

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate February 10, 2022

HUGHES: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the twenty-third day of the One Hundred Seventh Legislature, Second Session. Our chaplain for today is Father Borowiak from Senator Geist's district. Please rise.

FATHER BOROWIAK: Good morning and thank you for the opportunity to offer this prayer. Please allow me to offered it our-- my Christian context acknowledging and recognizing all faith denominations of this legislative body and our great state of Nebraska. In the name of the father, the son, and the Holy Spirit, amen. Lord God, heavenly father, we thank you for the gifts of this day. We thank you for the great gift of the state of Nebraska and we thank you for the sacrifices that these men and women, our elected representatives, make on our behalf every day. We ask that you will continue to guide them in their [MICROPHONE MALFUNCTION].

HUGHES: Thank you, Father Borowiak. I recognize Senator Lindstrom for the Pledge of Allegiance.

LINDSTROM: Please join me in the Pledge of Allegiance. 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 Lindstrom. I call to order the twenty-third day of the One Hundred Seventh Legislature, Second Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

ASSISTANT CLERK: There is a quorum present, Mr. President.

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

ASSISTANT CLERK: No corrections this morning.

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

ASSISTANT CLERK: There are, Mr. President. Your Committee on Agriculture reports LB712, LB889, LB848 all to General File, as well as LB1095 was reported indefinitely postponed. Your Committee on Government reports LB779 to General File along with LB839 and LB823. And finally, a notice of committee hearing from the Health and Human Services Committee regarding certain gubernatorial appointments. That's all I have at this time.

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HUGHES: Thank you, Mr. Clerk. Senator Albrecht would like to recognize Dr. Dave Hoelting of Pender, who is serving as the family physician of the day on behalf of the Nebraska Academy of Family Physicians. Dr. Hoelting, if you would please rise to be recognized by your Nebraska Legislature. Thank you for being here, Doctor. Mr. Clerk, we'll now proceed to the first item on the agenda.

ASSISTANT CLERK: Mr. President, LB890, offered by Senator Walz, is a bill for an act relating to education; to change the Tax Equity and Educational Opportunities Support Act as prescribed; to create a fund; to eliminate provisions relating to community achievement plans; to eliminate obsolete provisions; harmonize provisions; repeal the original sections; and declare an emergency. The bill was introduced on January 7 of this year. It was referred to the Education Committee. The committee reported the bill to General File with committee amendments attached. It was considered yesterday and the committee amendments were offered and an amendment to the committee amendments also from Senator Walz.

HUGHES: Thank you, Mr. Clerk. Senator Walz, you're recognized to give us a brief refresher on LB890.

WALZ: Thank you, Mr. President. I will be very brief. I just wanted to go over the key components of LB890. First and foremost, it creates an education stabilization base aid fund, which allows for, in year two, \$1,100 per formula student. Secondly, it reduces the local effort rate in year two to 75 cents from \$1 and it also allocates the income tax-- or the allocated income tax is returned to 20 percent. Originally in TEEOSA, in the original TEEOSA, it was at 20 percent. Over the years, that has dwindled down to tax money coming back to your district to educate your kids at 2.23 percent. And we think that this is a really important part of the bill that we're reallocate or allocating that those tax funds to come back to your community at 20 percent to educate your kids in your district. This bill also provides equalization aid for 158, 158 districts, and it will hold harmless 6 districts. I guess that's my highlight for, for now. Thanks.

HUGHES: Thank you, Senator Walz. Those in the speaking queue are Pansing Brooks, Lindstrom, Briese, Hansen, and others. Senator Pansing Brooks, you're recognized.

PANSING BROOKS: Thank you, Mr. President. I rise in support of LB890. Again to remind people, this is the first time that an entire-- the entire group of schools and whether big, rural, small and all the educators, the school board administrators, the school board members

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have all come out for the first time in support of a bill to change TEEOSA and change it for the better. So Senator Walz has done yeoman's work getting around to everybody that she could. If people had questions, they should be coming and talking to her about that. And I just, I just am blown away by her great work in this. And also, you know, it's my understanding some people talked about the fact that yesterday that Omaha Public Schools came and spoke against it. Well, I was, I was there for that testimony when Ms. Logan came and spoke against this bill. And do you know why she spoke against it? Do all of you know why Ms. Logan spoke against it? It wasn't because the idea was bad. It wasn't because she didn't think it was valuable. I do find it slightly interesting that now all of a sudden, the smaller communities or, or smaller-- the areas with senators representing the smaller areas are all of a sudden worried about Omaha, but she spoke and said the reason she didn't support it is because she didn't trust us. She didn't trust the Legislature to truly fund education under the plan. But of course, we're constitutionally mandated to, to fund public education. So we have an opportunity here. Nebraskans, some of-- some people may not like the person who brought it or may not think that it's appropriate that it was that person instead of Revenue or instead of someone else, but that is a fallacious argument. This is a, an opportunity that we have to improve our school funding. It's supported by everyone, except a few people on the floor who don't like something in it. But of course, we are making sausage. So perfection is the enemy of good. Senator Lindstrom has worked steadily on, he's worked steadily on the revenue part of this and talked to numerous people on Revenue. And I just want to thank them both for coming together in a nonpartisan way to bring all the schools together and to work to come up with a plan that the schools finally don't object to, except OPS, who's concerned that we aren't going to follow through on our duty to fund education and that we'll turn into Philadelphia. Now that's pathetic. That, that's the reason that we're-- because no one trusts us. And I guess, I guess that's true, but we have a way to treat smaller communities better and I hope that, I hope that people will vote for this, this incredible effort to bring everybody together and to come up with a plan that will affect communities across this state. And I just want to--

HUGHES: One minute.

PANSING BROOKS: --give kudos to Senator Walz and to Senator Lindstrom for their great work. Thank you, Mr. President.

HUGHES: Thank you, Senator Pansing Brooks. Senator Lindstrom, you are recognized.

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LINDSTROM: Thank you, Mr. President. I apologize. I was off to the side here. I was going to talk a little bit again about the companion bill, LB891. I have not submitted the amendment yet. I do have it in front of me, but I feel like we could have a discussion on, on the components before that goes through. I know there's a couple other amendments pending so again, this will probably take eight hours anyway. But again, the two, two funding mechanisms and what we're trying to do here, when, when we talked since the summertime, there were a couple of things that were part of my list of what we could do and what we couldn't do. One, we were not going to raise taxes and LB891 does provide a mechanism that puts in the amount into the trust fund that does not raise taxes. We take the existing half-cent out of the five and a half cent sales tax that we get at the state level and include it in here. We talk-- over our time, along with the 12 other senators-- 11 other senators in here, we talked about property tax a lot and I know as you've all campaigned, property tax is probably the number one issue that you've heard about, but education is, is vitally important as well. And when you travel the state of Nebraska, you talk to moms and dads and school board members, they want quality education and currently we are not providing equalization aid to the vast majority of school districts out there, 158. So to me, this is a fairness issue as to what we are trying to do at the state level while providing property tax relief. And I think that this proposal gets us to-- the closest attempt that I've seen since we've been down here or that I've been down here to meet that need. And it isn't that this is the end-all-be-all with this bill. This is a proposal that sets the foundation towards the trajectory of long-term property tax relief by directing dollars directly into the TEEOSA formula and dropping the LER, local effort rate, to 75 cents while doing the general levy fund down from \$1.05 to 95 cents. So when you look at your property tax bill, the vast majority of that bill is K-12 education and yet, in comparison to most of the states in the country, we rank on the top end for what we don't provide to our local school districts. So when I looked at how do we, how do we start to bridge the urban-rural divide, how do we provide education funding, and how do we go from 49th to 20th or 19th while providing property tax, by pushing down those levy limits to a level where it pushes more towards the sales tax that we collect in the state. And so by increasing the allocated income tax back to the original intent-- where we're at 2.23 percent-- to 20 percent-- we create the trust fund. Again, what I talked about yesterday is that trust factor between the school districts and the Legislature and, and upholding our end of the bargain. And I know it's, it's an expensive ordeal. We're talking about a lot of money here and we're talking about-- but this isn't a, this is not a new

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concept. We talked about this over the last couple of years with LB1106, with this bill we've done. And again, this is not a knock on what LB1107 intent is. I think we all can agree that property tax are too high, but how do we make sure that this is a long-term, sustainable process that can again address the disconnect between the equalization-- those who get equalization and those who don't. With the opposition-- and OPS was one of those and I get-- again get, I that. I talked about that yesterday. And I represent OPS. My district has a significant portion of, of OPS.

HUGHES: One minute.

LINDSTROM: But that doesn't mean that we can't look at the bigger picture. We are state senators. We have to overcome the push and the pull from what we hear in the Rotunda to put together a policy that is better for all Nebraskans. And this, to me, is one of those proposals that as we can work through it-- and even Senator Briese's bill that was just up a couple of days ago, I think there are amendments that could be made to that bill to complement what we're trying to do here so that the fear of anything with valuations and assessed values going up to the level that we can't control it and fund education at the state level, there are some of those provisions that I think could be included in this. And that's part of this process and so I hope we can have a good dialogue today and not just try to torpedo it because it doesn't, it doesn't meet the needs of what we've either done in the past-- this is about looking towards the future and making sure that we're meeting the needs of the kids and, and families across the state while providing sustainable property tax relief. So I appreciate the time, Mr. President.

HUGHES: Time, Senator.

LINDSTROM: Thank you.

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

BRIESE: Thank you, Mr. President, and good morning, colleagues. I again want to thank Senator Walz and Senator Lindstrom for their efforts on this proposal and the hard work they've put in. And again, I want to repeat that I-- conceptually, I agree with injecting more state dollars into public education in Nebraska. I think many of us have advocated for that through the years and agree with the concept. But again, I have three main points of contention with what we're talking about here. I talked about yesterday, the lack of an effective

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cap to ensure that these dollars yield property tax relief is the number one concern. Number two concern is a disparity in treatment between various districts-- I talked about that yesterday-- and the third one is the-- how are we going to fund this thing? And so right now, I want to talk about how we're going to fund this thing because all of a sudden, the LB1107 money got brought up yesterday and I guess that's part of what's been proposed in LB891. We need to remember the LB1107 money, this refundable income tax credit, somebody suggested yesterday that, that's income tax relief. No, it's not. It's a rebate, a refund, a refundable income tax credit you claim on your income tax return based on your school property taxes paid. That is property tax relief. It was initially set at \$125 million, which represented about 6 percent of your school property taxes paid. It has grown to \$548 million, which represents-- using the math, represents 26 percent of your school property taxes paid. In reality because of inflationary pressures on school spending, it's probably closer to 24 percent of your school property taxes paid. But the proponents of this proposal, they would take away that refundable income tax credit, which is a rebate of 24 percent of your school property taxes paid. And so any tax-- if this would go into place, as what is currently proposed with the floor amendment, we would have taxpayers giving up 20 percent of their school property tax relief. And what would they get for it in, in return? Taxpayer out at Elgin, he might-- he or she might get a 4.9 percent reduction in their levy, but they're going to give up a 25 percent, roughly a 25 percent tax-- refundable income tax credit. So they would see a tax increase of 20 percent of their school taxes paid. Let me repeat, a tax increase of 20 percent of their school taxes paid. Taxpayer in Boone Central, one of my neighbors, they would give up the 25 percent tax credit and they would-- in return for that, they would get a possible reduction in their levy of about 16 percent so they'd have a-- roughly a 9 percent property tax increase in their school property taxes paid. Somebody at Sandhills isn't going to benefit at all from this. They're going to have roughly a 25 percent increase in their school property taxes paid. And so what are we accomplishing with this? We're sending the bulk of these dollars-- we're taking away this refundable income tax credit, which is direct property tax relief to every Nebraska taxpayer. What are we doing with it? The bulk of it is going to urban schools. So the bottom line is the way I see this is that you are forcing-- essentially forcing rural Nebraska property taxpayers to pay more property taxes so we can send more money to urban schools. And that's just not going to work the way it's, the way it's set up now. So that's why I strongly oppose what we're talking about here. Again, I described the three key elements that I, that I oppose, but that really is the bottom line there, the

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taking away of that LB1107 credit to fund this. It's just a nonstarter for myself and--

HUGHES: One minute.

BRIESE: --rural residents of Nebraska. Thank you, Mr. President.

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

M. HANSEN: Thank you, Mr. President, and good morning, colleagues. Colleagues, I do rise in support of LB890, AM1756, and FA71. And I have to say, talking about-- as much as I've talked about school funding, I didn't get a place to where I felt comfortable saying that I supported this bill until about yesterday mid-morning after talks with Senator Walz, talks with my school district, and knowing how it's going to impact my school district. I could feel comfortable, at this moment, just keeping the bill moving forward so we can have kind of discussions on how we're going to tie all this together. I appreciate that I had the opportunity to follow Senator Briese, because again, just for everybody watching at home, all of these issues are interconnected. TEEOSA is interconnected with the LB1107 property tax credit. It, it, it is and they all tie together in some way. And ultimately, I do recognize whatever bill we pass, whatever bill we want to do in terms of comprehensive property tax, comprehensive school funding is going to have to meet and balance all of these issues to at least 33 members of the body's satisfaction. One of the things that I wanted to talk about it, particularly this bill, is when we're talking about property tax reduction, a lot of what we've been talking about, about property tax increases and property tax reductions is not actually an increase or a decrease in the tax levy. It's an increase or decrease in tax paid. And so that's where some of the property tax increases is actually based on valuation increases, which I recognize is an increase in the sense of you're paying more dollars for property taxes. Not disputing that, but it's not necessarily because the local government is raising your taxes. It's because you have more assets to pay taxes on. Correctly or incorrectly valued, that's, that's the calculation we have. It's not necessarily a tax increase voted upon by the local government. And so that's what we're dealing with here in both the buying down of the tax credits. Using the refundable income tax rebate to buy down school property taxes is-- we're, we're just going off the amount paid, not necessarily the tax rate. This bill, LB9-- LB890, it has the goal of lowering the actual projected tax levy by school districts. And that's something that I-- if we want to talk about genuinely solving property

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taxes and genuine solving school funding, that's something we're going to have to discuss about and that brings into kind of a bigger picture. So just to give to the stakes of where we're standing from-- I'm relying on the materials Senator Walz passed out-- but potentially by supporting this bill, the projected tax levy for my constituents in Lincoln Public Schools could go from \$1.05 to just under 71 cents; 70.93 is the projection at the moment. And I recognize that that's a considerable-- I think it's about a little over 30 percent reduction in the property tax levy in my district. And as somebody who-- at the same time, Lincoln Public Schools is confident that the state funding will be there to, to back that up and we can move forward because in my mind, it does support schools and does accomplish property taxes relief in my district. I appreciate other people's districts don't all get treated uniformly and that's one of the difficulties we have with that-- all of the systems we have. The LB1107 tier one, tier two, current TEEOSA, all sorts of different things impact all of our districts differently at the moment. TEEOSA inherently-- because TEEOSA is equalization aid, because when we talk about all these nonequalized schools, there's the point of with equalization aid, until we get to some sort of base aid or foundation aid, point of equalization aid is not all school districts are going to get state funding because we're trying to raise the school districts with some of the lowest local resources to match the school districts with some of the highest local resources.

HUGHES: One minute.

M. HANSEN: Thank you, Mr. President. And again, that's not necessarily in raw dollars because, as we see, some of the biggest spending school districts in raw dollars are actually spending some of the lowest in per student expenses. And that's kind of the balance we have to run out. Obviously, there's all sorts of different things. We talked about school districts covering a whole county in transportation costs versus a very compact school district. All of these things have to be factored in in some way. But again, we are dealing with multiple systems that treat multiple school districts differently at the moment, multiple taxpayers differently at the moment. And if we're moving forward, having an opportunity to discuss school funding and discuss school funding in which the state aid can actually lower levies and not just rebate taxes paid, I think is a promising way of moving forward. So that's why, for now, I am supporting LB890 and the amendments of the board. Thank you, Mr. President.

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

FRIESEN: Thank you, Mr. President. Again, I, I will say I was a part of some of the listening sessions that were out there and I think I was briefed on this three or four times. But again, I will reiterate that none of the suggestions that I made or that the Farm Bureau made were adopted. So when we are looking at changing the TEEOSA formula, there's a lot of pieces and components to it that I'd like to address. And that's part of the reason why with this proposal, there's 125 schools that will actually be at a net loss if this will be adopted in its current form. And so it's not helping the small rural schools. It's giving them some more money, but when you take the LB1107 money away, as Senator Briese said, you end up with a net loss, which to me is a property tax increase. And later on in the discussion when I get on the mike again, we're going to talk about valuations and, and TIF financing and how that impacts some cities and schools and not others. But the allocated income tax is a component of this that I've looked at before. And I'm-- again, I like components of the bill. The problem sometimes with the allocated income tax is you have schools out in rural Nebraska that their schools are funded by 90, 92 percent ag land. So there isn't a large tax base there and so, you know, the allocated income tax is great if, if ag is in a up cycle and things are going well. But when we have downturns in the ag economy, the allocated income tax portion of what they're going to receive drops accordingly and so it's not really a reliable source of revenue. And I've worked with a number of senators here a few years ago looking at how we might implement the allocated income tax. And in the end, we decided that didn't work. Yes, it's a good component. I don't mind using it to some extent, but the way it's distributed back, it doesn't help some of those districts that need the help the most. It does help some, you know, really wealthy school districts that they'll get a large sum of money from this. And again, I'm not opposed to helping school districts, but my target has always been the small rural schools that currently don't receive state aid. When I've always worked, I've tried to narrow the gap between the equalized and the nonequalized schools. And this goes back to the fact that we have schools in the state that receive a half a percent of their budget from the state and we have schools on the other end of the spectrum that 58 percent of their money comes from the state. And so to narrow that gap, it, it requires sending money out to those rural schools. And that's why I've proposed basic funding, basic needs of their, of the formula. Goes back to no schools shall receive less than 25 or 30 percent of their basic needs. That narrows that gap from 30 percent now to 54, 58 percent. It's narrowed the gap between the equalized and the nonequalized schools. This bill doesn't do that. At best, it maintains the current gap. It does not narrow it. It may even widen

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it. And the reason-- you know, when OPS came in and testified, I at least credit them for being consistent. They have testified against every one of my bills and one year, they even said they will oppose giving \$1 from the general fund to the nonequalized schools and they stayed consistent when they came in and opposed this bill. They said it puts the general fund at risk for funding of the current TEEOSA formula.

HUGHES: One minute.

FRIESEN: And they don't trust the Legislature. And obviously, with the numerous cap-- price spending cap bills here, we must not trust the schools. For my districts and for the rural unequalized districts, I don't think we need a spending cap. Even when we had the Governor's bill, we-- 3 percent cap, less growth, my schools out there didn't care. They were holding their spending below that already. That's the reason they weren't at \$1.05. They had been holding down spending. So I mean, it's, it's-- you have different school systems here on the, the large end where they're getting lots of state aid and they have lots of growth and you're going to schools out there that are losing, slowly losing student population and just gaining value in ag real estate and so it's the same people out in those rural spots paying the tax. So I'm going to talk next probably about property values and how they've changed--

HUGHES: Time, Senator.

FRIESEN: --across the state. Thank you, Mr. President.

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

KOLTERMAN: Thank you, Senator Hughes. Good morning, colleagues. I appreciate the opportunity to speak this morning. You know, I support LB890, LB891, the amendments that are up there. Actually, I cosigned the bill originally and I too spent a lot of time this summer working with Senator Walz and Senator Lindstrom. I was wondering if Senator Walz would yield to a question.

HUGHES: Senator Walz, will you yield?

WALZ: Yes.

KOLTERMAN: Senator Walz, as we looked at this this summer, we acknowledged the fact that this was going to be a work in progress, is that not correct?

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WALZ: That is absolutely correct. We did a lot of work over the summer.

KOLTERMAN: So as we, as we continue to dialogue about this bill today, are you willing to make changes to make the bill better and bring more people into the--

WALZ: Yeah, I'm absolutely open to having those conversations. We've been open to those conversations all-- for the last six months and we'll continue to be.

KOLTERMAN: Thank you very much. Senator Lindstrom, would you yield to a question?

HUGHES: Senator Lindstrom, will you yield?

LINDSTROM: Yes, I will.

KOLTERMAN: Senator Lindstrom, you and I worked for several years on, on Revenue and we got some good legislation passed there and we worked this summer on this particular bill and the funding of this bill. Will you acknowledge the fact that this isn't a done deal?

LINDSTROM: Absolutely. This is, this is a-- the start of probably a multi-year process.

KOLTERMAN: Thank you. So colleagues, you've heard it from the two people that are going to introduce this legislation. In my seven years here, we have talked and we've heard repeatedly that the Legislature needs to come up with a plan that provides greater funding to schools that don't currently get state aid. And we've also heard that schools need to help come up with a solution to the problem. Senator Lindstrom and Senator Walz have brought the schools to the table. They're here to listen. They're here to work with us. When we did LB1107, they weren't at the table because it wasn't an education funding bill. It was a property tax relief bill. LB1106, we got nowhere with LB1106. There were some good things in that bill and I supported aspects of that bill and Senator Linehan and Senator Groene did a wonderful job on that. We just had a bill up here where Senator Briese tried to put some lids and caps in place to control spending. That didn't pass. It seems like we as a body are at a stalemate. We have one side that wants to get something done and it comes up and we get 25 votes. The next time-- this bill doesn't have 33 votes to get across the finish line. I think the writers will acknowledge that. But the reality is if we work together, maybe we can get some lids built into this. Maybe we can get some scholarships for private schools built into this program.

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Let's bring people to the table like these two individuals have done with the school districts and talk through our problems and talk through some solutions. I will acknowledge LB890 and LB891 aren't the complete answer, but when we started with LB1106, we, we didn't know if that was the answer either, but we ended up with a lot of money, a lot more money than we thought we'd ever have. When we did LB1107, we thought we'd be lucky to be able to put \$125 million away in property tax relief.

HUGHES: One minute.

KOLTERMAN: Look where we're at today. We put a cap on it at \$540-some million. We thought after five years, we'd be lucky to be at \$375 million, but look where we're at today because of the economy. So let's work together. Let's do some things to get this across the finish line. There's a golden opportunity here with the schools at the table ready to talk to us. And I think between our leadership in Revenue and Appropriations and Senator Walz with Education and Senator Lindstrom working on this, we can get the job done, but it's going to take cooperation between all of us. And I think that's what Senator Walz and Senator Lindstrom are trying to do here. So I appreciate the opportunity to talk this morning on this bill. Let's work hard to bring everybody to the table and work on that aspect of it. Thank you very much.

HUGHES: Thank you, Senator Kolterman. Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President. Good morning. I want to say good morning to Jeff [PHONETIC] out there. I hope you're feeling better. I've been listening to the debate and I wasn't going to get involved in this filibuster, but I guess I will. I was wondering if Senator Walz would yield to a question.

HUGHES: Senator Walz, will you yield?

WALZ: Yes.

ERDMAN: Senator Walz, thank you.

WALZ: Yeah.

ERDMAN: I noticed in Section 1, you strike the affiliation with the learning community. Can you explain what the reason for that was?

WALZ: Can you repeat that? I'm sorry, I couldn't hear you.

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ERDMAN: Section 1, you alleviate or eliminate the association-- any, any school district that has a, an association with a learning community. You've made a, you've made a-- you struck those people from being involved. It says accredited standard for, standards for schools-- districts that are members of a learning community shall, shall include participation in the community achievement plan for the learning community as approved by the board. Why did you strike that?

WALZ: I think it really had-- it had to do with a long-- first of all, a long report that has to be done for learning communities and it also---- you know, when we in the beginning when we were looking at the bill and running numbers, it just wasn't adding anything. It wasn't adding anything to the whole formula or the increase or decrease in, in tax levies so we did not think that it was something that really needed to be left in to-- in the TEEOSA or in our, in our program. And on top of that, you know, again, it's something that has-- there's a lot of research and, and reports that have to be done.

ERDMAN: OK.

WALZ: I don't know if it's a yearly basis or every other year, but that was kind of the reason why we took it out--

ERDMAN: OK, as I--

WALZ: --didn't really make a difference.

ERDMAN: All right. As I read that, I thought you were raising the standards. It says accreditation standards for school districts that are members of a learning community shall include participation in a community achievement plan for the learning community and approved by the Board. So when you strike that, then they no longer have to adhere to the achievement plan, is that what it says?

WALZ: Well, we're getting rid of it.

ERDMAN: So here's an idea: why don't you get rid of the learning community?

WALZ: Why would you do that?

ERDMAN: You were there, you were there in the Education Committee several years ago on--

WALZ: What would be your reason for doing that if it's some-- if it's a--

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ERDMAN: It's redundant. We don't need the learning community. You-- we were there--

WALZ: --if it's a program that's--

ERDMAN: Were you there in '17 or '18 when I introduced the legislation to eliminate the learning community?

WALZ: Have you visited the learning community?

ERDMAN: Say that again?

WALZ: Have you visited the learning community? Have you seen the program?

ERDMAN: It's my time. I'm the one asking.

WALZ: Oh, OK, sorry.

ERDMAN: Thank you. So let me just say this: that I was approached by people who are supposed to get services from the learning community and they are not and they weren't and they still aren't. And they asked me if I would put in a legis-- piece of legislation to eliminate them. I did and then every three-piece suit that makes \$180,000 came in and testified against it. So I'm not sure exactly why the learning community is still there, but I'm very confused about what they're striking in this bill and I don't understand why you would want to ease up on the achievement plan. It's very similar to what we're trying to do in education. We have a bunch of people who have attended school and got a certificate to teach, but they can't pass the, the common standard test or the, the applicate-- or the test that's needed to become a teacher--

HUGHES: One minute.

ERDMAN: --and we want to ease up on the test requirement or change the test when in fact, we need to go back and start looking to see what we teach in grade school and what we teach in high school and in college so they have the skills to pass the test when they get there. But we don't look at why they can't pass the test. We just want to make the test easier. And so in my opinion, I want the best people, the best qualified people teaching my grandkids, not somebody who passed a numbed-down test. And so the learning community and a lot of other things that we do are strange and don't accomplish the purpose of actually training people to teach my grandkids and so I'm very

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confused about why they struck this and her answer didn't answer my question. Thank you.

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

LINEHAN: Morning, Mr.-- good morning, Mr. President. I'm going to segue a minute from what I was going to talk about, back to the learning community and the achievement plan. It was all a grand compromise in the Legislature back when it was an argument about one city, one school, which was basically OPS against everybody else. The agreement was they would have this community achievement plan, which was supposed to ensure that all the children in Sarpy and Douglas County were getting the same kind of resources and there was a sharing and there was open enrollment. And I think what the superintendent said from OPS-- and this-- we could check the transcript when she testified against the bill-- was that it continued to claw back and do away with that whole agreement. And it's not the first time on the Education Committee have I seen cleanup bills with it in it. I've seen-- there, there is an effort to do away with that and it's one of the reasons-- unless I'm, I'm-- somebody can stand to correct me here, Senator McKinney or Senator Wayne-- but I think that was one of their concerns. So what I was-- what I would like to talk to you first this morning is I think there's a lot of confusion about how the revenue bill that would have to go with this for this to work, what it actually does. There is-- there is true there is no sales tax increase in it. What the bill says is we will take a half a cent of our current revenue to fund this bill. And what I asked yesterday of Senator Walz is what would we stop doing then, because that's the significance. So I'm hoping Senator Stinner is on the floor and he would take a question.

HUGHES: Senator Stinner, will you yield?

STINNER: Yes, I will.

LINEHAN: So Senator Stinner, approximately how much is a half a cent-- does a half a cent of sales tax generate?

STINNER: Approximately \$180 million.

LINEHAN: So can you see a way that we could take \$180 million out of our current revenues, set it aside, and still do Social Security tax cuts?

STINNER: It's possible, but it would crowd out a whole lot of other initiatives, yes.

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LINEHAN: It would be-- it would make it also difficult, probably, to do any income tax relief, right?

STINNER: That would probably crowd that out, yes.

LINEHAN: Because I'm looking at the Governor's budget and I think-- thank you, Senator Stinner, and-- but please get up and correct me if I'm making a mistake here because I'm not on the Appropriations Committee. But on page 6 of what you handed out yesterday, you included the Governor's recommendations, I think. And I'm not sure I, I'm following this right, but I think what he has budgeted over the biennium for us to keep the Social Security tax thing going is \$40.8 million. For individual income taxes, \$24.7 million. And of course, it gets to be more in the out years because they both come in slowly. But I, I think that's really important for us all to understand that if this bill would go forward, it's not just we're doing away with LB1107 property tax credit fund, which is \$548 million, which people are going to think that's a tax increase, folks, because I've talked to people, they're doing their income taxes right now and they like it. I talked to two young fathers yesterday and yes, it's only \$500 maybe, but \$500 to a young couple with a--

HILGERS: One minute.

LINEHAN: --couple of children is a big deal. Is that one minute or time?

HILGERS: One minute.

LINEHAN: So I-- and I think for others who have farm and ranch land or myself-- I have a home in Elkhorn-- this bill is actually good for the Lou Ann Linehan's home. It drops my levy from \$1.05 to 77 cents. Not so good for my land in Lewiston School District that Julie Slama said yesterday. I basically get nothing. So right now, I know people don't like LB1107 and it's-- you got to do an extra thing on your income tax, but it's 25 percent of whatever you pay for general fund to everybody who pays taxes. It doesn't matter what your levy is, doesn't matter what your valuation is. You all get-- all of your constituents, no matter whether they live in Grand Island or Sidney--

HILGERS: That's time, Senator.

LINEHAN: Thank you.

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

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PAHLS: Thank you, Mr. President. I just-- I'd like to have a question with Senator Linehan because she piqued my interest with that last comment.

HILGERS: Senator Linehan, would you yield?

LINEHAN: Certainly.

PAHLS: Thank you. And this is for my own interest. I didn't realize-- you're saying you were given like a 25 percent tax cut in your house in Elkhorn?

LINEHAN: With-- under LB1107, yes.

PAHLS: Under LB1107. OK, I live in Millard, which is similar. What kind of percent am I going to get back?

LINEHAN: 25 percent--

PAHLS: I don't--

LINEHAN: --25.3.

PAHLS: But I, I lease.

LINEHAN: So your landlord will get it.

PAHLS: OK and, and the reason why-- this is not a-- trying to-- a gotcha. That's right. I lease. Thirty-four percent of Nebraskans lease. When we say that we're all getting this back, no. I'm paying property tax through my lease and I can daresay I probably-- my lease is not going to go down. So when we say everybody's getting money back, I'm not one of those because I lease along with 34 percent of Nebraskans. So let's look at that and think, and think about that also. Not saying that we do not need to give money back. I'm for that. I've come down here and my intent actually was-- and you're going to hear me out and you're going to be sick of me before you-- if you're not-- already are-- I'm looking for balance. I want to help the people who live out in rural Nebraska as well as those living in the, in the, in the cities so that's my goal. But it seems like we have bills-- if I don't get my way, it's you're not going to get your way. To be honest with you, I have no problem with lids. I, I do not if they're realistic. Even though the other ones went down, I would support a lid on schools and I'm a former educator. I'd even go so far as helping the private schools out. When you've heard me argue about giving additional monies to them in the past, it was not against them. I was

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concerned about 116 schools that are schools are need in the state of Nebraska. I say, let's look at them first. But right now-- and yesterday we had a bill in front of Revenue Committee dealing-- giving opportunity scholarships. I'm not against it. In fact, I-- and I, I would suggest more money because in the long run, it helps the state. I think we need, as Senator Kolterman, we need to start talking together like apparently-- I wasn't down here, but on the bill everybody is afraid we're going to take away, there was a lot of negotiating going on with that bill. Now the bill that's in front of us right now, I know there are a lot of people involved. Apparently, not all of the right group of people, but a lot of people were there. Like on Revenue Committee, there were three of us who went-- who had the opportunity to attend those meetings as well as other people, but apparently that wasn't enough. And that's not blaming anybody, but that's a learning process. I've been in education long enough to know that you just have to keep, keep working at it. To me, if we can make something work that the majority of the people can appreciate-- because here's the, here's the thing: I don't have any children in school. Why should I pay taxes for schools? Let's say these people who've been single for 30, 40 years that never had children, why should they pay property tax? I heard not too long ago in Revenue Committee--

HILGERS: One minute.

PAHLS: --a number of, of-- time?

HILGERS: One minute, Senator.

PAHLS: OK, I'm sorry. Several farmers or ranchers came in and said they shouldn't be paying taxes for schools. We've got to get away from that. We have to accept the good, good of all because there are a number of people who are paying property tax like for schools. They, they don't feel like they're getting their dollars worth because they don't have any children in school. We need to start getting together on some of these things because I think we can work things out. I think Senator Kolterman had a good point. We could include some of these other areas that have been slapped aside in the past and brought back into a bill that would help as many people as possible because we know where the property tax-- most of it, the rebates, the things like that, go to the larger cities because that's where most of the property tax is collected.

HUGHES: Time, Senator.

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PAHLS: Thank you.

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

DORN: Thank you, Mr. Speaker [SIC]. Thank you for the discussion this-- yesterday, this morning. I appreciate this when we kind of have a bill and appreciate Senator Walz bringing this, Senator Linehan-- Senator Lindstrom bringing LB891 so we can have a discussion on our school funding and our property taxes, which we've had since I've been here. This is the fourth year. We've had every year and I know they've had before and will continue to have in years, years later on. LB891, want to talk a little bit about that one, I guess. The funding of this LB890 without a funding resolve or solution probably won't go anywhere either, but LB891, the reason I will not be supporting LB891, when we take LB1107 and put it over in the funding source for LB890, LB891, what that does is kind of what Senator Briese talked about. It does a shift, just like we did from 2010 to 2020. When ag land went way up, we shifted-- any TEEOSA funding that went to the rural areas went to the so-called urban areas or wherever or different schools and 170-some don't get anything. And today, LB1107 has 548-- \$550 million in it that will amount to-- Senator Pahls, that will amount to 25.3 percent of the school property tax issue pay. Not of your overall tax bill, but it just of the school property taxes. So generally speaking, your tax bill, we always think on the floor it's 60 percent of the total tax bill. But just to point out a few things, what happened here-- and I'm, I'm-- Senator Walz handed out a sheet of all of the mill levies and where they go and I wanted to point out a couple schools. One of them is Hemingford. They are going to have a 7 cent reduction in levy. That amounts to a 7.8 percent reduction in their property taxes. Today, under LB1107, they're getting a 25.3. One school in my district, Beatrice-- this, this bill that's proposed definitely helps some school-- schools-- today, they would get a 41-cent reduction off of a 94 percent levy so they would be getting a 43-- over a 43.5 percent reduction in their levy-- in their property taxes. Lincoln-- Senator Hansen talked about it-- 32.38 percent reduction in their property taxes versus what they're getting today of LB 1107, a 25.3. I'll also take another school district. Very familiar with Senator Linehan and where she grew up, Lewiston School District. They will have a zero, zero percent levy reduction so they will get-- they will go from a 25.3 percent reduction in their property taxes, school property taxes, to zero. Why is that important? Like I said, in the-- from 2010 to 2020, what happened, Farm Bureau-- I'm using their numbers now-- they estimate that under LB1107, 29 percent of that is going to ag land. Under this proposal, LB890, 19 percent would be going to ag land, or 10 percent of that \$550 million or \$55 million

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now will be shifted away from ag land to other school, school districts in the state. One option that I have and it-- Senator Stinner and them-- when they talked about the budget and all that, we have a lot bigger picture here-- if we would allocate another \$55 million to this, to LB1107 and put that in there and have that funding source and now protect it and hold all property tax payers harmless, but there comes a caveat with that.

HUGHES: One minute.

DORN: We do have a lot of things in the budget. We have income tax. We're talking about income tax reduction, corporate tax reduction. We're talking about Social Security tax reduction and where does all of our revenue go or where does all of our revenue come from and what's happening out in the future years? But if we would take and allocate another \$55 million-- I don't know where we'll find the funding. That's another issue-- but put that in there, now you could hold all the property taxpayers also harmless in this. So there is some things I think that can be worked on and some things that, as we go forward, we can continue to have discussions on. I'm just throwing that out for an option, seeing if that's something that's workable or doable. If we hold all property taxpayers harmless, it's another whole side of the equation for me. Thank you.

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

MURMAN: Thank you, Mr. Speaker [SIC], and good morning, Nebraska. First of all, I want to thank Senator Walz. I'm a member of the Education Committee and I want to thank her and the staff for-- from Columbus Public Schools for their hard work on this bill. The TEEOSA formula is a complicated and cumbersome-- and I know it's not easy to find a formula that serves all schools. And as a member of the Education Committee, we have heard from schools this session that really are a lot different kinds of schools in the state and they vary greatly by geography and the number of students they serve. Some schools in the state serve thousands of square miles and, and some just a few square miles. And we've heard from a school that-- I don't remember the exact number of students in K-12, but it was 40-ish, and, and then also, of course, some schools serve thousands of students. And all of these schools have the same challenges right now, especially for trying to hire enough staff to provide all of the curriculum and extracurricular activities that patrons demand, patrons demand and to provide for the social needs of the students such as nutrition and, and even transportation. Rural schools do all of the above without-- almost zero amount of state aid. Coming from the

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viewpoint of the educational establishment, LB890 does a reasonable job of correcting some problems with the TEEOSA formula to serve all of these schools, no matter where the school is located or how many students it serves. So Senator Walz did a good job of addressing the problems from the viewpoint of educators, but not as well from the viewpoint or the perspective of the property taxpayer, especially the agricultural property taxpayer. For example, I'm going to use the same example that Senator Dorn just mentioned, but I think it needs to be repeated. Property taxes on agricultural land right now account for 29 percent of the total property taxes paid to schools. It is estimated that, that 19 percent of the property tax reductions under LB986 [SIC] would go to agricultural land owners. So landowners right now provide 29 percent of the total property taxes to schools and they only get 19 percent of the property tax reductions under this bill. And in effect, agriculture is being asked to trade away the LB1107 credits of which it receives approximately 29 percent of the benefit for a program in which it would receive only 19 percent of the benefit. The changes in state aid is variable to, to what it does to schools in District 38 that I represent. Some have asked me-- you know, some do have a larger reduction in, in property tax asking than 25 percent and they've asked me, what do we need to do to get me to support this bill? And I tell them, don't fund the bill with the property tax credit fund. The credits in that fund right now will provide 25 percent of property tax relief to all property taxpayers, whether you're rural or urban, and so I, so I look at this bill not only from the view of education, but from the view of the taxpayer.

HUGHES: One minute.

MURMAN: Whether you're rural or urban, that was not-- that's not properly represented in the bill. As a taxpayer, I can't give up 25 percent property tax relief this year for a hope for a dollar-for-dollar relief that may happen the first year, but likely will quickly erode away in subsequent years. So in summary, this bill, LB890, is adequate for education, but does not properly address the needs of the taxpayer. So I want to reiterate, reiterate I am opposed to LB-- to LB890. Thank you, Mr. Speaker [SIC].

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

ALBRECHT: Thank you, President. Colleagues, I just want to not only speak to you, but to speak to Nebraska about what we keep talking about, LB1107. On August 13, 2020, we had the final vote on LB1107, which adopted the Nebraska Imagine Act, Key Employer and Job Retention

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Act, Renewable Chemical Protection-- Protect-- sorry, Production Tax Credit, Customized Job Training Act, and the Nebraska Transformational Projects Act and the Nebraska Property Tax Incentive Act and change and provide other related provisions. Nebraska, this was a huge bill that was worked on for a very long time by many, many senators. I believe Senator Kolterman was the lead on LB1107 and Speaker Scheer at the time, that was his priority bill to get across the finish line. How do we take money from you, Nebraska, when we just did this two years ago? So for-- no matter who it would be to come to the Revenue Committee or Appropriations or the Education Committee, whoever would take money away from us after 41 state senators, 41 on this floor and the very people who are wanting us to fund LB890 with LB891 property tax credit fund and a portion of our, our sales tax, these are the very people who voted just two years ago to give it back to you. You know, we have a fiduciary responsibility, every single one of us in this room, to do what's right and to be fiscally responsible with the taxpayer dollars and every one of us who have knocked on a door have heard about property tax relief. We want to bring new families back in to, to work here in Nebraska. We want to keep the young folks here, want to keep the retirees here, want to keep the military folks here. We're doing what we can in the committees that we represent. But, you know, when I, when I got to listen to the plan-- and I know that, that TEEOSA is something we all need to work on, but it's not through something that we just passed two years ago and people are gaining some ground on having a little bit of the-- it-- was it just a teaser just for two years? We're just going to do it so the people get 6 percent back last year, they get 25.2 percent of their school taxes back? I just don't, I just don't go-- I can't stand and support something like that, OK, in our LB891 committee hearing, which would have to be the funding mechanism to get LB890 across the finish line, we had a gentleman from the Nebraska Cattlemen come before us-- his name is Monty Stoddard-- he serves with-- as a Nebraska chair of the taxation-- for the Nebraska Cattlemen taxation committee and he shared his perspective with Nebraska Cattlemen, Nebraska Farm Bureau, Nebraska Corn Association, the Nebraska State Dairy Association, the Nebraska Soybean Association, Nebraska Pork Producers Association, and the Nebraska Wheat Growers Association regarding the funding mechanism of this bill. He says, as you've heard from many organizations repeatedly, property tax and reform are of the utmost importance to our members. I want to acknowledge the work that this committee has completed to deliver property tax relief to all Nebraska property taxpayers via the property tax credit relief fund and the Nebraska Property Tax Incentive Act of LB1107. On the surface, these bills

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claim to deliver property tax relief when fully implemented.
Unfortunate--

HUGHES: One minute.

ALBRECHT: One minute. Thank you. Unfortunately, these fall short of delivering the equal amounts of property tax relief delivered by the Nebraska Property Tax Incentive Act of LB1107. Estimated total TEEOSA aid for 2022 and '23 is \$1.7 billion. Of this amount, 93 percent would be distributed to 86 equalized districts, while 158 nonequalized districts will share the remaining 7 percent. Our analysis of this proposal estimates approximately 80 percent of the new dollars would be distributed to 86 currently equalized school. While better than the current distribution, it appears that the distribution of the state aid would remain and proportionately weighed to schools which already receive the bulk of state aid. I'll stop there because I'm getting the look so I'll continue this, but it's just not something that I can stand in support of at this time. Thank you.

HUGHES: Thank you, Senator Albrecht. Colleagues, Senator Matt Hansen wishes to announce the following individuals visiting the Legislature: we have 20 who are part of Cause Collective who are here today with the Nebraska Non-Profit Lobby Day. They are seated in the north balcony. If you would please raise and be recognized by your Nebraska Legislature? Thank you for being here. Mr. Clerk, for items.

ASSISTANT CLERK: Thank you, Mr. President. Your Committee on Banking reports LB966 to General File. Amendments to be printed to LB890 from Senator Friesen, Senator Matt Hansen, amendments to LB939, and a notice of committee hearing from the Revenue Committee. That's all I have at this time. Mr. President, I do have a priority motion. Senator Kolterman would move to bracket the bill until February 17.

HUGHES: Senator Kolterman, you're recognized to open on your bracket motion.

KOLTERMAN: Thank you, Senator Hughes. Good morning again, colleagues. I put this motion up there and I'm dead serious about bracketing this bill for a week because I hear, I hear things on the floor that this isn't doing enough for my school districts. We just heard that why would we give something away like in LB1107 when that's a guarantee? I don't want to give up LB1107, believe me. I worked hard to get that bill across the finish line and it's, it's done what we intended it to do. But it's hard to, it's hard to negotiate LB1107 and move-- if you're a taxpayer, there's a lot of challenges with the administration

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of that. There's, there's got to be an easier way. So what we're talking about here today is a cost shift. And the people that I, that I'm looking at like Senator Briese and Senator Linehan and Senator Lindstrom and Senator Walz, they all know that. We're not trying to, we're not trying to pull a fast one here. I just think that there are some very sharp people in this body that understand school finance a lot better than I do. There are people in this body that understand the revenue aspect of this. There are people in this body that understand the appropriations aspect of this. And rather than kill this bill, which could be a vehicle to take care of a lot of the things we want to talk about, like school choice and lids and getting more money to different school districts, we need to sit down and this gives them a week to do that. Get those people in the room and talk through these challenges because we've got a golden opportunity with our school districts engaged to get something done. So when I suggest that we bracket this until the 17th of February-- I've never done that before, but I think this is maybe a place where we could take the time to do so. And so with that, if we have to have a discussion on that, I'm, I'm OK with that, but I just think it's something that we ought to do. Thank you very much.

HUGHES: Thank you, Senator Kolterman. Returning to the speaking queue, Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Mr. President. Good morning, colleagues. Senator Kolterman, I would vote for that if the introducer and the Chair of the Education Committee would like us to. I would certainly support postponing this if that's the best thing to move this bill forward. So I will, off the mike, check with her on-- Senator Walz on that. I have been looking at a lot of numbers and I am thankful to Senator Pansing Brooks for loaning me her spare readers because I forgot mine at home. But I was looking at these levy rates-- and I believe Senator Walz passed this out yesterday, it's a spreadsheet-- and the only criticism I think I'll ever give Senator Walz is that this is really small. But in looking at it with Senator Pansing Brooks' readers on my head, I see-- I looked at my districts. I represent Millard, Westside, and OPS and you might notice that Millard is an addition from redistricting. I didn't previously represent Millard. But in looking at this-- and I see the levies that we currently pay and the levies that we would pay if this was enacted. My levy in Westside would still be 1.0016. And I think every other school district's levy would go below one, but this would still be good for my-- for property taxpayers in my school district. Now I'm looking at this other-- the six school districts that were mentioned yesterday and it's Sandhills Public is held, held whole, South Platte Public is

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held whole, Meridian Public Schools is held whole, Paxton Consolidated is held whole, Lewiston Consolidated is held whole, and Loomis Public is held whole. So I look at their levies and their current levies are going in reverse or-- we'll just do Loomis', 0.62. So they stay at 0.62 so that's not a direct drop in property tax for the people around Loomis, but their property taxes are already almost 50 percent for education as mine. So I guess I don't feel like that's hurting schools if they are being held whole. It might not be benefiting the property tax owners-- property taxpayers in that, that area, as much as they would like, but it looks like the property taxpayers in that area already are enjoying a much lower rate than the property taxpayers in my area. So there's a lot of conversations about equity here and it seems to shift from bill to bill and introducer to introducer and I think that's been stated several times. But my problem with the bill that put caps on-- and I'm sorry, I can't-- think it was LB939 or LB983-- was that it put caps on local spending. And that is, that's my opposition is putting caps on local spending. In doing so, it hurts schools. But my primary opposition to that bill was putting caps on local spending. I fundamentally disagree with that level of--

HUGHES: One minute.

M. CAVANAUGH: --state-level government interference at a local level. This, I'm sure, has lots of quirks to be worked out. LB1107 still has lots of quirks to be worked out, but it seems like there is an actual genuine interest to address the problem. And so if Senator Kolterman's bracket goes up, I would encourage those people who are in opposition to try and work on this if you're serious about funding education and property tax relief. Let's have a genuine conversation, not a disingenuous one. Thank you.

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

GROENE: Thank you, Mr. President. I stand in opposition of LB890 and the amendments. There's too many loopholes here. Presently-- basically, this is-- they talk about the price tag, but to me it looks like at least 30 to 40 percent of it is new spending-- probably more-- than property tax relief. Presently, if you want to exceed your max levy of \$1.05, you have to go to a vote of the people to do it. A few have Westside, a few others. In this bill, they calculate a, a district-specific max levy and then just with a supermajority of the school board, they can go up to 95 cents. That's a huge spending increase. We now pay, I think, 60 percent for preschool, four-year-olds, that we're going to be paying-- taxpayers are going to

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be paying 100 percent for full-day four-year-olds, which is not in our constitution or in our statutes that we need to. So that's another spending increase. I-- this is not good for the present taxpayers. Senator Linehan, I will give her credit for this and Senator Briese: that 25.3 percent is direct, direct property tax relief. A young individual-- well, a large amount of people, especially school families with school-aged kids, have mortgages. Their property taxes are paid by an escrow account. They don't see that money. They don't see a property tax credit reduction because of the property tax credit fund. With this, they see it. They see it on their income tax bill and they see that they might have a \$500 or more to help pay their next mortgage payment. That works. Also, the 20 percent income tax credit is just absolutely favors the rich. Who pays the most income taxes? Middle-class neighborhoods like Millard, Westside, Elkhorn, they pay the most income taxes. Lincoln, the city of Lincoln, their wealth is in wages, not in property. It will take 25 percent, which a farmer gets now in paying a lot of property taxes, take that money and shift it to a 20 percent income tax allotment, which will favor the rich, the wealthy, the high-income individuals. No. If you're going to do foundation aid, do foundation aid. This foundation aid doesn't, doesn't reflect what Senator Friesen and I have come to agree that if you're going to do foundation aid, this-- part of it needs to be based on, on your basic funding. \$550 to a school district that cost \$25,000 per student because they're a smaller district is nothing. To Lincoln, it is. The third-- fourth-last thing I really don't like about this bill is the big schools have figured out and been envious of the small schools who are using their building fund of 14 cents to build schools without a vote of the people. You give-- the way I understand it, correct me if I'm wrong, once you-- once your district-specific levy is set and if you have an override, you get 10 cents for a building fund. And then I believe you can go another 5 cents with a supermajority. The entire city of North-- the school district in Lincoln, their bond school levy is about 14 cents for \$290 million.

HUGHES: One minute.

GROENE: They could build-- they could pay-- they could build schools without a vote of the people. All these school districts could. Omaha could do one district-- a new grade school at a time. Columbus could do one. With that building fund, they could build that school on a lease purchase without ever going to the people for a vote. This bill is bad. It takes a lot of authority away from the voter and it gives it to the administrators. This is a spending bill with a little bit of property tax. Thank you, Mr. President.

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

BRIESE: Thank you, Mr. President. Good morning again, colleagues. Let's be clear: the combination of LB890 and LB891, especially with FA71, represents a substantial property tax increase on a wide swath of Nebraska taxpayers. I suggested earlier, and I think Senator Dorn talked about a little bit too, how it would impose a-- probably a greater increase on rural Nebraska taxpayers to the benefit of urban schools. But let's also be clear: I'm not opposed to giving urban taxpayers property tax relief. They need property tax relief also because again, we're all in this together. I think Senator Kolterman's comments kind of reinforce that. We need to work together, move everybody forward. So I'm not opposed to property tax relief for urban taxpayers, but that's why I'm a fan of the refundable income tax credit of LB1107. It provides an equal-- excuse me, the same percentage of school property tax relief to all Nebraska taxpayers, whether you're in Omaha or whether you're in Cherry County. Whether you're a rancher or homeowner, business owner, it's the same percentage of school property taxes for everybody. It's a fair, efficient, relatively simple system. It's equitable and it needs to be preserved. But I also agree with Senator Kolterman that we always need to be looking for solutions, looking for a way to address the issue that we're talking about here. And so you ask yourself, is this bill salvageable? No, it's not. First of all-- and why do I say that? First of all, I think back to LB289, LB1084, LB974, LB1106. We struggled with similar issues on all those bills that we're talking about here and we failed. But does that mean we shouldn't keep trying? Yeah, we should keep trying. We'll keep trying. We'll try again. But specifically, this bill is not salvageable, number one, because of the cap situation. You know, we've talked at length about a cap in LB986. Wasn't perfect, but a proposal like this needs some sort of provision to ensure those dollars yield property tax relief. And you remember the opposition to LB986. The opposition was fierce, to say the least, and the opposition to a-- I would suggest the opposition here to a meaningful cap is going to be fierce as well so I'm skeptical of our ability to get a cap in place here. Number two, the disparity in how the schools are treated. How are we going to reconcile that? And I agree with Senator Pansing Brooks' comments the other day. You know, there's no perfect solution. They can't be-- in a proposal like this, you're not going to get perfectly equitable treatment, but it has to be much closer than what we're talking about here. These proposals I talked about in the past, I remember as-- I remember Senator Groene's spreadsheets on those and I was always looking at the various districts, trying to ensure there was some level of parity between the

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dollars going to those districts. It wasn't always there, but it was a heck of a lot closer than what you see here. There's absolutely no parity here when you're talking about a 5 percent reduction in Elgin and a 40 percent reduction in OPS, etcetera, etcetera, etcetera. And the third reason why this proposal is not salvageable is we do not have a, we do not have a funding source that's going to work. LB1107 must be off the table and I think most of us are in agreement there. So how are you going to do it? How are you going to fund this thing? A proposal like this needs to be part of a comprehensive tax reform proposal that seeks to modernize the sales tax base and include school funding as part of that modernization, as part of overall comprehensive tax reform.

HUGHES: One minute.

BRIESE: So I, I think-- thank you, Mr. President-- so I think we're, I think we're essentially-- from my perspective, I think we need to be done on this bill. But again, I thank, you know, I, I really thank the proponents of this and the advocates of this and the folks that have worked hard on this and I appreciate that, but-- and, and we need to keep continuing trying to work together to come up with a proposal. But this, I don't think, has a future. Thank you, Mr. President.

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

MORFELD: Thank you, Mr. President. Colleagues, I'm not going to speak too much longer on this because I don't want to help with a filibuster or anything, but I do want to give a little bit of context in the sense of, you know, so I've been on the Education Committee now for eight years. I've been in this body for eight years. We have had a lot of discussion about this and I have not seen as much work go into something like this and the work that's been done over the past year in terms of bringing together stakeholders, sitting down, compromising, working together. So if we're serious about this problem, this issue, I believe that this is the solution. And it's a solution, quite frankly, that has embedded a lot of the things that some of the opponents have been talking about into the solution, into the policy. So I've been listening to the debate and it appears to me the only problem with this bill is it wasn't introduced by a few people that don't like it now. I do think that's the case. Someone's shaking their head. I truly believe that that's the case. And if this was introduced-- I mean, this bill is literally incorporating a lot of the things that were in the bills that Senator Briese literally just listed off. So it appears to me that certain people just didn't introduce and take the same time-- type of time and effort to get this

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done so they're going to oppose it. They're going to talk about how it's bad. It doesn't have draconian spending limits that would lead to hundreds of millions of dollars being cut from some of our largest, fastest-growing districts so they're not going to support it. So we don't get anything done, despite bringing together a lot of stakeholders that, quite frankly, don't work together on these things, despite all that effort and all that work and despite coming out with a proposal that doesn't severely cut districts. So apparently, unless there are significant cuts to districts that are fast growing and in some cases that are not fast growing and shrinking, in some cases-- so unless there's cuts to those fast-growing districts, apparently the opposition isn't going to be in support of any legislation. That's basically what I'm hearing because the only way that they're going to support this legislation is if there are some kind of-- types of caps. Well, we already have caps on school district spending. There's at least two of them. They want a third one that's even more draconian and would lead to significant cuts. And unless they get that, apparently they're not in support, even if it significantly reduces the burden on property taxpayers. Right now in Lincoln, we're at \$1.05. This would bring it down to 70 cents or so. That's real, significant property tax relief. And you've got a bunch of senators that are willing to support it on both sides of the political spectrum. So, colleagues, my conclusion on this is that it's not a bad policy, it's just wasn't introduced by the right people, I guess. I'll continue to support it and I'll continue to follow the lead of the, of the Chairwoman and then also Senator Lindstrom and I appreciate all of their hard work and effort on this legislation and I'd urge you to support it as well. Thank you, Mr. President.

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

FRIESEN: Thank you, Mr. President. I want to just mention a few things that I've been listening and hearing here. And when Senator Pahls, who obviously rents property-- he's not getting any of the LB1107 money, but as I recall, renters don't pay property taxes either. They don't pay the city's taxes. It's the apartment owner who pays the taxes. And again, if we give property tax relief to those building owners, they may not raise the rent. Maybe it doesn't get passed along, but obviously, when you increase their taxes, they're going to pass that along. I want to address a little bit about what happened to, to ag. There's what I would call five or six actual ag producers in this body. There is another two or three senators who would call rural senators. And so we are very much a minority here and someone is-- needs to speak up on this issue. And I want to talk about the huge

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valuation and tax increases that happened to ag and so I've-- I did hand out a chart here that shows the change in value by the county and it also, on the next two pages back, it has the actual changes in taxes collected. But some of the, some of the ones I look at-- and, you know, I'll look at Douglas County. Over a ten-year period, the cumulative change is a 41 percent, 41.3 percent increase in valuation, which is 3.52 percent per year. Then I'll go down to Hamilton County, where I live, 107.9 percent; 6.7 percent per year increase in valuation. Hall County: 51 percent; cumulative, 4.23 average. Greeley County: 137 percent; a cumulative average going at 9 percent a year valuation increase. This is why all of the rural, nonequalized schools lost all their state aid. And I have another sheet that I'm, I'm going to get printed out in a larger form because it's hard to read without a magnifying glass, but it'll actually point out how residential, in some counties, actually was flat over ten years, while ag land went up 200 percent. And so there you have-- I mean, there's the reason for that huge shift that we had over the last ten years of all of the equalization aid leaving those nonequalized districts. They lost millions of dollars and now all I'm trying to do is get them back, maybe, to where they were at one time. But instead, we're giving more to the equalized school districts than we're giving to the nonequalized school districts. You look at Douglas County and, you know, they only had a 45 percent increase, 3.8 percent per year. So that's what, that's what I'm looking at trying to kind of counter. And when you look at the millions of dollars that were lost by these districts, we're still not getting them back to that point that they were at. That shift happened. That is a tax shift. Now you're trying to take the LB1107 money and then shift even more of it to the urban schools, the equalized schools. That's where I have a problem. The 20 percent allocated income tax does not do that because you have some very poor counties out in rural Nebraska that have nothing but ag land and there's tremendous amounts of poverty. The per capita poverty rate, I believe, is higher in some of those counties than north Omaha. And yet we continually refuse to accept that and say that--

HUGHES: One minute.

FRIESEN: --school funding to those nonequalized districts is not needed. I have introduced-- there's three amendments up there already that-- one of them maybe isn't probably appropriate, but the two of them are trying to make the bill better. But I'm pretty sure they're going to be a poison pill to the big schools who have said nonequalized schools don't deserve anything. And so that's going to be their line in the sand. Well, my line in the sand is from a state

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standpoint, all schools deserve some state aid. Thank you, Mr. President.

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

WALZ: Thank you, Mr. President. I just wanted to talk a little bit about this proposal and really how this proposal is-- I mean, colleagues, this proposal is a good proposal. It's a good plan. We have a good plan in place. The plan helps every taxpayer. When you think about direct property tax relief, I think about the monthly mortgage payments that people have to make, people who struggle today-- a lot of people who struggle today to even make those monthly mortgage payments. And if we had the ability to directly reduce their property tax, that would directly reduce their monthly mortgage payments. You, as senators, represent all of your constituents, not just a certain group. And I appreciate the fact that Senator Briese and Senator Friesen and many other senators are, are very concerned about their friends and their, their farmers. But you have to remember that you represent all of your constituents and this proposal allows again an opportunity for people to not have to struggle every single month to make a mortgage payment. Housing is not cheap today. As a realtor, I will tell you that I see all the time how \$25 can either-- can make a difference in whether or not you're able to qualify for a loan, your debt-to-income ratio. It makes the difference. Twenty-five-dollar reduction in that property tax payment could be the answer to allow somebody to even purchase a home or qualify for one. Direct property tax relief should be the goal. I also look at the whole picture. You know, I, I understand that OPS is very concerned about giving more state aid to other schools and they should be because we-- they don't trust us. You know, I can see their hesitation. But I need to look at the whole picture and when I look at the whole picture, I think about Senator McKinney's district, Senator Wayne's district and how poverty is really part of that achievement gap. It's not the school. Senator McKinney and Senator Wayne talked the other day about how north Omaha is top in the country in their engineering department. So we can't blame the achievement gap just on the school. We have to look at the whole picture and part of that picture means getting people out of poverty and part of that is their ability to make their monthly mortgage payments and their ability to buy a home. Their plan that they are talking about allows for 200-plus opportunities for people to buy homes in their community.

HUGHES: One minute.

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WALZ: But they won't be able to do that if their property taxes are too high because again, as a realtor, I see what even \$25 can make a difference with. So let's look at the whole picture, colleagues. I'm very willing and I support-- I would support this bracket motion because I think that this is an important proposal. I think this proposal helps everybody. I'm on board with Senator Dorn. If he, if he has an idea that we need \$55 million more to make sure that everybody's property taxes or everybody's happy, I'm willing to talk about that. I'm willing to bracket this. I'm fine with that as long as Senator Linehan, as long as Senator Dorn and Senator Stinner, Senator Kolterman and the school-- Senator Briese and the schools can sit down and work together and come up with a, with a solution. And I think we can. I think that--

HUGHES: Time, Senator.

WALZ: Thank you.

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

LINEHAN: Thank you, Mr. President. I handed out a couple of things I just want to explain. The first, you know, I know I spend too much time looking at numbers, but this sheet with all the schools is what the current-- this is current law, nothing to do with the bill on the floor, but current law. And the point I'm trying to make with this is it shows the discrepancies-- if you go over to the middle where it says percentage of total resources compared to their grand total, we have some schools-- let's go Hastings: 57.3 percent of their funding comes from the-- comes from state. Kenesaw: 20 percent. Go down a little further, you can get to-- well, let's just go to Douglas County, which is 28. It's on the second bottom of the page. Omaha Public Schools: 48 percent of their funding comes from the state and you have to take in consideration with Omaha, they get about 10 percent from the federal, which is higher than most our schools. Elkhorn gets 26 percent. Douglas County West gets 18 percent. So that-- you don't have to go to west of Lincoln to find huge discrepancies in state funding for schools. It's all across the state. So I just-- and this is current law. And so when we hear from the schools that we're-- or from senators on the floor that we're only picking up 25 or 30 percent of the cost of public education, that's true in some schools, but it's not true in our big schools. The other thing I just want to speak to quickly, I'm very uncomfortable. I'm not-- I, I'm acquainted with the superintendent of Omaha schools. I'm acquainted with most of the superintendents, frankly, after working on this for four years. But I don't, I-- there's been a lot of liberties

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here taking-- and what she said and what she thinks. I think Senator Walz just said that there was an assumption that somehow if we give any money to little schools, that would make Omaha upset. That makes GNSA upset. And I don't think we need any further proof than in the Education Committee. We added an amendment that came to the floor to do 20 percent basic funding. And yesterday morning, we spent a lot of time on Ben Hansen's bill so we could get another amendment to take the 20 percent out because GNSA would not support it if we gave 20 percent basic funding. So that's, that's the big problem here, folks. You've got the big schools and they don't want to give money to the NRCSA schools. So as earlier today-- another thing I handed out-- we heard that all the schools are really behind this. Well, I would ask you to read the testimony submitted by Jack Moles from the NRCSA schools at the hearing on this. His five-- excuse me, yes, five bullet points why this is a good idea. Here's what they don't like about it. While most districts come out ahead in the plan, there are some who are held harmless. That is they will not receive less state funding than they currently receive. Well, the hold harmless intention is appreciated, in reality, those districts actually move backwards. They will be required to raise property tax requests to simply meet growing needs. This will be especially true in the area of personnel compensation. It would be NRCSA's expectation that no school district be placed in this position. In order to meet that expectation, we would like to recommend another component to the bill to be added to ensure that every school district receives at least 20 percent of its basic funding. It's right there, folks, and there's an amendment to take it out. Then if you go down to the next bullet point--

HUGHES: One minute.

LINEHAN: --districts that are a net positive option currently receive around \$10,000 per net option. In year two, the net option reimbursement program goes away and is replaced by a \$1,100 for every student. Mathematically, every school district that has student body makeup of over 10 percent option students comes out behind. Some districts are 30 percent. There are major issues with this bill they have been brought to the attention of the writers of the bill, the sponsors of the bill, and they have not been addressed. Thank you, Mr. President.

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

M. HANSEN: Thank you, Mr. President, and good morning again, colleagues. Colleagues, I wanted to address at this time on the mike

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the connection between this and the debate and filibuster of Senator Briese's bill the other day on the property tax, property tax asking caps for schools. And several people, including Senator Briese, have compared their opposition to this bill to the opposition we had to that bill and compared some of the arguments they're making on this bill to the arguments that I made on the last bill and I want to say I think that is genuinely fair. I appreciate that and I want them to know that if their opposition is as genuine to this bill as mine was to their bill, how much of an impasse that puts us, though. I would not expect anybody to do something that they think is going to harm their local district. That's not a situation I would ask anybody to do, nor would I expect anybody to expect me to do that myself. I'm willing to extend that standard both ways. That being said, if there are some things that are just flat off the table from either side, I want us to kind of look at big picture and how tough of a situation we're in because of that. If LB1107 money is off the table from one side, if property tax asking caps or school budget caps or however we want to frame them are off the table from my side and I will say they are, that leaves us a very narrow window with which to work, in which we're probably going to have to come up with some other things or make some other tradeoffs. And so if we want to stand and say this is off the table, this is off the table, that's fine. We can recognize that and I think it's probably fair to start a negotiation with what's truly off the table so we don't spend more and more time spinning our wheels. If, if LB1107 has truly got the votes to defend it and won't change, we should probably take note of that as we move forward because we're going to have to continue this debate on some bills or some other bills. I recognize that and note the same that if you're going to condition any sort of changes on property tax caps, my opposition is just going to be as staunch and as strong as I was on the last property tax asking cap bill. So putting that-- just kind of cards on the table, senators, the public, the media, to note. That's I think where we're approaching. There are some pretty clear nonstarters in the body. And I think part of the reason they're nonstarters is they have the relevant support among enough senators in this body to really, truly make them an issue. How we thread that needle, how we figure out those things in between, I'm genuinely not sure. I would like to think and experiment and try and find other things. I do know that probably, probably-- if neither of those are on the table, though, probably having to look at some other expenditures, some other tax proposals pretty critically as being a kind of threat to anything we want to do in this area. Already, it's been said that if we change the sales tax provision, we're going to jeopardize the Social Security tax and maybe some other things. That's fair, but I think if we then

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change other income taxes and things like that, we're also going to be jeopardizing school funding. Again, it all ties together and all of these bills are connected. Maybe one can be small enough and have enough support to get through, be narrowly tailored and have enough support to get through. I think Social Security is probably in that category. I support that. But if we're going to talk about, you know, this bill is going to block our income tax cuts, the converse is true. Income tax cuts are probably going to block anything on property taxes because again, we're fighting over the same kind of pool of resources, pool of dollars, regardless of how you want to frame them or pitch them. We have to figure out a way to kind of thread these needles and weave all of these bills together if we want to move forward because if we don't, each one is going to continue to be a rival to the next one. If we don't figure out a way to manage all of this and balance all this, each bill is going to have to be--

HUGHES: One minute.

M. HANSEN: --an opponent to another bill because again, we're kind of scrapping for the same pool of dollars. And the difficulty is unlike the budget where there's just a single document and we all have to vote up or down on the final one, the way we do this-- and this is this the way the body works and-- is that they come out in pieces and they come out of pieces from different committees. And we actually have to bridge that gap and say, hey, this is what we want school funding and taxes to look like and we have to have one discussion. And in my mind, we have to have one plan and preferably one vote to move that forward to have any sort of plan. Honestly, if any attempts at education policy coming through the Education Committee have no path forward, I don't know what things coming from the Revenue Committee have a path forward. I just genuinely don't. With that, I know I'm out of time so thank you, Mr. President.

HUGHES: Thank you, Senator Hansen. Senator Pansing Brooks, you're recognized. Senator Pansing Brooks waives. Senator Lowe, you're recognized.

LOWE: Thank you, Mr. President. This weekend, I spoke to a young couple and they were-- had their taxes done and they found out that they were going to be getting about \$500 back for property tax relief. This is the first time that they've seen major property tax relief and they figured that will cover about one month's childcare. That's big to a young family. That's huge to a young family and now with LB890, that may go away. We speak about how we need to help childcare out and yet now we want to take it away. I think we need to think about that.

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I stand up and oppose LB890 and, and the following amendments. And we have worked very hard to provide property tax relief for Nebraskans and now to stand here and want to increase spending for schools-- because that's what this bill does-- that's wrong. That's just plain wrong. They talk about we need time. We'll go back and we'll fix it. As I recall, they spent all, all summer, all fall working on it and now they think a week will fix it. It's come down to the very end. Scrambling should have been done earlier. With that, I yield the rest of my time to Senator Friesen.

HUGHES: Senator Friesen, 3:00.

FRIESEN: Thank you, Mr. President. Thank you, Senator Lowe. Before I was talking about state totals in valuation and tax increases and now I'm going to break it down a little bit into what-- ag land and residential. And we've had some, you know, pretty hot housing market in the last couple of years. One of the interesting things is that the Lincoln Journal Star, the Lancaster County Assessor recently said that they didn't need to increase values this year. They didn't see a need for it. They were within the range. Three days later, in the Lincoln paper, they print these charts about the hot housing market. For the last 12 months, we've seen 17 percent increases in the cost of residential homes. How can anyone say that there shouldn't have been an increase in valuation when you're seeing a 17 percent increase in home sales, prices? Are they next year going to have a 25 percent increase? Because this has been cumulative, this has been a hot housing market for a while. And I'll give some examples of that and I'll just start with Douglas County. We have ag land values in Douglas County that have had, over a ten-year period, 141 percent increase. While the residential commercial has increased-- or the residential, not commercial, just the residential has only increased 42 percent. The taxes on that ag land, up 150 percent. The taxes on residential, 47 percent. We can go county by county this way and we can tell where the state aid has gone and where the tax increases have happened. If I go to Hall County--

HILGERS: One minute

FRIESEN: --you've got 91 percent increase in that valuation on ag land, but a 42 percent increase in residential. Lancaster County: ag land, 150 percent increase in valuation; 141 percent increase in their taxes, while the valuation on residential only increased 54 percent. Their taxes have only increased 54 percent. That's a huge shift to ag land. And to make the accusation as I stand here and say that I'm only representing ag, have any of you stood on the floor and represented a

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minority population who you felt was underrepresented here? That's what I'm doing, but I have never introduced a bill that hurt any school district. I have never taken money from LPS or OPS. I've tried to raise money.

HILGERS: That's time, Senator. Thank you, Senator Friesen. Senator Dorn, you're recognized.

DORN: Thank you, Mr. Speaker. Again, I'll get up and say thank you for the conversation. One thing-- and when I got up and talked earlier, I talked about LB1107 and \$550 million and, and to hold-- those are my numbers to hold, I call it, all the property taxpayers in the state of Nebraska harmless, it would take approximately \$55 million. Those, again, are my numbers. It would vary a little bit from that, but that's kind of put into an equation what might be needed out there. But I also wanted to comment-- Senator Matt Hansen said that as we talk about these things, there are certain things we don't want to give up or LB1107 people don't want to give up LB1107. I-- this comes from me and I think as I talked to many of the people about LB1107, we don't want to give up the property tax relief that's come about because of LB1107 and the 25.3 percent that everybody in the state is getting now. I'm not going to say that we are totally against this bill because of that. We want to make sure that if, if LB1107 becomes part of the funding source for a bill like LB890, that those criteria or that part of the equation is now protected, that that goes across also. Because we don't want to see happen what happened between 2010 and 2020-- with some of the numbers Friesen's brought-- Senator Friesen's brought about, that that shift goes back again. And then I call it-- as he said, the people we represent a lot of times, they get affected negatively again by it. We're not, we're not sitting out here and drawing a line in the sand and saying, no, you will not take LB1107, but to be-- have LB1107 part of the conversation, certain things need to be there to, I call it, preserve or make sure we have those things that LB1107 accomplished are maintained as we go forward. Now, where all this falls out or what all the discussion goes to or where some of these things go forward, we'll see. But I just thank you very much and if Senator Friesen would like some more time, I'll yield the rest of my time to him.

HILGERS: Senator Friesen, 2:46.

FRIESEN: Thank you, Mr. President. Again, I will say that I have, I have brought bills who-- that capped the valuation increases of commercial/residential properties. When Hall County had a 200 percent increase in apartment complexes, I offered to put a cap on those

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increases. That bill has gone nowhere. This body really isn't into providing property tax relief, so to speak. We do it in strange ways. If I would have had my way, it wouldn't be LB1107. It wouldn't be the property tax credit relief fund. We would have properly funded K-12 schools, but I could never get there in eight years. I have met with LPS. I have met with OPS. I've met with the STANCE schools, NRCSA schools. Every time there was a roadblock thrown up by one group or another. And just because now we're going to give most of the money to the large schools, I'm supposed to just sit down and shut up. It's not going to happen. We're going to talk about the shift that happened over the last ten years and in my view, that is one thing that has to be corrected or at least set a path that we're going to start to correct it. And we do need to put more money into our schools. They shouldn't be so reliant on property taxes. But in the same token, we have schools who get more in state aid than they collect in property taxes and out in rural Nebraska, they're 92 percent funded by property taxes.

WILLIAMS: One minute.

FRIESEN: So to say that the funding is fair, why would any rural senator stand up and say that? They haven't been fair for ten years. And so when we're repurposing this money-- and I have no problem repurposing any of the property tax relief funds, but it has to be a path that treats those rural schools that don't receive any equalization aid, it has to treat them fairly and this bill does not. To say-- to stand on the floor here and say that every taxpayer gets helped is a blatant lie and I'll call things out as I hear them. I don't have to get anything done this year. I'm term limited out, but I will sit and fight to keep that LB1107 funding in place unless that proposal is fair to these nonequalized schools. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen. Senator Albrecht, you're recognized.

ALBRECHT: Thank you, President Williams. I'm going to finish off with my Nebraska Cattlemen letter, but then I really want to get to talking a little bit more about Mr. Jack Moles, who is the executive director of the Nebraska Rural Community Schools Association, representing 216 members, 199 rural public school districts, 13 educational ESUs, and four colleges. OK, back to the Cattlemen's-- again, they just said essentially, the proposal would require that the ag landowners would effectively trade the current level of relief in LB1107 credits from 29 to 19 percent of the total property taxes paid to schools. This

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tradeoff comes as a double disadvantage, as stated earlier, and a higher percentage will remain with equalized schools who already receive a higher percentage of that state aid. So-- and they close basically saying that they would not support the finance mechanism on this bill. So I'm going to go back to what Senator Linehan was talking about with these, these-- this NRCSA school districts. OK, so districts that are a positive net option currently receive \$10,000 per student. In year two of LB890, the option enrollment reimbursement program goes away and is replaced by a payment of only \$1,100 for every student. In my district, Winside schools just had a \$14 million bond that was passed. And they have 70 to 80 students-- I can't tell you exactly, but I know it's in that range-- that come from Norfolk schools. So if you take that money, \$10,000 per student, away from that school who just passed that \$14 million bond, property taxes will go up. They have to. OK, so mathematically, every school district that has a student body makeup of over 10 percent option students comes out behind. Some districts are at a 30 percent or more level of net options students and NRCSA recommends that you reinstall in some level net option funding in the plan. Our recommendation would be to set aside \$5,000 per student. An impetus for this is that the local property owners will be paying more for students who are not residents of their districts than they currently do. Reducing that amount by \$10,000 to only \$1,100 is very alarming to many school-- many boards of education and their patrons. Again, even if we were to meet for a week with Senator Kolterman and whoever else wants to meet, where are we going to take that money? Going to take it away from STAR WARS? Going to take away from the canal? I mean, you going to take away from the disability that Senator Cavanaugh has? Where are we going to take that money? Where are we going to find the money to do what we need to do with a bill of this magnitude? You bet I'm going to stand up and I'm going to be strong because two years ago, I had \$12 [million] to \$13 million to bring back to my district and the very people who put this bill together were the ones that kept saying no. They kept saying no. So that was my motivation to go on Revenue and figure this deal out. Why do you keep saying no? Why do you want more? We need to make sure that everybody gets what they need to run their schools throughout the state of Nebraska. Thank you.

WILLIAMS: Thank you, Senator Albrecht. Senator Briese, you're recognized.

BRIESE: Thank you, Mr. President. As I indicated earlier, conceptually, I agree with what we're talking about here: get more state dollars into public education in Nebraska. And I gave you the reasons why I think this bill does not have a path forward. It's just

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not going to work. This concept is not going to work. But I'm always willing to look at anything in this area and again, I appreciate Senator Walz's and Senator Lindstrom's efforts in this regard. And I'm willing to take a look at different ideas, different things, but, you know, how could this be fixed? How could a proposal-- this proposal, similar proposal, anything, how could it get across the finish line? You have to start with the cap. And I appreciate Senator Hansen's comments there, but-- and I-- again, I appreciate, sympathize with what he's saying, but I think you really need to have some sort of a cap in place. Maybe not the LB890-- excuse me, the LB986 cap exactly as we talked about, but perhaps more of a revenue cap, a reasonable amount that allows for reasonable growth. You know, we've talked caps in the past. I've heard people say, well, for every dollar we put into schools, we have to make sure they lower their levy by the same amount. Well, that's a fairly simplistic approach to it. It's easier, it's easier said than done. You still have to allow for reasonable growth. You still have to allow for extraordinary circumstances. You still have to allow for a little bit of-- some local control there to override the cap if necessary. And so a reasonable cap, I think, needs to be part of this. Senator Morfeld suggested it or, you know, talked-- I think he termed what we're taught about the other day "draconian." Well, I don't think what we talk about the other day was draconian, but, but I'm not talking about a draconian cap. I'm talking about something reasonable that I-- that all sides could perhaps live with. The disparity in treatment, yeah, you're not going to get what maybe Senator-- or various ones of us would be completely comfortable with, but at least some measure of parity in how these dollars are distributed to local districts. You know, the, the disparity I spoke of earlier with the bulk of this going to urban equalized districts, that's just a big problem for those of us that represent rural districts. And so we have to strive for some sort of parity. And then thirdly, the funding mechanism and I, I stand by it. LB1107 needs to be off the table. It's fair. It's equitable, guaranteed property tax relief for everyday Nebraskans, goes to everybody no matter where you are or what type of property owner you are. It's the same percentage for everybody in terms of school property tax relief and so we need to preserve the LB1107 dollars and the LB1107 formula. So where does that leave us? It would seem that any effort to put something together, if it's not going to be part of a comprehensive tax reform package with a modernization or sales tax base, that's going to be something that starts out small and we step it in. We're going to have to start out small here. And so if we consider-- if we look at some of those thoughts, some of those ideas, you know, there is a path forward for something. This bill, LB890, LB891, not going to work in its current

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form, but I think there perhaps is something that we could talk about someday. Again, some sort of reasonable cap needs to be part of it. We need to have some parity in how these fund-- these dollars are distributed and we're probably going to have to start out small and step in-- step it in. So those, those are my comments on that and I probably won't talk anymore today on it and-- but thank you, Mr. President.

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

FRIESEN: Thank you, Mr. President. Now I want to kind of switch gears a little bit and talk about another thing that affects TEEOSA and does have a direct on our General Fund dollars and the support that goes to schools. I want to talk about tax increment financing. So when we've-- I know Senator Wayne has brought it up in the past. There's another project in Omaha that's going to do tax increment financing, where it takes money away from the school districts and gives it to build infrastructure. They're going to-- their proposal, I think, takes \$300 million basically out of the property tax fund to help build a streetcar. So the issue is that when Douglas County TIFs a project, that just gives them more state aid. When a county out in my area or a school district TIFs a project-- well, let's, let's use Omaha. Right now, there is \$1.9 billion worth of value that's under TIF financing. And if you're going to say that 62 percent of that goes to schools, that's the amount that they would have to come up with on their own if TIF-- or if TEEOSA wouldn't underfund that. And so they're allowed to TIF all this property, \$1.9 billion and climbing. They've TIFed 4.5 percent of the total value of their whole city. And when they do that, 62 percent of that roughly is made up of tax dollars from the state. When we TIF a project out in rural Nebraska, if you do-- let's do a project in Hall County. If you did it in Grand Island Northwest area, it would have no impact on TEEOSA whatsoever because they don't get any state aid. That all just goes on the other property owners. In Ord, Valley County, 21 percent of their county is under TIF financing. I can pretty well tell you that's probably an ethanol plant, but again, it has no impact on the state aid to schools because they get no equalization aid. When you do Lancaster County, at least they're a little bit more stingy with using TIF, There's only \$714 million in property taxes-- or taxes that are TIFed or properties, which is only 2.8 percent of their city. But again, when those projects are under TIF financing, equalization aid in the TEEOSA formula makes up that difference. It doesn't do that in rural Nebraska because we don't receive equalization aid. And that's a great tool in rural Nebraska for, for funding projects. I'm not, I'm not knocking it. I mean, I, I

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think it really helps them add jobs and things like that, good-paying jobs in rural Nebraska. But again, it has really no impact on state budget. But when you're doing it in the large equalized districts, it has a direct impact. And we don't talk about those dollars, how much that is. Those are dollars that are coming from our General Fund that helps to fund TEEOSA. And so if we'd start to add up the impact of that versus what's happening out in the nonequalized areas when they use TIF projects, it makes a huge difference in the cost of TEEOSA. And you'll notice if-- I can hand the sheet out if people are interested, but we have-- there's different counties that are-- you know, you can say a, a city, there's 26 percent of their whole value is TIFed.

WILLIAMS: One minute.

FRIESEN: So it varies across the state, but you can-- if you look into it, you can tell that maybe there was one large project, maybe it was an ethanol plant, maybe it was a large manufacturing plant where they did that. But in all those small schools, it had again no impact on our state budget. It impacted them alone and it did take money away from the schools and it did distribute it either to whoever built that plant or the infrastructure that was required, but there was no impact on TEEOSA. And so when we look across all the equalized districts, when they TIF property, that always has a direct impact on the cost of TEEOSA. And so we got to look at each component of state aid and how it plays out and where our tax dollars are going. So when I'm looking at this from the state standpoint, if I'm looking out for General Fund dollars of the state, I need to start looking at those TIF properties and whether or not that value should be taken away from school districts' funding.

WILLIAMS: Time, Senator.

FRIESEN: Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen. Senator Clements would like to introduce 45 students in the fourth grade, three teachers, and ten sponsors from St. Joseph School here in Lincoln. They are seated in the north balcony. Would you please stand and be recognized by your Nebraska Legislature? Returning to debate, Senator Bostelman, you're recognized.

BOSTELMAN: Thank you, Mr. President. Thank you. Good morning, Nebraskans. I want to speak a little bit of what Senator Friesen said. Our nonequalized school districts are ones that have taken the biggest

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hit for this. We still don't get aid to them. We still don't give that relief to them. Half of my, half of my district, half of my schools, as far as property tax goes with this-- and Senator Walz is saying everybody gets tax relief. No, they don't. Half of my schools, yes. Half of my schools, no. My largest school districts get the best. My smallest school districts, my nonequalized school districts are the ones to take the hit. So with that, we've had a number of bills-- Senator Briese's bill earlier that we-- or discussed this last week. We've had a number of bills that we've had discussions on property taxes, how to address that, how to address school fundings and it's been no, no, no, no. I know Senator Friesen has sat down for years with people and with, with the school administration, with everybody involved and tried to bring forth bills and it's always been no, no, no. So why now? The issues that we have before us right now are not easy and it's not going to be fixed with this bill. I think my schools deserve better. My landowners deserve better on property taxes. And so I think that at the current time, I'm a no on the bill and I yield the rest of my time to Senator Linehan.

WILLIAMS: Senator Linehan, you are yielded 3:20.

LINEHAN: Thank you. Thank you, Mr. President. So I think it would be helpful for some of the members who weren't here previously when we did LB1107 to kind of understand some of the history of how we got there. So for that whole Legislature, which was interrupted by COVID, we left in March. So not only did we work on it during the legislative session, but when we left in March, there was a group of ten put together, including the Speaker, that worked on it until we came back in August and then the Speaker put a group of seven people together. So LB1107 included both the Imagine Nebraska Act and property tax relief because neither one could clear the hurdles. Neither one could get to 33 without the other. So there was a grand compromise. So the part-- the grand compromise, what the property tax/school funding group were trying to do was get more money to rural schools, more money to all schools, actually. We had \$514 million committed over three years. We were going to drop residential and commercial valuations from 100 percent to 87 percent. We were going to drop ag from 75 percent to 55 percent. There was a tax-taking cap of 2.5 percent or inflation, with all kinds of exceptions. There was basic funding. There was back and forth over the building fund, whether it should stay at 14 cents. I think part of it's 10 cents. There was a compromise [INAUDIBLE]. Here was a bottom line: the large GNSA schools would not support anything, anything that would give money to the NRCSA schools and some of the STANCE schools, not anything. There was also a great concern that they didn't want to decrease the valuations.

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They would-- that was just a nonstarter. So I think that it's hard to understand maybe if you weren't here through that whole process or not in the room why so many of us are very skeptical of this bill because basically it does have part of what that whole plan and a lot of work, a lot of meetings--

WILLIAMS: One minute.

LINEHAN: --with all the school people-- and the idea that there wasn't, like, back-and-forth committee meetings? Not true. I remember we started a joint hearing on LB1106, which included the Appropriations Committee, the Revenue Committee, and Education Committee. It started at 1:30 in the afternoon. I went home ill at 10:00 and it was still going. Every committee worked on it. Everybody was involved. And if I remember right, the Speaker actually demanded that we did a joint hearing because every committee had to be intimately involved with this kind of process. And that just didn't happen this time and I'm not saying people didn't work really hard, but this is a big deal and you have to have Revenue, Education and Appropriations in the room if you're going to do a bill this big. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Linehan and Senator Bostelman. Senator Lathrop, you're recognized.

LATHROP: Thank you, Mr. President and colleagues. Good morning. I was listening to the debate. I got to tell you, I was down in my office doing some meetings so I missed some of it, but-- and so forgive me if this ground has been covered. But I, but I remember some years ago-- and I think Ron Raikes might have been the Chair of Education at the time. It seemed like every year, there would be a tweak to TEEOSA and all of us on the floor-- and I've never been on Education Committee or Revenue Committee. Everybody on the floor would be like, do you like the bill or I hear they're tweaking TEEOSA over in Education. And it's like, I don't know if I like it yet because they haven't given me the printout. And everybody would get these printouts and go, I like it or somebody over here would look at it and say, oh my, three of my districts are OK and one of them isn't. I don't know what I'm going to do. And invariably, someone would stand up and make this observation: that at some point, we make the policy around here and at some point, at some point, people aren't going to like something that we do. And you're not going to do something like this bill attempts to undertake without stepping on some toes and breaking some glass and it's going to happen. But you have to do it because we will be at a stalemate forever on this topic. You know, I've watched how this has unfolded

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and it's not that much different because it kind of started at the tail end of my previous service where my friends from the unequalized districts say there has to be foundation aid, we need to have every student counted, and they need to come with a certain amount of resources from the state to our school district. And then we have the, the equalized school districts that say you don't understand. It's way more expensive because we got a lot more kids and a lot more classrooms and, and everybody talks past each other. I see this bill-- I appreciate what they're-- what-- the concerns they have in Revenue Committee. I appreciate the concern Senator Briese brings up. I appreciate the concerns that the rural people have, my ag friends have over property tax. Believe me, they have those concerns in Omaha as well. But if every conversation ends when the people in unequalized districts say, I have to have foundation aid or I'm not getting on board, and the equalized districts say foundation aid is, is outside of the philosophy of the TEEOSA formula, we can't do it, then we talk past each other and we go through this exercise. And we do it on Revenue bills and we do it on Education bills and nothing happens. I'm going to make a suggestion, which is old school, which is old school: move this thing to Select, let these folks get together who need to be in the same room, and give them a chance. Give them a chance to talk about it. People have had hours now to air their positions and their concerns and then understand that you are not going to find the middle without having some people say, I don't like it. And it isn't the fun part of this job to say to one of your superintendents or one of your friends I'm sorry, but I think this is the best for the state.

WILLIAMS: One minute.

LATHROP: We're missing that. We're missing that. I-- you know, you guys are probably sick of listening to me talk about the way it used to be, but I can tell you when these moments happen, two things happen. Somebody would stand up and it was usually somebody like Bill Avery and he'd stand up and say, you know what? We are Nebraska senators first. OK? Because if all we are is protecting our school district or our district or our parochial interests, nothing will ever get done and this place has stopped functioning. It stops functioning. No harm is going to come by moving this bill onto Select File, colleagues, and letting the people get in the room that need to get in the room. The Speaker can just not schedule it until they've had a crack at it. And if they get nowhere, we can come out and the thing can die on Select File.

WILLIAMS: Time, Senator.

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LATHROP: Thank you.

WILLIAMS: Thank you, Senator Lathrop. Senator DeBoer, you're recognized.

DeBOER: Thank you, Mr. President. I think the first question we got to ask ourselves is, do we want to compromise on issues of property taxes, school finances, etcetera? Are we happy with the way things are? Are we unhappy with the way things are enough that we're willing to make some tradeoffs? Do we want to compromise or do we want to just do this some more? And I get it. Like, I'm part of this too. I'm not saying I'm not. Do we want to keep having the same battle over and over again-- and I feel like a lot of the things that we're talking about are the same battle over and over again-- or do we want to compromise? Have we hit the hills we're going to die on? Do we like LB1107? I like that LB1107 gives property tax relief to my people. I like that. It gives property tax relief to my people in my district. It gives property tax relief to everyone's district. I like that. And yet I still hear people saying, well, but we have a school financing issue. So do we like LB1107 or do we not? If LB1107 is the answer, then why are we still arguing about property taxes and schools? If LB1107 is not the answer, then where's our common ground? Our common ground seems to be that we think that the state ought to be putting more money into our schools. I could be wrong, but that seems like something I've heard a lot. If that's the basic premise that we're all coming from, where are we falling apart? I think we're falling apart on the question of whether or not we should put lids from the state onto our schools. And if that's the question, then I want to know why we need the lids. And if the reason we need the lids is because we think that schools spend too much money, then I want to know where and I want to know if the spending that people are complaining about is material to the actual amount that's spent. So we heard about the table. I'm not going to bring that up again, but 80 percent on average is on personnel. I don't think there's a lot of teachers out there getting rich. I know a lot of teachers. They're not. And I don't have the data yet because I'm not as organized as I should be, but I've asked for some data on whether or not our student-teacher ratios are going down, where they're going down, why they're going down, and by how much. Because if the cost that is going up in schools is going up because that's what it costs to hire teachers and they're--

WILLIAMS: One minute.

DeBOER: --not getting rich, then, then we got another issue we got to address. The cost of education is just going up. Do we want to have a

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lesser education then? Is that the decision we're making or do we want to pay for it because we want to keep our kids in high-quality education? I mean, I'm missing the spot where, where, where we've got, where we've got a problem that we are all going to work on together. If the problem is personnel costs too much-- and I tried-- Senator Linehan talks about insurance. I tried doing that. I couldn't make it work to say that across the state, insurance is the reason. So I don't know. Somebody tell me where the problem is and let's try and work on this together.

WILLIAMS: Time, Senator.

DeBOER: Thank you, Mr. President.

WILLIAMS: Thank you, Senator DeBoer. Senator Linehan, you're recognized.

LINEHAN: Thank you, Mr. President. I'm going to thank Senator Lathrop for his comments a few minutes ago. He's absolutely right. We do have to be Nebraska's senators and I think I've tried to do that. I probably failed here or there, but I'm-- I've never in this whole school debate just worried about Elkhorn. And if you don't believe me, you can call them and ask. We've had very stern disagreements. And, and I think last week, if I remember right, there were at least a few senators who stood up and said, I'm here to take care of my school district. This hurts my school district. I'm not going to be for it. That was a lot of the verbiage we had on Senator Briese's bill. And we're never going to fix the problem, as Senator Lathrop said, unless we get past just looking at our school districts. I do want to correct one thing I think he said, but I understand. And he's right; it's one of those things where unless you're on the Education Committee, you might not know this. It really was never-- from my perception of the time I've been here, it was not the Education Committee that tinkered with the formula. It was Appropriations Committee who then came to the Education Committee-- because this happened the first year I was here-- and told us, you must do this because if you don't do this, we're not going to have enough money. That happened the first year I was here. It-- this has not happened since, mostly because we haven't needed to. But it wasn't-- the Education Committee wasn't over there like tinkering around with TEEOSA. We were directed by the Appropriations Committee. Then I think what's getting lost in this whole discussion-- and maybe this is on me-- we had a deal two years ago. It was fought for two years. A whole Legislature was about this. It was about getting the Imagine Nebraska Act passed and it was about property tax relief. And Senator Lathrop was in the room, Senator

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Kolterman was in the-- this is when we got down to seven. We started with, like, three committees. Then we went to ten people. And that lasted all summer and we Zoomed, like, every three or four days until-- and then we did new numbers. I worked all that summer, from the time we got out in March until we came back in August or July, and so did Senator Lathrop and Senator Kolterman. Senator McDonnell was in the room. Senator Scheer was here. I'm going to forget somebody. Senator Briese was in the room. Chairman of Appropriations was in the room. Somebody slip me a name if I'm forgetting somebody. And we had a deal. The deal was Imagine Act will pass and we're going to put money in a property tax relief fund that's going to go to everybody. It's not going to matter what your levy is or what your valuation is. Everybody's going to get back 25 percent-- well, it got to be more than we thought. We actually thought it was only going to be 17 percent, but times are good-- 25 percent of your property tax bill. It was the deal. We haven't even got to the point where people actually understand what it is and we're already trying to undo the deal. No, I'm not going to support that. And as far as this being hard, I've handed out-- you go to the Department of Revenue's site. Big, bold two-- an inch down on their site, it says claim your school property tax credit. Two clicks, folks. Two clicks. Even I can do it and I don't do computers well. And then you do have to insert your ID of your property, your property ID number.

WILLIAMS: One minute.

LINEHAN: And that's not really very hard because all you have to do is get your property tax statement that they mail to you. They mailed that sometime between mid-December and mid-January. You should have gotten your new property tax statement. Right at the top, it says what your ID number is. You click it in there. You hit the property tax year that you're talking about, which will be 2020, and then you go down and it says, show me. And it tells you what your number is that you can take 25 percent of. It takes, like-- I'd say you could do it in three minutes if you have your property tax statement there while you open it. It's not hard. It is not hard and it's not even-- actually, if you're lucky enough-- and I am-- to have two properties, it adds them up for you. You do, it gives you a total, then you do the next one, it gives you a total and the total-total. It is very simple. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Linehan. Senator Matt Hansen, you're recognized.

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M. HANSEN: Thank you, Mr. President, and good morning again, colleagues. I had some initial notes that I was going to talk about and maybe I'll get to them on a later time. I do want to talk about kind of a couple of the things that have just been said by the last couple of speakers, Senator DeBoer, Senator Linehan. And yes, I will fully acknowledge that I opposed Senator Briese's bill because I thought it was bad for Lincoln Public Schools. That was me, but-- I think largely me. And I stand by that because at the end of the day, I do think we have to be Nebraska state senators, but at the same time, we can't ignore our own local districts. Like, we have to do the ballots and I will not begrudge any other senator who stands up and says, hey, this is bad for my district. Hey, this is bad for my school district and you're going to stand up and oppose something. Like, you should do that. I don't think-- like, I would encourage more people to take the stance that I have taken. I think that would benefit a lot of schools and a lot of people if we all fought for our districts the same way I fought for my district. Going back to Senator DeBoer's point, what do we want to do? Colleagues, I'm starting from the point where I don't necessarily want to change the education formula. So the fact that I'm, like, willing to wade into the field at all is my bringing something to the table. As you've pointed out, yes, the current TEEOSA helps Lincoln and Omaha and some of the other large school districts. And I'm willing to change things. I'm willing to do stuff. I'm, I'm not starting from the point that this needs to be urgently or drastically changed, but I hear that from your districts, from your schools, from, you know, other senators on this floor. So me approaching a bill and not being also an opponent to LB890 is me coming to the table. This is me-- it would have been very easy for me to say, hey, right now, what we've got is good. Let's not risk anything about it and I'm going to fight it. And I will tell you, I will be 100 percent honest, that was my initial inclination until about 24 hours ago. I-- when the first time a vote count came out on this bill, I said, I can be there for cloture to keep the negotiations going, but I really-- I don't know how I feel about the bill. And we talked a little bit and I said, OK, maybe a lean yes at this point. That's where I'm starting from. Like, I'm starting from any change to TEEOSA is suspicious and is worthy of intense scrutiny and that's even from an education-- one-- like, education groups and education-minded senators that I trust really support and vouch for it. I'm still approaching it with that critical eye that, like, I'm hesitant to get as involved as I have been on this. And I want to bring all of that up to say again, we're talking about all of this combined. And I actually really appreciate some of the discussion, people saying what they're willing to do, what they're willing to not do so we can get something

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happening and move forward because I think collective, we all kind of realize that LB890 is probably not moving forward or if it does somehow move forward, it's probably not coming back until there's some sort of resolution. I think we know that, you know? I appreciate that Senator Briese and Senator Dorn have both spoken since I've last spoken and clarify where they stand on the property tax credit fund, which I think there's even some distinction between them. I think Senator Friesen waded into that too and I really appreciate people just saying what they're actually willing to talk about. Again, for me, it's been very clear talking about the big school districts don't want to do certain things. The thing I want to point out is the reason that's impactful is because you have people on this floor who care about that perspective and agree with that perspective. Like, the reason I fight for Lincoln Public Schools is because that's what I believe my constituents sent me here to do. I'm willing to work on a lot of things. I've been willing to wade into a lot of issues that I didn't necessarily think were great policy or the best thing for my district or for Lincoln, but I've been willing to be a Nebraska state senator on certain issues. But I have--

WILLIAMS: One minute.

M. HANSEN: --thank you, Mr. President-- but I have to have a floor I'm not willing to go beyond. So the fact that I'm wading into TEEOSA at all, I'm willing to put things on the board at all, is proof that I'm willing to represent more than just my district. But at the same time, I have to have an absolute floor, an absolute minimum, an absolute backstop of what I'm not willing to do. And I would expect all 49 of us to have that same mindset and it would be-- I appreciate people who have been willing to say that out loud already because when we know what people's true hard lines are, we know what people's true breaking points are, we can start figuring out the outlines of how do we get to 33? Because let's be honest, we're never going to appease all 49 of us. We're going to have to get to 37, 38 of us and we know that and so let's find out which groups actually have which size and what we can do to build coalitions to move forward. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Matt Hansen. Senator Briese, you're recognized.

BRIESE: Thank you, Mr. President. I appreciate Senator Linehan's comments about the LB1107 negotiations. As she indicated there, we came to an impasse on a-- on the ImagiNE Act coupled with an education funding proposal and to overcome that impasse, the deal was negotiated to put in place a statutory minimum in the property tax credit fund

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and to create the refundable income tax credit of LB1107 that we're talking about here today. And that was the deal there and I'm, I'm entrenched in that position that it needs to be preserved and I don't support moving this on to Select and I don't support moving this on to February 17. And I don't say that lightly, because again, as I indicated earlier, I'm always looking for a solution on the issue of education funding, education funding reform, but I don't see it here. My three concerns earlier: the need for a cap or a mechanism to ensure it yields property tax relief. I don't think I've really heard any of the supporters say, yeah, we might need some cap. I think Senator Lindstrom did acknowledge that perhaps we need something like that, but others don't seem to have seemed very willing on that. And in fact, one supporter of the proposal, I think, indicated that any sort of a cap is probably a line in the sand for him. And if that's the case, we are likely just plain stuck. Number two are the disparities in how schools are treated and I go back to what Senator Pansing Brooks said that I agree with wholeheartedly. We're not going to have a perfect, a perfect formula, a perfect solution. There's always going to be some district thinking, well, I should be getting a little more my dist-- or a senator thinking my district should get a little more, that one's getting too much. But it's not going to be perfect, but we at least need to strive for some parity relative to what's been proposed here. And I haven't heard anyone suggest how we're going to fix that, how we're going to get more parity in the distribution of these funds. And where I really don't have any wiggle room, though, is on the LB1107 dollars, you know? And, and without the LB1107 dollars, how are we going to do this? Nobody has suggested that it can be stepped in. I think I mentioned it earlier that we need to look for a way possibly to step something like this in to start out, start out slow and do a little bit, do what we can. But nobody has told me how that can be done or suggested they're interested in doing that. And nobody has offered any support for revamping of our-- modernization of our sales tax base or comprehensive tax reform or comprehensive sales tax reform. Nobody's indicated any support for that and without, without stepping it in, without any substantial modernization of our sales tax base, there's no path forward for this. And so with that said, I think again, I don't support moving it to February 17. I don't support moving it to Select File. Again, I thank the proponents of this bill for their hard work on this and no doubt, they have worked very hard and I-- we all appreciate that, their time and effort. But the way it's, the way it's presented here, I would submit there is simply no path forward. Thank you, Mr. President.

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WILLIAMS: Thank you, Senator Briese, and that was your third time. Senator Friesen, you're recognized and this is your third opportunity.

FRIESEN: Thank you, Mr. President. So I'd, I'd like to thank Senator Linehan. I think she passed out this-- it's a-- kind of a spreadsheet of where the money comes to different schools. And so I'm going to just start reading down a few of these and giving examples of the disparity between the urban equalized schools and the nonequalized schools. So you've got Kenesaw Public Schools, which 70 percent of their funding comes from property taxes. There's 4.7 percent comes from TEEOSA. We've got Harvard Public Schools: 66 percent of it comes from property taxes, 5 percent, 5.6 percent comes from TEEOSA. And I think that number there is probably high because they have a lot of option kids so that counts through the TEEOSA formula. We've got Sumner-Eddyville-Miller, which, you know, there's been obviously some consolidation, 75 percent of their funding comes from property taxes, 4.93 percent comes from TEEOSA. They get \$210,000. OPS: 30 percent of their funding comes from property taxes, 40 percent comes from TEEOSA, which is \$284 million. We've got schools like Exeter million-- Exeter, Exeter-Milligan: 73 percent of their funding comes from property taxes, 0.85 percent, or \$39,000, comes from TEEOSA, state aid. Shickley Public Schools: 72 percent property taxes, 4.69 percent TEEOSA. Eustis-Farnham: 77 percent is funded by property taxes, 0.75 percent through TEEOSA. Central Valley Public Schools: 79 percent property taxes, 0.39 percent-- they get \$26,000 through the state aid to schools. You can start to see the pattern here. Grand Island Public Schools: 28.9 percent comes from property taxes, 50.63 comes from state aid, \$59 million. Wood River, close by: 76.96 percent comes from property taxes. They get \$58,000 through TEEOSA, 0.62 percent. Centura Public Schools: 71 percent property taxes, 3.89 percent state aid. Minden Public Schools: 74 percent funded with property taxes, 0.98 in state aid. Lincoln Public Schools: 48 percent with property taxes, 22 percent through TEEOSA. This is the disparity we keep talking about and the state constitution says the state is responsible for the free instruction of our K-12. It is for some, it's not for others. In well over 170 school districts, the state is not responsible. And I realize that it's a small number of kids. I'm not-- they're still kids. They get no funding from the state. To me, it doesn't matter where you are or how small you are and that's, that's one of the reasons why I've been opposed at times to the per-student funding. If you get a school out in rural Nebraska that has ten kids per class, to say that you're going to give them \$1,000 per kid, it doesn't add up to anything. They--

WILLIAMS: One minute.

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FRIESEN: --they don't-- it doesn't help. They can't consolidate. They're probably already traveling 50 miles one way to go to school. And yet we refuse to acknowledge that they do have a high cost. It is hard to attract teachers out there, but we're not willing to step up and help pay for any of it. They basically fund themselves. So why would a rural senator defend TEEOSA? There's no reason. It has no impact on our districts at all. Thank you, Mr. President.

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

BOSTELMAN: Thank you, Mr. President. We've looked at different opportunities for tax-- property tax relief over the years, several bills out-- that have been heard this year and we've had in years before, but there's one that has been talked about a little bit by Senator Erdman on the floor, but they had-- there was a hearing on that just the other day in the Revenue Committee and I wonder if Senator Linehan would yield to some questions.

WILLIAMS: Senator Linehan, would you yield?

LINEHAN: Yes, certainly.

BOSTELMAN: Senator Linehan, I'm talking about the consumption tax. You're pretty familiar with, with that bill?

LINEHAN: Yes.

BOSTELMAN: And did you have a lot of testifiers come into that hearing?

LINEHAN: Yes. I think the hearing lasted for three and a half hours and they were limited to three minutes and the vast majority of testifiers were in support of the bill.

BOSTELMAN: And how many was in support that testified?

LINEHAN: The vast majority. I don't have an exact number. I don't have those numbers up here, but I would say we probably had 30 to-- I'm guessing here.

BOSTELMAN: And those, and those are three-minute testimonies?

LINEHAN: Three-minute testimonies.

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BOSTELMAN: Yeah. Was there any that really stuck out in your mind through that from those who testified? Are there are some--

LINEHAN: There were several. There was a woman whose husband had died and she didn't have the money to cover the property tax bill so she had to put it on a credit card. This was like three years ago so she is paying credit card interest on an \$8,000 property tax bill so she could hold onto the homestead. There were-- there was-- I handed this out last week. There was a gentleman who lives in Omaha. He's close to the Mary Our Queen Parish, which is at 120th and Center. He had a picture of homes that people built in the '60s who-- they're still living there and their property taxes are now more than their mortgage, property tax, and insurance were when they were paying for their homes and raising their family. They're pushing people out. We had a woman who-- husband had been in the military. She retired. They stayed in Nebraska. They live in Ponca. And she explained exactly how much it's costing-- or not exactly, but she gave us an understanding of how much she loves it in Ponca. She wants to stay here, but she could move across the river and her taxes would be considerably lower. We had ag producers come in who said they are-- obviously have to compete with other ag producers in other states and in Nebraska, we charge ag producers \$100 an acre for property taxes and in other states, it's \$15 and \$20 an acre. Those are a few that just popped to my mind, but there were many more.

BOSTELMAN: Do you, do you remember-- I was-- talked to Senator Erdman off the mike a little while ago. He said there was a young man, a 16-year-old man, young individual from Kearney who came in and testified. He said that was a very powerful testifier there. Do you remember anything about his testimony?

LINEHAN: I do remember that I was quite impressed with him and I think he was a young man who wanted to stay on the farm and basically was being told there was no way it was going to work. I think that's what it was.

BOSTELMAN: Thank you, Senator Linehan. So when we stand up here and talk about property taxes and we're talking about rural, we're talking about rural schools, nonequalized schools, we're talking about, we're talking about families and people, people staying on the farms, generational-type things, we're talking about they're not able to afford it. I have one individual in my district who pays \$90,000, \$90,000 on property taxes. That's massive. How do they survive? I don't know. It's pretty difficult to do that. Senator Briese, would you yield to a question?

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WILLIAMS: Senator Briese, would you yield?

BRIESE: Yes.

BOSTELMAN: Senator Briese, we don't have long here, but back-- you're in Revenue as well, right?

BRIESE: Yes.

BOSTELMAN: Is there any--

WILLIAMS: One minute.

BOSTELMAN: --are there any testimonies there that stick out to you that you'd like to share?

BRIESE: I took quite a few notes that day. I can't recall anything other than maybe the ones that Senator Linehan spoke of, but what really struck me was the anger and the angst over folks' property tax burden. It was very evident that day.

BOSTELMAN: Thank you. Thank you, Senator Briese. Yeah, my understanding was there was even individuals in that hearing that, that broke down and cried, if you will, because what-- the testimony from the people who came in there was so significant and the "impactfulness" that property tax has on their lives is just destructive. So if we're going to do something on this bill, if we're going to do something on any bill on property taxes, if we're going to do anything else on taxes, property taxes have to be a significant portion of that. It has to be something that we address on a way that, that is significant. And I'll go back to the-- to one of the spreadsheets I have before. Half of my school districts' property tax owner-- property taxpayers--

WILLIAMS: Time, Senator.

BOSTELMAN: --win. The other, they do not. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Bostelman, Senator Linehan, and Senator Briese, Mr. Clerk, for items.

ASSISTANT CLERK: Thank you, Mr. President, your Committee on Appropriations reports LB971 to General File. Amendments to be printed to LB890 from Senator Friesen and to LB767 from Senator Kolterman. Name adds: Senator Hilkemann to LB698, Senator Slama to LB1167 and LB1270, Senator Halloran to LB1270 and Senator Morfeld to LB1270.

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Announcements: the Appropriations Committee will hold an Executive Session in Room 1307 at noon today and the Revenue Committee will meet in Room 1524 following their hearings this afternoon. Priority motion: Senator McKinney would move to adjourn until Friday, February 11 at 9:00 a.m.

WILLIAMS: Members, the question is shall the Legislature adjourn until Friday at 9:00 a.m.? All those in favor say aye. Opposed say no. We are adjourned.