dealt with and this is a bill that will do it. I went door to door in Sarpy County. It was mentioned that Sarpy County didn't seem to have a problem with property taxes, but they did when I talked to people there. And first of all, they-- they talked about military retirement, that they were going to be vote-- moving out of this-- our state if we didn't do something about taxing their military retirement. And we've done that and I'm really glad that we were able to do that and retain some people, but the people who didn't talk about military retirement talked about their property taxes. And if they're still working at Offutt in Bellevue, why-- they asked me why wouldn't I just move to Iowa and be ten minutes from the job and have a lot less property tax? So this proposal is also a-- an attempt to help those people and to retain them in Nebraska where we'd like to keep them. In the county where I live, Cass County, the last four years, the county budget spending has only gone up by .94

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percent, so it should not hurt my county and so I strongly support the amendments and LB408 and I ask for your support and I would give the rest of my time to Senator Linehan.

HILGERS: Senator Linehan, 2:35.

LINEHAN: Thank you, Mr. Speaker. I heard Senator McCollister and he was talking about Millard Public Schools and I also have part of Millard Public Schools, so it hit a nerve here because I'm going to explain how they've described their situation. The reality is in 2008-09, '09-10, we had a crisis in the nation, a significant one, and kind of like today, Nebraska was a little upside down from that. We Nebraskans don't spend twice as much as a house is worth or at least we haven't historically. We don't borrow 100 percent of costs. So when the housing industry went to heck all over the nation, we weren't in such bad shape. However, we still got a big influx of money from the federal government, significant. I don't see Senator Lathrop or Senator Flood. They were here then. They had so much money that they put significant increase into TEEOSA. I've got the history here if somebody wants to look-- a copy of it, put \$100 million in 2000-- between 2008-09 and '09 and '10 and then increased it again the following year. But what the schools don't tell you-- and if Senator Scheer was here because he was on the state school board at the time, he could confirm this-- is that money was put in TEEOSA--

HILGERS: One minute.

LINEHAN: --given to the schools, and they were told this is a one-time deal, don't spend it all. So when Millard hands out their sheet here about how they had this huge increase in 2010-11 and then they got cut, that's what happened. They didn't get cut. They got-- they didn't get-- continue to get the increases because the federal government stopped flying over with planes and dropping money on our heads. I know this story really well because when I was first elected, at a meeting with the Millard School Board and superintendent-- and I had staff with me-- and I had four members of their school board there and three of which got up and pounded the table and yelled at me about what my job was. I've also had-- suggested to me this morning by one of my colleagues that my job is--

HILGERS: That's time, Senator.

LINEHAN: --as the Revenue Chairman is to raise taxes and I am--

HILGERS: Time.

LINEHAN: --doing a lousy job of it.

HILGERS: That's time, Senator. Thank you, Senator Linehan and Senator Clements. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. I've been patiently waiting my turn to speak and return a little bit of the information we've had on Senator Morfeld when we talked about local control. So I'd like to maybe just fill the body in a little bit on local control. I've served on a city council. I've been through that process, but basically we have no local control. All of the duties are given to us by the state. If the state does not give us that duty, we do not have that right or that duty to do it. Dillon's Rule, under our form of government, the authority and the police power belongs exclusively to the sovereign, inherent-- inherent in the state. There's no "inherentant" power in municipalities and delegation by the state as a prerequisite to the existence of such power in the municipality. So I've spoken the past before-- when the Governor says property taxes are collect and it's a local issue, it's local control. And I look at all the things that we do here. I mean, we have the CIR, which dictates a, a school and a city and a county's wages. That's-- a school, that's 80 percent of their budget is now dictated by an outside source or if-- that we've created to set their pay scale. We just got done talking about police standards across the state, which we have given the cities the authority to do, but we still tell them how to do it. We do zoning issues here. We talk about housing and building standards. All of the political subdivisions get all of their power from the state. So when we say it's a local issue, property taxes are collected, that is about a false a statement as you can get. We have created them and we have given them the authority to collect property taxes. So when I look in my legislative districts, the schools all would fit well within this 3 percent plus growth tax increase. And there's a few of them that have emailed me and, and-- that they're opposed to this, but it's not been a-- as though they're all going to go bankrupt tomorrow because when I look at their five-year history, they average 2.98 percent. So in my area, at least with the nonequalized schools, it's, it's not a-- I guess what you'd call a, a deal breaker that they wouldn't be able to make it. I think they've done well. They've got people on the school boards that I think have been diligent in trying to lower the property taxes, but you've got to remember they are probably 98 percent funded with property taxes. So when you, when you talk about funding at the local level, we truly do, out in those rural areas, fund our schools with local dollars. I just had an email over the noon hour and, and I think this was a, a, a farm wife who worked off the farm, but she had just looked at her Schedule F from 2020 and she looked at the amount

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of property taxes they paid and it amounted to 39.4 percent of their Schedule F taxes, 34 percent tax rate on their net income from farming. I don't think there's any other industries that can say that they get taxed to that level. Does this bill solve our property tax problem? Absolutely not. And I think if you look through the, the counties and their growth rates and you take the 3 percent plus growth, most of the counties, most--

HILGERS: One minute.

FRIESEN: --and I won't say all, would fit underneath this growth rate and have room to spare. Yes, there are some-- few outliers, but I think Senator Briese has accounted for quite a few of those. I think he has diligently worked at trying to look at those severe cases where you lose TEEOSA aid, things like that. That's not an issue in my legislative district. There is no TEEOSA aid. There's no equalization aid to worry about. So when I look at the 3 percent increase plus new growth, I wish we could have some more new growth in our area, but we are usually in a declining number of kids in school. So we have plenty of room. We're not building new schools, fortunately, but we do have to replace them once in a while. But again, we do fund it at the local level and it's all property taxes and we still fit within the 3 and a-- 3 percent growth rate here.

HILGERS: That's time, Senator.

FRIESEN: Thank you, Mr. President.

HILGERS: Thank you, Senator Friesen. Senator Day, you're recognized.

DAY: Thank you, Mr. President. This is my first time speaking on this bill today. I feel like there's a lot of things that I want to say about it, but I think the main thing that I wanted to talk about first was, you know, being a brand new senator, I sat and watched these sessions from the outside for a couple of years and people, as Senator McCollister mentioned, spend hours and hours and hours talking about the property tax problem that we have. And one of the things that I noticed in that-- within that conversation is that no one ever seems to want to address the underlying issues that result in the property tax problem, right? We do have astronomical property tax rates in Nebraska. It is a huge problem, but that is a symptom of two much larger issues. Number one, we have a population problem in Nebraska. We have an issue with brain drain. We have more land than we do people. And number two, we have a school funding problem. So when we talk about the issues that relate to why are we losing young people in

the state of Nebraska or what can we be doing to accommodate the schools better when it comes to state aid to education so we're not relying so heavily on local property taxpayers to fund education, nobody wants to address those issues. Everybody wants to talk about property taxes and put a Band-Aid over the wound that's a symptom of a much larger problem so they can put it on a mailer and say look, I helped with property taxes and then they kick the can down the road to two or three or four legislatures later, where there's a much bigger problem somewhere else that they then have to solve. No one's really willing to actually address the root cause issues of the property tax problem. So going back to what I was talking about with population and the issues with losing young people in the state, according to research from the University of Nebraska at Lincoln, migration is most common among younger residents and we currently-- Nebraska currently has a negative net migration of 3,000 people a year. We are losing 3,000 young, qualified, educated workers, also known as taxpayers, every single year. How do we not have this conversation and take that seriously? As Senator Hunt mentioned earlier, we don't have any protections for the LGBTQ community when it comes to workplace employment protections, when it comes to housing protections, public accommodations protections. These are all things that are very important to young people. I had a bill this session, LB69, it was a student loan tax credit bill, and I found a really great article from a young woman who is a sophomore and an English and journalism major at UNL-- she writes for the Daily Nebraskan-- talking about my bill in particular and how it could potentially address the issue of brain drain in Nebraska. She says in her article, "LB69, introduced by Sen. Jen Day of Gretna, seeks to combat that exact issue--" brain drain. "Day's bill recognizes the strain young Nebraskans feel amid a rising tide of student loans and offers a potential solution. The bill offers employers a tax break if they aid former students in paying their student loans. Additionally, 20-- 25 percent of the bill's credits will be, will be reserved for small businesses." Of course, one bill doesn't solve an entire generational problem, but that's perfectly OK. "LB69 does not have to be a miracle bill, because that's not its greatest selling point. Above all, the impact--

HILGERS: One minute.

DAY: "--of this bill isn't just the physical bill itself, but the concern and compassion that lies beneath it. Young Nebraskans want to feel wanted. They want to be cared for and appreciated by the state that raised them. LB69 is not just a piece of paper mottled with words. It is the action of finally recognizing the simple fact that

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young, talented Nebraskans are needed for this state to thrive." We stand up here and talk about the issue of property taxes being, being the reason young people are leaving the state and then we have young people who are standing up and telling you that that's absolutely not the truth. I think it's 48 percent of millennials in the United States own a home, less than 50 percent. We're talking about-- Senator Ben Hansen mentioned well, maybe if you mentioned, you know, you could reduce their rent by \$100, they would want to stay. The current average rent in the United States is \$1,098. In Nebraska, it's \$833.

HILGERS: That's time, Senator.

DAY: Thank you, Mr. President.

HILGERS: Thank you, Senator Day. Senator Linehan, you are recognized.

LINEHAN: I'm sorry, Senator Flood was-- I just heard Senator Day and I agree with her that we should-- I, I would be all in on doing something about student loan debt forgiveness. I did not particularly like the tax credit idea because I thought the money would go to the people-- not the people with the loan, but to their employer. But I have heard suggestions before to keep people in Nebraska or even recruit people to Nebraska, loan forgiveness is an idea that I think we actually should look at. So I know I'll get phone calls on that, but I do think that if we're serious, that loan forgiveness-- it wasn't, it wasn't the idea that I wasn't in love with, it was-- I want the money-- if we do that, I want it to go to the, the person with the debt. So I've heard several times this morning, several times that we should look-- take a comprehensive view, a comprehensive look. So would Senator Wishart yield to question?

HILGERS: Senator Wishart, would you yield?

WISHART: Yes.

LINEHAN: Senator Wishart, do you know of any senators who looked at a comp-- who looked at school funding and spending property taxes comprehensively last year?

WISHART: Yes, there's-- there's been numerous efforts at that over the years.

LINEHAN: Thank you, Senator Wishart. Senator Friesen-- he's not here-- Senator Briese--

HILGERS: Senator Briese, would you yield?

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LINEHAN: --would you yield to a question?

BRIESE: Yes.

LINEHAN: Senator Briese, did we spend, like, hours and hours and hours with superintendents and school board members trying to work out comprehensive school reform funding last year?

BRIESE: Yes and I-- I believe that was on one bill alone. There's a laundry list of bills we've attempted to do that with, yes.

LINEHAN: And we've had-- could you even kind of guess how many hearings we had, multiple hearings on the issue over the last two years?

BRIESE: Yes, double digits.

LINEHAN: So when we got to the floor with those bills-- thank you, Senator Friesen [SIC]-- we got to the floors with those bills, the same people that are filibustering this bill today filibustered that bill, same people. So I, I find it-- I, I don't-- we don't want to do comprehensive reform. We tried that last year. We-- we had 28, 29 votes. We couldn't get to 33 and it wasn't because people didn't want to work with us. They wanted to work with us, but the school lobby-- here's-- here's the disconnect. The school lobby does not want to give up property taxes. And Senator Groene is not here. He says it well. I'll try to say it more eloquently, probably won't be as understandable as when Senator Groene says it, but they have it. They're in complete control of it. They are not going to give it up and depend on somebody else. So if-- we can't stand here and say it's because we don't know how to fix it, we do. We had \$513 million on the table last year to go to new school funding and the complaints were, well, you might not have that money. Well, guess what? We have it. We have more than that. We've now put \$313 million in a property tax credit fund, LB1107. We put \$300 million in the rainy day fund.

HILGERS: One minute.

LINEHAN: We put another \$63 million. We had the money. We're going to have the money, but until we decide whether we're going to ask the schools to give up some of their property tax funding-- if we're not-- if we're never going to do that guys, then let's just have a vote on that. If we're never going to say if you want more state funding, you've got to give up some of your property taxes-- if that's where we are, then we just-- we're-- we're not going to get anywhere. Because that was the conversation and I've got-- and I don't know if they're

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handing out. I asked-- I forgot to remind him. Here is the Nebraska Education Collaboration's wish list. At the bottom on the second page, they're not-- they're talking about less property taxes, guys. School funding, provide additional budget and tax levy authority for school districts; that's their wish list, more property taxes.

HILGERS: That's time, Senator.

LINEHAN: Thank you.

HILGERS: Thank you, Senator Linehan. Senator Groene, you're recognized.

GROENE: Thank you. This is nothing new. This body in the past has tried to control spending at the local entities. And Senator Friesen said it best, we create them. We give them the authority-- this body does. In 1998, this body passed LB989. By golly, they were going to ironclad control spending. They capped the spending increases. They said-- they defined what restricted funds was. It was all tax revenues, fees, state aid, reimbursements for-- for Homestead Exemption. And at that time, the property tax credit fund didn't exist, but now it does. All of that money, spending of it restricted. You can only spend 2.5 percent more than you did the previous year plus growth and then with a two-thirds majority of the elected board, you could raise it another 1 percent, 3.5 (percent). By golly, they were going to control them. But they did something wrong. They gave them six exceptions: expenditures for restricted funds for capital improvements defined as real property, expenditures for restricted funds to retired bonded indebtedness, expenditures for restricted funds from the sinking fund set up to fund equipment purchases, expenditure for restricted funds-- here's the big one, here's the big one-- expenditures of restricted funding supported jointly financed local services, expenditures of restricted funds to repair infrastructure required by a declared natural disaster. There's no cap on spending. My local county and city, when they both came up against the cap, they called each other and said let's-- what can we do for a interlocal agreement? They said let's buy our fuel together. They wrote up a-- an agreement. They both went out and bought their fuel just like they did before, but that amount of money came off their expenditures. So we tried to cap, this body, that spending. Didn't work. Now it's time to-- to take the children and lower their allowance because we couldn't trust them on the spending. Oh, by the way, local schools are exempt from this and secondary schools are exempt from the lid because we love children, but every other unit entity is supposed to have a max of a 3.5 percent spending increase.

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You've seen the numbers on the property tax receipts. Did they stop spending? Did they control spending? Then the headlines in the local paper, only increase spending 2.5 percent. No, they took another \$1 million off of it with some joint-- joint-venture agreement with the local school or, or, or county or city. There's a way around it. There was a loophole and we-- this body made a big one because we trusted them. So they kept spending and they kept taxing. Now Senator Briese, Senator Geist, Senator Linehan are saying all right, we're going to cap your income, your income because you didn't-- we can't trust you. You just kept spending. That's what we're trying to do here. There's two sides to every math equation. You can never cap one. You have to cap both sides or you have to cap all the variables in the equation. You can't cap one without the other. It needs to be done. This needs to be done. We do the same thing here now with the capital expenditures in our budget. Anything out of the cash fund that they spend on property tax credit doesn't show up in the budget and then the headlines say we only raised spending by 1.6 percent. We do the same thing. We learned from the locals or a lot of us are on boards locally, I guess, and we got elected here and well, we did this back there, let's do it at the Legislature too. This is good legislation. It needs to be done. We are in charge--

HILGERS: One minute.

GROENE: --of local control, we are. We're the big boys in the room. We define what authority, taxing, spending local entities can do. If you go far back in the record, we created every single one of them. We created school boards-- district. We created counties. We created county governments. This body created community colleges, created university-- how we fund it and basically this is about as local as you can get. You want to spend more locally? You vote on it. It's called democracy. I wish the republic side of the equation worked and you elect officials who did the right thing, but hey, maybe the locals have to come back and they have to vote and say no, you're not spending more. This is local control. This bill is local control exaggerated.

HILGERS: That's time, Senator. Thank you, Senator Groene. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. Speaker. Well, I-- I forgot when I had my conversation with Senator Flood earlier to mention, I guess just to say I was impressed at the-- I think it's called a portmanteau, which is where Senator Flood combined two previous words into a new word of "thiefdom," which I think is an impressive use. I liked it for the

fact that it rhymes with I think "fiefdom" and of course, he integrated "thief" into it. So I just think that needed to be mentioned. Senator Flood should be given credit for inventing a new word. I think we've had a lot of conversation. I just wanted to kind of come to the defense of the community colleges where we've talked about that "thiefdom," but I've-- in my time here, I've heard a lot of conversations about the importance of filling un-- filling jobs in Nebraska, some skilled labor, and that's one of the roles the community colleges play. In my experience, Metro Community College-- I know he said they're a good actor, but it is a community college that trains people in auto mechanics, has a great program, welding, homebuilding, and those are jobs that we don't have enough people in. And they're serving that and they're doing that all over the state of Nebraska and I've heard great stories about the work that they've been doing, so I feel like they've been getting beat up on quite a bit here and they needed some defense and so I think we should recognize the important work community colleges do in our communities. I also wanted to stand up and talk-- we've had a lot of conversation about why people move here or don't move here. And I actually got emailed this weekend by a friend of mine who lives in Washington, D.C. to connect me with a friend of theirs who is considering moving to Omaha. And they are the exact type of person we want to move, highly educated professional who is considering moving to Omaha for professional reasons, but they-- it's-- it was not initially on their list of places to move because they didn't think it was a place they wanted to live. So they emailed me and they said this is what I'm looking for. They said they want high-quality food, which I can tell you my district and Senator Hunt's district I think have some of the best food around. There's some great places to go eat in both of our districts. Not that nobody else has great food, but ours do have the best. They're looking for outdoor activity, hiking in particular. We have places like Fontenelle Forest or Neale Woods around and so those are nice things. They're looking for high-quality schools for their kids. They're looking for good public schools and that's one of the things we're talking about here and that's local funding. And then they're looking for a sense of community. That's another thing Senator Hunt has talked about quite a bit about-- in terms of attracting people. They specifically said they're looking for a sense of community where they will not feel like an outsider when they come here and that hits exactly on the things that Senator Hunt has been talking about so much, which is that we need to be a welcoming place for everyone so that when people move here that they, they feel welcome, they don't feel isolated, they, they don't feel like an outsider. Never-- none of those on that list was the property taxes.

Nowhere was the-- the-- how much they're going to pay in property taxes, how much is-- of it goes to the local schools, how much of it goes to community colleges. They're looking for the, the career opportunity that is attracting them here and they're looking for the community and the, and the schools when they get here and that's what people are choosing to or not to move here. I can tell you when I made my decision to move Nebraska, obviously I moved back here because of family situation, but I was living in Washington, D.C. I could not afford to buy a house there. I moved back to Nebraska. I could buy a house, even though I now have four kids and I pay so much money for childcare. Childcare in D.C. is actually more. I've had friends that I've tried to get here-- to move to Omaha. I brought them when they come to visit and, and they have been impressed and they've really enjoyed Omaha and I actually one time got them to go to some open houses with me and--

HILGERS: One minute.

J. CAVANAUGH: --they-- the price range that they were looking at as a result of the place they were living in D.C. was three times what I was looking at. And so I was-- enjoyed going to open houses with them to look at the houses that they were thinking about looking at for people who are similarly situated to myself based off of their move from D.C. So basically what I'm telling you is that the cost of real estate here is-- though rising, is much less than other places and property taxes are not the reason people are not moving here. It is the other issues that people ask about and look at when they decide whether or not to move to Nebraska or to anywhere else. The other places on their list are places like L.A. and Houston that I'm sure have a higher cost of living, but have more of those amenities. And so if we really want to drive people here, we need to focus on things that they-- that are actually a driver for them. Thank you.

HILGERS: Thank you, Senator Cavanaugh. Next in the queue are Senator Flood, Senator Matt Hansen, Geist, and others. Senator Flood, you're recognized.

FLOOD: Thank you, Mr. President, and good afternoon, members. Our efforts here, on behalf of Senator Briese, myself, Senator Linehan, the Revenue Committee, we really tried to-- and I know some of you may resist this statement-- we really are trying to put in something that is reasonable. We could have come in with a 3 percent constitutional cap for consideration by the body. We came in with something that was averaged out over three years. With the authority up front, there's up to 9 percent. But here's the argument I think that-- I hope brings you

to say that this is worth having the discussion on Select File as well and that is how are we going to solve our state's tax problem? How are we going to find common ground when everybody in here agrees that we have a tax system that is outdated and not working? What the Revenue Committee would like you to consider is essentially putting a stop on these increases beyond 3 percent, which is what we live on, until 2028. This has a sunset date. And the idea here is that we see all of these different taxing authorities come in before the Revenue Committee and their first comment is this is how it hurts our municipal government or this is how it hurts our community college. And we deal with the citizens, too, that come in and say I can't pay it anymore. And so even if you're opposed to the 3 percent cap long term, vote to move this to Select so that we can bring everybody in the same boat, so that when we are dealing with this next year, it's not a bunch of us shoveling \$1 billion into the property tax relief fund or LB1107. That it is all of us, including the taxing authorities, who for the first time since 1996 would experience a new round of controls, subject that it would say we're part of the conversation. Because let me tell you, they don't come in very often and say here's how you fix property taxes. We are the only ones in the room fighting to find a solution. And I know there's a lot of, I know there's a lot of folks in here that are very proud of the committees they're on. And I certainly know that members of the Appropriations Committee do a lot of work and they do a lot of good work and we hear about their unity and their solidarity. And I would like to be on a committee where we decided how to spend the money. We're trying to figure out how to protect and, and hold harmless some of these taxpayers that can't handle it anymore. And when you're in the room with all of these political subdivisions, Senator Lindstrom said at the best. Like, he was sitting there, a man of few words when it comes to committee work, and he was just frustrated one day because we seem like we were the only ones in the room trying to fix the problem. And this is essentially us pulling over these political subdivisions and saying you've got to sit in the back of the police car for three or four years while we figure this out. You've got to hold tight while we figure out what we can do to make this work because a lot of days it doesn't feel like they come to work with us in the Legislature and they're trying to solve the problems that we're trying to solve. They're trying to protect their piece of the pie and it-- and the taxpayer's in the middle. Now I want to be clear, I think-- my opinion-- cities, municipalities in this state do a very good job. They're very well run. There are, there are always outliers and over the course of the last 15 years, there's been a growth in property tax value. There's been a growth in valuations and there has not been as

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much rapid-- ratcheting down the levy in each district. Reasonableness. The Revenue Committee is asking you to vote for cloture today. Let us move this to Select File. Let's think about what we can do.

HILGERS: One minute.

FLOOD: We need your help. We need your help to just put the brakes on this enough-- 3 percent growth isn't even breaks. It's just throttling back sometimes what is a 38 percent increase in some taxing authorities, 3 percent. We need to figure this out. Why did we sent [SIC] 2028? Because we want to engage in major tax reform. And folks, if we can't do this, if we're not willing to do this, how do you expect to promise or deliver substantive overhaul of tax relief? Like, we're going down a path where if we can't simply do this, how are we going to do the rest of it? And you know what? There's a lot of folks in the Rotunda. That's exactly what they want. There's a lot of folks in the business community that that's exactly what they want. We want change on the Revenue Committee. We are-- we are literally listening to people that are beyond upset and what we're asking you to do--

HILGERS: Time, Senator.

FLOOD: --just basically-- thank you.

HILGERS: Thank you, Senator Flood. Senator Matt Hansen, you're recognized.

M. HANSEN: Thank you, Mr. President, and good afternoon, colleagues. Colleagues, I rise in continued opposition to LB408 and I will not be giving a cloture vote. I have spoken on tax bills for a number of years and my perspective, and my perspective has been repeated over and over again and my constituents have reelected me after sharing that perspective. I feel like I'm in a good sense with the people of Lincoln and I'm doing their-- their business. And I bring this up to say I know a number of you talk about on the campaign trail, all you got was property taxes, number one issue, number one issue, number one issue. Not the case for me, it was not the case for me. I got healthcare, I got potholes, I got a whole host of other things higher than I got property taxes. I'm willing to help other people out. I'm willing to work and try and get to some solutions on property taxes. I don't want them to be high. I don't want them to be unduly high either, but I also don't want to hamstring the city, the school district, the county that I live in at-- I just don't want to. My constituents don't want me to and I am here trying to explain that. We

keep getting these frustrations of, oh, you know, the city, the school, the cities, the schools or whatever are opposing this bill. Yes, they are, as are a number of senators, because our constituents who elected those city officials and who elected us, who elected those county officials and elected us, who elected our school boards and elected us, agree that there are some investment priorities, there are some expenditures that we do want protected. I understand across the state we-- and across this body, we have a lot of people who view investments in government and the level of taxing and spending they want very differently. I get that and so it shouldn't be surprise that a massive Revenue bill occasionally runs into some opposition or frequently runs into opposition. Senator Groene listed off earlier some of the exceptions we did to that, that cap, cap on spending. I was referencing this earlier. I'll remind you one of the exceptions that we didn't put in that cap of spending that cities have been living under for decades-- and it has been compounding and compounding and compounding and some cities are getting in a tighter, tighter spot-- is public safety. I literally have a bill that would allow for extra spending on law enforcement, fire protection, and emergency services. I've had to bring this twice. This is something the city of Lincoln is worried that the state of Nebraska is putting constraints on the city so hard that eventually we're going to get into a point where we're in trouble with providing some key fundamental services and we're trying to get out ahead of it. And to then not-- not look at that issue, to have that kind of be a nonstarter in this body, despite something I would assume would be overwhelmingly popular if we polled voters-- do you want the city to be able to spend more on police and fire, not even guarantee that they will just have the option to spend more-- to not have that be a nonstarter. At the same time, want to lock down the-- the-- the city and the county from the other end of the spectrum, to squeeze them both coming and going, is, is a problem, is a step too far. It is not what I'm hearing from my constituents. I'm hearing fix the potholes, fix the bridges. I'm hearing, you know, more snowplows. I'm hearing desire to invest in county services, desire to invest in city services. And no, they don't want to raise their taxes, but they also want the streets to be cleaned quickly and expediently in snow-- snowstorms. I know some of you have shared that you feel your individual county is disorganized or owns too many road graders or the school's building too big and too nice of a gymnasium. And I get that and that might be very true for your voters. That might be very true for your constituents.

HILGERS: One minute.

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M. HANSEN: That might be very true in your county. Thank you, Mr. President. That might be true, but that is not true statewide and that is not the mood of the voters statewide. So when you're saying, hey, just kind of give us a freebie, help us out, you know, let us work on this later when the fundamental core issue is an attack kind of on the independence of what our voters in our cities and our counties and our school districts want, that is why it's such a nonstarter for some of us and that is why I remain in opposition to LB408. Thank you, Mr. President.

HILGERS: Thank you, Senator Hansen. Senator Geist, you're recognized.

GEIST: Yes, thank you, Mr. President. And again, I just reiterate my 100 percent support for this bill and I will yield the balance of my time to Senator Briese.

HILGERS: Senator Briese, 4:50.

BRIESE: Thank you, Mr. President, and thank you for that, Senator Geist. I appreciate it. You know, we've talked oftentimes today about the issue of local control and so I asked myself, where-- where did local control get us? Did that get us into the property tax crisis? Did that get us to the point where property taxes are rising at a rate two and a half times faster than inflation? I, I would suggest it got us to the point where education spending and tax askings in the aggregate are reasonable, but we have these outliers out there and it's our obligation to the taxpayers to address this. And I note the exceptions contained in the bill, in the amendment allow the locals to address fire, flood, accessibility concerns, environmental hazards, life safety issues, natural disasters. It further allows the schools to recapture some of the lost state aid and it doesn't impact amounts necessary to repay bonds and the voters can override it. This amendment reeks of local control and I-- I submit that it's time that our government units, education in particular, decide that they want to be part of the solution. The time to just say no has ended. And so what are you talking about, Briese? Education was on board on my LB1084 until it got down to brass tacks on the tax-asking cap. And plus, I understand that equalized districts weren't satisfied with their cut of the, cut of the deal. Education opposed my LB183. They opposed, I believe it was LB946, LB289, LB1106. And you-- you're going to say well, those contain tax-asking caps. Well, what about Senator Friesen's LB454 that doesn't contain any cap? At the hearing, a representative of OPS, when asked if, if they objected to us sending more dollars or any dollars to equalize districts in rural Nebraska, he said, yes, they object. And then we had my LR21CA, which is in the

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Education Committee, which would require the state to fund all classroom expenses. It would have thrown money at education, no strings attached. It would have increased state aid to LPS by roughly \$200 million a year, OPS by roughly \$100 million a year, and it would have provided unequalized districts with more state dollars than they had ever seen. And-- and what did Ed-- Education do? They came in and opposed it. And I still shake my head over that one. Don't understand it, but I guess it's just too easy to say no to everything if you have access-- unfettered access to property taxes and that has to end. Putting a reasonable, common-sense restriction in place on task-- tax-asking authority, like is contained in AM1064, can help bring folks to the table. It can jump-start us on a path to education funding reform. So if you're serious about the reform of education funding, reforming how local governments meet their burdens, if you're serious about those things, then you ought to be serious about LB408. That can start us on the path to some of those conversations, bring folks to the table, and we can get to where we need to be on some of those issues. Thank you, Mr. President.

HILGERS: Thank you, Senator Briese and Senator Geist. Senator Blood, you're recognized.

BLOOD: Thank you, Mr. Speaker. Fellow senators, friends all even today, I, I-- first I want to say is I, of course, support my-- my motion to bracket this. And as I said earlier, if I was just trying to-- to be ridiculous and put this off, I-- I wouldn't have put an actual date that was potentially possible to meet and I told that to Senator Briese. This is the first time I've done this in five years and I've been listening to the debate and you know what I don't hear in any of this debate? Well, Senator Blood, LR582 gave us 14 ways to lower property taxes. Why the heck did we ignore that? Oh, that's right, because it was a legislative resolution, resolution that went on a shelf like so many LRs-- Senator Day has been on this mike so it's too low here-- so we can just ignore it like government tends to do with research. If we're serious about lowering property taxes-- Senator Flood said they don't come in and tell us how to lower property taxes or something similar to that sentence. They literally came in and told us how to lower property taxes in December 2014-- municipalities, schools, counties-- and what did we do? We ignored it because we can do a blanket approach and shove it down their throats later as opposed to things that are documented that they told us that they needed and they're reasonable, not unreasonable things. And again, not to pick on Senator Flood, but when he came to me with the count card, the first question I asked him was did you read the handout and look over the possible state actions that could be used to

lower property taxes? But he was more concerned about whether I was going to vote yes or no on cloture. I'm truly trying to get this information into your heads. Here's the entire document. I made it easy and just made it a couple of pages for you. Fourteen items brought forward to nine senators-- senators, by the way, that were from multiple parties-- Avery, Murante, Bloomfield, Garrett, Karpisek, Lautenbaugh, Scheer, Wallman, Crawford. What are we doing? I'm going to go back to reading my notes and I'm going to make sure that all this information gets on record. And I'm sorry that this is dragging this out, but based on the debate, I don't think I'm being heard because do we really have debates? I don't know I've ever really, truly seen a good debate since I've been here, but that's just me. So I left off talking about Senator Slama's district. So legislation to address this issue has been introduced repeatedly in 2015, '17, '18, and '19 with no bills advancing from the committee. These bills didn't advance because why would we ever want to help our counties that we continue to force mandates upon when we can pretend that the property tax issues aren't our lack to find a solid foundation like LR3-- excuse me-- LR582? But instead, we pick away at the scab of property tax, letting mom come in periodically to put on a Band-Aid, and we hope that eventually it will heal. So let's keep waving our flag that we reduce property taxes while we kick that can down the road, as we've done for decades now. I don't care if there's a sunset in it or not. We're not addressing the underlying issues that caused this. It is not a solid plan and I can't support it unless we take out the mandates and we address the mandates that cause an increase in property tax. I'd also like to discuss the unfunded mandates to school districts, another entity who relies on property taxes to provide public education and related services--

HILGERS: One minute.

BLOOD: --to students and their families, like occupational therapy, physical therapy, which you may not be aware of. This time, I'm going to focus on bills introduced in the session, only to give you an idea of how big and pervasive this issue is and I am going to punch my button one more time because I think I have a third time in the queue.

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

HILKEMANN: Thank you, Mr. Speaker. Glad to be back here to talk about this bill. I'm-- I'm-- I want to talk to you about a conversation I had with the Elkhorn Public Schools and just to give you some basic data. In my visit with them, they went back and they said what, what

if this bill had, in effect, if this had been in place prior to this? And so I'm going to just share-- these are some-- I'm trying to just-- statistics are hard to share and make it interesting, but I hope to make this somewhat interesting. In 2018, Elkhorn Public Schools had a real growth value rate of \$203 million. During that period of time, the district opened up an elementary school. Their pre-- their pre-K-12 fall membership grew 510 students. In 2019, they had a real growth value for their '19-20 budget of \$269 million and they had a pre-K-12 fall membership student growth of 465 students. In 2020, their real growth value was \$214 million. The district opened up a new high school, their third high school, Elkhorn North. They also opened up Woodbrook Elementary and their fall membership student growth was 320 and that certainly was probably affected some by the COVID. And they don't know what the full impact of the COVID was on their increase in membership. So in 2021, the preliminary real growth value is \$256 million. They're going to be opening up another middle school and they certainly anticipate that their next fall membership is going to be several hundred more students that they'll be adding to the district. So based on this historical analysis, had this bill become effective in school year 2018-19, by the school year 2021-22, Elkhorn Public Schools would have faced estimated reductions from the property taxes allowed by the one-- the-- the \$1.05 levy limit to \$43 to \$88 million, even as the district grew in the number of buildings and in the number of students that they had to accommodate. We need to-- I-- I present that in the sense that we, we have to, we have to be dependent upon these local entities to work with their spending as it's necessary for the local school districts. Now they say well, we can have a-- we can have an override. Folks, are we going to be overriding every year that we have, that we have an increase in-- in-- people get tired of that. You can do an override for a period of time or you can bring a bond issue forward, but people elect their public officials to handle their budgets. That's the reason-- if we're going to have an override vote every time, then we just as well go ahead and have the-- the whole public vote on the budget every time and it will be a real chaos. And folks, that's-- that's one of the concerns I have. Also, data that I have been-- been given--

HILGERS: One minute.

HILKEMANN: --you would have said this, this would have had a huge impact. Douglas County, over a five-year period of time if this had been effect, would be down \$24 million in revenue. Omaha, city, \$13.2 million. Millard Schools would have been down \$11 million. Elkhorn would have been down \$40-some million and Omaha Public Schools, \$16.2. Folks, I just think this is-- that this is the wrong message to try

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to-- we need to control spending. I think our-- our elected officials-- let's put it-- and if we want local control, let's keep it there. Let's not have the state demanding with-- how this has to be done and thank you, Mr. Speaker.

HILGERS: Thank you, Senator Hilkemann. Senator Hunt, you're recognized.

HUNT: Thank you, Mr. Speaker. Good afternoon, colleagues. Good afternoon, Nebraskans. I'm going to yield some time to Senator Pahls, but I wanted to continue the-- the points that I was making on my previous time on the mike before lunch. Nebraskans, as a conservative red state, we are in denial about our economic prospects and our economic situation and the potential we have for economic growth and opportunity in this state and I'm telling you that directly, point blank. Red states like Nebraska love to tout and brag about and say how business friendly they are and how tax friendly they are and people get elected running on platforms talking about bringing business to the state and lowering taxes. But you never hear people talk about being citizen friendly and that's what people are looking for in these modern times when they're deciding where to live. There are so many red states like Nebraska and Kansas and Indiana that are really well connected, but they're bad for the average citizen. They don't work for the average person and it should really be opposite. We should make working for regular citizens our North Star. We should be working to make life better for migrants, for renters, for pregnant women, for nursing home residents, for people who don't own cars, for LGBTQ people. And we literally have bills introduced every year, including this year, that we can vote out of committee, that we can put into an economic development package and get passed, and I cannot convey to you or overemphasize how excited the young people of Nebraska would be about that and it would get me to vote for stuff like this. It's called negotiation and making a trade and making a deal and for me to be interested in something like this, that's what we would have to do. One would think that that kind of thing is the primary job of state government, but it's not just taking care of citizens, it's also good business sense. The most important factor in attracting high-wage employers is the availability of a skilled labor force. And that's what the chambers have been telling us, that's what Blueprint Nebraska has been telling us, that really the crisis we have in Nebraska isn't our taxes, it's our workforce. That's the number one thing. It's talent. And instead of racing to the bottom, we should be racing to the top to lift these people up and create the kind of environment where people want to move here based on the merits of the state, where people want to live in Nebraska because Nebraska is

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awesome, not just because it's cheap, because I promise it's already pretty cheap. This is going to be even more critical in a post-coronavirus world where people and workers are realizing that they can work anywhere they want to, where more and more people are going to be working remotely. We're going to be competing for so many other states for those people who are going to be doing remote work. Nobody in this body yet, since we started this debate, has come up to me and said you know, I'm willing to make a deal. Let's talk about some of the proposals that you've brought up around social issues and economic development issues that matter to millennials and young people. None of you have talked to me seriously about that. And all the ideas that I talk about, they're free. They don't cost any money. So with that, I will finish my points later. And, Mr. Speaker, I'll yield the rest of my time to Senator Pahls.

HILGERS: Senator Pahls, 1:35.

PAHLS: Yeah. Thank you, Senator Hunt, and I've gone around and asked a couple of people to donate some of their time to me because I'm so far down the list that it may be next week before I have a chance to speak. I've been listening a good part of the day and within the last half hour, I heard my good friend, Senator Flood, say we had to put cloture on this bill. We have to do this and do this and that and I question that. I'm not trying to keep--

HILGERS: One minute.

PAHLS: --this going-- to continue, but I do have a couple of things I need to talk about. The issue to me is the smaller schools or the schools outstate need state aid and the way you get state aid probably in the future will be from the sales tax. It's the way I look at it. There's only so many sales tax dollars available now. I know we could add on a few other items, but I want to see-- talk to the bigger picture dealing with sales tax. And this why I wanted to give Senator Flood a bad time because I needed his help about ten years ago, although I'm not striving to do that today. I said let's start taking a look at our exemptions. We have exempted ourselves out of power. We have so many out there because once we exempt, exempt this group, somebody else has to pay. So my sales taxes have gone up because we have exempted so many other--

HILGERS: Time, Senator.

PAHLS: Thank you.

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HILGERS: Thank you, Senator Pahls and Senator Hunt. Senator Bostar, you're recognized.

BOSTAR: Thank you, Mr. President. So I was reviewing some of the transcripts from the hearings on LR22CA and LB408 to help identify the reasons why, at this current point with the bill in the current form, I am opposed. But before I get into that, a couple of things I want to say that I genuinely appreciate. One of those is Senator Briese. He has been working extremely hard to find the solutions to issues that people bring forward on the bill. And he-- I really, I-- and, and not just on this bill, but all the bills that he brings and, and I really appreciate that. The other thing I appreciate is Senator Flood talking about how what he wants to see come out of this is something reasonable and responsible. I appreciate that and I agree. So with that, I want to talk about Lancaster County. So in the hearing on actually both LR22CA and LB408, the budget and fiscal officer for Lancaster County came and testified and talked about the property tax situation in-- in the county and what sort of-- what sort of increases we, we've seen. And so just going through this, which is extremely useful, over the last ten years, the rolling average for Lancaster County is 5.116 percent increase in, in property taxes. Now if you take real growth into account, which from the hearing was determined to be 2.15 percent, that actually puts us in-- in-- in pretty good shape for what this bill would ask of Lancaster County. And, and actually here in the transcript, that was described by Senator Flood as responsible. However, Lancaster County had a couple of years where our increases were much higher than that. For example, in 2012-2013, Lancaster County had a 12.5 percent increase. That was due to a new correctional facility and the staffing thereof. It was necessary. And even with that spike in that one year, we were able to maintain responsible levels as, as determined by other members of the Revenue Committee, responsible levels, on average, of increases. The problem is LB408 wouldn't have allowed us to engage in this level of fiscal responsibility, again, as identified by other members of the Revenue Committee in the hearing, and I'm happy to share the transcripts of that. The three-year rolling average is helpful, but it's not enough to account for some of these one-offs. Another one was related to flooding, bridge and road repair and I appreciate Senator Briese for bringing an exception into the bill--

HILGERS: One minute.

BOSTAR: --to account for some of that-- thank you, Mr. President-- but it wouldn't address the correctional issues that the county successfully approached in 2012-2013. So in its current form, if we

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are going to say that Lancaster County has been responsible stewards of public funds, which several have, and if this bill would have prevented us from engaging in the ways that we have, then I-- I-- I stand opposed to the bill at this time. Thank you very much.

HILGERS: Thank you, Senator Bostar. Senator Albrecht, you're recognized.

ALBRECHT: Thank you, President Hilgers. Senator Bostar, thank you so much for bringing up the Lancaster County issue on LB408. What I took from that particular committee hearing is that the gentleman from Lancaster County talked about how they put a bond out there and it was a resounding no from the people in Lancaster County and they built it anyway. This is why I am so happy to be serving my very first year on the Revenue Committee because we have four new freshmen on the-- on the committee and we have four seasoned senators. And it's very evident to me, when LB1106 and LB1107 were being negotiated, that the larger schools spoke loud and clear that they were not going to share their money. They were not going to share, you know, what they had and they-- that's all there was to it. And, you know, I will work, you know, in the next four years that I can sit on the Revenue Committee to find a way to make it right for the state of Nebraska. And I'd like to yield the rest of my time to the Chair of Revenue, Senator Linehan.

HILGERS: Senator Linehan, 3:45.

LINEHAN: Thank you, Senator Albrecht. Thank you, Mr. Speaker. So I-- I know you're covered in paper and it's not even maybe about numbers. We-- so latest handout I've handed out-- I think pages handed it out-- is the census data on school spending. So Nebraska-- this is three years old, so I promise you it's more than that now. But three years ago, fiscal year 2018 in General Fund spending-- so that's not bonding, that's not new schools. This is General Fund, that's your \$1.05. We spent in Nebraska, \$12,491 per student. How does that compare to our surrounding states? Colorado spends \$10,202 per student. Iowa, \$11,732. Kansas, \$11,653. Missouri, \$10,810. South Dakota, \$10,073. Wyoming does spend a fortune, \$16,000 a student. They also have no income tax. They depend on oil and gas and revenues. To put this in perspective, \$1,000 times 300,000 kids-- it's actually more than that-- let's just do quick math, it's \$300 million, \$300 million. As far as I know, schools-- they have good schools too and even probably some great schools. If you look at USA Today and World Report, Colorado, like, knocks it out of the park, but another subject. Then if you want to go to our budget book-- Senator Dorn, would you yield to a question?

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HILGERS: Senator Dorn, would you yield?

DORN: Yes.

LINEHAN: Thank you, Senator Dorn. On page 3 of our budget book, there's an explanation of LB1107 on the Property Tax Incentive Act, correct?

DORN: Correct.

LINEHAN: So this year, we are going to be at-- it says-- '21-22, it says how much there? And we talked a lot about this, \$313,672,849, right?

DORN: That will be what will amount for-- that will-- you will get in your income tax credits or savings next year based on this year, yes.

LINEHAN: Yes. OK, so that's for '21-22.

HILGERS: One minute.

LINEHAN: And then if we have more revenue, isn't the bill written-- I mean, right now-- and this is important. Right now, we're projecting that that fund will go up to \$418 million, almost \$419 million in '23-24, correct?

DORN: In year four-- and this number is based on the last Forecasting Board's forecast. The July 15 numbers is what our final numbers here will be based on, so it could be higher or less, yes.

LINEHAN: But the way things are looking, that number is going to go up, isn't it?

DORN: Right now, it does look positive, yes.

LINEHAN: Is it possible that if we have a good-- two good revenue years in a row like this year, that that number could go over \$500 million?

DORN: That is possible if we have the revenue coming in, yes.

LINEHAN: OK, thank you. Thank you. So we're going to be spending maybe as much as \$500 million on property tax relief through LB1107, \$313 million through--

HILGERS: Time, Senator.

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LINEHAN: Thank you.

HILGERS: Thank you, Senator Dorn, Senator Linehan, and Senator Albrecht. Senator Pansing Brooks, you're recognized.

PANSING BROOKS: Thank you, Mr. Speaker. I am rising again to talk about my concerns about what this does to Lincoln Public Schools and other schools around the state. One of the things that we're understanding is that this will cause reductions that will come most likely to staff, which includes-- major reductions would include, you know, increasing the student-teacher relationship, the-- the more-- more customized instruction, a-- a lack of-- of, you know, research and-- and the ability to study topics at-- at greater lengths and in greater depth and also keeping teachers in the teaching field in Nebraska. And again, this is about economic development, making our state thrive. Young people are interested in coming and being here if we've got a state that's, as Senator Hunt said, you know, that-- that brings initiatives that-- that make it attractive and help us to want to keep our kids, our young people here and working in the state. And with that, Senator Pahls has asked for time, so I'll give the rest of my time to Senator Pahls.

HILGERS: Senator Pahls, 3:45.

PAHLS: Thank you, Senator. I appreciate that. I was talking a little bit-- just to refresh, I was talking a little bit about all the exemptions that we have out there. And once you give somebody an exemption, somebody has to pick up the rest of the load. I think it's amazing if we take a look at that because we are looking for future funding of probably some of the schools out in the rural areas of Nebraska, which I endorse. I think we need to-- we need to take a look at the total state, not just certain sections of the state, and we need to take a look at our taxing program totally. That's one reason why I voted a-- a-- a certain-- a bill out of the committee just so we could have a-- the opportunity to talk about that. I'm going to run down-- and I will be doing this more than just today, in the future-- some of the exemptions that we have and I'm going to also tell you the date so you sort of get a feel about that. Now to be honest with you, I'm talking to the public more than I am to the body here because by now, everybody is data-- whatever-- they're probably overload and they have other things on their mind, but I think the public ought to really understand the predicament we are in. Now we as the legislators, we determine who gets the exemptions. So see, we are probably part of the problem also. It's not just that local government entity. So we have to reflect back on ourselves because we've done

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this and I'm just-- I'm going to start with, with agriculture because it starts with an "a" and I'll flip through because this is not to pick on them and I'm not trying to do away with these exemptions, but I'm just trying to get-- let the people have a feeling of what we have exempted and the amount of dollars. In fact, when I was here the last time, I tried to get this moving. I knew I couldn't do it because it was too early. Then Governor, Governor Heineman, he tried it and then he had a lot of blowback, so he dropped that. So there have been efforts out there to make some changes. On the floor, you'd think we'd never done that until the last two or three groups of senators in here, but it's been going on for quite some time. It's just trying to find the right remedy to the issue. I'm just going to start, number one, with agriculture machinery and equipment. That was in '92 when it was exempted, \$217 million. Agriculture repair parts, 2014, \$15 million. I'm going to read just the big numbers. Agriculture chemicals, \$131 million and that was in 1967. In fact, 1967 ought to be a very, very famous year for us because that's when we did an upside down--

HILGERS: One minute.

PAHLS: --on the tax issues. Seed sold to commercial producers and for agriculture purposes, 1967, \$71 million. See how this stuff is adding up? I'm not going to go to the water for irrigation and manufacturing because I'll use that a little later on. Here is a very interesting one because we-- it was a little bit of a humor in this, commercial artificial insemination, and of course, you know, you try to add a little humor. When I did this the last time, it was right-- about \$500,000. That was 10, 12 years ago. Now it is \$934,000. This is every year. This is not just one year. Every year, these things go up for the most part. Mineral oil as a dust suppressant, I can remember that came through, tried to fight it, but they wanted it, I could say, the people who were in elevators and--

HILGERS: That's time, Senator.

PAHLS: --that's \$594,000 every year, not just one year.

HILGERS: That's time. Senator.

PAHLS: Thank you.

HILGERS: Thank you, Senator Pahls and Senator Pansing Brooks. Senator Hughes, you're recognized.

HUGHES: Thank you, Mr. President. I yield my time to Senator Briese.

HILGERS: Senator Briese, 4:55.

BRIESE: Thank you, Mr. President, and thank you, Senator Hughes. And I heard a comment earlier about the impact to a local school district that might have to cut some staff, cut back, suffer some onerous cuts in their operations, but-- but we need to be careful here. As I-- as I look at that particular county-- and it was LPS actually-- and I-- I see that Lancaster County's real growth value the last year was 1.77 percent. And so presumably-- and I'm-- I wouldn't take this to the bank, but we have to be careful about making generalizations about the perceived negative impact of what we're doing here. So LPS, in theory, would have a 3 percent-- an ability to go up 3 percent and they presumably would have an ability to go up another 1.77 percent to get them to 4.77 percent. And I see their actual tax askings have increased the last three years an average of 5.31 percent and so there's not a whole lot of difference there. And plus, under LB408, they would have the ability to recapture lost state aid by exceeding the 3 percent through property taxes and they'd have an exception for fire and flood improvements, expenditures related to accessibility, environmental hazards, life and safety code hazards, CIR judgments. So there would be exceptions that possibly-- yeah, I-- it's kind of hard to predict the actual impact, but it possibly would get them-- make them whole relative to where they have been, so-- you know, the, the statement was made that it would cause cuts. Well, it, it possibly would, but they're quite possibly kept whole also. So we do have to be a little cautious because there are some factors in there. It's kind of hard to predict how those exceptions impact what we're talking about here. And so that to me is an example of-- well, at first blush, you think yeah, it's-- maybe seems kind of onerous, but as you look through the exceptions and look through the real growth and the recapture of lost state aid, it's probably not as onerous as it does seem-- seem at first blush. But I think going back to kind of an overarching theme here today about education funding, reforming, you know, our property tax crisis, in my view, is really borne by our failure to properly fund local government, in particular K-12 education at the state level. And I think most of us agree that resolving the property tax crisis must entail education funding reform, but comprehensive education funding reform or any kind of education funding reform has been an elusive target. You know, look at the efforts in the last four years, LB640, LB1084, LB289, I think it was LB974-- I might have that wrong-- LB1106 and I'm missing several of them. They lay in the trash heap of ideas probably to be resurrected someday, but they were failures. We failed time and again on this issue. And Senator DeBoer has plans for a commission to study

the issue, try to find a resolution, but if history is any indication, I don't predict any success on this issue any time soon unless we take a step today. And why is that? Because any time we talk about education funding reform directed towards property tax relief, we must also talk about the state injecting more dollars into K-12 education. And when you do that, you have two factions. You have a faction that says well, just throw money at education and that'll yield property tax relief and the other faction that will say those dollars must be accompanied by restrictions on spending or tax increases to ensure that those dollars don't just yield more spending. And so we have an impasse and that's the impasse--

HILGERS: One minute.

BRIESE: --thank you, Mr. President-- stop LB1084, LB289, LB974, LB1106, and an impasse that will not be broken unless we pass LB408. LB408 will at least-- will impose at least some very reasonable limitations on property tax askings that can help ensure additional state dollars injected into public education can yield property tax relief. It can help allay the concerns of those that are demanding restraints on schools before they commit to additional state dollars for K-12 education and it can help break the impasse that I just spoke of. So if you really want to jump-start reform of education funding and local government funding, you need to support LB408. If you want to get more dollars into K-12 education and other units of government, you should support this bill. I believe that LB408 can help us move the needle on this issue. Thank you, Mr. President.

HILGERS: Thank you, Senator Briese and Senator Hughes. Senator Morfeld, you're recognized.

MORFELD: Thank you, Mr. President. Colleagues, just in response to Senator Briese's statement just now that if you want more funding to go through to K-12 education and local government, you should vote for this bill, well, where's the corresponding spending or revenue that is going to put more money in K-12 education? Or is that just a hope, a wish, and a dream that after we pass this, we'll just wake up next year and go, oh my God, we need to find more revenue to make sure that all these local governments that we've been cutting for three decades are made whole? That's not going to happen. I know it's not going to happen. I can bet my house on, along with the property tax that I pay for it, that it's not going to happen because I know it isn't going to happen and everybody in this room knows that too. Colleagues, I can tell you I've done just a little bit of a poll now. It's a little, a little biased. It's on social media, so it's not a-- it's certainly

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not a scientific poll, but everybody was talking about millennials on the floor and what their preferences are, what they look at, and I just asked a simple question: is property tax something that's a serious consideration to keep you in the state? Just asking millennials. I haven't had one person that's brought it up yet. Granted, again, it's a little bit biased of a sample, but I'm looking. It's a poll. I-- I heard-- I heard Senator Linehan over there. It's a poll. It's not a scientific one, but it's a poll nonetheless. I can put a real Twitter poll on there. We can do a joint Senator Linehan-Morfeld lit-- Twitter poll. But in any case, colleagues, this is the wrong solution to this issue. This is the wrong solution to this issue. I am all about looking at new forms of revenue and pushing and advocating for new forms of revenue and I have done that, whether it's outside the Legislature helping with casino gaming, whether it's outside the Legislature or inside the Legislature working on medical marijuana and adult-use marijuana, whether it's promoting certain renewable energies that could bring money to our community and our state. And I'll be honest with you, most of the people, not all, most of the people fighting for this have opposed those things. So it rings hollow to me to--, to hear people say listen, folks, we just need to pass this and then it'll put, you know, some kind of pressure on all of us to create new revenue that will go to these communities and we'll make sure that they have more funding. That's just not true and it's not true because we have history as a guide to show us that it's not true and that it's not going to happen. So colleagues, that is an illusory point. This is legislation that is not going to the root of the problem. It's eroding local control and with that, I'll yield the rest of my time to Senator Pahls.

HUGHES: Senator Pahls, 1:50.

PAHLS: Thank you, Senator Morfeld. I'm just going to continue on some-- but I want you to note the year and the amount of money and like I say, this goes year after year after year. Am I saying we need to do away with this? But we need to take a look at this, the benefit of those people and how that could have an effect on property tax, other taxes. Animal life whose products constitute food for human consumption or for human apparel, \$881 million. Grains for animal life-- and that even includes-- I mean, you really get down into the details of vitamins and the-- commonly used in feed or food--

HUGHES: One minute.

PAHLS: --supplements, 1967, \$283 million. Those two together, \$1 billion. See how this stuff adds up? I'll go through a couple more and

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I'll move over to get into something else other than agriculture. Railroad rolling stock, repair parts and services, \$20 million, '67. Common or contract carriers, 1967, \$17 million. It goes on and on. Motor vehicle, motorboat trade-ins, 1967, \$52 million. Certain medical equipment, '67, \$205 million. Newspapers, 1967, \$3 million, a little over \$3 million.

HUGHES: Time.

PAHLS: Laundromats, \$576,000. Thank you.

HUGHES: Thank you, Senators Pahls and Morfeld. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Mr. President. Good afternoon, colleagues. This is my first time talking today. It's 3:20, how exciting. I've been listening all day to the comments that have been made and the one thing that really sticks out in my mind is that I think half of the body ran for the wrong office. If property taxes are your priority in the state revenue, you should have run for county boards. If I were on the county board in the counties that the supporters of this bill reside, I would be very, very insulted, to be quite honest, that you think that I can't do my job. And if you don't think that your county board members can do their job, then why don't you run for county board? If county board is just a bunch of tax and spend, out of control elected officials, then why do they keep getting reelected by their constituents? And why aren't you running for those positions? Property tax is not a tax that is levied at the state level. It is a tax that is levied at the county level and in my view, it is inappropriate for us to exert our authority over county-elected officials to do their job. It's their job to do their budgets. It's our job to do the state budget. What I would like this body to be focusing on are the things that the state taxes and the things that the state pays for like developmental disability services, child welfare. We have spent so much time talking about a tax that we don't levy. If you want to fix property taxes, run for county board. Change how things are done at the local level, the level where that tax is levied. We have a property tax-- income tax credit fund that was created last year that, again, is very confusing to access because it's giving a refund-- a tax refund for a tax that we don't levy and not everyone who pays income taxes qualifies because not everyone who pays income taxes owns property. So we just keep making things clear as mud year after year after year and I, for one, think that government should run more efficiently. I was asked yesterday by a colleague about the budget and my thoughts on the budget and what I

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would do differently. And I've said several times here, I think I'm oftentimes viewed as just a loudmouth liberal, but the reality is that I don't like taxes, I don't like fees, I don't like government waste and spending, and I think that our state government is not run efficiently. I think we overspend on a lot of things and there's a lot of things we could cut from the state budget, but we instead choose to quibble over a tax we do not levy.

HUGHES: One minute.

M. CAVANAUGH: Thank you. I very much would like to see this Legislature and all future legislatures working to make sure that our government is working for the people efficiently. And I can tell you and I'm-- anybody who's looked at the State Auditor's reports can tell you that we have not done a good job of that, that we have millions-- actually, I think it's billions of dollars that are just being wasted, but property taxes are what you all choose to focus on. And I just fundamentally disagree with that because we don't levy that tax. We levy other taxes and we take care of other business and we're not-- we're not minding the shop that we're in charge of. We're minding the shop down the street. And-- and for those at home, I would just like to comment this is the most complex, convoluted board up in front--

HUGHES: Time, Senator.

M. CAVANAUGH: --I think I've ever seen. Thank you.

HUGHES: Thank you, Senator Cavanaugh. Senator McCollister, you're recognized.

MCCOLLISTER: Thank you, Mr. President. Good afternoon again, colleagues. Earlier this afternoon, we talked about the Nebraska tax structure, so I'd like to spend a couple-- three minutes talking about that. First, and since this is my seventh session in the Legislature, I have to say that we have held spending. This year, despite great revenues, we kept spending down to 1.7 percent of an increase and I think that is really showing fiscal discipline. We are not a tax and spend Legislature. I think we have shown that, at least during my time in the body. Secondly, we have generated sufficient revenue in both sales tax and income taxes to provide \$1.4 billion worth of tax relief to Nebraska citizens. I don't think most people recognize the good job that we've done providing property tax relief and we don't receive credit-- sufficient credit for that. And to that end, we also get compared or berated by the Tax Foundation, the Tribune content that we just-- received from the-- in the Lincoln Journal Star, Kiplinger, and

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WalletHub and we are rated 41st or 7th or ninth-highest in property tax. And I contend that those measures don't adequately reflect the fact that we have, have provided \$1.4 billion with our property tax relief to this state. I served on the Revenue Committee for two years and I would contend that our sales tax base is very narrow, too narrow. And you compare Nebraska sales tax exemptions with almost any other state and we are just entirely too narrow. Now we could generate perhaps another \$500 million if we are to broaden our sales tax to include services and some of the exemptions-- get rid of some of the exemptions that we've provided over the years. That is something I think that we need to do. Senator Linehan has also talked about the Homestead Exemption and I think that's something that we should also consider eliminating over a number of years. The inheritance tax, the county inheritance tax is also something that should, over a long period of time, be reduced because that-- we're only seven-- among seven states in the country that still have any kind of tax of that nature. So that's something for another legislature to do. I would hope the Revenue Committee would take up some of those reforms next year. With that, Mr. President, I would yield the balance of my time to Senator Pahls.

HUGHES: Senator Pahls, 2:05.

PAHLS: Thank you, Mr. President, and I'm skipping through a lot of items. I'm just trying to get a feel for this. Again, I'm speaking to the public. These are the things that we have exempted. They are not being-- there's not a sales tax on it. One interesting one that, that most of us around here will enjoy, it talks about the political campaign fundraisers. That started in 1993, but they have no estimate of that, which I found interesting. Motor fuels, 1967, \$214 million. Ener-- energy used in industry, \$105 million. Energy used in agriculture, \$58 million. Do you see how these things are starting to mount up, mount up? And that's year after year. It's not one year. So we could have solved some of our problems right now if we had not had some of these exemptions. There's just-- oh, here's-- I'm going into the food area.

HUGHES: One minute.

PAHLS: Thank you. Food or food ingredients, \$206 million. Supplemental Nutrition Assistance Program, \$12 million. I mean, it just goes on and on. Now I'm going to go to general business because this is the big one. General business, that means when you put manufacturing, all this stuff, all those things together, that's \$1,000,600,000. I know we're not going to do away with it, but I'm just showing, letting you know

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we exempted them and we're talking about property tax. Look at all the exemptions. And we have even exempted this year in Revenue Committee. Somebody came in for some farm equipment and we exempted it. I don't know if it's been on the floor yet, just manufacturing machinery and equipment, 8-- 85,000; film rentals; syndicated programming-- I'm not going to give you all the numbers-- intercompany sales, intercompany leases, sales of used in-- used business--

HUGHES: Time, Senator.

PAHLS: --or farm machinery. Thank you.

HUGHES: Thank you, Senator Cavanaugh and Senator Pahls. Senator Clements, you are recognized.

CLEMENTS: Question.

HUGHES: The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay.

CLEMENTS: [INAUDIBLE] roll call vote and a call of the house.

HUGHES: There's been a request to place the house under call. All those in favor of the house being under call-- colleagues, there's been a request to place the house under call. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 22 ayes, 3 nays to place the house under call.

HUGHES: The house is under call. Senators please record your presence. Those unexcused Senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Walz, would you please check in? Senator Slama. Senator Wayne, Senator Lathrop, Senator Arch, and Senator Aguilar, the house is under call. Senator Wayne and Senator Arch, the house is under call. Senator Clements, we are only missing Senator Arch. Do you wish to wait or proceed? Very good. Everyone is accounted for. There's been a request for a roll call vote in regular order on the bracket motion. Mr. Clerk. Oh, excuse me, we are voting on ceasing debate on the bracket motion. Mr. Clerk.

CLERK: Senator Aguilar not voting. Senator Albrecht-- Senator Albrecht? Voting yes. Senator Arch not voting. Senator Blood voting no. Senator Bostar not voting. Senator Bostelman voting yes. Senator

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Brandt voting yes. Senator Brewer voting yes. Senator Briese voting yes. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Day voting no. Senator DeBoer voting no. Senator Dorn voting yes. Senator Erdman voting yes. Senator Flood voting no. Senator Friesen voting yes. Senator Geist-- just a second, Senator. All right, Senator Geist voting yes. Senator Gragert voting yes. Senator Groene voting yes. Senator Halloran voting yes. Senator Ben Hansen voting yes. Senator Matt Hansen voting no. Senator Hilgers voting yes. Senator Hilkemann voting no. Senator Hughes voting yes. Senator Hunt voting no. Senator Kolterman voting no. Senator Lathrop not voting. Senator Lindstrom voting yes. Senator Linehan voting yes. Senator Lowe voting yes. Senator McCollister not voting. Senator McDonnell. Senator McKinney voting no. Senator Morfeld voting no. Senator Moser voting-- Senator Moser, I'm sorry-- voting yes. Thank you. Senator Murman voting yes. Senator Pahls not voting. Senator Pansing Brooks voting no. Senator Sanders voting yes. Senator Slama voting yes. Senator Stinner voting yes. Senator Vargas voting no. Senator Walz not voting. Senator Wayne-- Senator Wayne? Not voting. Senator Williams voting yes. Senator Wishart voting no. Senator Flood changing from no to yes. 26 ayes, 14 nays to cease debate.

HUGHES: Motion passes. Colleagues, our next vote will be-- excuse me. Senator Blood, you're entitled-- you're welcome to close on your bracket motion.

BLOOD: Thank you, Mr. President. I'd like to pull my motion.

HUGHES: So ordered.

CLERK: Let's raise the call, please.

HUGHES: Raise the call. Mr. Clerk.

CLERK: Mr. President, Senator Morfeld offers a priority motion. He would move to recommit the bill to the Revenue Committee.

HUGHES: Senator Morfeld, you're recognized to open on your recommit-- commit-- amendment.

MORFELD: Thank you, Mr. President. Have had some good discussions with the proponents of this. It seems as though the committee amendment that we're looking at probably needs a lot more consideration and perhaps another public hearing and for all the different stakeholders to come to the table and really have a discussion about the impacts, because I've heard from several people that represent several large

organizations that have said that they have not been consulted on this amendment. And these are associations that represent entities that, quite frankly, would be detrimentally impacted by this in their ability to be able to serve their communities, their needs; if an emergency arises or some type of priority arises, would, quite frankly, be inhibited. And that's dangerous, and I don't think that we as a Legislature should be micromanaging these communities that are closest to their constituents-- to our constituents, in many cases, because it's important that they have the opportunity to be able to serve those needs and the opportunity to do the things that are the priorities of their community. So I'm going to put in this-- this motion to recommit to committee. I do think that the Revenue Committee not only needs to look at this amendment, I think that they also need to look at what are some other sources of revenue that we can generate to offset some of the burden that is on our local communities? What are some things that we can do? As I've noted in the past, I've been an advocate for increasing revenue in different ways, whether it be bringing new industries here, such as medical or adult-use marijuana, whether it be casino gaming, whether it be renewable energy. There is a bunch of things that we can do in our state to bring new revenue and to consider measures like this if we're going to get serious about providing state aid to schools and local governments. Those are the different considerations that we need to be making. Those are the things that we need to be looking at if we're going to be responsible about our spending, responsible about our budget, and responsible about our relationship and how we partner with our political subdivisions across the state. With that, I'll yield the remainder of my time to Senator Pahls if he wants it.

HUGHES: Senator Pahls, 7:25.

PAHLS: Thank you. Again, what I'm talking about, all the exemptions that we have-- items that we have exempted over the last-- since 1967. And there are a few of them on here have-- that have not been exempted, but just showing the power, if we do like Senator McCollister said, let's start adding some of those that are not on this list, let's start taxing them, there-- that's-- that's a potential. But I-- what I thought was interesting, I talked a little bit ago about the dust suppressant that we use in the ele-- elevators, and I quoted the figure and somebody else who served with me said, Rich, that has doubled over that ten-year span. So that shows you how this thing keeps rolling, rolling along. And to the public, who I'm speaking to right now, I hope you understand what I'm trying to get across. We have an awful lot of items out there-- I'm not saying it's not just five-- that are exempted. The more exemptions we have,

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eventually it comes back to you're going to be paying more property tax indirectly because if we expect sales tax to help some of these schools, we need to find some way to do that. So I'm just saying this is the iceberg. Most of it is below the surface. I'm just going to talk about a couple items. This was one of the last ones that exempted is in 2019. That was \$9 million for leases of electric power structures or facilities owned by political subdivisions of the state. I'm also going to talk about a lot of things that could be taxed other-- around \$23 million. Just to give you an idea, if we would tax body repair, that'd be \$9 million; brake repair, a little over a million; electrical system repair, almost a million; repair of recreational motor vehicles, \$74,000; powertrain repair, which those of you who are mechanics, you know what I'm talking about, it's almost \$5 million; wheel alignment, that's \$653,000. There are a number of things that, like I say, if they're not taxed, there's that potential of being taxed. Here's one thing that even the-- and I can remember when I was down here and we did pass this zoo-- zoo membership that no tax-- no taxes on that, which was about a million and a half. You just keep year by year. And if we do have one coming up this year, I hope you take note of that. Personal care services, if we tax the people, haircare, that'd be \$7 million; hair removal, \$226,000; massage, half a million; nail, million and a half; tattoo and body modification services, \$1.6 million. It just goes on and on, the potential, if we have not already done that, that we probably will be doing that in the future. It is amazing. For example, I'm looking at taxing limousine and other transportation. That would be estimated around \$6 million. Legal services, if we tax that, that'd be like \$73 million. I'm just saying potential-- potential. That should at least alert about half a dozen to a dozen in this audience. Accounting services, I know we have a couple of those. I think that-- well, I know we have one or two financial people up here. Other professional services, investment advice, over \$6 million; travel expenses to tour operations, 118; office physicians, \$212 million; office of dentists, 44; office-- offices of chiropractor, \$8 million. See, so we have a lot of things out there. If we really want to get into them, we could do that so then we could make property tax possibly a little bit more tolerable. Tele-- telecommunication excess charges, that estimate-- that was in 1989. That was a little over \$12 million. Conference bridging service, in 2009, that's \$725 million-- \$725,000, I'm sorry-- refund for taxes paid on materials annexed outside the United States, that was in 1986, but there's no data available. There are a number of-- there's-- there isn't any data-- data available just simply because it probably doesn't bring in that much. Retail collection fees, for those of you have ever had to deal with a collection agency, in 1967, they estimate

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that's around \$13 million. Administrative fee for collecting municipal and county sales tax, that's around \$13 million. As you can see. It just keeps going on and on. And I could keep going on and on, which I will to some degree, but I'm just trying to get a point across. We want to take a look at taxes, we have to take a look at everyone, not just property tax, also income tax and sales tax. Let's take a thorough look at that instead of, what I say, grumbling to some degree on one particular tax when we allow other ones because we are exempting them. Now we are getting on the local government, which they're not doing a good enough job. We want to put-- make sure that we put some restraints on them. Maybe we should put a few more restraints on ourselves when it comes to exemptions. Again, I'm talking off a lot about it. I'm not trying to do away with them. I-- that was a part of my job description a number of years ago, but it is not today. Today is just to hopefully enlighten people and to get people to start thinking a little bit other than just our little kingdom here. Business itemized deductions, \$77,000. I mean, I just-- I could go on. I mean, it's almost scary.

HUGHES: One minute.

PAHLS: It's get-- it's getting so scary, I'm just jumping pages. Credit for elderly and disabled, you have a credit. Now this is a credit. It's \$10,000. Credits for child development care, it's \$11 million; credit for income taxes paid to another state, \$66 million. So this goes on and on: a beginning farmer credit, \$1,306,000; community tax credit, \$317,000; credit for franchise taxes paid by financial institutions, \$7 million; Nebraska personal exemption credit, \$223 million. And I'm saying-- I'm just going down-- I'm skipping a number of them, just-- but I'm trying to get to the point where you see this is a massive-- massive-- it'd be interesting, I know, if we--

HUGHES: Time, Senator.

PAHLS: Thank you.

HUGHES: Thank you, Senators Morfeld and Pahls. Senator Kolterman, you're recognized.

KOLTERMAN: Thank you, Mr. President. Good afternoon, colleagues. I haven't talked yet. It's 3:50 and I thought maybe, after sitting in the queue for about an hour and a half, maybe it's time that I said just a couple of things. I'm a proponent of local control, but I really-- Senator Briese, I really like this, all this information you

put together, because it kind of gave me an opportunity to look through and see where all my different organizations, how they're spending money. I have 20-- 20 communities in my district; I have 10 school districts; I have three counties; one NRD; a community college. And-- and the-- and they're all doing very well and we have a very nice district that I live in. Everybody talks about spending tax dollars like it's some sort of a crime. You know, I sat-- I had the privilege to serve on a school board for two terms. I've got family that serves on the city council, have in the past as well, and I like to think that-- that the people that I talk to on a daily basis, on a weekly basis, going on and on from month to month in my-- the people that are elected by the local communities, I think they try to do a very good job and I trust their judgment, unlike some people. It sounds like we aren't-- we're-- we don't trust what they're doing, like they're wasting money. I don't believe that's the case. And as I look at what Senator Briese's provided here, sure, there's a few of them that are over that 3 percent. But at the same time, I look at where they're at and they're growing communities and they might need some new infrastructure or they might need a new fire truck or they might need things. You know, we want-- we all want to have good roads. We all want to have good police. We just spent some money yesterday. We got to train our police. We have to have good jails. We built a new jail in-- in Seward County. I know they've done some work over in York County. Water, to put in wells, to transport that water to each home, that'll cost money, infrastructure, and-- and oh, by the way, each community has employees that work for them. Those employees need to have a good-- good wage. I don't hear anybody wanting to give up their parks and recreation, their schools. We want to have good fire protection. So if we want all those things, we have to pay for them, and the only way we can pay for them right now is through taxes. In closing, I'd just like to say this. We have provided \$1.45 billion of property tax relief in the next biennium through our budget process. It was well thought out last year. It was structured in LB1107. We also had the Property Tax Relief Fund. I think that that's very fair to what we're trying to accomplish. The other thing I think, if we're going to really take a good, hard look at this, we need to really think about what Senator DeBoer is proposing with LB132. It's-- and it's been-- it's a bill that's been prioritized by the Planning Commission. It talks about how we fund K-12 education, but more importantly, it brings all the players to the table. And so if-- it's one thing for us to decide how we're going to try and ram something down the throats of the school districts, but I think it's more important that if we want to include the school districts, we need their input and we need administrators, school districts; we need the

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Education Association. All the players need to be involved, taxpayers as well. So with that, I-- I-- I oppose--

HUGHES: One minute.

KOLTERMAN: --LB408 and yield the rest of my time to Senator Flood.

HUGHES: Senator Flood, 53 seconds.

FLOOD: Thank you, Senator Kolterman. Members, we would like to find a way to make a change in putting some limits on some of these political subdivisions. Maybe you don't like the bill, but we haven't been able to talk about the bill because we're into the procedural motions alphabet soup these days, one after another after another. Why don't we want to talk about some ideas? What if we just did NRDs? What if we did community college districts? What if we took out K-12? How about we just focus on these political subdivisions? We're telling you, those of us that support it, we would like to see some changes because it is not working. What we have done is not working. Where, in this community college sheet for the last ten years, can you find restraint? Where can you find restraint?

HUGHES: Time, Senator.

FLOOD: Thank you.

HUGHES: Thank you, Senator Kolterman, Senator Flood. Senator Dorn, you're recognized.

DORN: Thank you, Mr. Chairman. Colleagues, thank you for the conversation we've had today. I-- I-- I wanted to make a comment on, I call it, some of the first-time senators. Senator Day, Senator Bostar, I appreciate them very much getting up, Senator Pahls, since he's come back, and making some of their comments on the mike and being part of this discussion. This discussion, when I came up here, you don't quite have a grasp of, I call it, the complexity of our property tax situation when you first come up here. And then you start realizing all the different entities or the different, I call it, factions pulling this way or this way and the big challenge that is ahead of us to try to end up accomplishing something with property tax. We've tried a few things or we're doing a few things: Property Tax Credit Fund, the income tax credit fund, and some of those things. We are, in a roundabout way, accomplishing some property tax relief. However, the true part of, I call it, our TEEOSA formula and how we evaluate the land, those two things, we have not really dwelt on that and the effect of what those two things do to us. Wanted to talk a little bit

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about, though, early today, we were handed out a sheet, about 25 pages or whatever, and it had the counties and it had the cities and everything else listed on there and their growth in the last several years or whatever. Right away, when you get something like this, you go look at your county. I wanted to point out something with Gage County. In the-- between 2017 and 2018, it said they went up 41 percent. You need to remember that there are exceptions to this rule. Senator Groene pointed this out a little bit. This is when the Beatrice Six judgments started coming in; that's why 12 cents of levy increased that up to that amount. If you look at the next two years, they had a negative 2 percent and a negative 8 percent, so there are things, as Senator Bostar talked about, with Lancaster County, also with the-- the new prison that they built, that also had an effect on that. So sometimes when you look at these numbers, you need to be fully aware of what is going on. Through the years, when I sat on the county board, we were limited by a 2.5 percent increase in tax asking or-- or increase in property tax collection, plus another 1 percent by a supermajority vote of the board. That's what counties have been limited by over, I don't know, probably the last 20-plus years or whatever. Most of the counties that they have been able to handle that been able to do that, even with, as Senator Blood's talked about, the unfunded mandates that several times have come down just because of things that have happened, what that does, even though when, I call it, property valuations increased, ag land particularly by 10 to 15 to 20 percent, it still limited you by that growth or whatever in there, by that 2.5, 3, or 3.5 percent. Part of what this proposal, LB408, is doing is something similar to that. I want to talk a little bit, though, about-- last year I did-- about the growth in-- where we are seeing growth in valuations now. Growth in valuation in Lincoln in the last five years went up 30 percent or 6 percent a year. What I hear this year, in Lincoln, they will go up 10 percent. Many regions of Omaha will go up 10 percent in valuation. Where this bill, the 3 percent cap would affect those, is Lincoln Public Schools is at a dollar and a nickel on their levy. If valuations go up by 10 percent, they are at a dollar and a nickel and they stay at a dollar and a nickel.

HUGHES: One minute.

DORN: Your property taxes-- thank you-- are going to go up by that 10 percent. That is what is happening. The Legislature is partly to blame for this because we haven't changed how that is handled or how that works. We also, because of the TEEOSA formula and the way it works, Lincoln also is losing because they are now able to pay more or be able to have less needs; they're able to pay more, then they're losing

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state funding under TEEOSA. It's a double-edged sword. We have not, as a Legislature, come up with the wherewithal to adjust and change this. I hope in the near future we can. Thank you.

HUGHES: Thank you, Senator Dorn. Senator Day, you're recognized.

DAY: Thank you, Mr. President. I just wanted to mention, you know, relative to what Senator Dorn was just saying, I don't think any of us, especially those of us that are new to the body, are saying that there isn't a property tax problem in Nebraska to be addressed. We agree that there is a property tax problem. They are too high. I hear complaints about it all the time from people in my district, which is why I was concerned about LB2 yesterday, because a lot of, again, my property tax complaints come from residential property-- property owners and I was-- I was just making sure that it wasn't going to raise their property taxes disproportionately. But I ended up voting for that bill, another property tax relief-related bill yesterday, just yesterday. And here we are again talking about property tax relief again today for eight hours. We agree that there's an issue, all of us do. It's just some of us don't believe that, again, putting a Band-Aid over the symptom, over the problem that is actually a symptom of the much larger problem, is the solution to property tax relief, because it just ends up causing other issues in the budget that we will at some point have to resolve down the road. I got an email from somebody that said LB408 is like saying, take an aspirin and call me in 2027. And, I mean, that's kind of what it is. That's what we continuously do with these property tax relief bills, is we put a Band-Aid over the symptom and then expect somebody else to solve the problem down the road. I just wanted to go back to what I was talking about earlier with LB69, my student loan tax credit bill that was in the Revenue Committee, and, you know, the amount of support that it had from young people in the state and, you know, the argument that property taxes is the reason that young people are leaving and why I think that's an absurd argument to be making. And when we have bills in the Legislature to support young Nebraskans and to keep them in the state, like LB69 that had no opposition in committee, it had support of-- we had six proponents testifying, we had three proponents sending in written positive testimony for the bill, including the Lincoln Chamber of Commerce and the Nebraska Bankers Association, had support for young people, got lots of press about how great it would be for young Nebraskans, what happened in Revenue Committee with that bill? It got IPPed; it was indefinitely postponed, which means I can't pull it out of committee, which means I can't even try to get it out of committee in the-- in the second half of the biennium and I can't bring it-- if I-- only if I bring it back as a completely new bill.

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And-- and I have the greatest amount of respect for Senator Linehan. I have no issues with how she runs her committee. It has been really lovely being-- having the opportunity to get to know her personally over the last three months. And so my issue has-- has nothing to do with-- with Senator-Chairwoman Linehan and-- and any of that. It's-- it's the broader issue of when we have bills in the Legislature to start to address the root problems of the overarching issue of property taxes, we don't do them. We can't even get them out of committee. That's the major issue we have here. Again, there's a population problem and we have a school funding problem that are the root cause of the property tax issue that we have in Nebraska, that we have to address if we're going to be serious about providing property tax relief for Nebraskans. And with that, I will yield the rest of my time to Senator Blood.

HUGHES: Senator Blood, 1:10.

BLOOD: Thank you, Mr. President. And thank you, Senator Day. Fellow Senators, I'm going to try and talk really fast, but I'll be back. If we do not address unfunded mandates or curb our use of them moving forward, we must carve out these mandates from the limits imposed by this bill, or else we're going to face leaving cities, counties and school districts with even less funds available to address the costs that we are forcing them to incur. We have an expression in my neck of the woods. It's called "being in stealth mode." That's how I feel today. No matter how much I bring forward to you today in reference to possible action items, I don't hear anybody addressing any of those items on the mike today, and I know that that's on purpose, because I am bringing forward solutions. They just aren't the solutions that you happen to see when you bring forward a bill like this. We all agree property tax is an issue, but how we fix that issue tends to be an issue that we can't agree upon today. That's why I opened the window to give us more time to discuss it, not between now and Select, Senator Flood, but to give us time to discuss it before we vote on it.

HUGHES: Time, Senator. Thank you, Senator Day and Senator Blood. Senator Groene, you're recognized.

GROENE: Thank you, Mr. President. The thing about an affluent society is there's never next money-- enough money of what can be purchased, what can be bought, what can be offered to the citizens. So we could tax and tax and tax and it would be spent. We could build dormitories for our children at the schools. We could keep them there and feed them steak at lunch. We could create multiple courses in the schools because that's an affluent society. You could do it. But can we do it

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and should we do it? We spend in Nebraska more than states around us. I've said the other day on the Nebraska comments I made we're fourth or fifth in the nation per capita of what we spend, of support of higher education. That's the fact-- that's a fact. And I heard that our university and our greatest-- and our law college, one of the greatest economic values. Well, of course it is, because we can be low tuition and the taxpayer pays. In our schools, we're \$12,579, the most recent numbers, per-student spending. We're-- nobody around us is even close. Colorado is \$9,881; Kansas, \$10,961; Missouri, \$10,589; Iowa, \$11,461; South Dakota, \$99-- \$9,939; Utah, \$7,179. They have one of the rate-- best-rated public education systems. California is only \$12,143. Either we got incompetent people running our schools and can't be efficient with our tax dollars, or we're very generous and we're not getting the bang for our bucks. What is it? Our children are just as good as the ones in Lake Wobegon. They're above average. So what are we getting for throwing all this money? There's a rational defense to the debate that we spend too much and we're-- and we don't need to. All around us it's-- the evidence is there. They're not spending as much. Their upper education rate's higher than ours, so the students coming out of their public high schools apparently are good students. But we focus on education because it's the big one. It's 60-some percent of what we spend, push 70 when you throw in the community colleges, ESUs, and every other thing we pamper our children with. And I don't think it filters down through them, a lot of good government-paying jobs. We have more government employees per capita in the United States. I think we're number one or two. That's another fact. That's a fact. We have too many government entities. We're proud of our NRDs, but the only ones that have it. We've got graveyard boards, we've-- you name it, we got it. We got 93 counties. Nobody else has that many counties. A few do, maybe, but we're right up there. People don't want to live here, period. People who are self-sufficient don't look-- and now don't criticize us-- who don't look for government for everything look at the-- what we're paying for and how much we expect back, and we're moving and they are moving. Retirees are moving. The ones who are successful are moving, period. Young people who are successful, work their way through college, are looking for the higher-paying jobs because they want to keep their money and they want to pay their student debt. They move. Our-- our population is stagnant, has been stagnant, and our only growth was that we took more immigrant children and other-- and immigrants than other states did. That's how we grew our population.

HUGHES: One minute.

GROENE: Lincoln Public Schools' enrollment is dropping since Trump stopped in-- the-- the in-- incoming-- what do they call it, the ones that were prosecuted? Immigrants-- went stagnant after we quit taking those in. We have a problem in this state. That's reality. Those are true facts. And it goes back to taxation, not what we offer. Oh, we do have some people coming in because we have better inter-- disability benefits than anybody else and we have a long waiting list. Why is that waiting list there? We offer good benefits. Fine, if that's what you want, but you're going to keep losing population. You're going to start losing the best and the brightest. And I say our best and brightest is our people who wear blue jeans. They're leaving to the coalfields, to the Front Range to build homes and houses. Yay, we're number one, right up there-- I guess we're rated sixth.

HUGHES: Time, Senator.

GROENE: We might make a bowl this year in taxes. Thank you.

HUGHES: Thank you, Senator Groene. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President. Well, thank you, Senator Groene, for the segue. So Lake Wobegon, for those, I would say, the millennials here, which I'm told I'm one, but I'm not sure, is a reference to "A Prairie Home Companion." Lake Wobegon is, if I remember correct, all the women are strong, all the men are good looking, and all the children are above average, which is a product of Minnesota Public Radio, which I heard as a child growing up on Omaha Public Radio, which is a public service of the Omaha Public Schools. And we are having this whole conversation about how we're wasting all this money. And there-- surely we can all agree there is some waste in how government administers at all of these different levels. But we get things for some of these investments, and the key is to find out where we're getting a return on our investment and make sure we focus on that. And when we put this type of constraint that LB408 is pro-- proposing, it does not allow the locals to innovate and to find what works for them, whether it costs more money or not in that particular instance. So I was originally talking about Metro Community College, which I love. It's a great asset to our community. And I was talking about my friend who was interested in moving to Nebraska, and one of the things they were looking for was high-quality food. And I talked about the great food in Senator Hunt and my districts. And one of the reasons that we have great food in our district is because Metro Community College has a culinary institute that people have taken advantage of and then those folks have gone and worked at restaurants

in Omaha, gotten jobs, made better restaurants, more better restaurants, gone and become entrepreneurs and opened new businesses. And this is the type of investment and virtuous cycle that we would-- that we like to create and that are-- we're allowed to create through allowing local control and local innovation. Metro Community College invested in that program, built a great facility on that campus, which then people came to, took those classes. The people were successful. They had a great program, built a good reputation. Those people who got the degree from that program went on to get good jobs in that industry and then took the experience from that program and from those jobs to become entrepreneurs and open other businesses. That's exactly the type of thing we're talking about when we're talking about allowing local entities to invest in their community. They got to choose to do that. That has made the food scene in Omaha one that has the potential to draw people from other cities in this country to move to Omaha. When they come to Omaha, they're surprised at the quality of the food scene there. And it-- that is directly related to the innovations and the-- the projects undertaken by Metro Community College. So when we talk about these things in the abstract and they're not doing enough, you have to think, down the line, what are the concrete intended consequences? We talk a lot about unintended consequences. This is one intended consequence that continues to pay dividends going forward. The city of Omaha, in the eight years now that I have lived there, has become a better, more vibrant place as a result of the investments made in Metro Community College, by Metro Community College in our community, and that will continue and hopefully that will spread, that will go-- go out to other communities, parts of the state and parts of Nebraska, and allow for further innovation. So the other thing I want to talk about, another local entity that I'm a big fan of, is the Omaha Public Library, which is funded by the city of Omaha, which is another local property taxing ent-- entity. We all know that they get some of their taxes from other sources as well. But they are on the property tax list and they, this week, were talking about eliminating fines and fees as re--

HUGHES: One minute.

J. CAVANAUGH: --for overdue books. And I heard an interview on local public radio about that project and how actually, when they-- they stop collecting those fines and fees, it actually saves-- can save money because of the investment, the cost in that. But they have to go to the city council and ask for that allocation of money to first stop collecting those, assessing those fines and fees for late books. And so when they do that, it'll allow more people to utilize the library. It'll save them money in the long run, but first they have to have the

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money put up-front by the city. So we need to be thinking about smart investments that will save us money, will make our communities stronger, better, more desirable, and when we put caps on this, we are going to crush local innovation and local opportunity. And so that's why I'm against LB408. Thank you, Mr. Chair.

HUGHES: Thank you, Senator Cavanaugh. Senator Linehan, you're recognized.

LINEHAN: Thank you, Mr. President. OK, I am just astounded. We are-- it is going on. We're going eight hours, obviously. That's clear. We-- we're actually-- have people on the floor talking about raising taxes. So one of our first discussions this morning was we are now number six in the nation on taxes. Where are we trying to go, number one? Seriously. We are only behind Illinois, Connecticut, New York, Pennsylvania, Wyoming. And Wyoming is a little different because they really don't tax people that live there; they tax gas and oil. But we'll leave it because that's what the thing-- and that's Nebraska. So are the people in Nebraska-- we want to get above Illinois? We're-- we're trying to-- or we're going to just catch up with New York. Where do we want to be on this list? I can't-- it's like there's some kind of disconnect here. We do not want to be the highest-tax state in the nation, do we? Here's who the lowest states are: Alaska-- we know they actually pay people to live in Alaska, they get a rebate; Delaware; Montana's number three; Nevada; Florida-- Florida, number six. I don't know how many of you looked at real estate in Florida. I think we have some people maybe here that spend a lot of time in Florida. I've spent time there. There's no income taxes. Real estate taxes are reasonable; compared to ours, incredibly reasonable. Yeah, Utah, I've never looked at Utah; Idaho, a little too far away. Oh, but here, Colorado, number nine, that's a seven-hour drive. In Colorado, if I lived in Colorado, I wouldn't pay anything on any retirement income up to the first \$30,000. No income tax on the first \$30,000. Their property taxes on a million-dollar house: \$3,500 a year; that's right, \$3,500 a year. You know what that is in my district? It's \$22,000. Colorado is not that far away, folks, and they have great weather and they have skiing. Tennessee, number ten, this is-- this is-- we just passed a budget, which was pretty good. We-- we got everybody back up. Chairman Stinner has worked on it ever since he got here, ever since he was Chairman, to make sure we're taking care of people. He's worked on budgets for six years. We-- we keep our spending at 3 percent and not only to keep our spending at 3 percent, but if we don't do anything here and we let LB1107 go forward, it's going to be in '23-24, our next biennium, it'll be over-- it'll be \$419 million. And then we're going to have Senator-- our Property Tax Credit Fund, \$275 million, plus gambling;

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there's about \$50 million. So we're willing to do all of this, but somehow it's-- it's hurtful to expect everybody else not to cut their funding--

HUGHES: One minute.

LINEHAN: --but to live within a reasonable spending limit, tax-taking limit, reasonable, 3 percent plus real growth. That is reasonable. I think most Nebraska families, if you told them, I guarantee you, you get 3 percent plus real growth, which is 4 percent, I guarantee you 4 percent increase in your income for the next ten years, they'd jump right on the bandwagon. How-- how can we be doing this? It's irresponsible. Which one of you, with your own money, because this is other people's money-- we got to remember that-- that we take by law, would go into partnership with somebody whether you give them millions of dollars and you don't ask for them to have any limits on what they do? We have some very successful businesspeople in this body. They wouldn't do that. I couldn't go [INAUDIBLE]

HUGHES: Time, Senator.

LINEHAN: Thank you.

HUGHES: Thank you, Senator Linehan. Senator Vargas, you're recognized.

VARGAS: Thank you very much, President. Colleagues, I want to finish off where I left-- where I left last time. I-- I was-- wanted to specifically talk about the perspective from millennials. It is particularly difficult to sort of look at this in a black-and-white issue that either millennials do or do not care about property taxes. And I'm sure Senator Linehan or Senator Morfeld, probably listening to that, but I don't think it's that simple. Where I left off was talking about wages because I think that's one of the most compelling arguments that we can make here. One of the reasons why I think property taxes, at least in my district, it does come up as an issue but, as I mentioned, is not a top-three issue, is still an issue, what more comes up has to do with people's wages and whether or not they're able to pay for things. I-- we heard other senators say, and I can say this for myself, most of what I make is going to childcare. I have two kids that I'm sending to childcare. Most of what we make as a family unit goes to childcare or to student loans or to all these other things. Would I like taxes to be lower in this? Absolutely. I've been on the mike fighting and I introduced a cell phone tax, an occupation tax cap, because I believe our occupation taxes are getting extreme. We're number one or two in the nation, depending on the last three

years. But I don't think it's so simple to say that millennials still do care, property tax is their number-one issue. I think our number-one issue should be whether or not we're figuring out ways to increase wages and earning, because when I look at the data from the last four years, median wages, median incomes for different professions haven't kept up. We still have a gap within our state in regards to funding and spending. We still do. The Legislative Planning Committee has looked at the different quartiles of where people are, and we still have a significant gap between our top 20 percent and our bottom 20 percent. That's one of the reasons why housing affordability is so difficult right now. When I'm looking for homes right now and the only homes that I can find have increased by 30 to 40 percent of value in a matter of years, year or two, some of which have almost doubled, and we've been priced out of different communities and they're the only housing options there, that has actually more to do with whether or not our wages are keeping up than it does-- than it does on all these other taxes alone. I want the conversation to be a little bit more rounded out because I think that's what's getting lost here. The Legislative Planning Committee has done some prioritization on issues affecting our state. I can tell you on a few of them, one of them has been educational outcomes. If we can't ensure that Nebraskans are graduating from our schools and are ready, prepared, college and career ready, then they won't be able to get into our H-3 jobs that exist. If we can't invest in rural Nebraska-- it's one of the reasons why I supported Senator Groene's bill this year-- we're not going to be investing in what is the majority of our state right now. If we can't invest in economic development, specifically looking at ways to retrain people in jobs, we're not putting people into our H-3 jobs that currently exist, the 50,000-plus jobs across the state that are high-wage jobs--

HUGHES: One minute.

VARGAS: --but we don't have the skilled labor to be in there. We had five overarching priorities. Unfortunately, one of the main priorities didn't end up being that it was property tax relief. It was another priority, but we thought there are other things that we should focus on that might get us to addressing some of the issues in overreliance on property tax. There may not be a need to increase property tax if-- if we're able to address some of these other needs. And one of the reasons why we're seeing these rising areas in community college or ESUs or schools is because need is rising. But if we can make sure that a college, a high school degree actually means that you can make a decent living here and you don't have to work two or more jobs,

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which is what we're seeing more-- we're number one in the country for single mothers working full time and still in poverty--

HUGHES: Time, Senator.

VARGAS: Thank you.

HUGHES: Thank you, Senator Vargas. Senator Pahls, you're recognized.

PAHLS: Thank you, Mr. Chairman. I promise you, I will not read the 50 double-side pages of the book, but I do want to give you some additional information. October every year, this report is given to several departments. And I'm going to encourage the public to look up and you will be surprised. The world is not just property tax. We're getting at you in many, many different ways, not just your property tax. And I, again, believe we do-- do need to lower property taxes. I look at Douglas County. I'm not going to say where it ranks on the amount of property tax that we have in that county. But instead of allowing us to get up on the floor every year and say, I knock on the door and all I hear is property tax, I want you to ask the question, well, what about all of these other taxes we're talking about? And after reading this document, then you'll be able to start, say, oh, yes, and look at some of these. You think our property taxes are high? Look at all these exemptions that we give. Not saying they're not legit, but we need to be able to defend them, because I hear the schools are de-- defending how they spend their property tax dollars. Maybe these other groups need to really legitimate explain why they are-- that they deserve-- do deserve those exemptions. What I'm going to suggest you do-- like I say, this comes out, I think, October 15 of every year, I have the last two years. But what you can do very easily, and I'm going to go-- go to the end, is go to the-- the website and look up revenue.nebraska.gov, and it will show you all these exemptions. And I'm telling you, you are going to be amazed. You're going to be amazed that we're getting to your pocket in many ways. I'll just-- there are at least 20 different sections of it, and I'll just read a couple of them so that you'll understand what I'm talking about. Of course, we talk about Nebraska local and state sales taxes. We talk about-- or they talk about property assessments. They talk about alcohol beverage taxes and fees. They even get into bingo, lottery, etcetera, cigarette taxes, corporate-- corporation occupat-- occup-- occupation-- occup-- boy, that's hard for me to say at this time, the tax-- insurance premium, inheritance. It's chock-full of all kinds of good information. So the next door-- next time one of us goes knocking on your door, pull out some of this information, say, what does this mean? Yes, property tax is significant and we need to deal

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with it. But I think we need to deal with the whole taxing situation, not just one layer of it, because we do get to your pocketbook. And also, I'm going to encourage you to go to this website, Nebraska tax incentives, 2019 annual report to the Nebraska Legislature. And then you will find information that will be very intriguing to you because this does affect your taxes: the Employment Investment Growth Act, Quality Job Act, Invest Nebraska Act, Nebraska Advantage Act, Nebraska Advantage Rural Development Act, Nebraska Advantage Research and Development Act. There's several of these acts and they-- you'll read some-- get some good information for there, because--

HUGHES: One minute.

PAHLS: Thank you. My intent of this is to make this larger than just property tax. I know we need to solve that issue, but I do not hear a lot of these people saying-- standing up and say, I deserve all of these exemptions, I need this, I need that, because eventually the state tax dollars will fund some of the schools out in the rural sections. Where is that going to come from? To be continued-- I'll show you where that's going to come from in the future. Thank you.

HUGHES: Thank you, Senator Pahls. Senator Matt Hansen, you're recognized.

M. HANSEN: Thank you, Mr. President. Good afternoon, again, colleagues. To follow up on Senator Pahls's debate-- comments, when talking about knocking on the types of doors, I-- I wanted to reaffirm, not only is property tax the-- not the top issue that I hear-- not that I've never heard it-- it's not the top issue I hear. I don't even think it's the top tax issue I heard in either of my campaigns. I would say taxes on retirement, were head and shoulders above property taxes. I'm glad we're getting and making progress on military retirement. I'm glad we're going to be able to debate other retirements. But for me, in my district, I wouldn't even say property taxes is necessarily the top tax issue. And I share that to say, not that I don't want to solve, not that I don't want to help, but when you're talking about drastically draconian measures, that it is so far beyond the pale that our constituents will expect us to cut everything to the bone and decimate any political subdivision just to get some relief, I will tell you very clearly that is not what my constituents want. Now I understand people are going to dispute my-- dispute my characterization of this decimating political subdivisions. I don't mean in fiscal year 2022 it's going to be bad. I mean at some point we're going to have the compounding thing between the-- the spending caps, which-- and the levy caps. They're going to hit and they're

going to put people in a pretty bad situation where the public is going to want something-- where the public is going to want something and the government is simply not going to be able to provide it because they can't jump through both hoops at the same time. And that is a true fate that is going to face a lot of our political subdivisions, especially if we keep going down this path without addressing-- especially without addressing the-- the already existing lids. I did want to talk a little bit and respond to some others. I'm going to wade into the generational debate because the generational debate-- and I'll get there in a moment. One of the speakers just recently talked about one of the reasons we need to lower property taxes is because people are leaving the state for higher wage jobs. If you're leaving the state for a higher wage job, that is an indication that we as a state need to do more to develop our workforce, build our base and, frankly, in a lot of instances, probably increase our minimum set of standards for what we consider baseline employment. Not to be a broken record or steal other people's thunder, but I'll remind everybody our tipped minimum wage is the lowest in the country. And, sure, there's tips involved in that, but that is an-- something that drags down a number of other professions because of-- we know it's a marketplace and it's competition and low wages in one sector can drive down wages in another sector because the competition isn't there. And I bring that up to say that if the problem is people leaving for other states for higher wages, the issue isn't to lower their taxes; it's to get them higher wages, because, as we all know, property taxes only directly impact people who own property. Yes, I understand that tenants kind of pay their share of their landlord's property taxes, but I don't think anybody can credibly say that rents are going to come down if we lower taxes on people who own property. That has never proven to be true. And the thing I bring up to generations, there's been some stories shared about the Greatest Generation and how they got through and how they worked and scrapped and saved and did things. The Greatest Generation was able to work and scrimp and save and build generational wealth and build new cities and build new things on the backbone of so much that we did during the New Deal. There was a minimum wage for the first time. The--

HUGHES: One minute.

M. HANSEN: Thank you. The-- the NLRB had union protections for the first time. There was a Social Security there was literally Social Security for the first time. There were people being helped by collective action taken through the government. To say that nobody has ever looked to the government for anything when we very clearly know people who have relied on Social Security's lifeline, who have gotten

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out of poverty because of the GI Bill taking them to college, there are so many stories for this. And I appreciate my-- my grandparents were just as frugal and hardworking as anybody else. They were of that generation, just like any others, but, you know, had the GI Bill to help pay for college. There were things there, there were components there, and that helps build the workforce, that helps build the labor market, that helps build the economy in a way that we should be looking at, as opposed to just saying property taxes are the only problem in the state. Thank you, Mr. President.

HUGHES: Thank you, Senator Matt Hansen. Senator Blood, you're recognized.

BLOOD: Thank you, Mr. President. Fellow Senators, friends, each and every one, I stand in support of the recommit to committee, and I no longer support in any way the underlying bill, because I feel like I have not been heard in the many, many, many hours I've been talking today. And it's not because I do it out of spite. I do it out of confusion. A small amount of you probably know that I had an interim study that didn't get done, and my interim study was that I think we should stop doing interim studies. Now why is that? Well, because so many of the interim studies that I've attended have basically been the roosters in the barnyard posturing themselves. If you look ten years ago, interim studies were really more about let's do research and let's really get to the core of a problem, and then you take that problem and you craft legislation and you make Nebraska a better place to live and raise our families, kind of like LR582 from December of 2014 that gave us 14 ways that we can lower property taxes. So my response is there's a dominant hen in the yard right now, folks. And if you grew up on a farm and you know about roosters posturing and what a dominant hen is going to do, that rooster should turn around and go home because he's not getting any. So I want to talk to you, again and again and again, about why we're in a rush to move it to Select when we actually have the opportunity to truly discuss why the mandate language needed to come out of the bill and how we can truly lower property taxes. Senator Briese is one of my favorite senators. You know, he takes a lickin' and keeps on tickin'. He really believes in the bills he brings forward and I admire that. And we don't always agree, but we still get along. He's my next-door neighbor. He can come over and borrow a cup of sugar anytime. He's always welcome in my office and I am welcome in his. But with that said, this isn't about friendship today. What this is about is doing what I was elected to do. I was elected to lower property taxes. But if I do that, I want to do it in a way that is responsible. I'm not going to do it in a way that creates a burden for a county that we've all made very clear is

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not a bad actor. I offered up that maybe it can be 91 counties and not 92 counties, Senator Briese, because obviously Sarpy is not a bad actor, so why are we included in this bill? I've heard other senators say that there are bad actors and that if you give somebody money, they're going to spend it, and I just wonder what county it is that they live in that they feel that way about the people that are elected officials at the local level. I think it's really insulting because, just like us, they ran for office. Unlike us, dark money didn't come in and hundreds of thousands of dollars were spent against them when they busted their butt to knock on thousands of doors, but that's a discussion for another day. And we can always talk about my dark money bill that I can't get out of committee because there's too many people that understand that they wouldn't be here in this body without that dark money, without pointing fingers. But back to the task at hand, we have 14 possible state action items and, friends that are watching this from home, I encourage you to go to the state website and look up legislative resolution number LR582 from December of 2014. It's under standing committee reports under the Government and Military Affairs Committee. You will see that local government came to the Legislature and told us, this is what needs to happen for property taxes to be lowered.

HUGHES: One minute.

BLOOD: And what did we do? What government does best: waste time and resources to look at a problem and then ignore the solutions that they're given, because apparently those three-ring binders look better on a bookshelf. I hate that I'm the squeaky wheel today, but I stand with great conviction that this is not the path that Nebraska wants to go down, because this is not the resolution. The resolution is what the research shows that we choose to ignore. And I have offered up solutions for us to try and fix this so we can vote in General and then move something positive to Select, but nobody's interested in that. So I'm sorry that it's "my way or the highway" that I'm hearing back on the other side, but I'm willing to work on something, but I'm not getting any offers. Thank you, Mr. President.

HUGHES: Thank you, Senator Blood. Senator Hilkemann, you're recognized.

HILKEMANN: Thank you, Mr. President. Well, we continue this debate. I think, Senator Blood, I think this is the second or third time I've been on, and I think I've followed you each time, so I'm going to go from that. We're going to work together on this to-- on this. And I think we're-- we've come to the same conclusion here. You know, we--

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we-- we throw out a lot of numbers of where Nebraska stands. We talk about our property tax. We keep-- and I've heard the Governor say this. If you look at the Tax Foundation data, Nebraska is pretty much in the middle in most of these-- of these-- whatever survey that you come up with, if you look at it. For example, I just want to-- what-- what's Tax Freedom Day? That's the day you're supposed to be done with your-- your-- your Tax Freedom Day. Well, Nebraska is-- according to the Tax Foundation, were 24th. Alaska is number-- number 1 in that; Oklahoma's number 2; South Dakota's 10th; Iowa's 28th; Kansas, 28th; and Minnesota's 46th for the being it-- so we're kind of in the middle. We look at the business tax climate for the state. We're number 28. Iowa's 40. We got South Dakota at-- at number two. Wyoming's number one. Colorado's 21. We're sort of-- that's sort of in the middle. If we look at the state local tax collections per capita, Nebraska's 17th; Iowa's 21st; South Dakota's 32nd. The U.S. number is average \$5,392. We're \$5,346. We're sort of in the middle. I bring this up because we're talking about rates. Where are we going to go with this? So we're look at 3-- how low are we going to go? Let's put it in the 3 percent rate. If that doesn't do what we want to do, it doesn't give us the property tax relief that we want, then we're going to go to 2 percent? How low are we going to go? We've been putting in different lids. There's been-- we-- we've got a \$1.05 limit on our schools. What I'm saying is, is that taxation is a part of life and-- and we-- and none of us like the-- as I said earlier, none of us like to pay the taxes. I was looking over here at the cost of living, the average cost of livings across-- and Nebraska is sort of like it is with the Tax Foundation, sort of in the middle. So we're going to have some things maybe we're a little higher on that we have to work together. That's-- that's my-- I-- I-- I've not changed on this bill. I will not be supporting the underlying bill or cloture on this bill today, because I think that we do not want to strap our local taxing districts so that they cannot make the decisions that they made. I don't want us to have them to have to constantly be coming to the taxpayers and say, we can't go within this lid. We've got too many different taxing agents out there. That's why we have NRD boards. That's why we have boards that are-- that are our community college boards. I'm wondering if Senator Flood would take a question.

HUGHES: Senator Flood, will you yield?

FLOOD: Yes.

HILKEMANN: Senator Flood, you raised-- early on, you raised the issue of what was happening with our community colleges and we looked at

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some data that you provided and, yes, they've been-- they've had quite an increase.

HUGHES: One minute.

HILKEMANN: Tell me, what's been-- what's been the number of students that they've had to accommodate over the last year? What's been happening with community college as far as how many people taking advantage of it?

FLOOD: Well, I think after the '08 financial collapse, they saw a really large influx of students that impacted them in the first part of the second decade, so 2010 to 2013, '14, '15. I think that it's leveled off a little bit since and I think COVID-- Coronavirus has had an impact on enrollment. But I-- you know, I think, depending on the community college, there's still strong demand for their services.

HILKEMANN: Right. So that-- yeah, that's-- Senator, thank you, because I think that's part of the reason why we have more people taking advantage of those community colleges. You have more students. You have more things that need to be built, that infrastructure's being there. So that's certainly one of the areas that was mentioned as being out of control.

HUGHES: Time, Senator.

HILKEMANN: Thank you, Mr. President.

HUGHES: Thank you, Senators Hilkemann and Flood. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. Would Senator Morfeld yield to question? So as we--

HUGHES: Senator Morfeld-- Senator Morfeld, will you yield?

FRIESEN: So as we-- as we are working on this bill--

MORFELD: Yes.

FRIESEN: --I've noticed that there's, I think, 21 amendments fixing this bill. Are you worried that we're going to get to a vote on any of these?

MORFELD: Potentially.

FRIESEN: Potentially?

MORFELD: We-- we still have two hours.

FRIESEN: So, I mean, I-- I-- you know, I see the-- you know, everybody's trying to fix the bill, I assume. There's 21 amendments, I think, now filed. Would you care if we would get to some of those and vote for those, see if we can make the bill better?

MORFELD: Yeah, I'd be happy to talk to you about that.

FRIESEN: So then you-- you would pull your motion to recommit and we could-- we could work down that list of amendments? Because I've got a good one at the end. I don't know if you noticed it there.

MORFELD: I didn't notice it. I got caught up in all the other ones.

FRIESEN: Ah, OK. So I'm-- OK. Thank you, Senator Morfeld. You know, it seems like we're-- we're-- we're not wanting to get to a point where we want to work on the bill or fix the bill. But I've-- I've come up with a solution. I think a lot of the counties and cities and schools would really like, and I want to take away their lid limits. We've talked about local control, and this would truly give those communities that have been asking for it. We've put this lid on them, this onerous lid that restricted their ability to run their operations. I'm willing to take that lid off and I'm-- let them have this local control that everyone wants. And if we could get to that amendment, we could get to that vote today, we could see how many people here truly want to give those entities local control. And then we could say that those entities that are in control and they want to do things, those communities who want to grow and attract the millennials or whoever else, they truly could do whatever they want. They could build the things, do the things that they want to do to attract those people to their community. And the best community out there that attracts these peoples wins. They can grow themselves into where they have lower taxes. And so I've-- I'm giving this opportunity. It's-- it's a simple amendment, but all it does is takes away all of the-- the lids, the onerous lids that we've put in place that control all these entities and prevent them from doing the things we need them to do. And so I'm-- I'm hoping that we can get to that. We've got a lot of amendments out there, but it looks to me like we're-- we're afraid to get to those amendments. We always talk about my first years here, we had these eight-hour filibusters where people would actually get together and try and work to fix the bill. And I see that there's 20-some amendments here that would-- that would make that bill better, but we can't get to them. We can't-- we can sit here and talk about things, but we cannot get to a vote where we could

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actually fix this bill to where maybe we could have some bipartisan agreement on doing something that might just slow down property taxes for a little bit. But I think we've done a-- we've done a lot of talking, but nobody really wants to fix the issue. And so I know when I was on the city council, I-- I didn't appreciate these lids. I didn't appreciate the things that they were doing to try and control our spending. We needed to do some things in town and we worked around that issue and it cost us extra money to do it. So here I'm giving everyone the opportunity in this bill to take away those lids, to let those municipalities, let those counties raise the funds they need to conduct their operations the way they see fit. And we will--

HUGHES: One minute.

FRIESEN: --give them local control. But it looks to me like we don't want to vote on anything. We don't want to reach a vote on any of the amendments, not of the 21--some amendments that are out there to fix this bill, and we're just going to talk and we're going to obstruct until we get to 6:30, and then we'll have a cloture vote and everybody pretty well knows it's going to fail at that point. So there's no intent to make this bill better with 21 amendments. We just want to make sure that we talk about property taxes, make everybody else feel good about it, and then we move on from there. Thank you, Mr. President.

HUGHES: Thank you, Senator Friesen. Senator Lowe, you're recognized.

LOWE: Thank you, Mr. President. Well, here we are. We're talking about a little relief to the taxpayer because we want to control spending. It's what we do in our houses; it's what we do at home. We control our spending. It's a good thing because when you control your spending, you're able to do things later on. We have money left over. Controlled spending, it's not a bad thing. Senator Flood, I see you've been walking around with a vote card. I see you've been working the-- the legislative floor pretty well today. Would you yield to a question?

HUGHES: Senator Flood, will you yield?

FLOOD: Yes, I will.

LOWE: Senator Flood, you've been working the crowd pretty good today. You've been trying to find a resolution to this. What do you think it will take to get this bill across the floor?

FLOOD: Well, I will tell you, from what I can tell on the floor, there are enough people in here that don't want this applied to school

districts, and I think the best argument they have is that school districts are tied to equalization aid, which is TEEOSA, and it affects the local effort rate. I think there are people in here that are obviously advocates for, and we understand that, counties and cities. But I think when you walk around here, there's a feeling that we would, as the supporters of the bill, would accept something less, maybe even something that didn't include the cities, the counties or the school districts. And you might ask yourself, why is that? And one of the-- the answers to that is that these regional taxing authorities, whether it be an NRD, a community college, an ESU, they have boards with directors that sit in multiple different counties across different swaths of Nebraska. And at the end of the day, what we're focused in on is obviously rural areas. There's another group of senators in here that have said, hey, if this doesn't apply to-- to mostly urban counties like Lancaster, Douglas, and Sarpy, we might vote for it. And the reality is that we know we don't have the votes to pass LB408 in its current form. And the question for those of you that are opposing this is, do you want to just kill it, you want no limits, you want no restrictions, you want to look at the Revenue Committee's session work and say, nope, we're not interested, because I can tell you it's not going to help us next year. These taxing authorities don't respect us now. They don't come with any solutions. They don't have any ideas on how to fix it. And with you guys backing them up, they have no reason to come in next year and work on tax relief. So you might as well just spit us out. We'll listen to every other committee in here. We'll do what every other committee wants. We'd like some respect. We'd like this to pass on some level for these regional taxing authorities, and we don't have a deal put together and we're running out of time. So what we'd ask you to do is to move this to Select by giving us a cloture vote and understanding that we know-- we hear you very clearly-- you don't want schools in there, quite frankly, you don't want cities, and you don't want counties. We have to get their attention. And if you don't want to give it to us, that's fine. You can sit on the Revenue Committee next year and try and solve these problems because they don't come in with any interest in fixing ours. They come in to protect what they're getting from the taxpayers. And when we talk about getting in between them and the taxpayer, it's like we've offended somebody. You're not trying to solve any problems for us by saying no. You're trying to perpetuate a problem, in my opinion, on some levels. And I'd like to ask Adam Morfeld a question, Senator Morfeld a question.

LOWE: OK. Yeah, I asked you a question.

FLOOD: Senator Morfeld, will you yield to a question?

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HUGHES: Senator Morfeld, will you yield?

MORFELD: Yes.

FLOOD: If not this, then what? What's your plan? If we don't do this, how do we control this spending? What-- what's your plan?

MORFELD: So my plan is--

HUGHES: One minute.

MORFELD: --is to continue to let local entities be responsible to their constituents. And if their constituents think they're spending too much, their constituents can vote them out. That's my plan.

FLOOD: So do you support the 50-cent limit we put on cities with an interlocal agreement?

MORFELD: I don't know.

FLOOD: Well, we have a 50 cent limit.

MORFELD: Well, that's fine. I mean, I-- I haven't looked into the current details of where we're at with that.

FLOOD: The reality is we are already putting limits on almost everything.

MORFELD: And that's fine and I-- to be honest with you, some of those limits, I would probably agree with; some of them I wouldn't agree with. But I don't think this is necessary and I don't think it solves the problem that you're trying to address. That's why I'm opposed.

FLOOD: So that's the answer to the question. We're not interested in putting these caps on these property tax spenders. I guess we have to accept that. I don't think that's the position of every person in here that opposes LB408. I know that some people are looking for answers and some people are looking-- I should say solutions-- to try and get this bill to go somewhere, and we need your help to get there. We need a cloture vote to get there and we need it tonight.

HUGHES: Time, Senator. Thank you, Senator Lowe, Senator Flood, and Senator Morfeld. Senator Flood, you're next in the queue.

FLOOD: Well, thank you, Mr. President. We need your help. If you're a no and your vote today is to-- is to not accept a cloture motion, to resist it with a red light, we know where you're at, I guess. We

would-- we are entertaining offers for solutions and we aren't getting very many people wanting to come up here because you've done a deal, I suppose. I shouldn't say you've done a deal. You've-- you've made an agreement. You've-- better yet, you've gone out and you've listened to someone in the Rotunda that has said just oppose this at all cost. This is not the way we do business. I'm usually up for deals. I'm up for different solutions. This isn't like some of you. This isn't like the people that I know that like to put together solutions on problems. We're telling you the Revenue Committee sat there all session and we got lectured by a lot of citizens about the property tax problem and while we're shoveling a billion dollars in there and saying it's property tax relief, the money's going out the back door, back to these political subdivisions that have been able to ride the wave of increased valuations. This is not some make-believe problem. This is something we hear at every county fair. It's something we hear at every city council meeting, every county board meeting. And Senator Briese is not against counties. He's not against cities. We're not against community colleges. We are asking for the same kind of restraints that we have established in 1996. Senator Jerry Warner, one of the key figures of the history of the Legislature, like his father before him, he was the champion of that, and those are the limits that we live under. So Senator Morfeld says, I don't want to do this, but I haven't seen anybody bring any bills to get rid of the-- but-- from-- of the limits. Senator Friesen has that amendment. You might get your chance. This is what property tax relief looks like. This is what happens when you put it on your postcard. This is what the porridge tastes like. It talks about doing something significant to stop the cost to the taxpayer, to slow it down, to do something that they feel. We get no credit for that billion dollars because we keep shoveling the money, shoveling the money, shoveling the money. And what happens? Valuations go up. The taxpayer says they don't recognize it. We've got a half-billion dollars in the-- in the current budget year, a billion dollars over two years. Senator Linehan, would you yield to a question?

LINEHAN: Certainly.

HUGHES: Senator Linehan, will you yield?

LINEHAN: Certainly.

FLOOD: Senator Linehan, when you-- when we sit in the Revenue Committee, do you get the feeling that these taxing authorities that come in before us, that they-- we have their attention or they're-- they're interested in helping us find a solution?

LINEHAN: I think they have very little respect for us. It's-- Senator Lindstrom isn't here, but you alluded to it earlier one day and he-- where I rarely see Senator Lindstrom lose his temper, but he summed it up pretty well. They come in. We have a solution. They grab a piece of the puzzle and throw it against the wall and say, we don't really have a problem. It's ridiculous. There's no respect. They don't-- why-- why would they respect us? It's like-- and I know-- I-- be careful not to put it here, but why would they respect us? Who-- who do you respect when every time you turn around they're handing you money and you don't ask them for anything in return? That's not a relationship. Here, oh, you're out of money? Oh, oh, oh, let me give you some more money, and you don't ask for anything back, not even an agreement to work together? Why would they respect us?

FLOOD: Well, look what the Legislature has done. We've given them a half-cent of authority on their sales tax to build infrastructure. In 2016, the Legislature gave 4 cents of gas tax valued at \$48 million for roads and bridges.

HUGHES: One minute.

FLOOD: We're-- time, Senator, or--

HUGHES: One minute.

FLOOD: Oh. We've given them-- we're talking about giving them more authority to bond on their bridge levy inside their current levy. We've given the community colleges an extra cent for capital expansion. We have met more than halfway and we're asking for something that's reasonable. And-- and I have the feeling that enough of you are going to say no. And the question to me is, then if not this, then what? What's your plan? And maybe your position is this isn't a priority. But I can tell you it's a priority for a lot of us that come down here. And we do not want to be punitive. I live in a city that has a lot of innovation going. This is a difficult conversation. They're not-- the city of Norfolk, in my opinion, is not the perpetrator. Ten, 20, 30 percent increases year over year at a community college district? That's obscene and it's a problem and no one here has a solution for it. Thank you, Mr. President.

HUGHES: Thank you, Senator Flood and Senator Linehan. Senator Morfeld, you're recognized.

MORFELD: That's good timing. Thank you, Mr. President. Colleagues, the issue here is Senator Flood says we're shoveling money. We're not

shoveling money. These are decisions that are being made by local boards. If you feel as though your local government is spending too much money, then maybe Senator Flood should go run for city council or for the school board. That way, he can go there and show them what restraint looks like, or maybe for the local community college board. That way, he can clean things up in his community college if he feels as though they're overspending and not providing value to their community. That's my point, is that we already have spending limits and mechanisms in place. We already have limits and lids for these municipalities, for these political subdivisions. And not only that, there's also something called the election, the election of the people that are sent there to make those decisions and determine whether or not they need to levy more taxes or not. We already have multiple safeguards in our system, in our democracy, for these political subdivisions to be held accountable. We have spending lids already. And not only that, we have what's called an election. If the people believe that their political subdivision is spending too much, they can vote them out and they will. So, no, I'm not willing to make a deal here. I'm not willing to make a deal because this is unnecessary. This is unnecessary, it doesn't solve the problem they're trying to address, and it doesn't make sense. Colleagues, we already have checks and balances in place. We already have checks and balances in place. Those checks and balances are the lids that we already have in place, and it's accountability for those elected officials. Those elected officials, if their constituents feel as though they're being overtaxed, can boot them out, just like they can boot us out. Colleagues, this does not get to the problem that they were trying to solve. It's more complex than that. We need to make sure that if we are limiting the spending of our local governments and their ability to do what they think is necessary, we need to make sure that there's state aid and funding put in place to be able to provide for them and provide for those needs. That is why I am opposed to the bill and the underlying amendment, and I urge you to vote no. Thank you.

HUGHES: Thank you, Senator Morfeld. Senator Hunt, you're recognized.

HUNT: Thank you, Mr. President. You sit waiting and then they say your name and it's like, oh, my number has been called. Good afternoon, colleagues. Good afternoon, Nebraskans. Colleagues, you got to stop saying that nobody cares about finding a solution. I promise that everybody in this Legislature cares about people who feel that their property taxes are too high. Everybody in this Legislature cares about keeping ag local and keeping family farms together. And every member of this body cares about being judicious with spending because that's what Nebraskans care about. And none of us would have been elected if

we didn't demonstrate that we have respect for fiscal responsibility. But that doesn't mean that LB408 is the solution. Just because the majority of the body doesn't agree with the proposed solution out of many, many ideas of solutions, doesn't mean anybody's being disrespected. At some point we're going to run out of spending to cut and we're going to have to just face facts that we've got to increase revenue. Why don't we have more serious conversations about increasing revenue? That's the solution. We got to get more people here. How many years have we been working on property tax relief? Ten years? Twenty years? Senator Aguilar, when-- when you were here before, you worked on property tax relief. He says yes. Senator Flood, I'm sure, would say the same thing, on and on. That's what everybody works on. So what if we try something new? What if we do an experiment? What if we pass a group of policies that young people say matters to them, especially in this age when more and more people are working remotely, more and more people have options about where to put down roots and start a family and buy a home and decide to live and go through school, and make a case that Nebraska is an attractive state because of who we are as a state, not just because it's cheap, not just because we've put a cap on property taxes in-- in our counties or whatever? It does erode local control and it is disrespectful to local elected officials who have just as much of a priority of being judicious with tax money as we do. We don't know better than them, but we get to have the moral authority to say that we tried to do something and they didn't listen and be all paternal about it, but it's really not our business. We ask localities to reduce their spending, but then we keep passing unfunded mandates that just increase their spending. We're the ones making them increase their spending. But we have a whole slate of ideas that young people are excited about, that will bring revenue to our state, that cost very little, if anything, and those are never things that we're able to move. I will remember that some of you said, we didn't go to the government for solutions when I was growing up, when you come back with your hand out for taxpayer-funded welfare for private schools, for example. If somebody in Nebraska has to move from a \$400,000 house to a \$300,000 house, that is not at the top of my list of concerns. There are people who don't even have houses and the dream of the luxury of owning a house is not even in sight for them. And what's a big reason for that? Something that many proponents of this bill have talked about. Senator Briese handed out this handout talking about how the Nebraska wage has been stagnant basically over the past 12 years and how property taxes have almost doubled. That's right. That's real. So how do we fix that problem from a policy standpoint? We can support raising the wage. And from a cultural standpoint, we can do things that increase the workforce in Nebraska, that get more people to want

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to live here, and increase revenue other ways, like, I don't know, alternative energy or legalizing cannabis. There's all kinds of ideas that nobody even wants to take seriously, and I think all of that is being driven by the Governor telling all of you that that's not something that you can vote for or it'll get a veto. Property taxes are rising, I see on this sheet, but wages aren't rising. And yesterday or the day before, Senator Friesen said the same thing on another property tax bill that we were discussing, that we need to raise the wages to keep up with costs. The solution is not taking away local control, and that's an insult to "electeds" who are local who are doing their best to control spending as more and more unfunded mandates keep coming down from us, as we scold them and slap their wrists for saying they're spending too much money. There's also nothing preventing--

HUGHES: Time, Senator.

HUNT: Oh, that was time?

HUGHES: Yes.

HUNT: Oh, I didn't get my one minute. Thank you.

HUGHES: My apologies. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Mr. President. Good evening, colleagues. So there's a lot of different things happening in this bill, and I have varying feelings on all of them. I will-- I would like to hearken back to, I don't even know, it was maybe an hour ago that Senator Pahls was talking about tax exemptions. And when he was talking about tax exemptions, I was literally reading the document that he was referencing, and so I went ahead and sent the link to everyone, so now you all-- he was telling you where you could go and I sent you the link. So if you want to look at the tax exemptions, and there are a lot of tax exemptions and I'm not proposing that we get rid of them, although I did just look at the email from Senator Erdman's staff about his consumption tax briefing and I'm very much looking forward to that, because I do think that there are different ways of doing business that should be entertained and continuing down this road of property taxes, property taxes, property taxes just-- it's just a talking point at this-- now. I mean, it's just a campaign stump speech. And I'm not saying that for everyone. I think that-- I mean, we all do actually care about property taxes, but we're not in the position to do anything about them that is substantial unless we do something different with the taxes that we are levying. So we have tax

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exemptions, lots and lots, 84 pages' worth of tax exemptions in the document that I sent you. And then we have bloated government and government overspending that needs to be reined in. We need to keep a tighter hold on the purse strings of our government. And we're spending so much energy talking about county governments when we're not spending any energy on talking about the state. The state is bloated. The state has excess. The state has too much ability to spend money without authorization. That's a problem that we can address and should address. I've heard many of you talk about different projects being built in communities across the state and the issue with how they're funded through local control, but none of you are talking about the fact that the Department of Health and Human Services closed down an entire campus, which-- in Geneva, Nebraska, which provided jobs to that community and had been there for over 100 years. They closed it down without our approval, moved the youth to another campus, kept them there despite our dismay, renovated one of the buildings to the tune of \$400,000, and it has sat empty for a year. And the other two buildings that they also spent a significant amount of money on getting rid of the mold that had been growing in the girls' cottages, they spent a significant amount of money on that as well, and they said-- sit in disrepair. Then, then the state took this body's \$5 million authorization to build a new drug rehabilitation campus in Senator Halloran's district in Hastings, Nebraska, and the month that that project was completed, the state decided to move the girls that were supposed to be in Geneva, Nebraska--

HUGHES: One minute.

M. CAVANAUGH: --from Kearney to Hastings. Meanwhile, they entered into an unlawful contract with Lancaster County and leased out what is now the Lancaster County or Lincoln-- I think it's Lancaster County Youth Rehabilitation Treatment Center that is connected to the-- the juvenile detention center, which is illegal but is actually a good program so we tolerate it, and it's a massive contract. And they did all of that without our approval. But, sure, let's mind somebody else's shop. It's easier than minding our own shop, I guess. Thank you, Mr. President.

HUGHES: Thank you, Senator Cavanaugh. Senator Geist, you're recognized.

GEIST: Thank you, Mr. President. I'd just like to go back to some of the things that we were talking about earlier this morning, which frankly feels like about a week ago, but-- and kind of bring the conversation back to where we were when we were beginning and opening

on this bill and that was-- we talked about an all-hands-on-deck approach. The past five years that I've been in the Legislature, we have spent under, each session, under a 3 percent growth. I believe there's only been a couple of these sessions that I've participated in that we even, as a state, had any money to deal with on the floor. So this session is certainly atypical for those that I have been involved with. And the first two sessions were those in cutting our budget significantly. So in light of that, it-- it seems that this is so doable. If what we're hearing is people want-- are OK with raising taxes, I can tell you that that is antithetical to what I heard from my constituents and what I can attest to I hear every day in my email from my constituents, who are concerned about staying in their homes because of the rising valuations that are going on in my district and, therefore, the rising property taxes that they are-- they owe to stay in their home. Once a home is paid off, it's-- we're still paying the government to allow us to stay in our homes. So the all-hands-on-deck mentality is what I think is appealing, where we all come together, all taxing entities, and say, what-- how can we live within our means, how can we grow within our means? This bill allows growth; it accounts for growth. It also has a sunset, so if you find out-- someone said earlier this morning about future gen-- generations having to live with this. This sunsets in '27, 2027, so future generations aren't going to live with this unless a future Legislature extends this to a future Legislature and removes that sunset. So this is not something we're implementing on future generations, but it is requiring living within your means. That's healthy; that's good government; it's good policy. And I just continue-- as I say every time I stand up here, I support it 100 percent. It's what we've had to do in the state, and I think passing down something similar to that to other taxing authorities is wise. It's good stewardship. Thank you, Mr. President.

HUGHES: Thank you, Senator Geist. Senator Murman, you're recognized.

MURMAN: Thank you, Mr. President. I stand up again in strong support of LB408, and I want to again continue where I left off earlier this morning. I was talking about how high property taxes are forcing farmers and homeowners out of business and also disincentivizing them from investing in their home or their business. We have a lot of things going for us in this state as far as to live in the state. We've got a low cost of living, safe neighborhoods, friendly people, clean air and water, so those are all things that attract people to the state. But with the high property taxes, we're limiting really what-- the potential of what this state can be. And concerning agriculture, we've got a lot of advantages there. We've got open spaces for livestock. We've got good soil. My neighbor sitting next to

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me here is-- works on improving our soil here all the time, but we've-- we've got good soil to start with, so we've got a lot to work with. And we've got clean water and-- and available water in the state. I think we're number two, I believe, in irrigation in the nation, so we can be very productive as agricultural producers because of that. But with the extremely high property taxes we have, that is disincentivizing us from the potential that we could have. This bill is just a part of the solution. I mean, we've-- the solution is our overreliance on property taxes and-- and this will, at least, like we talked about yesterday, nibble around at the edges a little bit, be another small step forward in controlling property taxes. We-- we do need to compensate for what we're doing with this bill. For instance, there should be state funding to every school district in the nation in-- in an equitable way. We don't have that right now. The TEEOSA formula is heavily weighted to urban and not to greater Nebraska, so-- so we need to change that. We-- we need to improve our infrastructure, and that'll help counties and cities with some of their costs, too, so we need to invest in the infrastructure of the state. I have heard from some schools and counties in the district, but I believe most are not increasing their task at-- task at-- tax asking by more than 3 percent anyway, so I haven't heard a big push back from them, won't really affect them that much. And it's been mentioned before, in-- incomes have increased by around 2 percent per year in the last several years, so with a 3 percent increase in tax spending and with-- with the growth factor in there even, too, it-- government will still continue to grow. Increased-- this has been mentioned, too-- valuations in agriculture in-- started increasing dramatically about ten years ago and--

HILGERS: One minute.

MURMAN: --that's-- that's-- thank you, Mr. President-- that's a big issue for-- that-- that has allowed for property taxes to increase in agriculture. As far as housing and commercial, that's just been going now about three years with a dramatic increase, so it's going to-- that problem is going-- going to continue to grow. There going-- there's going to be continued increase in property tax-- increase in property taxes because of that. So just as farm ground is an expense to-- for a family to make-- make-- to live in Nebraska, the expensive farm ground and the continued high property taxes, whether it's a house or-- or farm ground, makes it expensive to keep living in this state. And the housing part doesn't help our housing shortage any. I agree that we do have a housing problem.

HILGERS: That's time, Senator.

MURMAN: Thank you, Mr. President.

HILGERS: Thank you, Senator Murman. Senator Gragert, you're recognized. Oh. Mr. Clerk for a motion.

ASSISTANT CLERK: Mr. President, I do have a priority motion. Senator Matt Hansen would move to bracket the bill until June 10.

HILGERS: Senator Hansen, you're recognized to open on your motion.

M. HANSEN: Thank you, Mr. President, and good afternoon, colleagues. I-- I'm not going to make a deal. And to really emphasize why I'm not going to make a deal, I'm putting up my motion to bracket. It's to the last day of session. If this is something we want to do in a future year, we could bracket it to the last day of session, somebody could reprioritize it next year and work on it. But I wanted to rise up and challenge some of the presumptions that some of the supporters of this bill have made against some of the opponents, charging that we don't care, that we don't have a plan, that we don't have a system, that we're not trying to work for collaboration, that we're not trying to work to consensus, that people's bills deserve to move to Select File. These are all courtesies that don't always get extended both ways. And it is not a problem to, when there is a bill of this size and of this magnitude that is going to impact my city, my county, and my school district, my natural resource district, my community college, and probably others I'm not thinking of right now, when it's a bill of this magnitude, we have the duty, we have the right, and I would say we have the obligation to stand up and say, no, you've stepped across a line that us-- some of us are willing to go across, and if you wanted us to be on board, you should have worked on us earlier in the process. This bill has been slowly lumbering to the most obvious filibuster of the session. It has been obvious, what was going to happen. It has been obvious, the wide range of opposition, the wide range of opposition for a wide range of ideas, from a wide range of people at a wide range of reasons. We need to put a pause on this bill and let some more time go by and go past because we have another seven or eight Revenue bills even just this next week to deal with. If you're standing up and you're serious about comprehensive tax reform, you're serious about this, you have vehicles, you have opportunities, you have ideas, and I don't know which of these several hundred millions of tax proposals that all got out of Revenue, many of which seem to contradict each other, or at least one seems to contradict the rest, I don't know which ones you're serious about and I don't know which ones you care about. And I'm surprised you're surprised at the opposition to LB408. People keep saying, oh, all we're asking for is

33 votes for cloture, we're not asking for much, we're just asking you for cloture for the other day, a bill we deeply care about, we want to advance and just go forward. I cannot tell you how many times that same courtesy has not been extended to myself. I cannot tell you how many times that same courtesy has not been extended to others. And I know that's coming up on more bills this session. There are bills that we care about, some of us opponents on LB408 care about just as much, just as much as you care about LB408, and they are the priorities of our constituents just as much as the priority of LB408 is the priority of your constituents. And I know some of those are not going to get 33 votes on cloture out of a courtesy. I don't think-- and-- and I-- and I can guarantee it. We could see it. We saw it last session. I'm sure we're going to see it this session. Admittedly, notice the only bill on-- who's failed on cloture was Senator Morfeld's, and he had three people flip. If courtesy on cloture for bills was in existence, maybe we should have seen it earlier in the week and maybe people would be more likely to trust the body. Want to be clear, this isn't in reaction to this. This filibuster, as we all knew, was coming. It was coming the whole time. You have a direct attack on every community and every elected official in the state. And I get that some of you really dislike your local elected officials. I get that. I-- I don't begrudge you for trying, but you shouldn't also begrudge me for defending my own. My community wants to invest in more things. There is the mood and there is the desire to invest in more things. And already with some of the spending limits that we have, we're heading into struggles-- we're getting into struggles. And we know sometime in the future when these things all come to a head, we're going to have to make some tough decisions. We're going to have to make some tough decisions on public safety. For some of you to get up and make some public safety-minded speeches, let's keep in mind, we already have a strict cap on our police departments. We already have a strict cap on our fire departments. And that is a bill that I've worked on for multiple years. It's been a priority of multiple different city of Lincoln administrations. And that is something I've been working on and that is a particular issue that I think we need to address as a body, and there's not a mood and there's not an appetite for it. In fact, there's not a mood and there's not an appetite for it and we're going to go the other way and not only are we going to have strict spending limits, we're going to have strict levy limits, kind of in the same manner. Our constituents want their political subdivisions to do things. That-- fundamentally, I got to-- I got to-- want to just put that point out there. Our constituents want their political subdivisions to do things and when they object to a particular thing, they have no problem making their voices heard. They have no problem

voting down a ballot initiative. They have no problem challenging an incumbent. They have no problem petitioning a recall. There are opportunities for constituents to put checks on local government, in addition to the checks that have already been on statute for decades and are already starting to cause problems. These things all exist, and so we're not just judging LB408 in a-- in a-- in a vacuum. This is not just an opportunity to have a feel-good vote on taxes. This is pretty drastic limits. This is pretty drastic things that are over the course of time going to compound and compound and compound, interact with the other restrictions we've put on political subdivisions, and they are going to slowly make things worse. You know, there's been a couple times over the past few days that I-- I just-- I wanted to really reaffirm, especially coming on the heels of the LB2 debate, part of the reason I think I'm having some difficulty supporting some of these tax bills is we're coming from such a different perspective. And I'm trying hard, just as I tried very hard and ultimately supported LB1107 last year, to understand your perspective. I would like a lot of you to try and understand mine. You can look at individual, specific decisions of your local governments to be, this was a huge waste or this was run amok, I didn't like this, and so on and so forth. I am simply not seeing those in my area of the state. I am not hearing those from my consti-- my constituents. There is not this glaring spending problem. I'm not hearing from my constituents that schools are too expensive. I'm hearing the opposite. And so when all of these things can pile up and you're saying that my district and your district are going to be treated the same and they're going to be treated harshly, you'll be treated harshly and put limits on in addition to the limits that already exist, we have a fundamental issue. And that is why I am-- I am so, so staunch and not willing to budge on this particular thing. I appreciate the plea to work together. I would like to work together. But on a bill that has taken very few of my considerations into-- into account, that has heard the repeated concerns and goes in a totally different direction, as I've made over several years, this shouldn't be a surprise that this is, again, an issue that I think is unduly harsh and takes away from what my constituents want, which is why I'm standing up and making this speech on the floor. It's why I'm taking time tonight to emphasize this. This is why I felt the need to put up a bracket motion, because there is some sort of pressure in wheeling and dealing and we're going to throw NRDs under the bus, just NRDs. I mean, if there's significant reform we need to do to NRDs, let's talk about it, let's propose it, but I also need to see examples of NRDs that are misbehaving, that are having problem issues. The NRD in my district is doing wonderful things to take homes out of the floodplain, to make housing more

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affordable, to protect taxpayers' investments in their local property. If your NRD is just burning money, OK, like I-- I could recognize that as a problem, but you're going to have to show me that and you're going to have to show me why your solution to your NRD does not unduly harm mine and the needed projects they have to do. Same with community colleges: If community colleges are too dis-- distinct and too distracted from the voters, maybe we need to reform community college elections.

HILGERS: One minute.

M. HANSEN: Maybe terms-- thank you, Mr. President. Maybe terms need to be shorter. Maybe there needs to be more districts. Maybe we need to break up or merge or whatever. But these are all discussions that are solved by changing the foundation and mechanics of government, not by just hamstringing uniformly political subdivisions on-- on their ability to-- their ability to provide services that the constituents want. With that, I believe I'm about out of time, so thank you, Mr. President.

HILGERS: Thank you, Senator Hansen. Debate is now open on the motion. Senator Gragert, you are recognized.

GRAGERT: Thank you, Mr. President. I fan-- I stand in full support of LB408 and yield the rest of my time to Senator Briese.

HILGERS: Senator Briese, 4:50.

BRIESE: Thank-- thank you, Mr. President, and thank you, Senator Gragert. I appreciate that. Well, in the interest of keeping this moving, we're working on a couple ideas. And I believe that either of the ideas can be palatable to the-- most of this body. And my thought would be, let's get this thing to Select and I'll make a commitment to not ask for it to be scheduled on Select unless I have 33 to agree what we've put together for Select. And what we're talking about is pulling out certain parties from the reach of this bill, certain entities. It's not an ideal result from my perspective, but I think it's going to be, again, more palatable to the vast majority of the body. And I think it's an-- but at least we're just not saying no. And it's our opportunity to not just come out and say no to something. Something of this importance to the state of Nebraska, to our taxpayers, we can't just sit here and say no. We have to work towards a resolution and this is a resolution that I think will help us move our state forward, because if you don't think we have a property tax crisis in Nebraska, come travel out to my district with me and talk to

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ag producers, some of whom are choking on red ink caused by the third highest property taxes in the state, and tell them we don't care enough to do something as reasonable as LB408 to help them out. Talk to main-street businesses out in rural Nebraska, main-street businesses that will tell you that our unreasonable, unsustainable overreliance on property taxes to fund local government is choking off economic growth across rural Nebraska and tell them we don't care enough to do something as reasonable as LB408. Then let's go to urban Nebraska and talk to some young homeowners struggling with the fourth highest residential property taxes in the country, tell them we don't care enough about their problem to do something as reasonable as LB408. Talk to young homeowners forced out of the housing market by property taxes 60 percent higher than their neighbors. Tell them the same thing, how we-- we don't care enough to do something as reasonable as LB408. Talk to corporate headhunters trying to recruit a workforce, the corporate headhunters that tell their prospects, well, you can move to Nebraska, but your property tax is going to be 100 bucks higher than-- per month than what they would be in the average of the adjoining states. Tell those corporate folks that, no, we're going to turn your [SIC] back on you, you're on your own. And I stand by what I said earlier. We have a property tax crisis driven by our unreasonable, unsustainable overreliance on property taxes to fund local government, especially K-12 education res-- and resolution of that crisis hinges on our inability to reform education funding. And I stand by what I said earlier, that I am not optimistic about our ability to reform K-12 education funding. It's easy to talk about it, but you have to be willing to walk the walk. And if you're a big school getting state aid and you have unfettered access to property tax dollars, it's easy to say no. You don't have an incentive to come to the table and you like it that way. So you can come into the Revenue Committee without repercussion and say, don't send anything to rural schools. You can say no to Senator Friesen's LB-- LB454 without repercussions. You can say no to Senator Briese's LR21CA--

WILLIAMS: One minute.

BRIESE: --without any consequences. Thank you, Mr. President. You have your state aid and you have your taxing authority and you can say no to everything else. So we have to decide tonight, you know, what do you want the headline to be tomorrow, that the Legislature is not interested in your property tax burden? You want the headline to say we-- the Legislature hears you and we're willing to do something about it while at the same time putting numerous exemptions into LB408, AM1064, that's going to protect our schools and our local government. This is reasonable, commonsense legislation, and I would urge your

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support. And then we'll talk later about the resolution that is being discussed. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Briese and Senator Gragert. Senator Clements, you're recognized.

CLEMENTS: Thank you, Mr. President. I'd like to get up and talk a little bit again about how well Senator Briese is willing to work on things. On LB2, where he wanted a smaller valuation for ag land on school bonds, he actually started at 1 percent, then he went to 30 percent, and then he went to 50 percent and was willing to make agreements, and I believe that he's willing to modify this bill. And I see that in the list of schools on page 19 of the handout, I have two schools in the last four years that have averaged a little over 4 percent, and maybe it would be to give schools 5 percent instead of 3 percent. But-- but we're not hearing solutions or offers to amend it friendly, and I would just urge the body to consider what might be making this more palatable. With that, I'd like to yield the rest of my time to Senator Flood.

WILLIAMS: Senator Flood, you're yielded 3:40.

FLOOD: Thank you, Senator Clements. And thank you, members. And good evening. Here we are, probably an hour from a cloture motion. And Senator Briese has offered, I think, a solution that, at least if you're on the bubble, it makes you think. And there's really not a lot of risk to the Legislature if you see some value in what he's doing. He's basically saying, get me to the next round of debate. We can't find a solution on a floor on a Thursday night with recommit motions and procedural delay motions. But we can sit around a table and if we get 33 people to sit around the table and 33 committed votes, then it comes back on Select File, and I don't know how you're harmed. It gives Senator Briese and some of us on the Rev-- Revenue Committee the chance to live to fight another day, to find a solution that meets with everyone's approval. I can tell you there are some people in here that have some pretty creative solutions that I think would be acceptable. The problem is we're operating in different clusters and there's a lot of things at this point in this session that need to be tied together if we're going to be successful. And there are-- there is a solution here because there's a willingness to want to do something. Even the people, with the exception of a few that are opponents, I think there's a general recognition that this is an absolute problem. And Senator Briese has put forward a path here that lets you vote for cloture, vote no on the bill, put the ball in his court, in Senator Linehan's court, in my court, and let us see if we

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can come up with something. And my guess is, if you are on the fence right now about voting for cloture, you're going to have a lot of say as to whether or not it ever comes back. And if you can't get 33 votes, it doesn't come back, no harm, no foul. And I will tell you, the vote count is tight enough that you will have a lot of say in what happens here. And we have talked. As Senator Clements pointed out, we've come up with several different ideas on how to find that middle ground and to find that solution. We just need you to take a chance on that solution. We need you to take a chance on us by voting for cloture and letting us sit down and work out something that meets with the favor of 33 people. And let me tell you, in your legislative service, everyone's going to have a day where this means something to them and this means something to the Revenue Committee and it means something to Senator Briese and it means something to a lot of Nebraskans that--

WILLIAMS: One minute.

FLOOD: --may be watching tonight, saying, what are they going to do on property taxes? We're not doing this because we have it out for the cities or the counties or the community colleges. We're doing this because we've seen an unprecedented change in valuation and we're trying to come up with reasonable, commonsense solutions that align with what was done in 1996 that isn't overly burdensome. We have worked hard to make this reasonable. If we were here telling you, no, no, no, we have to have this, we have to have this, we have to have this, then I think it would be easy to vote no on cloture. But we are definitely open for business, trying to find common ground, willing to give up things that are very important to us in pursuit of a solution that takes us down the road. And your cloture vote here, even if you're against the bill, allows us to try one more time, allows us to see if we can find a solution, and protects you because the vote is that narrow. If you say no the second time around, we have to accept it, and we will--

WILLIAMS: Time, Senator.

FLOOD: --and it won't get scheduled. Thank you.

WILLIAMS: Thank you, Senator Flood and Senator Clements. Senator Slama, you're recognized.

SLAMA: Thank you, Mr. President. And good evening, colleagues. This is my third year in this body. When I first got here, I was ecstatic. So many of my colleagues seemed energized to get to the really big issues

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of this state. And I'm still convinced that the majority of us here are genuinely dedicated to addressing what faces our districts and our state. But some of what I'm seeing today isn't genuine, from jokes from senators on Twitter about how funny it is that they filed procedural motions to block a property tax relief bill to insincere talking points that have very clearly come from the lobby to help with this filibuster. Some senators here don't believe property taxes are a big issue. More concerning, there are more still who get up on the mike and in their campaigns and say all the right things about property tax relief, but then, once the cameras turn off, once they're elected and we're actually negotiating bills to do what they promised, all we see is obstruction like we're seeing today. High property taxes aren't a joke. People are getting taxed out of their homes. Young people, like me, in this state are choosing to rent, rather than buy a home and put down permanent roots in the community, because property taxes are so high. Our school funding formula, which is a key part of this property tax crisis in our rural areas, says that a kid in a class from Pawnee City doesn't deserve as much state funding as a kid in Papillion. Farmers call my office. Mind you, they're talking to a 24-year-old female and they call me in tears to tell me that they can't afford to pass down their family farm to their kids; they can't pass down their legacy, their life's work, because their property taxes are so high. When I promise them that I'm fighting for property tax relief, I take that promise as seriously as I took this oath of office. Maybe you don't like LB408. Maybe you don't think it's the right answer for a structurally flawed tax system. But what I am seeing year after year are ideas be presented by Senators Briese, Senator Linehan, Senator Friesen and others, as potential solutions and the usual suspects, time and time again, close their eyes, cover their ears, and shake their heads no, even after many of them campaign on the importance of property tax relief. Nebraska is an incredible state and we're blessed to live here with so many things going for us. We have record low unemployment, high quality of life, low cost of living. Nebraska is a great state and it deserves a great Legislature that genuinely tackles the big issues. So, please, come around the table and negotiate with Senator Briese on LB408. Your constituents deserve it and our state deserves it. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Slama. Senator Bostelman, you're recognized.

BOSTELMAN: Thank you, Mr. President. It's kind of interesting. I do stand in opposition to the bracket motion and I fully support Senator Briese's motion to withdraw and substitute the-- his amendment. Yesterday, I believe it was, all we heard on the floor was how high

property taxes were in the cities and everywhere else. Everybody stood up and said, oh, property taxes are too high, property taxes are too high. Do you know how high our property taxes are? On our houses they're too high. We got to do something about it. Today we have LB408 in front of us to do something about it. Oh, can't do anything about property taxes, can't do anything about taxes. It's not our responsibility to do anything about these taxes. It's the local-- it's the locals. We hate all, everybody, all the local elected officials. We have brought a number of opportunities for property tax relief and we'll continue to do that. But we will continue to see the opposition. I haven't seen the Rotunda so busy in two years than what's going on right now out in that-- out in the Rotunda. There's more lobbyists out in that Rotunda right now than I've seen in two years because of this bill. Really? Who's going to win? Who's going to lose? The taxpayer. I yield my time to Senator Hilgers.

WILLIAMS: Senator Hilgers, you're recognized with 3:40.

HILGERS: Thank you, Mr. President, and thank you, Senator Bostelman. Good evening, colleagues. I rise in support of LB408. I will be voting for cloture here in about a little over an hour. And so I don't address my remarks to those of you who will join me in voting green on the cloture vote. I really address my remarks to those who are thinking about whether or not to vote for cloture but you're not-- you don't necessarily like the form of the bill that it is in now, but you think that maybe there's a chance that it could get a little bit better. And I've heard Senator Flood remark on the floor today throughout this debate on a number of occasions saying, hey, look, bet on us, bet on us having the opportunity between General and Select to get in a room and see if we can get a compromise. That's all they're at. There saying, bet on us. And I will tell you, I am willing to bet on those leaders. We have a lot of innovative, creative, thoughtful leaders who, with a little bit more time, may be able to get to a solution that you could be comfortable with. Now, maybe not, maybe not, but if so, you really have nothing to lose, because if this goes down today, it's done. If it doesn't get to 33 on cloture, this bill is done for the year; it will not come back. But I will tell you also, if it gets through General File and there is not a compromise and there isn't 33 votes on a card to me, I will not schedule it. So if there is not a compromise, it will equally be done just as soon as it's done now. The only difference is, if you vote for cloture tonight, you are at least giving it a chance. You are betting on your colleagues to potentially work something out on an issue of great importance to not just a lot of members, a lot of our constituents, but Nebraskans across the state. So I will be voting green. And for

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those of you who might want to vote green, if it can-- if you think it could get better, I'm just telling you, this bill will not come back on Select File without 33 on a card as a result of a compromise. It will not get scheduled. That is my commitment to you. But the question is, do you-- can you bet on the members who are leading this and those who are opposed to see if it can get better through some kind of a compromise between General and Select? Eight hours I don't think is going to be enough today to be able to get to the finish line. And maybe two days or a week or a week and a half or two weeks won't be enough, but at least we're giving them the chance and we're betting on them. So I'm voting green, and I would encourage you to also vote green on cloture. Thank you, Mr. President.

WILLIAMS: Thank you, Speaker Hilgers and Senator Bostelman. Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President. I appreciate that. Good evening. As I sat and listened today to the comments that were made and the conversation that we've had on the floor, one thing is quite obvious, and that is we have not taken into consideration the taxpayer. What we are worried about is those who collect and spend the taxes. And the reason that this state is the highest tax state, second highest, I think Senator Linehan said, in this nation, is because we've lost our focus. And if we were focused on those who pay the taxes, we would have a different tax system. And that's what we've been talking about. Everybody that is against this bill has stood up and said, well, my school or my city, or whoever it is that collects taxes, may not get the revenue that they have been getting in the past and they can't raise it as high as they'd like to raise it. So the focus is wrong. So if we change our focus, we put our focus on the taxpayer, the one who has to write the check, the one who has to pay the taxes, we would be in agreement that something needs to be done. But we are not interested in that, and that's why the-- the Rotunda is full of people, because they don't want to give up any of their taxes. And I'm sure all of you have received from the county assessor a little three-by-five note card that says, we are going to raise your property tax, can you pay more? Any of you who have received a card like that, please raise your hand. Nobody, all right? They don't do that. They send you a notice that says your taxes went up. That's what they do. All right? So let me read something to you that is in the constitution. It's Article 7, Section 1: The Legislature shall provide for free instruction in the common schools of this state and all persons between the ages of 5 and 21 years. The Legislature shall provide for the education of other persons in educational institutions owned and controlled by the state or a political subdivision thereof,

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provide for free instruction. So what do we do here? We allow the taxpayer, the property taxpayer, to provide that instruction. And so we continue to focus on those who collect and spend the taxes. As I said earlier, this is a 3 percent increase. It is a 9 percent over three years. You can use it however you want to use it, whether you use 9 one year or 4.5 for two years or however you do that. But the focus has been wrong. And the reason we don't gain more people is because our taxes are too high. And I said earlier on the mike, those states that don't have an exorbitant tax policy problem like we have are gaining population. And Senator Hunt may be right. Maybe we need more people and a way to get more people is make our tax system more friendly. It is a broken system and it's not going to be fixed. And this bill will not fix it either, but it's a step in the right direction. And so when you get ready to vote for cloture, listen to what Speaker Hilgers had to say. Listen to the offer that Senator Briese has made. It makes sense. Senator Flood articulated it quite thoroughly and very appropriately. Listen to what they said. I have not heard anyone that's opposed to the bill come with a solution, so the onus is on you to come with some kind of an idea to make this better instead of just trying to kill it. So we'll see what happens at 6:51, but I would encourage you to vote for cloture and let us move on with a discussion about what the solution might be. Thank you.

WILLIAMS: Thank you, Senator Erdman. Senator Moser, you're recognized.

MOSER: Thank you, Mr. President. The-- LB408 is an interesting concept. I don't know that it does enough to solve the problem. It's certainly stirred up some negative feedback. I'm willing to listen to more of the story to see where we're going to go with this. I offered to yield time to Senator Flood since he had some other things he wanted to talk about. And I want to hear him and see what his latest ideas are, so I yield my time to Senator Flood.

WILLIAMS: Senator Flood, you're yielded 4:20.

FLOOD: Thank you, Senator Moser. Members, good evening. It's just about 6:00. I don't think it's any secret we're not counting to 33 with a lot of ease. It's tight. It's a matter of just a couple people. And we're as honest and as transparent as we can be and we're trying to get to the next level. And you've heard from Senator Briese. He's ready to, and wants to, sit down. We know that the risk is high. If one of those folks that decides to vote for cloture doesn't agree with the end result, it's not going to happen on Select File; it's not going to come back. And if that's not enough, you heard the Speaker basically reiterate the very thing that Senator Briese said. There's a

lot of stuff coming in the next couple of weeks and this is a big, high hill we have to climb, and I think that the Revenue Committee knows it. And I don't-- I don't know that I'd have thought at the beginning of the session I'd be in a position like this. But I sat there is a reasonable person with the rest of the people on the Revenue Committee, essentially, as jurors listening to taxpayers come in from across the state, and this was and is a real problem. And so we hear you. We hear the people that vote red on this bill. We-- we see your procedural motions as your direct opposition to what we're trying to accomplish and I think, at the end of the day, we respect it. We understand the concerns you have. We've talked about exempting schools from this, recognizing that K-12 lives under the TEEOSA formula. To be honest, Senator Bostar and I and Senator Pahls all talked about that at the Revenue Committee hearing. And that's one of the things we-- we put an amendment, actually, in the Revenue Committee amendment to try and address it. So it's not like we're on the opposite sides of everything. What else has to be exempted? The reality is that some of these political subdivisions need to know that what happened in 1996 isn't over. We're adding some elements to our expectations on a temporary basis. All of this goes away in 2028. We don't want to punish these political subdivisions. We want them to get in the boat with us and feel it. We want them to sit there and find solutions instead of playing defense. And that's what we have a lot of right now. We have a lot of defense and we have a very good defense. We have a defense that's been able to stop discussions about major tax reform on a lot of different fronts for a lot of different reasons. And what we're asking today is that you'll let us do this, this session, on something that you can agree to, that we can put it in place on a temporary basis, and that we can come back, set the table for major tax reform, and take the next step when it works for all of us. And major tax reform takes into account ideas like Senator Blood. It takes in-- that Senator Blood has. It takes into account that-- the ideas that Senator Morfeld has. It considered-- the last time we did major tax reform, in 2007, beyond LB1107 last year, which I would argue is also major, there was an increase in the Earned Income Tax Credit.

HILGERS: One minute.

FLOOD: There was an increase-- there was a decrease and elimination of the marriage penalty that was in the income taxes. There was the establishment of the Property Tax Credit Fund. There was a lowering of-- of certain rates and in brackets. That's what we want to engage in and to get there, this is a step we need to take. And we don't want it to be any harder than it has to be, because, trust us, we would

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rather be talking all day about different ways to incentivize different types of industries and products and growth in Nebraska through the establishment of cutting taxes and tax credits. But we're doing this to get from point A to point B, understanding that there's a long way to go from point B to point Z. And Senator Briese is committed, so is the Revenue Committee Chair Linehan, the entire Revenue Committee, and most members, a majority of members in this body, want to find something that works for everyone. So if you're on the fence and you're wondering what to do, you've got a commitment from Senator Briese--

HILGERS: Time, Senator.

FLOOD: You've got-- thank you.

HILGERS: Thank you, Senator Flood. Senator Aguilar, you are recognized.

AGUILAR: Thank you, Mr. President and members. Well, I don't know about the rest of you, but I'm pretty much on information overload right now. I've had lobbyists in my ear, emails, phone calls, you name it. Everybody's been in contact with me on this. And I pretty much been in opposition to this all along. But I'm not one to look a good deal, a gift horse in the mouth. I have all the faith in the world in Senator Flood and Senator Briese. I consider them two honest people and I trust them. They'll do what they say. And as long as they do get rid of all my inhibitions about this, I'm going to give them that cloture vote they want. Now I'd like to yield the rest of my time to Senator Flood.

HILGERS: Senator Flood, 4:10.

FLOOD: Well, thank you, Senator Aguilar, and that's a compliment that I-- I treasure and I appreciate that. I would say that there has to be a way forward on something like this that works for everybody. And if you have reservations about what we're doing, hopefully, you know that we are interested in finding something that works. And I would think that Senator Briese and I, especially, and Senator Linehan, would say that we recognize we're not going to get anything close to what we dreamed of in the green copy of LB408. If this debate has taught us anything today, it's that there's a line that's been drawn and it's important to a lot of you and if we're going to find anything that looks like 33 votes, we're going to have to get really, really creative and we're going to have to do more listening than talking and we're going to have to find a way on Select File to-- to find

something that meets with the favor of 33 people. If you're frustrated that this is our position, please don't be. This is the rule of 33. We are living under a-- a filibuster that is being conducted very well by opponents of this bill using procedural motions to drown out some of the things that we want to accomplish, and they're doing everything by the book. I would say for the first five hours of this debate, we really focused on trying to find common ground and it became apparent to us that wasn't going to happen. And so we started talking to individual senators-- when I say common ground, I should say we didn't look at as much common ground as we're looking at now. We're willing to give up things to get somewhere. We're willing to give up a lot to get somewhere. And we're also telling you that we think this is worth having this discussion. Somebody said, why didn't you just tell everybody at 3:00 you didn't have the votes and go home? That would have been the easy thing to do. But this is actually a big deal to the Revenue Committee and it's a big deal to Senator Briese and it's a big deal to a lot of people in here. And if you live in a rural area, you go to the county fair, what do they want to talk to you about while you're waiting in line to get into the rodeo? My property taxes are too high. You-- you tell us you keep coming up with this property tax relief and nothing changes. I don't see it on my bill. And I'm not saying this is a surefire bullet, but this is something we can do to put everybody in the same boat while we look at major tax reform. And Senator Linehan has been talking about this. And if we can't do this, we can't do that. If we can't have a 3 percent cap on growth, how are we going to solve the-- some of the big, big, big, big challenges we have with a tax system that's antiquated? And so a vote for cloture helps us get to the next level with enough protections built in between those that are involved that I think we can find some common ground. And if we don't get there, what more can we do? We have to throw our hands up and say, we tried, we didn't have the 33 votes on Select File, it didn't come back, and we got the message. People say, well, why don't you put a bill in next year? We put a bill in.

HILGERS: One minute.

FLOOD: It's been kicked out of committee. It's on the floor. It's taking up time in front of the State Legislature and everybody in Nebraska is getting-- having to be exposed to these conversations. What we want is slowed property tax authority for political subdivisions. We know that we're not going to get what we want in the green copy of LB408, but we'd like to get something, and so voting yes on cloture helps us take that step. We need to get to 33, and if we told you it was tight, we wouldn't be lying. We could have told you it was tight at 2:00. It's a lot tighter now than it was at 2:00 because

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I think people understand how serious we are and how committed to finding a solution we are. And so I want to thank Senator Moser for his time. I want to thank everybody for their attention. And hopefully, when this cloture vote comes up, we can find enough greens to walk to the second stage, park the bill, and find a way forward with people like Senator Briese and Senator Linehan and everybody else on the Revenue Committee--

HILGERS: That's time, Senator.

FLOOD: --for the benefit of Nebraska.

HILGERS: Thank you, Senator Flood and Senator Aguilar. Senator Arch, you're recognized.

ARCH: Thank you, Mr. Speaker. We can't just keep doing what we've been doing. I've heard that all day, and I think if we could vote on that one statement, we'd probably get a unanimous vote. We can't just keep doing what we've been doing. While we've been committing hundreds of millions of dollars to property tax relief, we can't keep it up and we aren't catching up. We aren't getting ahead of it. One of our real challenges is that we have some very different issues that we represent here on the floor, all different districts, all different issues. We're looking for a common solution that works for all areas of Nebraska, and that's very difficult on this issue. My cities, Papillion, La Vista, and the county, Sarpy, are growing. Other districts have the opposite issue. And we know that whatever the solution is, it's not simple. How many times have we gone door to door, talked to somebody? I had somebody come over the other day to check out my air conditioner, found out I was a state senator and said, guess what, we really need to do something about property taxes. It's everywhere. Everybody is saying that, but-- but what? We know it's not simple. We know that we have complex issues. But simply kicking the can down the road at this point, making no impact today, is not doing our duty to our citizens. So I do support Senator Briese's call for finding a solution together by keeping this bill alive to seek that solution. I appreciate the leadership of Senator Briese, Senator Flood, Senator Linehan and others who have taken this on, expressed total willingness to negotiate and to do something. We know there's two sides to this equation, revenue and expenses. And it's frustrating because there's a disconnect. We don't levy taxes; we don't levy property taxes. We don't spend property taxes. But we are trying to help in solving this problem. So let's not kick the can down the road again. Let's vote to keep this bill alive, to take Senator Briese up on his offer, which I know he's an honorable person and

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will-- and will hold to this commitment that he's made to this body. And with that, I yield the balance of my time to Senator Linehan.

HILGERS: Senator Linehan, 2:32.

LINEHAN: Thank you, Senator Arch, appreciate that. Thank you, Mr. Speaker. I want to join with Senator Flood and Senator Briese and others on the Revenue Committee and ask, really, if you give us the cloture vote, we will work with each and every one of you and we'll see what we can do to address this. I-- I don't think there's anybody in here that doesn't know what-- that we're not headed in a good direction. Again, if we-- LB1107 stays in place, it's going to grow; Property Tax Credit Funds is going to grow; the homestead exemption, there's been examples today that we need to expand that. So you're going to be at a billion dollars of things we could do with a lot of other stuff. Now I'm actually-- I want to mention some other Revenue Committee members and when I do this without a list, I always get in trouble. Senator Pahls has been very involved with this. He's got experience. I'm-- I'm incredibly lucky on the Revenue Committee, incredibly lucky to have two senators who've already been here eight years. And I think we can tell by today's that that matters when you've got experience. As Senator Friesen, who I think had an interesting idea today-- I mean, I-- this is going to-- like, here's the deal. If we-- if we want to go with Senator Friesen's idea, do away with levy limits, do away with value, you want to do that, leave that all up to the locals, what could we do on the Revenue Committee--

HILGERS: One minute.

LINEHAN: --with a billion dollars on income taxes? What could we do? It's amazing what we could do with a billion dollars on income taxes. So if Senator Friesen wants to go with that idea, I-- I-- I'm up, because if we don't-- if we're not going to do something real here, we need to move on, so-- but the one thing we can't do, I don't want us to give up tonight. I'd really appreciate a cloture vote. Senator Briese does a good job of working with people. He's much more willing to compromise. He's always pulling me along to compromise. We've got Senator Bostar, Senator Lindstrom, Senator Albrecht. They're all-- have worked very hard on this. We've worked very hard and I've got a list for Senator Pahls about--

HILGERS: Time, Senator.

LINEHAN: Thank you.

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HILGERS: Thank you, Senator Linehan and Senator Arch. Senator Day, you're recognized.

DAY: Thank you, Mr. President. I am still not sure exactly where I'm at with this. Trying to filter through the stuff that you're told, like Senator Aguilar mentioned earlier, is really difficult. I've got one side of the argument saying that, particularly in my district, with rapidly growing municipalities like La Vista and Gretna, that LB408 could potentially be disastrous for cities that are growing as quickly as they are in District 49. And then I have, on the other side, folks are saying that the-- that if LB408 were to pass, it would not be disastrous for rapidly growing municipalities, that it could maybe even actually be beneficial. So I am trying to filter through all of that and think about all of that. And with that, I am going to yield the balance of my time to Senator Blood.

HILGERS: Senator Blood, 3:55.

BLOOD: Thank you, Mr. Speaker. Fellow Senators, friends all, real quickly, because I have a short amount of time, I-- I'm beginning to think that the plan now is to try and shame us based on some of the things that were said. Supposedly, some senators are disingenuous, have no ideas that they've brought forward. And then the thing that I don't understand is that I thought we can't make up new rules as we go because we don't have the votes on General File when we've had seven hours of debate and all session to work on this bill. So I kind of feel like I don't get that, but that's a question for another day. With that, I would ask that Senator Morfeld yield for a question.

HILGERS: Senator Morfeld, would you yield?

MORFELD: Yes.

BLOOD: Senator Morfeld, can you see me?

MORFELD: Yes.

BLOOD: Thank you. The reason I ask that question is that if I hear one more time that nobody brought any ideas forward, I'm going to scream. Fourteen ideas I brought forward and the only person that I know for a fact that read them? Senator Brandt. The only person I know for a fact is interested in that legislative study, that interim study? Senator Brandt. Thank you, Senator Brandt. Don't tell me I didn't have ideas. I had plenty. I started reading the can-- the committee notes. And the one thing that I was really puzzled about, because we keep talking about taxpayers, is that not a single taxpayer came and testified on

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this bill, not 1, not 100, not 1. That's pretty telling because something so important to taxpayers, you'd think that they'd be lined up even with the pandemic, because, gosh, I know when we had gun issues in-- in Government Affairs, they were lined out in the hallway. When it was vaccination in HHS, they were lined out in the hallway. That's pretty darn telling. So I, by the way, voted for LB1107. Don't tell me I don't care about property taxes. And you know what happened anyway during my campaign? Certain individuals said that I don't care about property taxes, even though I voted for the biggest property tax bill in the history of Nebraska. The way that messaging goes on this floor and outside of this floor is insulting. And don't stand here and try and shame me and say I don't care about property tax, and don't pretend you don't see me, because Senator Morfeld just made sure that I'm not invisible. I asked him. I think he's a pretty honest guy. Fourteen ideas, and guess what? These ideas have been around for almost a decade. And what did we do with them? Did we craft good policy and help lower property taxes? We did not.

HILGERS: One minute.

BLOOD: Did we discuss this while we were crafting this bill? Not to my knowledge. Did anybody bother to call Senator Crawford and say, Senator Crawford, this was a great study, can you walk me through this information, because I want to lower property taxes? I don't think so. I feel we've missed an opportunity here and now we're finger pointing and shaming? And I'm not going to stand here, or sit here, and take it. I've been here all day except to use the restroom once. To say that I'm not engaged and that I'm not interested in property taxes, that's malarkey. Thank you, Mr. President.

HILGERS: Thank you, Senator Blood, Senator Morfeld, and Senator Day. Senator Briese, you're recognized.

BRIESE: Thank-- thank you, Mr. President, and good evening. As I said earlier, you know, different people have talked about different solutions, so solutions are being discussed, and exempting certain subdivisions have been part of the discussion and who knows what else. And I realize, as Senator Flood said, we're not going to have anything close to what's in LB1064. You know, there's not the appetite in the body for it. So there will be several suggestions and several suggestions will be discussed. But the bottom line is this body will have the opportunity to decide what, if anything, comes back on Select File. If you don't like the compromise, keep your name off the card and it-- it's going to die. But here we have an opportunity in a-- a-- the cloture vote here is an opportunity, an opportunity to tell

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Nebraskans, hey, we're trying, we're working for you, we hear you. And I likely won't talk again tonight, but I ask for your support on cloture and to move these bills forward and so we can do-- so we can work together and try to find a compromise that is palatable to as many folks as possible. From my perspective, I am going-- I'm going to take a hard look at all the amendments that were dropped and see if there are things there that we could fit in; no guarantees, obviously, but certainly going to take a look at them. But again, I'd ask for your support, ask for the body's support. And Nebraskans certainly would appreciate your vote. And I would yield the rest of my time to Senator Friesen. Thank you, Mr. President.

HILGERS: Senator Friesen, 3:15.

FRIESEN: Thank you, Mr. President. Thank you, Senator Briese. So on the Revenue Committee, I just-- you know, I appreciate Senator Briese and he's always been willing to work with people to try and reach a conclusion to his bill. He wants to get something passed and he's been willing to work with both sides. And I will tell you, on the Revenue Committee, we had the option of sending out either a constitutional 3 percent cap or this legislative cap. We chose this one because we knew this body could, down the road, if things go wrong, we can make adjustments to it. If you put it to a vote of the people, which I-- I do feel it would have passed, we limited the ability for the Legislature to fix things if something went wrong. So here, I mean, he-- he put a sunset in place. It's there. It'll sunset after six years. There's a lot of provisions that he's added to try and address the issues. He has worked very hard to try and get there. Maybe we're not there yet, but I think he's willing to say that he'll work until he gets there or he won't bring the bill back. But I want you to know, too, that the Revenue Committee did look at these things. We looked at that constitutional one. And I-- I, for one, said that, you know, we want something that's statutory that the Legislature can work on. If, down the road, it's not working, we can address it. So we made some choices. We made some amendments to the bill. We made some changes. I do think we-- we tried to bring out a better bill. And I realize that there is probably a line in the sand for some people, but this is one of those things that in-- in all-- this is my seventh year here. We have rarely gotten a property tax bill to the floor, whether it was a Revenue bill. We have tried to raise revenue. We have tried to divert any kind of revenue we could get our hands on for property tax relief. And in these last couple years, we've accomplished quite a bit. Senator Stinner always gets angry when we say we haven't done anything. When I say we haven't done anything, I'm always looking at

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how do we fund K-12 better, and that's what I'm looking for, is the long-term solution. I'm hoping--

HILGERS: One minute.

FRIESEN: --that either Senator DeBoer's commission or we can do something this session yet. That kind of helps relieve that pressure that I've seen out in the rural areas and the nonequalized schools. And so I think there's an opportunity there. And by partnering and putting some of these combinations of things together, we can satisfy some people and we can get some property tax relief actually done. Thank you, Mr. President.

HILGERS: Thank you, Senator Friesen and Senator Briese. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. Speaker. Well, this is probably my last time talking tonight too. It's been a great day, good discussion. And there's been, since the last time I talked, a lot of points raised and made. Senator Flood has been imploring people to give an extra opportunity about-- to work on this bill, talking about the committee process and how people have gone through this and-- and sometimes, I would say, criticizing people for not being willing to make a deal or to make a concession on this. I would tell you, from my personal perspective, I made no commitment to anybody, I made no promise how to vote on this, and very few people have even asked me my opinion on this bill. But where I'm at is this is the wrong thing to do. There's no compromise to be made when the-- even the compromise, any compromise of any kind, just limiting it to NRDs, limiting it to met-- to community colleges, is wrong. We shouldn't do this. This is not property tax relief. People keep talking about it's property tax relief. This is us putting an artificial constraint on local governments, who are empowered, elected, and charged with oversight and-- and the stewardship of their particular purview in their communities. And so this is not what we should be doing. I'm there for a conversation. I have 100 percent respect for Senator Briese and how hard he is working to find creative and interesting ways to bring property tax relief. And I want to work with him and find ways that we can actually do things that I think are-- will be helpful and useful and not destructive. This is something that is-- it's not a good idea and it's not going to be a good idea if we shave around the edges after 33 votes today and come back on Select. There is no compromise to be had that makes this lid, this cap, a good idea. So let's move on to other actual constructive ideas. And to Senator Flood's point about these entities come in and they don't respect us, and I feel bad for

you when they-- if you're feeling like people aren't respecting you. But if I were to kowtow on this and give you a 33rd vote to move on, I wouldn't respect myself. And I don't think-- I think that sometimes we get to a point where we're going along to get along or to moving these things and-- and trying to make deals. That's where we lose respect of people outside of this body as well. I think this is a principled stand for a certain number of people who agree, like me, that this is a bad idea and we shouldn't do it, and that's why they're not willing to negotiate or to make a deal on this. You know, everybody knows, that I'm willing to work with people to make bills better. I worked with Senator Lowe and Senator Geist to make a bill and solve a problem I saw in a bill that I liked, but I had a problem with. I've worked with Senator Brewer to make a bill better. I've worked with Senator Groene. I've worked with Senator Morfeld. I've worked with Senator Lathrop. I've worked with a lot of people to make bills. I've worked with you, Senator Flood, to make a bill better. So I'm willing to make a compromise, to find middle ground, to make a bill better, but those are bills that have merit and should be passed and can be good law once the compromise is made. We should not make compromises just to get something done if the outcome is still bad, and that's why people are sticking to their guns on this bill, because the outcome would not be good for a lot of our local entities. And it is not our position to dictate that to them and that would put them in a bad position going forward. And so that's why I'm opposed to this. That's why I wouldn't make a deal on LB408.

HILGERS: One minute.

J. CAVANAUGH: And that's why I don't-- I don't think that we should come back and revisit this at any time in the future. I do think that there is a legitimate argument and people have raised a lot of concerns about why we should be addressing property taxes in this state and that there are a lot of interesting ways to do that, but this isn't one of them. And so I'm happy to have that conversation with people. I'm happy to work with Senator Briese on this. I'd be happy to work with Senator Flood on property taxes, but not on this. And so I'm going to be voting against cloture. I'd be voting against this bill. I would be voting against this bill when it comes back and any form, whether it constrains it to NRDs, to community colleges, to whatever local entity you want. And if you constrained it geographically, it's still a bad idea, even if it's not going to affect my particular community. So that's-- that's where I'm at. I think that's the right place to be. I'd ask everybody to join me in that place, and I appreciate your time today. It's been an interesting conversation. Thank you, Mr. Speaker.

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HILGERS: Thank you, Senator Cavanaugh. Senator Linehan, you're recognized.

LINEHAN: So I think it's fair-- there's been a lot of conversations going on, on the floor, and it's not as easy as it used to be, for you who are new. And I hope soon we can take these things down because you can't see everybody, you can't find people, so it's harder to communicate kind of continually with everyone. But here are some of the ideas that have been discussed in the last three or four hours. We take cities, counties, schools out of the bill altogether. And then you're just looking at regional and as-- you know, community colleges, it's hard. They cover big regions. The other thing is, you can talk about the three big counties and maybe we don't start-- we exclude them on other things, especially judiciary things. So I just want everybody to know that these are-- like this isn't like a bait-and-switch. These are like big, big, big changes to the legislation that the Revenue Committee-- I haven't talked to everybody on the Revenue Committee about each of them, but several of us have discussed. It-- so it's-- and you've got the Speaker who's told us that if we don't get some big changes, that it won't come back. But I would-- I-- I think the other thing we-- and I'm not-- and I don't mean to shame anybody or to-- to come across here, but this is just so we all re-- this a little different, the-- the way I understand the rules here tonight, we're going to have a vote. This isn't like when we used to debate for three hours and then it went away and it didn't come back. We're going to have a vote tonight and it's going to be a record vote and it's going to be whether you voted to move property tax relief forward or not. So I know my whole four years here before, we just had to talk for three hours and then nobody had to vote, so there's no record of where you were. That's not what's going to happen tonight. Tonight here, in about 25 minutes, we're going to have a vote, it's going to be a record, and you're going to be for or against moving some kind of property tax legislation forward. Senator Wayne, would you yield to a question?

HILGERS: Senator Wayne, would you yield?

WAYNE: Yes.

LINEHAN: Senator Wayne, in the last two or three hours, have you talked to several members of the Revenue Committee and do they seem willing to make major changes to this bill to move it forward?

WAYNE: Yes.

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LINEHAN: So I-- I think-- and you-- and I am right on the rules, because I know you're good with the rules because you've taught us a lot of lessons, Senator Wayne, on the rules. But am I right? Are we-- we're going to have a vote on this tonight, right?

WAYNE: There will be a cloture vote in about 20 minutes, I believe. And after that, depending on where the cloture goes, we either keep going up the board or the cloture vote, you don't pass the cloture vote, then we move to the next item on the agenda. But there will be a vote.

LINEHAN: So if we don't pass the cloture vote, then it would be pretty easy to-- at least I would think that it would be explained that you didn't move property tax bill forward.

WAYNE: That's one perception, yes.

LINEHAN: Can you think of another perception?

WAYNE: This is my first time talking today, so I'm a little rusty.

LINEHAN: That's OK. All right. I'll let you-- thank you. This is a very big deal to Nebraska. I know it's not in every district. I've heard that today. There are people out there that this isn't a big deal to them. It's a-- but it's a big deal to-- it's certainly a big deal to somebody or we wouldn't be spending a billion dollars trying to fix it.

HILGERS: One minute.

LINEHAN: So I hope we can get cloture and we can make some big changes, and maybe we'll have to have more hearings because we didn't have a hearing on that subject or this subject. We can do that. So I hope we can get to cloture here. Thank you very much

HILGERS: Thank you, Senator Wayne and Senator Linehan. Senator Brandt, you're recognized.

BRANDT: Thank you, Mr. Speaker. Thank you, Senator Briese, for bringing LB408. And thank you to the Revenue Committee. Quite often in this Chamber, you hear thank-yous for the Appropriations Committee, and that's because they give the money away. To me, it's much harder to go find the money and that committee, it'd be a tough committee to be on because nobody-- nobody wants to give up anything to the Revenue Committee. And most of all, I want to thank all the hardworking property taxpayers in the state of Nebraska that are still watching

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this. Thank you for your sacrifice. None of this would be possible without what you do. Senator Flood, would you answer a question for me?

HILGERS: Senator Flood, would you yield?

FLOOD: Yes.

BRANDT: There's a radio station in Fairbury and they have a segment called "Joke of the Day." Are you familiar with that?

FLOOD: Yes, I am, actually.

BRANDT: Yep? OK, so why should senators be buried 100 feet deep when they die?

FLOOD: Was this on my station?

BRANDT: Not yet.

FLOOD: OK. I don't know why. Why should senators be buried 100 feet deep?

BRANDT: Because deep down, they're really good people. I figured it's-- it's that time of the night, folks. We'd just as well get it off our chest. So anyway, I support LB408, AM1064. I know Senator Briese and Senator Hilgers have expressed a willingness to compromise, and I would yield the rest of my time to Senator Flood.

HILGERS: Senator Flood, 3:22.

FLOOD: Thank you, Senator Brandt, and thank you for yielding me the time. We are in the final stages of what has been a long day. I guess I would just go back to what's on the table. What's on the table is a proposal from Senator Briese, approved by the Revenue Committee. And this isn't a proposal that came through and sailed through with a green copy. We thought about it and we had a hearing on it and we argued in committee about it, and we ultimately kicked out a bill that I think is reasonable. And actually, I had somebody from the lobby say this bill is the one that scares us the most because it's reasonable, because our goal wasn't to punish some political subdivision. It was to slow the growth, make it temporary-- it ends in 2028-- so that we could put comprehensive tax reform together and get the buy-in of the political subdivisions that are involved. We don't feel like, when we sit there, that they're as concerned about property tax relief as we are in the Legislature. This is your chance to help us fix the

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problem. We're-- we're in the same boat that everybody else is. We want to see a solution. We don't want to hurt anybody. We don't want to make it more difficult for the city, the county, the school district, the ESU, the community college. But we have to slow it down because, as Senator Linehan said, when you're shoveling a billion dollars into a problem, it is a problem. And the-- the hard part about it is we continue to use state resources from sales and income tax dollars and push it over into the property taxpayer's pocket for all the right reasons. And at the end of the day, they aren't seeing the relief that they want and we're trying to fix that. And so what this does is essentially it says we want some-- some caps on this through 2028, which is not unreasonable. We want your help to do it. We understand you're not in favor as a body of LB408 and even the underlying AM371 or even some of Senator Briese's amendments, of which we think you'd like. We've spent today with procedural motion after procedural motion after procedural motion. If you did this at the city council, people in your hometown would get frustrated. We understand why you're doing it. We understand you don't like it. We hear you. And now we're telling you--

HILGERS: One minute.

FLOOD: --we're willing to take something less, far less than the green copy, in exchange for the opportunity to find a deal with you between now and Select File. I've been told by somebody that this is disingenuous. What else could we do to find a victory here but to lay ourselves in front of everybody else and say, work with us to-- on the second round and we won't bring it up unless we have a deal that is satisfied by 33 of you? That's a super-supermajority. We're not-- it's not like we're trying to run a fast one here. We could have gone and done different deals with different people today in different little pockets of people that said, well, if this bill passed or if we spent more money on this. We're simply saying we'll sit down with everybody to find a solution that works for 33 people. And if that's not enough for you and you can't vote for cloture on that, I really don't think you're going to be harmed.

HILGERS: That's time, Senator.

FLOOD: Thank you.

HILGERS: Thank you, Senator Flood and Senator Brandt. Senator Matt Hansen, you're recognized.

M. HANSEN: Thank you, Mr. President. Colleagues, 252 days ago, 252 days ago we, in an extraordinary, disjointed, chaotic session, passed the biggest tax reform of a generation. That's how recent LB1107 is. We came together on August 13 and passed LB1107 and I voted for it. I worked heavily on portions of it. Senator Kolterman was kind enough that on his business incentives portions, to give me the ability to propose and essentially rewrite a considerable portion to make sure that it was actually the types of jobs and wages that we wanted. I have proven myself to be willing to vote for comprehensive tax reform. I have shown myself be willing to work on tax compromises. That, if you listen to it, is not what's being offered here on LB408. Senator Flood, in the remarks he just said, started to be, we'll give you-- we'll take less in exchange for-- and he trailed off because there's not an exchange for; they're just trying to take less. Fundamentally, as Senator John Cavanaugh said, I have a fundamental problem with the approach LB408 is taking in an attempt to reform property taxes. It is acting as a hammer on our local governments and it is designed to hamper them. And several people over today and yesterday, I know that was a different bill, but over today and yesterday have repeatedly listed off examples of things they didn't like their local governments to do and wanted them to stop. That's what we're looking for here. This isn't, you know, a comprehensive solution to help political subdivisions. This is, we don't like our local elected officials in our part of the state and we're willing to bash all political subdivisions and all elected officials. It's all at once. And I appreciate that there's been some offers to take Lincoln and Omaha out. I appreciate that people are at least hearing our concerns enough to offer that. But just like my opposition to LB2 yesterday, if something's bad tax policy, something's bad tax policy, and I can care about it even if it doesn't hurt my constituents. There are times that we are representing our districts and there are times that we are representing the entire state, and that changes and sometimes we have to straddle it and do both at the same time. And that is what I'm trying to walk on LB408. I am fundamentally trying to protect Lincoln and Lancaster County, and I know my constituents will back me up on that. I, at the same time, don't want to shield Lincoln and Lancaster County and sell the rest of the state out. I don't want to cut a sweetheart deal for myself to throw other people under the bus. If there are fundamental problems with community colleges, if there are fundamental problems with NRDs, I would like to show that-- I would like to have that-- some more concrete examples of what we're trying to do, what we're trying to stop. And if there are things like that, maybe we do need more community college board members. Maybe we need smaller districts, more elections, whatever, whatever the solution is

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to make sure that voters can hold those people accountable. We don't need to wholesale, across the state, on all of these political subdivisions that already have so many limitations on what they can and cannot do, come in and say, hey, we are going to put this limit on you and that's not even-- that's going to-- I won't even get into the problems. We've-- we've-- we've beaten the problems enough this afternoon. Fundamentally, that's my hesitation to take a deal. The deal is to just not harm Lincoln. The deal--

HILGERS: One minute.

M. HANSEN: --is to just not harm Omaha, and that's tempting. And at the same time, it hurts that it's tempting because I know that that's a decision that's going to harm other people in the state. I'm going to keep bringing this up. I brought it up on LB2 yesterday. Fundamentally, somebody said to me yesterday on LB2, why do you care, we're only hurting our own constituents, and I don't know how to respond to that. And that's the deals that are being offered in LB408, and that's why I'm not inclined to accept them. Let us hurt our own constituents, let us hurt our own political subdivisions, let us hurt our own people, and we could maybe leave you alone for now. We all know these decisions aren't set in stone and it's easy to change in the future. That is why I cannot get on board with LB408 tonight. It is fundamental, basic issue of-- of what we deserve to do is--

HILGERS: Time, Senator.

M. HANSEN: Thank you, Mr. President.

HILGERS: Thank you, Senator Hansen. Senator Wayne, you're recognized.

WAYNE: Thank you, Mr. President. And I haven't talked literally all day. I thought I was leaving at 5:00 and my daughter's practice was canceled due to a track meet that was running long. And I'm sitting here and I'm going back and forth and I guess let me back up and just tell you some basics. Besides the university, and there's an argument on the state board because they're in our constitution, all political subdivisions only have the power that we give them. That is how our state is built. So we have-- already have caps. We have caps on school districts, the \$1.05. If they want to run a levy override, they can. So I'm really confused and here's why I'm confused. I ran a bond. We had a one-- \$1.2 billion maintenance. We broke it up by-- into three bonds. One was \$421 million, which was the largest bond in the state of Nebraska, and we went out and sold it because our school district needed it. So I don't have a problem with a cap as long as I got the

ability to vote, because that's my job locally when you elect me is to tell you that we need this and to sell it, so I don't have a problem with that. And what I'm more frustrated about is we want to act like this is sustainable when it's not. It's not sustainable. We're putting \$1.5 billion into property tax relief in some capacity and we're not capping what happens at the local level. Once we decided, before we got here, before I got here, that property tax was now a state issue, we can't back away. Once we decided it was our job to help solve that problem, we cannot back away. But here's what concerns me more, colleagues. This issue is about trust: I don't trust, I don't trust, I don't trust. Well, there's a simple answer to that, Speaker Hilgers and Senator Briese. If you put together a deal to move things forward, those things have to move first, all the way through Final Reading, before this bill is brought back up. That's simple to me, but we got to be able to say, OK, let's try it. And if you can't do that, then I don't get it. The other problem I have is I'm looking at our budget and what's left on the floor. We have one-- we have \$143 million on the floor. If we pass Social Security, that's minus \$12.7 million. I, like my colleagues sitting next to me, \$5 million going to the aid of county because it was the Attorney General who actually did that and the state should own up and pay for it. Rural broadband: \$20 million. I see this school property tax stabilization, which we're going to have some discussion about, that's \$28 million. Shovel-ready projects: \$25 million. Changes to ju-- juvenile truancy, which is Senator Patty Pansing Brooks's bill, is \$4 million. I have a bill coming up tomorrow for counties-- I mean, for cities that did everything right, everything right for what happened with the cold spell for natural gas, that's \$10 million. I'm talking about doesn't hurt-- not Omaha. This is every small town who did everything right and it's a grant. Residential water, which is a bill-- my bill that Senator Pahls prioritized, is 4.5 to try to relieve people in the city. Just those basic bills that I hear broad support for are \$100 million. There's no money left on the floor. So if we can't sit down and figure out how we all can take something back to our constituents to help move Nebraska forward, then, colleagues, we're stuck and we are not--

HILGERS: One minute.

WAYNE: --going to be able to get anything done for the districts you represent. It's a simple math calculation and a vote calculation. And, yes, we can filibuster all day and all night, but at the end of the day, if there's 25 votes or 33 votes, who's going to vote against Social Security in here? Who's going to vote against military re-- retirement? We're missing the boat because we're caught on just killing bills instead of figuring out how to come up with a real

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solution. Let's figure out a real solution, and the only way you do that is by working together and moving bills forward. We do it all the time. And I understand there is trust that was broken throughout this year, but the only solution is move bills all the way to Final Reading that we think need to be moved before this bill comes back. And I'm willing to do that. I'm willing to sit down and talk about exempting the big three counties. I'm willing to sit down and talk about how to do it. And the reason I've done it, I did in my first year--

HILGERS: Time, Senator.

WAYNE: --on an exemption bill and the bill still failed on Select File.

HILGERS: That's time, Senator.

WAYNE: Thank you, Mr. President.

HILGERS: Thank you, Senator Wayne. Senator Flood, you're recognized.

FLOOD: Thank you, Mr. President. I'd give Senator Wayne some of my time, if he'd like to continue.

HILGERS: Senator Wayne, 4:50

WAYNE: Colleagues, I know this process works. I know because my first year, Speaker Hilgers introduced an exemption bill and I was the 33rd vote and it was a hard vote. My house got Betsy Rioted. We had all these things going on. And that deal fell apart because the coalition we put together to get to 33 all walked away from the table because the deal wasn't right. So maybe there's a little bit of distrust here. Maybe we don't like the fundamental aspect of it, but we cannot keep dumping money into Property Tax Relief Fund because-- here's the next thing-- we talk about solving TEEOSA. But if we solve TEEOSA and say we're going to fund every school district and we don't put a cap on it, then we're just funding them to keep growing. We're not solving anything. So you don't have to believe in Senator Briese or Speaker Hilgers. Believe in yourself to make sure you can walk away if you don't like the deal that's being done. But to not have a conversation about how we control spending at some level means that the rest of our session, I-- I'm worried about we're not going to have real conversations on a lot of other bills. We're just going to get into this kill mode, kill mode, kill mode. And then we're going to walk away with what? The problem we have this year is we didn't get a lot of time to talk to each other because of committees. The first month and a half, we were in all-day committees, so nobody knew what was

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really going on in Revenue; nobody knew what was really going on in Urban Affairs. We didn't have that opportunity. So we spent a lot of time on this floor. LB51 was a great example. Let's move it along and let's keep having a conversation. And if you want to kill it, then kill it at that point, but this is the opportunity for us to come together, have a conversation around what's clearly an important issue to a lot of people. And my question is, on the other side, what's an important issue? And if you can't come up with a compromise, walk away. But I don't understand how we are not going to have a conversation from General to Select, because all of our committees have operated in a silo this year because of the nature of what happened. We had COVID restrictions; we couldn't necessarily hang out and have conversations afterwards. There were all of these reasons of why we operated in silos that did not allow for us to have meaningful conversation. And so, yes, it's unfair that we're having it right now, but that's what happens. And I've already seen this happen multiple times, just with LB51 yesterday. So, yes, I hope we get through cloture, not necessarily to pass the bill, to move on, to one day go to Final Reading, but to have a real conversation about how do we limit growth in a way that actually works and then how do we balance our budget to make sure everybody walks away with something. But if you're fundamentally against it, be against it. But then we can't just keep throwing money at local governments and saying, hey, we hope you do better, because we tried that with TEEOSA the first time and we're right back to where we are. We're right back to where we are. So you don't have to have faith in Speaker-- in Speaker Hilgers or in Senator Briese. You sit down and you have a conversation and you say these bills have to move first, all the way to Final Reading, and that can happen in three days. And once those bills are through Final Reading, then maybe we can have a good-faith that sort of figure out how we do the rest. It's a simple idea and a simple plan, but this is how we do it.

HILGERS: One minute.

WAYNE: And it's just happening because of COVID and everything. We're stuck right here. So just have faith in the body. And I get we have some distrust here, but if they don't move things forward, we don't like what it is, walk away, because clearly the numbers are that thin. But we have to have a conversation because in the next two weeks, this money on the floor will be gone and many people who need some of this relief may be left out because we're not having a broader conversation and looking at the whole picture, instead of just one bill. Let's look at the whole chessboard, not just this move. Thank you, Mr. President.

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HILGERS: Thank you, Senator Wayne and Senator Flood. Senator Pansing Brooks, you're recognized.

PANSING BROOKS: Thank you, Mr. Speaker. Well, I-- I appreciate the discussions about collaboration that-- that various senators have made tonight and I care immensely about collaboration and working together. The problem is there was no effort at collaboration or working together on this until, you know, hour five of this-- of this extended debate. And all of a sudden we're-- we're getting people throwing different plans at us and trying to look at what it is that would make us sway over. You know, there was one thought about bringing-- excluding Lincoln or Lancaster County, Sarpy County, and Douglas County, but meanwhile it still included the community colleges. I've got a problem with that. We've got community college in Lincoln that does a lot of great work. I cannot make that commitment, especially in the seven-point-five hour. So, you know, these last-minute collaborations, last-minute promises, last-minute efforts to say, oh, we're not going to bring it back if it doesn't have 33, but the whole issue is an unwillingness to bring people together early on. And I've worked with a number of people from all sides on-- on bills that are important and there was no effort to come to me to talk about this or meet with-- with people in my district and me. So I-- I just-- I have a hard time. I feel like it's bad policy. I've not been convinced. It doesn't fix property tax issues. And the idea of shaming us into doing this and-- and this effort to make us feel bad, like we're terrible people because we don't get this, we-- we have supported property tax issues and continue to if it's the right one, if it has reason and if it-- if it's thoughtful. And I-- I appreciate what Senator Briese is trying to do and I know he is thoughtful. It's just that some of us disagree at this moment of this way. And the problem is we don't have enough time right now. It's been pretty clear that this has been an extended debate and we're coming on the 11th hour. And with that, I'm sorry, I'd like to find a collaboration, I'd like to find something to make this work out, but I just can't right now. I'm going to have to vote red on-- on cloture. And now I'll give the rest of my time to Senator Morfeld. Thank you.

HILGERS: Senator Morfeld, 2:12.

MORFELD: Thank you, Senator Pansing Brooks. I want to-- I know the-- the moment's coming here pretty soon. I want to make a few different points. One, I've heard a lot of people say that I and others have not been solutions oriented. There's a lot of priorities in my district that we have passed over in my district when we were cutting the university and other things, my largest employer, my biggest base of--

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of support in terms of constituents and students, where we were cutting the university and we were still putting money in the Property Tax Relief Fund. I supported those things. I've supported the Property Tax Relief Fund. I've supported targeted tax relief for our veterans. I voted for those bills. I've co-sponsored bills this session that would cut other targeted-- other types of targeted tax relief. So to-- to say that we don't support property tax relief and we're not solutions oriented, that's not true. I've supported property tax relief every single year that I've been down here. It's just not the exact type of property tax relief that somebody wants. And you know what? That's OK. Colleagues, this is the wrong approach--

HILGERS: One minute.

MORFELD: --to micromanaging our local governments when they already have these types of lids, they already have accountability. And you know what I haven't heard one thing about today? Nobody's given me one example of waste. Nobody's said one example of waste. They've pointed at some numbers and said, well, this is too much of a percentage. But what was that local government or municipality wasting? How is it not a justified expense? I haven't heard one example on this floor today about that, only that we need to control the local governments more and we need to cut them more. Colleagues, I urge you-- I urge you to vote no on cloture. This is a bad concept. It's a bad policy overall. It should not be fixed. Thank you, Mr. President.

HILGERS: Thank you, Senator Morfeld. Mr. Clerk for a motion.

CLERK: Mr. President, Senator Briese would move to invoke cloture pursuant to Rule 7, Section 10.

HILGERS: It is the ruling of the Chair that there has been full and fair debate afforded to LB408. Senator Briese, for what purpose do you rise?

BRIESE: Call of the house. I'd like a roll call vote, regular order.

HILGERS: There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Mr. Clerk, please record.

CLERK: 34 ayes, 4 nays to place the house under call.

HILGERS: The house is under call. All unexcused senators please return to the floor. All unauthorized personnel please leave the floor. The house is under call. All unexcused senators are now present. Members,

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the first vote is the motion to invoke cloture. All those in favor vote aye; all those opposed vote nay. There-- a roll call vote in regular order has been requested. Mr. Clerk, please call the roll.

CLERK: Senator Aguilar voting yes. Senator Albrecht voting yes. Senator Arch voting yes. Senator Blood voting no. Senator Bostar not voting. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator Briese voting yes. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Day not voting. Senator DeBoer voting no. Senator Dorn voting yes. Senator Erdman voting yes. Senator Flood voting yes. Senator Friesen voting yes. Senator Geist voting yes. Senator Gragert voting yes. Senator Groene voting yes. Senator Halloran voting yes. Senator Ben Hansen voting yes. Senator Matt Hansen voting no. Senator Hilgers voting yes. Senator Hilkemann not voting. Senator Hughes voting yes. Senator Hunt voting no. Senator Kolterman not voting. Senator Lathrop not voting. Senator Lindstrom voting yes. Senator Linehan voting yes. Senator Lowe voting yes. Senator McCollister not voting. Senator McDonnell voting yes. Senator McKinney voting no. Senator Morfeld voting no. Senator Moser voting yes. Senator Murman voting yes. Senator Pahls not voting. Senator Pansing Brooks not voting. Senator Sanders voting yes. Senator Slama voting yes. Senator Stinner not voting. Senator Vargas voting-- I'm sorry, Senator-- voting yes. Senator Walz. Senator Wayne voting yes. Senator Williams not voting. Senator Wishart not voting. 29 ayes, 8 nays, Mr. President, on the motion to invoke cloture.

HILGERS: Motion invoke-- invoke cloture fails. I raise the call. Mr. Clerk for items.

CLERK: Yes, sir. Mr. President, items: New A bill, Senator Machaela Cavanaugh offers LB290A; it appropriates funds to implement LB290. LB406 is reported to General File with committee amendments by the Natural Resources Committee. I have notice of hearing from the Education Committee. A series of amendments to be printed: to LB408 by a variety of members; LB644, Senator Ben Hansen; Senator Hilkemann to LB644; and Senator Walz to LB529. Mr. President, Senator Aguilar would move to adjourn the body until Friday morning, April 23, at 9:00 a.m.

HILGERS: Colleagues, you've heard the motion. All those in favor say aye. Opposed say nay. We are adjourned.