

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Floor Debate February 23, 2022  
Rough Draft

**FOLEY:** Good morning, ladies and gentlemen. Welcome to George W. Norris Legislative Chamber for the thirtieth day of the One Hundred Seventh Legislature, Second Session. Our chaplain for today is Reverend Gregg Gahan of the Craig-Alder Grove Parish in Craig, Nebraska. Senator Ben Hansen's district. Please rise.

**REVEREND GREGG GAHAN:** Let's bow our heads for a word of prayer. Father in heaven, we thank you for all the men and women here who are convened to serve this state. We thank you for the opportunity and the responsibilities that they're given. We thank you that you watch over us and guide us. We ask that you will inspire them, help them to work, help them to-- in all they do, glorify you. Help us all to remember that ultimately we are accountable to you. And Lord God, again, we thank you for the opportunity that you've given them. And want to ask that you will help them to do a wonderful job as they serve this state. Amen.

**FOLEY:** Thank you, Reverend Gahan. Senator Wayne, if you could lead us in Pledge of Allegiance, please.

**WAYNE:** 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.

**FOLEY:** Thank you, Senator Wayne. I call to order the thirtieth day of the One Hundred Seventh Legislature, Second Session. Senators, please record your presence. Roll Call. Mr. Clerk, please record.

**CLERK:** I have a quorum present.

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

**CLERK:** I have no corrections.

**FOLEY:** Thank you, sir. Are there any messages, reports, or announcements?

**CLERK:** I have neither messages, reports, nor announcements, Mr. President.

**FOLEY:** Thank you, Mr. Clerk. Members, please come to order. Moving right to the agenda, General File 2022 committee priority bill. Mr. Clerk.

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**CLERK:** Mr. President, the first bill, LB939, by Senator Linehan. Relates to revenue and taxation; it changes individual income tax rates. Has been discussed on February 16 and 17. The committee amendments offered by the Revenue Committee are pending, as is an amendment to those committee amendments by Senator Matt Hansen, AM1869.

**FOLEY:** Senator Linehan, you're recognized to open on LB939.

**LINEHAN:** Good morning, Mr. President and good morning, colleagues. LB939 is a bill that begins to reduce the top individual tax rate, which is currently 6.84 percent. The top rate kicks in at \$33,180 of taxable income for single filers and \$64,340 for married filing joint filers. The top rate hasn't changed since 2002, when it was increased from 6.68 percent. In 2012, the legislation was introduced to reduce all four brackets. It passed, but not before an amendment was adopted to keep the top bracket at 6.84 percent. It also includes reducing our income tax-- top income tax rate for corporations down to the same top rate. Both will end up at 5.84 percent. Thank you.

**FOLEY:** Thank you, Senator Linehan. Senator Matt Hansen, if you'd like a minute or two to refresh us on your amendment.

**M. HANSEN:** Thank you, Mr. President. Yes, I'll-- just to update the amendment, my amendment strikes a series of provisions of past tax years that have since expired before, before 2022, you know, just remind people we're going to be talking today about the joint income and corporate tax reduction. Both these things in this bill, and I believe my amendment strikes some outdated language. Thank you, Mr. President.

**FOLEY:** Thank you, Senator Hansen. Senator Hansen, you're actually first in the queue if you want to continue.

**M. HANSEN:** Thank you, Mr. President and good morning, colleagues. I'll get to the substance of the tax bill maybe in another time of the speech.

**FOLEY:** Excuse me, Senator. Members, please come to order. Senator Hansen.

**M. HANSEN:** Thank you, Mr. President. As I said, I'll get to the substance of the tax bill here, maybe in the next time on my microphone. I did kind of want to arise and obviously address the most recent subject matter of the Legislature. Obviously now, with Senator

Groene, former Senator Groene resigning, I find it unfortunate that his behavior in this body lasted for so long, including so much of it that was out in the open on the floor of this Legislature recorded on camera and escaped probably the necessary level of criticism and scrutiny. I think we as a Legislature failed a lot of people by not taking whatever opportunities we could have prior to now, prior to him resigning to try and correct and stem that. I don't know if there was any way to spare the staffer or spare anybody else he's harmed as other people have shared things to me just personally and out of this feeling of inappropriate behavior that he had done. And I really wish we as a body would have done more and on this specific instance. And I hope in the future when we see this behavior, when we see people doing the things that he's done, using the insults and slurs that he did, that we do take away to measure and to correct and to rebuke or whatever we need to do there. Looking at HR, I would certainly encourage and be incredibly supportive of updating our human resource policies or any other things we need to do, both for senators and especially for staff, not even touching upon the workplace harassment, sexual harassment policies, which I agree need to be updated and need to be more supportive. Even just things such as maternity leave, calculating pay, getting-- calculating, you know, pay increases for getting a new degree, educational attainment, all sorts of different things that we could do as a Legislature to support our staff and be smooth as, as a, as somebody who's been here, it's been difficult and it's been difficult to support staff. And sometimes, you know, it's difficult as a senator to say, yes, I want you to get the maximum out of maternity leave that we can, but we have to jump through all these hoops. We have to get permission from the Executive Board and various other things that I've had to do in my career. You know, we as a Legislature could be a more welcoming, more supportive place for staff on a lot of fronts, including just the base administration of human resource policy, the base administration of just salary leave benefits and things of that. We have great room to improve. I'm really appreciative of past senators who have waded in this issue. I know both Senator DeBoer and Senator Pansing Brooks have brought interim studies to look at this, and I'm sure many others have. And we really do need to, as a body, look forward and figure out what we can do because I'm impressed by the number of staff that we've had who've stayed in this Legislature for so long. And as we see more and more turnover, I'm worried that staff are not going to see this as a continuing desirable place to work just on its own merits, let alone with dealing with any sort of harassment or discrimination that they

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might face. With that, I will get back in the queue. Thank you. Mr. President.

**FOLEY:** Thank you, Senator Hansen. Senator John Cavanaugh.

**J. CAVANAUGH:** Thank you, Mr. Lieutenant Governor. Just grabbing a Kleenex, sorry. So, yeah, I, I was-- would join in Senator Matt Hansen's comments and I, I rose to speak about the bill, but I thought I wanted to make sure and be on record and lending my support to the, the women of the Legislature who spoke yesterday and those who didn't speak. And, and I don't think anybody needs to hear my opinion on the matter, but I didn't want to let my first opportunity to speak go by without joining in support of the needed reforms here and condemnation of the prior actions. And so I don't need to belabor that point, but I just wanted to make sure that I didn't miss that going forward, but I, I did want to turn to talking about LB939. I wanted to make sure that when we have this conversation that we have it in the context of where we all understand what we're talking about. And so this is a bill that cuts the top tax rate. And I spoke about this last week, but it's been a long time, so I wanted to go through so everybody understands. Because I have in conversations, there's been some confusion about exactly how taxes work, how they're calculated and things like that. So what's important to understand is that we have a graduated income tax. That means that individuals who make a certain level of income pay a tax on that income. And then if they make above that amount, then they pay the next marginal rate, which means-- so we'll use an example, single taxpayer making up to \$3,340 pays 2.46 percent or a maximum of \$82.16. If you make over \$3,340, but not more than \$19,900, you pay that \$82.16 cents, plus 3.51 percent taxes on the amount between \$3,340 and \$19,990. And then again, it goes up at \$19,990 to-- between that and \$32,210. And so the first \$19,990 you pay \$666.58 cents and then an additional 5.01 percent over that. And then \$32,210 is the maximum amount for a single individual, and they pay \$1,278 plus 6.84 percent for their taxes above that percent. And we're talking about that amount there, that 6.84 percent and dropping it. So for-- that's for individual taxpayers, there's a different rate for married filing jointly, married filing separately, head of household. Married filing jointly goes up to \$64,430. They pay that top marginal rate, 6.84 percent for income-- adjusted gross income, taxable income above \$64,430. So to go back to what that number is, \$64,430 is your taxable income where you take your federal adjusted gross income and then take your Nebraska deductions, which for married filing jointly, you get \$14,000 deduction off the top. And there are some other deductions that are eligible under that. So essentially what that

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means married filing jointly has to be making adjust-- federal adjusted gross income of no less than \$78,430 before they start seeing any benefit from this tax cut. And so in terms of the number of individuals who are paying taxes at or above that, a federal adjusted gross income is 394,000 tax returns in the state of Nebraska out of one million, which means that there are 700,000, almost-- or I'm sorry, 684,000 Nebraskans--

**FOLEY:** One minute.

**J. CAVANAUGH:** --who are making less than that and 300,000 who are paying-- who are making more than that. So the vast majority of Nebraskans would receive no benefit from this tax cut-- from this income tax threshold cut. We've had conversations about ways if you sincerely want to affect everyone and put the bulk of it on those lowest-income earners, whether there was middle-income earners, and you can do that by raising that threshold from that \$64,000 up to a higher number, which means that those people would then have to pay-- they'd actually get a tax cut of five point-- down to 5.01 percent for those individuals making between \$39,000 and \$100,000, which is a much-- it's a bigger tax cut for those people that we've all talked about, the teachers, the nurses, the policemen, the, the guards at the Penitentiary. And so there are other ways to actually achieve the stated objective we have here. But the most important thing is--

**FOLEY:** That's time, Senator.

**J. CAVANAUGH:** Thank you, Mr. President.

**FOLEY:** Thank you, Senator Cavanaugh. Senator Briese.

**BRIESE:** Thank you, Mr. President. Good morning, colleagues. I rise in opposition to AM1869 and in support of AM1780 and LB939. I want to thank Senator Linehan for bringing this bill. I want to thank her for her leadership on the issue of income tax relief, and I want to thank her for her leadership on the issue of property tax relief. Last week, some in here criticized the notion of corporate income tax relief, and you have to admit corporate income tax relief maybe doesn't have the curb appeal of some of the other proposals. But we still need to remember that corporate tax relief is an extremely important component of overall tax relief in Nebraska. Remember, we have the second highest marginal corporate rate in our-- in the neighborhood. And we need to remember, too, that corporate taxes are a part of a business's-- an incorporated business's cost structure. And so what

does reducing the rate do? It can benefit consumers. How does it benefit consumers? The tax savings accruing to the corporation may be passed through in the form of lower prices and cost to consumers. These savings can also encourage more corporations to do business in Nebraska. And that competition can help drive down prices for Nebraskans. Reducing the rate can also benefit Nebraska shareholders, and the cost savings can also benefit the employees of the corporations doing business here in the form of higher wages and benefits. And it can improve our rankings nationally, and that's important, very important as we try to showcase Nebraska as a state that's open for business. So we shouldn't try to trivialize the importance of the corporate tax relief that we're talking about here. And as for the individual rate, again, our marginal rate is higher than all neighbors, except one. And it begins at a ridiculously low level, you know, 30-something for individuals, 60-something for married folks. And from the Chamber document that was handed out at the hearing, maybe it's been handed out on the floor, we see that our income tax burden really is higher than in any of our neighboring states at the \$75,000 level. The State Chamber and the business community continually remind us that we, that we have a workforce crisis, a workforce shortage in Nebraska and as the State Chamber has repeatedly said, our high individual income taxes are an impediment to solving our workforce crisis. They are an impediment to growing our state. And so what does LB939 do relative to our individual rate? First, it puts more dollars back in the hands of hardworking Nebraskans, and the vast majority of those Nebraskans are just simply middle-class folks trying to make a living. And look from the sheet that Senator Linehan handed out the other day, we can see that those are typically middle-class Nebraskans, and giving these dollars back to those folks is good for Nebraskans, good for families. Second, LB939 improves our ranking on individual income taxes, and that's important in our efforts to help grow our state, to attract residents, to retain residents. So LB939 really can help us grow our state. And how does it do that? Attracting residents, keeping families here. But how else? Well, let's look at that 2018 tax burden study. I think Senator John Cavanaugh talked about it the other day. Maybe a few others have. And in that study, under a set of assumptions there, the Department of Revenue assumed \$100 million individual income tax cut. In the executive summary, the Department of Revenue concluded that such a cut would actually increase disposable income taxes for Nebraskans by \$111 million. It would create over 1,000 new jobs. It would generate \$27 million in new investment. And because of the

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stimulation of economic activity, it would generate an additional \$5 million--

**FOLEY:** One minute.

**BRIESE:** --in state revenue. Thank you, Mr. President. So there are numerous additional benefits to an individual income tax cuts, and those benefits really are reflected in that 2018 Department of Revenue study. So for the foregoing reasons, I, I wholeheartedly support LB939, AM1780, oppose AM1869. Thank you, Mr. President.

**FOLEY:** Thank you, Senator Briese. Senator Clements.

**CLEMENTS:** Thank you, Mr. President. I rise in support of LB939 and AM1780, in opposition to AM1869 amendment. My number one reason for supporting this is competition with other states. I had a call from a plant manager for a national company, and he's got a, a location in my district. The national company has plants all around the country, and he said that he's been trying to hire people from another plant to give them a promotion to come to Nebraska. And he's having trouble hiring from other plants because the people ask what the income tax is in Nebraska and, and they say, nope, I'm not coming, they won't transfer to Nebraska. So that was a real-life example I just had a week ago from a phone call asking me to please support LB939. Second, the-- in 2018, the federal tax cuts lowered tax rates and increased standard deductions. But Nebraska did not follow the, the federal reductions. Other states did reduce their income taxes, and that's left us as an outlier. The federal limit of \$10,000 on deduction of state and local taxes actually increased Nebraska taxes paid for some people. That's one reason revenues had been increasing. Also, I agree with Senator Linehan that property tax has been a priority and we have done a lot for it. We now return about \$1 billion per year for property tax relief. I wanted to give you an example of the tax return that I prepared this weekend. Had a farmer who had federal income of \$149,500 and did well, except that on his return, he had paid \$81,000 in property tax, \$51,950 of that was school tax. And so the new property tax credit he received was \$13,146. Now last year, when we did his return, his, his property tax credit was about \$3,200. So his property tax credit went up about \$10,000, four times the amount. So he had income tax of \$6,000-- Nebraska tax of \$6,803 of income tax. But he had a \$13,000 refundable property tax credit. And so he ended up with an \$8,322 credit. I told him he was going to get a refund from the state of \$8,300 and he was shocked because I've been doing his return about 40 years. He's never, ever had a tax refund and got-- it

put a smile on his face and I was really pleased to be able to tell him that we had increased the property tax credit and finally doing something to help him with the amount of tax he pays the school. He pays \$51,000 to his school district every year. So the property tax, I think, has been well addressed. But now the income tax needs to become more competitive. When I do tax returns for people who have income in other states, we have to figure the tax for the other state and we compare it to what the tax would be in Nebraska and it is always noticeable how Nebraska taxes are higher than--

**FOLEY:** One minute.

**CLEMENTS:** --the competition. And so I have been noticing this for quite a while that Nebraska's income tax is out of line with our competitors, and I would really hope that we could do something finally, since we have good, good revenues and the revenue report looks favorable. I think now is the time for us to become competitive and keep up with our neighbors. Thank you, Mr. President.

**FOLEY:** Thank you, Senator Clements. Senator Slama.

**SLAMA:** Thank you, Mr. President. I yield my time to Senator Linehan.

**FOLEY:** Senator Linehan, 5:00.

**LINEHAN:** Thank you, Senator Slama. Thank you, Mr. President. First, when I get up, I want to thank Senator Briese. I guess we will keep that report because I ask everybody on the Revenue Committee to read it. And I know now, as always, Senator Briese does his homework. You can always depend on him to do his homework and to know what we're doing in Revenue Committee. So I really appreciate that. I want to talk a little bit. I hope Senator John Cavanaugh is still here. There you are. I understand what he was saying this morning, but I'm going to take a little bit of a different tact on it. So I've handed out, I think you've all gotten the income limits and range of earned income tax credit. So it's this sheet. It should be on your desk. So in Nebraska, we have an earned income tax credit and you will see that if you go, let's just-- I'll keep this focus on a family of four, mom, dad-- mom, mom and two kids, whatever the family structure is. Married filing jointly, two children, you qualify for the earned income tax credit up to \$53,865. Also in that income range, if you live in Nebraska, you're eligible for CHIP program, let's say family of four, up to \$56,445. So your children can be insured under CHIP and you qualify for the earned income tax credit. Also, you will qualify for



free and reduced lunch at \$49,000. So what we do in Nebraska, and this is the right thing to do, is we help young families who are starting out, who maybe have a couple of children and they've got daycare expenses and they can hardly keep ends meeting. We help them with CHIP, federal government free and reduced lunch program, and earned income tax credit. So when we talk about this tax cut is not going to help those people, that's true. But here's what we do. We help Nebraska families with all these programs until they finally break out and they get a promotion or they get a raise. Maybe both of them do. And all of a sudden they're making \$90,000 or \$100,000 and they lose all these programs. They all go away and we put them in the highest income tax bracket. That makes no sense. None. And we can talk about, and I have fiscal notes here from bills that have been introduced in the revenue committee, we can talk about raising the rate on the highest income earners. It doesn't generate enough money. There aren't that many of them. And what really should scare us all of the maybe 20,000 over 500 filers, over 500,000 in the whole state, they could, they could move. They don't have to live here. And the last two days of whether haven't convinced me of anything else that we should not tax people a premium to live in Nebraska. It's not going to work. Colorado, our neighbor where half the people I went to college with now live, has a 4 percent flat tax. Four percent. So geez, do I want to live in Keystone and pay 4 percent and no taxes on my Social Security up to \$38,000 if I'm single up to \$60-some thousand if I'm married. I don't pay any taxes on retirement income, any on any kind of retirement income, whether it'd be Social Security or--

**FOLEY:** One minute.

**LINEHAN:** --or do I want to live in Nebraska, where I pay 6.84 percent? And I'm not even going to the property tax situation, it's even more depressing. Thank you, Mr. President.

**FOLEY:** Senator Linehan, you're next in the queue. You may continue for five more minutes.

**LINEHAN:** So we've got that competition in Colorado and it's real. Iowa, our neighbor to the east, which a huge part of our population shares a border with is working to get to a 4 percent flat rate. So that-- even if we do this bill, and I hope we're going to, and we drop over three years our top rate from 6.84 to 5.84, we're still going to be the highest in the area. We got a lot of work to do and this is just one step. And I would like to do more. I would like to do more all up and down the scale. But the problem is I am trying to keep the

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numbers inside the government's budget with the money that we have. So we've done LB723 for property taxes. We've done Social Security and now we're trying to do something for everybody else. Well, let's be honest, most people that are at 6.84 also have a high property tax bill. So we're trying to do two things for them to keep them here. The other thing I think is misunderstood. One of the reasons when you drop the rates, the two rates below the 6.84, everybody, everybody takes advantage of that. So if, as Senator Cavanaugh-- could you answer a question Senator Cavanaugh? I appreciate that Senator Cavanaugh, John Cavanaugh, was talking about this this morning because I think it's important to realize--

**FOLEY:** Senator Cavanaugh, will you yield, please?

**J. CAVANAUGH:** Yes.

**LINEHAN:** So Senator Cavanaugh, if we drop the mid rate, I think the other Senator Cavanaugh had a bill in front of the Revenue Committee where she dropped the rate. I have it right here. I thought I had it here. Anyway, let's say we drop the mid rate to 5 percent from 6.84 from people making, I don't know, \$50,000 to \$150,000. Does that affect the people at the top?

**J. CAVANAUGH:** Yes.

**LINEHAN:** How does that affect the people at the top?

**J. CAVANAUGH:** Well, this is kind of what I was talking about in my remarks, the graduated income tax affects-- you pay the tax up to that threshold, so people making above \$150,000 would pay their tax on that portion between 50 and 150 at that 5 percent rate. And then they would pay at 6.8 above 150. So they'd get the benefit in the middle there.

**LINEHAN:** Thank you. So Senator Cavanaugh, I went back to a study that the-- excuse me, the Research Office did and its income by district. And this was in 2014, 2018. So it's dated. I'm sure these incomes are higher now. I do live in the highest income district, according to the study, and the median income in my district in 2018-- from 2014 to '18 was \$102,114. Do you think that's wealthy?

**J. CAVANAUGH:** Well, it depends on your marital situation, number of kids.

**LINEHAN:** Let's say it's-- let's stick with the couple with two little children.

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**J. CAVANAUGH:** A couple with two little children. So a house of-- household of four making \$100,000 probably wouldn't be considered wealthy. No.

**LINEHAN:** Where is, where is wealthy when you're a married couple, both working with two children?

**J. CAVANAUGH:** Well, I mean, that's--

**LINEHAN:** And if you have student loans and you have to pay for daycare, where is wealthy?

**J. CAVANAUGH:** I don't know the answer to that question of what, what would be considered wealthy. I, I mean, I guess it would depend on how much disposable income you have after you need to pay your needs.

**LINEHAN:** Your needs as in daycare and college loans and maybe hopefully being able to set-- once you get your college loans off, maybe being able to set some money aside for your children's college.

**FOLEY:** One minute.

**J. CAVANAUGH:** Yeah, [INAUDIBLE].

**LINEHAN:** Yeah, well, I think, I think it's well above \$100,000. And if you're two professionals, whether you'd be teachers, firefighters, electrician, and you're both working, you get to be where you finally get some air under your wings, you could get up to \$200,000. And I don't think that's rich, and I don't think we ought to be chasing people away from Nebraska. Thank you, Mr. President.

**FOLEY:** Thank you, Senator Linehan. Senator John Cavanaugh.

**J. CAVANAUGH:** Thank you, Mr. Lieutenant Governor. Fantastic segue. Thank you, Senator Linehan, for the conversation. So I, I think Senator Linehan is correct that there are-- we do a lot in the state for folks and that I, I brought the EITC bill, as a matter of fact, because I wanted to make sure that we are helping lift more people up. And you can see on that sheet that's been handed out three or more children married filing jointly \$57,000 and the EITC range is \$11 to \$6,728. And those-- that money is the thing that can help lift those families up and out of poverty and give them the chance to save money, to buy a house, to build for a future that several people around here have talked about. As it pertains to what is wealthy and what are expenses? I, I know it's maybe a misconception about me, but I have

four kids. I have student loans, I have childcare. All of those things are a huge expense. And so I understand very well what it means to be perceived to have-- be considered wealthy and have those massive expenses that bear down on you. So I, I, I recognize what Senator Linehan is saying and I, and I guess I grant the premise that individuals making up to \$200,000 if they have kids, student loans, and, and childcare costs are, are not wealthy, and we should be considering those people. And therefore I have suggested things like raising that income level. I also recognize what Senator Linehan is saying about the fact that if we just increase taxes on the top earners, that we are not actually recouping the cost of the cut to those middle-income earners. What that ignores is the fact that this cut is \$400 million, most of which are for the top income earners. So if we can't afford to cut taxes for middle-class and working people and those people below \$200,000, how can we afford to cut it for the people over \$200,000, those people who now have that air beneath their wings and who have made that success? If-- the question is whether your objective is to create a tax policy that is going to allow people to grow and get ahead or if it's going to be specifically to benefit people once they are ahead. And those are two fundamental questions that are at odds in this conversation, and I'm not saying one of them is right or wrong. I'm saying that I'm on the side of the one that cuts taxes for those working people trying to get ahead and that I'm not so interested in cutting it for the people who have a million dollars in income, have \$500,000 in income, have over \$250,000 in income. Those people don't need the help as much. But what's more, if we can only afford to cut it for some people, if we cut it for those middle incomes, as Senator Linehan just pointed out, the people at the top also get a benefit, but they don't get the \$9,000 benefit that they get in this tax cut. They would get that marginal income benefit for that, that amount between where it is now \$64,430 and whatever we would move that number up to. If we moved it up to \$200,000, they would get that difference in benefit. And so they would get a benefit. It just would be smaller than the one they're getting under this tax cut. But that would also-- it would also help everyone else in those brackets. So if the conversation is about wanting to help these people, that's-- I'm, I'm there for it. I want to have that conversation. I want to make sure that we're actually giving middle class tax cuts. But if it's just saying we can afford it for millionaires, but we can't afford it for middle-class people, I don't-- I'm not there for that. I'm not part of that conversation and that is I'm not going to be for that. To Senator Briese's point, that study.

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**FOLEY:** One minute.

**J. CAVANAUGH:** Thank you, Mr. President. That study does say-- have those other ancillary benefits and they are calculated into the total, the total benefit of a decrease in taxable income or taxes by \$87 million. So all of those numbers add up to basically a generation of \$13 million in, in tax revenue. However, the sales tax cut creates, the sales tax cut creates 16,000-- 1,600 new jobs, \$167 million in private investment, and would increase disposable income by \$100 million-- or I'm sorry increase private investment by \$100 million, increase disposable income by \$167 million. So a sales tax cut creates more jobs, generates more economic benefit, generates more personal investment. So if the objective is to reach those goals, there is a different method than a, than a tax cut. And as to the corporate tax cut, studies show--

**FOLEY:** That's time, Senator.

**J. CAVANAUGH:** --90 percent go to out of state or 80 percent. Thank you, Mr. President. I'll push my--

**FOLEY:** Thank you, Senator Cavanaugh. Senator Matt Hansen.

**M. HANSEN:** Thank you, Mr. President, and good morning again, colleagues. So focusing on the tax bill this time. I've had the sheet and I appreciate-- actually, I genuinely appreciate, I think I've lost some over the past week, all of the different handouts and all the different explanations of income tax and other rates that Senator Linehan and others have passed out. One thing I wanted to highlight, it's been on my desk for a while and I keep looking at it is a, a chart labeled Nebraska individual income tax returns, so on, so on, and so on for 2018. It's a legal size piece of paper, and it shows, as I understand it, the number of returns so the number of taxpayers in a variety of income categories. And that's included in what we've been talking about and have just been talking about this morning. And so of the little over a million people who filed an income tax return in Nebraska, so 1,009,383, so a little over a million, less than 9,000 earned a million dollars or more. By this chart, 800-- sorry, 8,880-- 8,811. Excuse me. There are just under 9,000 people who earned over a million dollars in the state of Nebraska this year out of a million. And I understand that is a small percentage of the people in the state of Nebraska who fit into this truly millionaire category. And wherever the definition of wealthy you have, a federal adjusted gross income of over a million dollars in a single calendar year has to fit there. And

while they are just 9,000 out of a little over a million taxpayers, they represented over half of the income the state of Nebraska had. The state of Nebraska in this chart, if I'm reading it right, had \$139 billion across all million people, \$139 billion. And this particular 9,000 group had over half of that at \$75 billion worth of income. This is why I think a lot of us do agree that starting the top income bracket in the low 30s where we have it doesn't make a lot of sense because we are talking about literally two completely different worlds when we start getting to the top end of this income chart. I'm not even talking about just over half a million, you add another people earning over half a million dollars adds another six billion to that and keeps running up the score and so on and so on before you even get to the low six figures. And I'm talking about adjusted income in a single tax year. So when we talk about all of this stuff and we talk about these things, yes, we do have a lot of families who hit on this bubble and hit coming into this bracket. But I think there's a lot of frustration that people who literally have half the wealth or half the income of the state of Nebraska also fit in this bracket and are being taxed at the wages of taxed at the same rate as everything else. When we talk about, you know, what do you have to earn to fit into what bracket? I, I do agree. You know, it's-- I think it's \$16,000 an hour-- sorry, \$16 an hour gets you into the \$33,000 a year category if that's working full time. And the problem is, though, that is so far down on this chart and to the point where we are looking at despite that category-- so-- so just looking at the \$30,000 to \$35,000, that's 54,000 taxpayers in Nebraska who are in that exact group, kind of the, the low 30s, and they collectively earned a little under \$2 billion. So at \$1.7 billion. Again, that group is like 8 times taller and has about 30-- despite being 8 times bigger, has 37 times less income. Like, that's the drastically how far the scale is tipped--

**FOLEY:** One minute.

**M. HANSEN:** --and tweak and change when you start getting to this range where we're talking about the actual high earners. And that's a difficulty with this bill is our tax system has been set up that we do tax, we do tax people who are working kind of-- who, who just work in hourly jobs, at the same rate we tax the completely highest earners in the state. And that's the change that just in the income side where we're looking at it, where it's, it's interesting just to see the tax bill and who we're talking about. I think some of what I would check into is just how we've been framing this tax bill because we know when we look at the raw numbers who this is going to benefit and it's drastically tipped to the people who earn most of the income who

happen to be most of the people earning a million dollars a year, earn over half the income in the state of Nebraska. Like, that's just what it says on the chart. People earning over a million, earn half of the income of the state of Nebraska. Colleagues, that's something we're just going to have to conceptually address this tax debate.

**FOLEY:** That's time, Senator.

**M. HANSEN:** Thank you.

**FOLEY:** Thank you, Senator Hansen. Senator Hunt.

**HUNT:** Thank you, Mr. Lieutenant Governor. I didn't know if I was going to get involved in this conversation today, but I was listening to a lot of the reasons for support of this bill and how it's going to make Nebraska more competitive. And I want to share my views about making Nebraska more competitive, which is something I'm very passionate about from the time I was young in Nebraska. I'm a sixth-generation Nebraskan, this is where I'm from deep. I've never lived outside of Nebraska. But to me in my lifetime and since my parents' lifetime, I haven't seen Nebraska get better. And I stand in strong opposition to LB939. Yes, it cuts some taxes for the middle class, but it's also a tax cut for millionaires and billionaires. And as Senator Matt Hansen just explained, over half of the state's revenue comes from those people making a million dollars or more. So why aren't we making more tax brackets instead of cutting this wide swath of people and saying you're all going to get a break? But the more money you make, the more of a break you get. So it's really not going to affect everybody in a, you know, statistically equal way. If that's the goal. And proponents say that they want to send the money back to the people, that it's their money that we should give it back to them, but which people? Because it's really just the millionaires who are going to be getting most of that money back and they aren't the ones that really need it. And when we talk about being competitive with other states by cutting taxes on top earners, I think Colorado is a great example of a state that we should be more like. Senator Linehan talked about how Colorado has a 4 percent flat tax. That sounds great to me. I would probably support a bill like that. But is that LB939 does? Oh, no, that's not what this bill does. It's a tax cut on millionaires and billionaires. And while we're copying what Colorado's doing, while we look at all the income and all of the revenue and all of the huge population that Colorado has, and we think that we're going to copy what they're doing by lowering taxes on millionaires, why don't we copy some other things Colorado is doing? Why don't we legalize weed for one thing? For one

example. Why don't we elect a gay governor? Do you guys think that'll ever happen here? You know another thing Colorado does is they allow undocumented migrants to access public benefits and to get licenses to provide services in Colorado. Colorado has a free reproductive healthcare program for low-income Nebraskans so they can get IUDs, they can get contraceptives, they can get reproductive healthcare at no cost. We don't have anything like that in Nebraska. Colorado prevents state agencies from sharing information about undocumented migrants with ICE. I've introduced a bill to do that here, and I got death threats for introducing that in Nebraska. I don't know what happened in Colorado, but. While we're trying to be more like Colorado, I think that would be a good place to start. Colorado also has an independent redistricting commission, another bill that I've introduced this year to try to take more of the political influence out of the way we redistrict every ten years. Colorado allows Medicaid to cover abortion services.

**FOLEY:** One minute.

**HUNT:** And they don't have any limits on when, when women can make the decision to terminate a pregnancy. To say nothing of the recreation. But folks, we have to be honest with ourselves that if we want to attract more people to Nebraska, it's not going to come from a tax cut for millionaires. What we need in Nebraska is a wholesale culture change, and you can't cherry pick what you like about other states that have larger populations than us and more revenue than us and say, well, it's probably because of their 4 percent flat tax. (A) We haven't introduced a 4 percent flat tax here. It's apples and oranges. That's not what we're talking about. And (B) that might not actually be the reason that more people are attracted to Colorado than Nebraska. Thank you, Mr. Lieutenant Governor.

**FOLEY:** Thank you, Senator Hunt. Senator Moser.

**MOSER:** Good morning, colleagues. Thank you, Mr. Lieutenant Governor. A couple of points on the LB939. A lot of rating groups, you know, you have all these think tanks that look at taxation in various states that rank the states. Look at your top rate, the complexity of your brackets and a lot of the variations from state to state are hard to compare. So they rank you, a lot of them by the top rate. So lowering the top rate is going to make you more competitive when you look at comparing states and what taxes they charge. Our sales tax revenue is, is good. It's almost \$2 billion, not quite a year. It's \$1.941 billion somewhere right in that neighborhood. And-- but where we do fall



behind is we have given so many exemptions to sales tax that we've created kind of a honeycomb system where some things aren't being taxed that could be to kind of balance the income from income tax and sales tax and all other taxes. So I, I think it's important that we look at that top rate to be competitive. The rate starts at such a low point that it affects middle-income earners as well as the top earners, and the middle-income earners are probably struggling more than the people who are in the top brackets. And so if we help those middle earners, I think that's, that's a great thing. You know, and again, when we, when we all ran for office, we ran, you know, lower taxes, less regulation. At least those are the things that resonate in my district. And that's what people tell me when I talk to them at open houses or just public events that I go to. Those are things they're interested in. And so, you know, that's why, that's why I think we should cut this tax rate. I think it's what I told my constituents that I would do if I had the chance. This is what I'd vote for. And so that's why I support it. I appreciate it. Thank you.

**FOLEY:** Thank you, Senator Moser. Senator Friesen.

**FRIESEN:** Thank you, Mr. President. So I've been missing some of the discussion this morning, but I, I want to talk again a little bit about the longer-term tax picture, and I am not opposed to making some income tax cuts. I just the current way it's written, I can't support. When I look at Hamilton County, our median income, I think, was around \$64,000. So when I look at this, the people who I want to give a tax cut are really not getting it the way this bill is written. So again, we-- when we look at tax policy across the state, I mean, what's-- what works may be best for Omaha is that's OK. I'm, I'm good with that, but it may not be what counties in the rural part of the state need. And when we look at all of the things we do in our, in our entire tax policy, whether it's a sales tax turn back for building convention centers and now we're building these recreation centers, there's a lot of revenue going to certain parts of the state, and it's not what I would say, spread across to some of the areas where I'd like to see some tax relief. And so as we move forward, I'm open to compromise, I'm open to try and working with a, a property tax proposal again. And we still have not, if you want to look at the whole big picture, we have not equalized the three legs of the stool yet. We still collect a lot more in property taxes than we do in income and sales. I have been open to broadening the sales tax base. I have been open to looking at any of those processes where we can level the playing field amongst property taxes, income, and sales taxes. And someday we may get there, but we have to take little nibbles at a

time. I was reminded once in the Rotunda that I have to sometimes settle for half a loaf instead of a full loaf. And so as we've been taking these little bites, we in the past few years we have been making some income tax cuts. We've made some tax cuts on Social Security, on veterans benefits. You can go down a long list of things we have done. And I think we're overall, we probably are getting to the point where we have to start looking at what is going to be our priority? What is, what is the one thing that rural Nebraska maybe needs versus the Omaha and the Lincoln's, Columbus? Our property taxes in my district, at least, are the only thing that comes up in conversation. If I ask people about an income tax cut that is not their top priority, it is property taxes yet and they do appreciate what we've done. They have noticed it. The-- this year when they do their taxes, they are going to realize a pretty substantial, refundable tax credit on their filing when they do their taxes. I'm getting emails already appreciating that. So it's not as though we have done nothing. We have accomplished a lot in the last three or four years, but we still have some ways to go. So as we, as we continue to move forward, again, I will keep saying, let's, let's look for compromise. Let's look for a way to make this work. I think there's a path forward. And I think that by working together, we can come up with something that's equitable for the rural areas of the state and the urban areas of the state. And it's just we need to have this discussion to make sure that what our tax policy is doing in the longer-term big picture where we want to be down the road. And when I talked to some young people, at least income taxes didn't enter into it. They were more on the property tax thing. So let's continue to have this discussion. What does business want? Right now, they can't find employees. They can't find affordable housing. And affordable housing to me means also lower property taxes on that house--

**FOLEY:** One minute.

**FRIESEN:** --whether it's in Omaha or York or Henderson or Aurora. If you can't afford a home and yet we continue to levy property taxes that are unaffordable, we're not going to solve our housing shortage. There's a lot of things at play here, and with unemployment rates as low as they are, we need to look at all of those pictures before we make some decisions here. Thank you, Mr. President.

**FOLEY:** Thank you, Senator Friesen. We'll pause the debate for a moment. Items for the record, please.

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**CLERK:** Mr. President, Enrollment and Review reports LB700 and LB906 as correctly engrossed. Series of committee reports: Natural Resources reports LB806, LB981, LB1102 to General File with amendments; General Affairs reports LB1236 to General File with amendments; Urban Affairs, LB727 to General File; Revenue Committee, LB165, LB853, and LB1273 to General File, some having committee amendments. And an amendment to be printed, LB1024 by Senator. That's all that I have, Mr. President.

**FOLEY:** Thank you, Mr. Clerk. Continuing discussion. Senator Linehan.

**LINEHAN:** Thank you, Mr. President. I think somebody said earlier the fiscal note on this was \$400 million, so I just want to point out that this-- the way which AM1780 with LB939, the fiscal note on LB939, which is the individual income tax for '22-23 is \$61.7 million and for '23-24 is \$176.5 million. And then the corporate is in '22-23, because we've already headed this way in corporate, is \$1 million-- \$1.8 million and the '23-24 is \$10.6 million. So I don't know where the \$400 million came from, but again, these are the numbers. This bill was written so it could fit into the budget, the money we have now. We all know, or I think most of us know, that on Monday the Forecasting Board is going to meet and then we'll have a clearer picture. Senator Matt Hansen had talked about the sheet that I handed out last week, which I'm happy he studied, and if you don't remember, it's this one. And what it does is it breaks down several-- I don't know, there must be 20 to 25 breakdowns here of income that you-- what your federal adjusted gross income is. And I've also handed out, the page, page 7 from the income tax-- Nebraska income tax book that shows the standard deductions at the bottom. So-- and Senator John Cavanaugh talked about this. So this shows you if you're a family of four here, let's see, your standard deduction married filing jointly is \$19,600, so if you're \$50,000, \$60,000 gross income, then that's your standard deduction, which would take you down to 40. And then all the things I said before. So I think what-- and I see Senator Hansen, I gave him a heads up and he's here. So thank you very much. Senator Hansen, would you yield for a question?

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

**M. HANSEN:** Yes.

**LINEHAN:** So you pointed out that the people, a million or more is only 8,800 people, right?

**M. HANSEN:** Yep.

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**LINEHAN:** But your point was they-- they're clearly successful and their federal adjusted gross income is \$75 million, which is half of the total.

**M. HANSEN:** Yes.

**LINEHAN:** So what do you-- what did they-- I played with this all weekend. Well, not all weekend. Actually, I did some yard work, but I did work on it Saturday. How much of the tax revenue do you think comes from those 8,800 people of our total revenue, total income tax revenue individual?

**M. HANSEN:** About 10 percent.

**LINEHAN:** Ten percent. So I think I figured out on average, some would be higher, some would be lower. They're paying about \$32,000 a year, or 26-- almost \$2,700 a month in state-- in just state of Nebraska income taxes, right?

**M. HANSEN:** I haven't calculated that, but I'll trust you.

**LINEHAN:** So it's less than 1 percent of the population.

**M. HANSEN:** Yeah.

**LINEHAN:** And then how much do you think we should tax those people?

**M. HANSEN:** I am concerned that if they have 50 percent of the income, they're only paying 10 percent of the taxes.

**LINEHAN:** So, so what tax rate would you put them at?

**M. HANSEN:** I don't know, genuinely. But that's what we're talking about how this bill would impact? That's why I raised that point.

**LINEHAN:** So let's just pick a number. Ten percent?

**M. HANSEN:** I-- I--

**LINEHAN:** They're at 6.84 now.

**M. HANSEN:** Sure.

**LINEHAN:** So would you be happy if they were at 10 percent?

**FOLEY:** One minute.

**M. HANSEN:** I'm, I'm not picking a tax rate for them. I was talking about our current tax structure.

**LINEHAN:** OK. So if you also study this chart, you realize that above \$75,000 to \$250,000 is 43 percent of the taxpayers are in that bracket from \$75,000 to \$250,000; 43 percent of the taxpayers are in that bracket. So 43 percent of the taxpayers in that bracket would get a tax cut under this bill. Do you agree with that?

**M. HANSEN:** Yes.

**LINEHAN:** OK, thank you. Thank you, Mr. President.

**FOLEY:** Thank you, Senator Linehan and Senator Hansen. Senator John Cavanaugh. This is your third opportunity, Senator.

**J. CAVANAUGH:** Thank you, Mr. Lieutenant Governor. So-- well, I was the one who said it cost \$400 million, and I could tell you, I read the fiscal note and it goes through several iterations because of the stepped in implementation of this bill, which is important to note that when fully implemented, this income tax would cost \$366 million million and the corporate tax would cost about \$50 million. So my math would be about \$400 million, a little more than \$400 million is the cost when fully implemented. So if Senator Linehan is asking us not to fully implement this bill, then we could talk about how much it costs when not fully implemented. But if you want to have a conversation about what this bill really costs and what it really does, we should have a conversation in that context. So \$400 million is the fiscal note, the cost of this bill in '26-27 when fully implemented. And that's a relevant point to how much this costs. So I wanted to go back because I was kind of quickly talking at the end of my last comments about the sales and use tax study, the Nebraska Tax Burden Study from October 29, 2021, where it says that if you cut the sales and use tax by \$100 million, it would result in \$87.44 million decline in state revenue. So essentially, it would generate an additional revenue for the state of \$13 million. So it would only end up costing us \$87 million. The disposable income would increase by \$167.23 million. Private investment would increase by \$102 million and there would be 1,613 new jobs. So that is a sales tax reduction of \$100 million. So if your goal is to create more jobs, generate more investment, and increase disposable income, a sales tax revenue does better than a individual income tax reduction. Individual income tax would result in a \$94 million decline in state revenue, which means for \$100 million in cut, it would generate \$6 million, little less than-- a little over

\$5 million in additional income. So it would only cost us \$94 million. Then it would create \$111.55 million increase in disposable income. Private investment would increase by \$27 million and 1,002 new jobs. So 600 more jobs under a sales tax cut. Let's see, four times as much personal or private investment increase and \$50 million more in disposable income generated by a sales tax cut. So the reason I talk about this is, one, that the studies show that these income tax cuts do not actually pay for themselves, which is an argument that some people make when they talk about these things. And that is simply not true based off of the studies of our own Department of Revenue. However, if your objective is, is to create new jobs, increase private investment and increase income, there are ways that do it better than an income tax cut. So it depends on what your objective is. That is separate from the fact that this tax cut is disproportionately granted to the wealthiest Nebraskans and wealthy is a subjective term, of course, and everybody is going to have their own definition of what wealthy means. And that is not necessarily what the point is. But the point is that the median income of Nebraska is below the threshold that would benefit from this tax cut, which means that the average Nebraskan would not get the benefit here. And so the question is whether we want to spend \$400 million in '26-27 or \$167 million--

**FOLEY:** One minute.

**J. CAVANAUGH:** --next year and, and increasing to mostly benefit people making above the median income in Nebraska or if we want to find a different way that achieves the stated objectives that cuts taxes for individuals who are making the median income or below the median income, because then everyone gets that benefit because of the graduated income tax that I've talked about repeatedly here. I'd be happy to talk about it again for everybody if people want to hear me go through that again. But if you cut taxes to the low-- lower brackets, middle brackets, it benefits the people above them. So the people in these higher incomes that are paying this higher percentage of the state's total revenue would also get that benefit. It just would be smaller than the benefit that they're getting under this tax cut, which is still a cut. And I doubt they would complain that they got that cut. So I'll-- well, I guess it can't push my light right now. I'll push it next time I get the opportunity. Thank you, Mr. President.

**FOLEY:** Thank you, Senator John Cavanaugh. Senator Machaela Cavanaugh.

**M. CAVANAUGH:** Thank you, Mr. Lieutenant Governor. Good morning, colleagues. I rise in opposition to the current form of LB939, which is AM1780. I do think that there's an opportunity to work on this and get it to a place where many of us who are currently in opposition would not be. First of all, having the corporate tax in there is a nonstarter for me because we just did corporate tax cuts last year. And if that was the intention, then we would have done it last year. Just because there's more body right now, I, I just wouldn't think that, that was something that we should do because we would have done it last year. And actually many of us opposed doing that last year. So going back and doing even more is something that I definitely am opposed to. I do have an amendment pending and it is a serious amendment. It is a redone version of my bill that I introduced in Revenue, which is an income tax cut. I'm still working on the percentages on it because it does result in a pretty significant revenue loss as well. And so need to fix that. But it's a middle class tax cut. So what my bill does is take anybody who makes \$6,659 and below their tax rate is 2.46 percent. Anyone who makes-- I'm sorry this is filing jointly. Anyone who makes \$64,429 and below, below up to the \$6,000 makes 3-- pays 3.51 percent. The next level-- now currently, currently the next level is \$54,000. If we didn't do any, if we didn't do anything, the next level is \$54,000. And that's the last level that we currently have at 6.84 percent. My bill would make the next level, \$199,000 and below at 5.1 percent and then at another level at \$999,000 at 6.51 percent. Now still, these individuals would still be paying less in taxes than they currently are. Anybody who makes under a million dollars will be paying less in taxes than they currently are. Then the next level is \$1 million dollars and above is 8.1 percent-- 8.01 percent. And anybody who makes \$2 million, their tax increase between this and what they would pay currently from my math is about \$5,000. So it would be a \$5,000 increase for two, two millionaires-- two-- \$2 million millionaires. So but it still causes a deficit of \$243 million. And as much as I would love to give a sizable tax cut to the middle class, it needs some tweaking. It's not, it's not quite where it should be, which I probably won't get to it this year. I, I don't know unless, unless the body wants to work on this, wants to compromise on these tax levels and give some real tax change-- cuts to the middle class, I don't think that my vision for a middle-class tax cut--

**FOLEY:** One minute.

**M. CAVANAUGH:** --thank you-- is going to happen this year, which is unfortunate. But sometimes these things take time, and that's kind of

part of the thing with term limits. This is for the people at home. If you ever have the opportunity to vote to change term limits, I would recommend it, not because I think I should be here longer, but because of institutional knowledge and the lack of it and the disproportionate authority and influence that that gives to the lobby. So people watching at home, if you ever get to vote on a constitutional amendment to change our term limits, I highly recommend it. Thank you, Mr. Lieutenant Governor.

**FOLEY:** Thank you, Senator Cavanaugh. Senator Blood.

**BLOOD:** Thank you, Mr. President. Fellow Senators, friends all, I stand in support of Senator Hansen's amendment, but currently opposed to the underlying Revenue amendment and the bill as written. This is the first time I've spoken today. I've been listening as I've listened during this entire debate. Never left the floor during debate, the days and days of debate. And I want to say that I, I got to give kudos to Senator Linehan. She's doing such an excellent job of hearing all the numbers and coming back with answers, and that has to be exhausting. So I do want to put a plug in for Senator Linehan. But with that said, I, I want to talk a little bit about this bill and, and some factors that we keep brushing over. First, I, I also want to reply to what Senator Hunt had to say about why people are moving out of state to Colorado. You know, I have a sibling that just moved to Colorado, Senator Hunt, and they are definitely upper middle class or higher, depending on how you define middle class and how you define somebody that's wealthy. I think if you make \$100,000 with two kids that you're upper middle class in Nebraska, at least. One of the things that brought them to Colorado was how the governor promotes the state. If you were to compare our social media at the executive branch and the executive branch in Colorado, it's like night and day. One, social media is about everything that they want you to be scared of, everything they want you to dislike, smoke and mirrors. We don't have to solve the real problems like the AltEn plant in Mead, Nebraska. In Colorado, the governor and his hilarious spouse have this wonderful-- these wonderful threads going about all the awesome things we have in Colorado. All the things they have in Colorado, come and see us. It's, it's fresh air. It's, it's clean drinking water, activities where you can be physical and, and share it with your family and you can retire here and be healthy. I have yet to talk to anybody in my circle that moved there because of taxes, but I run in a different circle than Senator Linehan does, and I'm not saying that what she says isn't true, but the people that I know that move there move there for a better way of life. And because the messaging is so positive, they no



longer feel that they are Nebraskans. They come back for the football games. God bless them and spend some money when they're here. But they like Colorado because they like the messaging. So the reason I don't support this bill and others like it is because I never see the longevity in the bills. I see and listen to what Senator Briese and Senator Linehan and others that support bills like this have to say. And I know that there's an immediate impact, but I don't see how it's going to last, and I haven't seen that in decades. I just see us-- we just keep kicking that can and kicking that can. And we want to do something and give that money back and we should. But there's so many things that we can do that we haven't done. We haven't increased the minimum wage. We don't allow Nebraskans to use their savings fund to pay off student debt for those who choose to live and work here in Nebraska, especially for educators and those in the medical field. Why don't we add more tax brackets? Why don't we expand the sales tax to include services, especially software, as a service? Senator Briese had a bill that he was trying to do some of that, but we never really tacked-- tapped into things like software. I feel like we overlook the obvious here in Nebraska. We can review the state constitution and we can amend the Eighth Amendment. So it's for intangible property tax, but we don't do that. You know, I have a hearing tomorrow in Revenue on a circuit breaker bill, and you've heard me talk about it when we filibustered before because I like to talk about circuit breaker bills. I think it's very exciting and that it is a, a real answer to the problem that we have with property taxes.

**FOLEY:** One minute.

**BLOOD:** I don't have high hopes on it, but it properly addresses the, the tension between rising property taxes and stagnant incomes. And it's good for ag, and it's good for middle class and lower middle class because it automatically gives you tax relief and it's something that is sustainable. And so I've really learned a lot. I've got more numbers in my head than I think I should ever have in anybody's head, and I respect what Senator Linehan is trying to do with this bill. But for me, it's, it's just kicking the can. It's not a long-term response and we all need to sit down together and figure out what that looks like. And so with that, thank you, Mr. President.

**FOLEY:** Thank you, Senator Blood. Senator McCollister.

**McCOLLISTER:** Thank you, Mr. President. Good morning, colleagues. As I listen to the debate on this bill, I'm still somewhat undecided. And

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to help me understand what the path forward is for this bill, I'd like to ask Senator Linehan a few questions. Will she yield?

**FOLEY:** Senator Linehan, would you yield, please?

**LINEHAN:** Certainly.

**McCOLLISTER:** We're in the midst of a filibuster, as you well know, and we'll resolve that issue tomorrow sometime. It's your plan, I understand, tell me if this is incorrect, that this bill moves to Select and then we rightsize the bill. Is that what your thought is?

**LINEHAN:** Yes. I mean, I, I think the way the situation will turn out is we'll have to wait, we've got two big issues. We've got the budget's got to come to the floor. So we can see what's in the budget and how much that's going to be. And we also have the Forecasting Board meeting on Monday, which will tell us whether we have more or less money. So those are two really big things that we have to know before we can actually understand exactly what we could do on income taxes or what else we could do on property taxes because we don't know how much money we have.

**McCOLLISTER:** So after this information comes to the Legislature, we can determine what the proper size of the bill is, what our spending is likely to be and what our priorities are. Is that correct?

**LINEHAN:** That is correct. And as you've been here long enough to know that these things all kind of get worked out in the end. But you have to keep them alive to get them there. So if we don't keep it alive, then we are not going to have a vehicle to work with.

**McCOLLISTER:** What's some of the-- what are some of the strategies we could employ to make the bill more attractive to a greater number of people in the body?

**LINEHAN:** I, I know that people are talking a lot about brackets. I don't really-- I know that everything I've seen on that increases the cost of the bill substantially. Because again, it's those people-- really, it's those people, as soon as you get out of the CHIP and the free and reduced lunch and you start making money, then their, their income taxes go up all the way to the top. They're all in that bracket. So if you lower the brackets under them, then all those people get that lowered too. So we just have to figure out the numbers. I, I haven't seen a number that plays with the brackets

that's going to fit in our budget. I would love one. But I haven't seen one that will. Maybe there is one.

**McCOLLISTER:** An option we have, is it not, we could increase the amount of money before taxes go into effect in Nebraska before the tax rates hit the, the low levels. I think what a person-- one person in the state, at what point do they start getting income tax?

**LINEHAN:** There's different-- it all depends on, you know, your family status and children and all of that. But I-- my-- what I worked over the weekend is once you get to that \$70,000 to \$75,000 range, you're, you're definitely going to be paying this highest rate even with your standardized deductions and everything else, you're going to be in this high rate.

**McCOLLISTER:** Now is that a family of one or two?

**LINEHAN:** That would be a family of four. I'm trying to stick with a family of four because it's, it's hugely different. If you're single, you're in that bracket a lot sooner.

**McCOLLISTER:** That's correct. Thank you, Senator Linehan.

**LINEHAN:** Thank you, Senator McCollister.

**McCOLLISTER:** Senator Stinner, will you yield to a couple questions?

**FOLEY:** Senator Stinner, would you yield, please?

**STINNER:** Yes, I will.

**McCOLLISTER:** Senator, what do you see as the path forward for this bill? Do we listen to the information we'll receive next week and then we reconcile all these tax proposals we have, including Social Security, income tax, and spending? Is that, is that how you see the path forward?

**STINNER:** Yeah, I'd really like to see us take the whole tax package, get it to at least Select. And then on Monday we will have the Forecasting Board and then we can put together a numerical presentation that's, that's current, up-to-date, and I think can, can move us forward in, in almost all the directions.

**McCOLLISTER:** As you look at our, our tax brackets, do you feel that Nebraska is higher than most? I, I know you--

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**FOLEY:** One minute.

**McCOLLISTER:** --are probably aware of what the tax brackets are in Wyoming, but you look at Iowa and Minnesota, and they're, they're much higher than Nebraska.

**STINNER:** Well, Wyoming doesn't have a tax, neither does South Dakota. So those would be neighboring states that I-- I know Colorado is lower than us as well. So I, I have here the Kiplinger letter that shows us as being the fourth worst tax friendly state to retire in. So if you want to read that, I'll give that to you.

**McCOLLISTER:** I've seen that information as well. But the income tax are just one element.

**STINNER:** Yes.

**McCOLLISTER:** Inheritance taxes.

**FOLEY:** That's time, Senators. Thank you, Senator McCollister and Senator Stinner. Senator Walz.

**WALZ:** Thank you. Thank you. I, I have to apologize, I told Senator Linehan that I am going to ask her a couple of questions. And I apologize if I've already-- if you've already answered these questions. But my thought is that-- I'm just wondering-- and again, I apologize. How many tax cuts annually are sitting on the Select File right now?

**FOLEY:** Senator Linehan, would you yield, please?

**LINEHAN:** Yes, I will yield. How many tax cuts are sitting on--

**WALZ:** How much in tax cuts are sitting in-- on Select File?

**LINEHAN:** I don't have the numbers. I'll get them to you. There's Social Security and LB723, which is the floor on LB1107. Those are the only ones I think that we've passed.

**WALZ:** OK. And that-- I guess, I'll, I'll wait for you to get a number.

**LINEHAN:** OK.

**WALZ:** OK. I'll come back up on the mike if you want to get them.

**LINEHAN:** I'll for them when you're--

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**WALZ:** OK.

**LINEHAN:** OK.

**WALZ:** All right. I'm going to ask Senator Matt-- I'm going to-- what do you call it when you give your time away?

**FOLEY:** Yield your time.

**WALZ:** Thank you.

**FOLEY:** Senator Matt Hansen, been yielded 3:45.

**M. HANSEN:** Thank you, Mr. President, and thank you, Senator Walz, for that courtesy. I did want to kind of just turn around and get to the point that Senator Linehan and I have discussed a little bit. And I want to be very clear, I'm not necessarily even proposing alternatives right now, but I wanted to kind of reframe the debate and share context for just everyone, the people, everyone. And for me, I think the exchange Senator Linehan and I had a little bit earlier is kind of illustrative of some of the difficulty we're having on taxes. Because as we read out, we're both reading from the same chart, I think we agree on the same numbers, but functionally so people earning a million dollars or more in adjusted gross income-- federal adjusted gross income in Nebraska are 1 percent of the population, they own over 50 percent of the income per year, or at least they did in 2018, and they pay 10 percent of the income taxes. So 1 percent is earning 50 percent of the total, but only paying 10 percent of the total taxes collected. And if you look at that and say that group needs a tax cut, that's the kind of the disconnect that I'm seeing. I'm not even necessarily proposing changes to them. But when we're talking about this middle class, you know, two people, you know, working to pay student loans, we're including this whole other class of extremely wealthy who are just functionally and simply in a different economic and policy and all sorts of things, place that everybody we've often use as examples. I don't necessarily have anything to say or to do or proposed changes to this bill or whatnot. But I'm just saying that when we talk about this bill, yes, this would impact a lot of people in my district. It would impact a lot of people, but we already disproportionately probably lightly collect taxes on this class of millionaires, people who earn a million dollars a year. And that's just income per year. It's 1 percent earning 50 percent of the income paying 10 percent of the income tax. And if that doesn't raise some alarms in terms of how our current tax system, imagine LB939 hadn't

ever been proposed, but how our current tax system is skewed or maybe not running great, we can look at that. I mean, you know, if we're talking about compromises moving forward, I mean, just leaving the current tax rate and capping it, moving up a bracket, creating a new bracket, doing something, not even moving the numbers all that much, but just saying, hey, we don't necessarily-- if we truly want to give, you know, a working family, middle income, middle class, tax cut, we could just do that and say people over half a million dollars a year in income, people over a million dollars a year in income, you're not included. Because what we've said repeatedly--

**FOLEY:** One minute.

**M. HANSEN:** --is we want this to be a, like, working families' tax cut. And if we go that route, we probably should also do some tax cuts for the lower bracket because, as has been pointed out, there's a lot of people who won't get a tax cut from this bill at all because they're under this top bracket, because we're only talking about cutting the top bracket, which I think starts at too low of a number. I think we're all getting to that point. But rather than starting at too low of a number, rather than the raising the number of the bracket increases that to anything else, there's the desire just to cut only the top bracket and cut corporate taxes at the same time. I know I'm about out of time, so thank you, Mr. President.

**FOLEY:** Thank you, Senator Hansen. Senator Machaela Cavanaugh.

**M. CAVANAUGH:** Thank you, Mr. Lieutenant Governor. Colleagues, I am hoping-- ooh, it sparked, I am hoping that we get to my amendment before we get to cloture on this bill. I think it's two down from this amendment. So-- because I think it's, I think it's an important conversation to have. So what my amendment would do is cut the corporate tax piece of this bill and shift around and create new brackets, creating a larger tax cut for the middle class. But I think that mine also needs work because it costs too much. There seems to be a lot of competing priorities in this body, which is understandable on how we spend money or not spend money. And I've heard Senator Linehan say several times, and I very much agree that this is the people's money. And if we don't need to be spending it, we shouldn't. But I also think that there is an expectation of services that we would provide to, to the people. And so we can't return too much, but we certainly should be doing more to make sure that our government is being efficient. And I think we've seen a lot of work towards that end. Since I've been here, I know there's going to be a significant

amount work put into our procurement process, which is where a lot of money gets spent. So making sure that that is really has a high level of transparency and oversight is crucial and due to the work of several members of this, this body, one who is term limited out, Senator Kolterman, but I know that others will carry that work on in the future. I think that we can get to a process where our procurement process is much more efficient. So I would like to see us get to an income tax cut this year. I do support doing an income tax cut. I just don't agree with this, this option. It sounds like if this moves to Select that there will be work being done on it. I just get concerned because I've, I've heard several people ask the question of where's this money coming from? If we're cutting this much money from General Funds, what are we cutting? Because Nebraska has to have a balanced budget. So without having an answer to what would be cut, it's very hard to support this. I, I worry about what we would cut because we currently have a bill sitting on General File, it's Senator Hunt's priority, and it's for SNAP. So are we going to say we can't afford to do that? We have a bill for postpartum Medicaid expansion to a year. And we can't afford to do that, but we can afford to do this. Are these the things that align with the values of Nebraska, the values that I hear so many on this floor talk about, family, taking care of your neighbor? If we aren't drawing down every federal dollar that we possibly could because we pay into the federal system, then I don't think we're being good stewards of the taxpayers dollars. It would be really nice--

**FOLEY:** One minute.

**M. CAVANAUGH:** --thank you-- it would be really nice if members of this body were willing to have conversations about things that we could do for Nebraskans to actually improve their quality of life. And that seems to be where we keep getting into this, I don't know, loggerhead, I guess, that tax cuts seem to be the only thing that some people think will improve quality of life. But services, essential services, are what a lot of other people think will improve quality of life. And there seems to be no willingness to compromise on that. Thank you, Mr. Lieutenant Governor.

**FOLEY:** Thank you, Senator Cavanaugh. Senator Blood.

**BLOOD:** Thank you, Mr. President. Mr. President, I would ask that Senator Machaela Cavanaugh yield, please.

**FOLEY:** Senator Machaela Cavanaugh, would you yield, please?

**M. CAVANAUGH:** Yes.

**BLOOD:** Thank you for yielding, Senator Cavanaugh. Senator Cavanaugh, I wanted to continue the dialog that you just started. I'm currently stand in opposition to this bill and we're going to talk about-- apparently, Senator Walz is going to get in on my conversation today. You were talking about services and people that we have to provide for. I want a dialog about what some of those things look like. So for example, I just got done reading yet another email about somebody who the state mistakenly gave \$17,000 in unemployment. The state made the mistake. The state has the ability to waive their mistake when they make mistakes, but we know they've made tens of millions of dollars of mistakes trying to hurry people through, hiring contractors that weren't properly trained, etcetera, etcetera. Do you think that somebody that has to pay back \$17,000 to the state because we made a mistake is worried about their property taxes today? That's just a personal opinion. I'm just curious.

**M. CAVANAUGH:** Well, if it's because they were on unemployment for long enough to get \$17,000, they probably are worried about a lot of other things first, and might not own property.

**BLOOD:** Like housing?

**M. CAVANAUGH:** Yes.

**BLOOD:** Like--

**M. CAVANAUGH:** Food, clothes.

**BLOOD:** --childcare?

**M. CAVANAUGH:** Childcare.

**BLOOD:** Like keeping the roof over their house, right?

**M. CAVANAUGH:** Transportation to a job.

**BLOOD:** Like getting from point A to point B. Did they have to sell their car during the pandemic? Are they now having to utilize public transportation, which I keep hearing from the folks that keep emailing me? So in the types of emails that you get, like the emails that I get from people are exactly about the topics that you and I are, are discussing. They want to know why somebody who is middle class, and we



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heard what the median income was, so when I hear \$100,000, I think upper middle class in my head, maybe that's not right.

**M. CAVANAUGH:** That's more than I make.

**BLOOD:** And I think that you could lead a comfortable, not a wealthy life in Nebraska if you had two kids at \$100,000. And because you and I see a lot of people that are friends and family that are, are living on \$50,000, \$60,000 a year or less. So I-- I'm kind of curious what types of emails do you get from your district? Because the ones that I get are not just from my district, but from Nebraskans, because they can't get their senators to respond on, on issues like this. And what I'm hearing are that they're not getting a fair shake from the state on issues where the stake is-- the state is at fault. Like, like the people that live in Mead, Nebraska. There's another really good example, right?

**M. CAVANAUGH:** That's a great example.

**BLOOD:** They're, they're getting a crap deal.

**M. CAVANAUGH:** It's-- I mean, it smells like that.

**BLOOD:** Yeah.

**M. CAVANAUGH:** Literally.

**BLOOD:** So, so tell me what issues are important to your constituents, because I'm not, I'm not hearing property taxes when I travel out west and I talk to ag. They most definitely are worried about property taxes. And I agree. And that's why I like the circuit breaker bills.

**M. CAVANAUGH:** Well, in my district-- and it's hard because, you know, when people contact your office, you don't necessarily ask where they live--

**BLOOD:** Right.

**M. CAVANAUGH:** --to see if they're in your district. But there are a lot of people that contact my office that need help. They need help getting access to services, behavioral health services. They need help with their children, even if their children are grown, getting access to services. They need help getting situations resolved within our justice system. They need help getting on SNAP. They need help staying

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on SNAP. They need help filling out paperwork. They need help from a violent partner. It's-- I, I don't have a lot of people--

**FOLEY:** One minute.

**M. CAVANAUGH:** --actually, I can't think of anybody who's contacted me who says that they need help with their tax cuts. I've actually had several very wealthy constituents contact me and ask me not to support this.

**BLOOD:** Yeah, my email, too. So, so percentagewise, I would say my email in reference to property tax, 3 to 5 percent. Would you concur with that?

**M. CAVANAUGH:** Oh, I don't know that I even get that much, but I don't have any rural-- I mean, I don't have any agricultural land in my district, so that's not super surprising. And we have great-- I represent three public school districts, so also not surprising that people want to support their public schools.

**BLOOD:** All right, I appreciate the dialog. Thank you,--

**M. CAVANAUGH:** Thank you.

**BLOOD:** --Senator Cavanaugh.

**FOLEY:** Thank you, Senators Blood and Cavanaugh. Senator Halloran.

**HALLORAN:** Thank you, Mr. Lieutenant Governor. Good morning, colleagues. Good morning, Nebraska. I would like to take a few minutes to acknowledge the birthday of someone who is near and dear to many Nebraskans, Tom Osborne. It's his birthday today. Tom Osborne was born February 23, 1937 in Hastings, Nebraska. He was a star athlete at Hastings High School, excelling in football, basketball, track and field. For all of his success, he was named the Nebraska High School Athlete of the Year in 1955. Tom Osborne then attended Hastings College, where he played both football and basketball. He was named the Nebraska College Athlete of the Year in 1959. Tom Osborne graduated from Hastings College in 1959 with a Bachelor of Arts in History. He later attended the University of Nebraska and earned a Master's of Arts in Educational Psychology in 1963 and a Doctorate of Philosophy and Educational Psychology in 1965. Tom Osborne joined the football coaching staff at the University of Nebraska in 1964 and served as an offensive assistant coach and as the offensive coordinator before taking over as head coach in 1973. He served as

head coach for 25 years, winning the National Championship three times. For his incredible success, Tom Osborne was inducted into the College Football Hall of Fame in 1999. Tom Osborne continued to serve the state of Nebraska after leaving the coaching profession. He was elected to the United States House of Representatives in 2000 and served for six years representing Nebraska's 3rd District. Tom Osborne was named the athletic director of the University of Nebraska in 2007. During his tenure as athletic director, athletic director, he provided inspired and steady leadership, including securing the University of Nebraska's membership in the Big Ten Conference. He retired from his position as athletic director effective January 1, 2013. Tom Osborne, in addition to his professional success and public service, has also given back to his community through his TeamMates Mentoring Program, which he and his wife, Nancy, founded in 1991. The goal of the TeamMates Mentoring Program is to see youth graduate from high school and, and pursue a postsecondary education. The program currently provides a mentor for over 5,000 youth across Nebraska and Iowa. Happy Birthday, Tom Osborne.

**FOLEY:** Thank you, Senator Halloran. Senator Hunt.

**HUNT:** Thank you, Mr. Lieutenant Governor. I'm perplexed for years about why if we're, if we're so ostensibly concerned about helping improve the quality of life for lower-income and middle-class Nebraskans, do we always do that by passing or by, by, by introducing and debating policies that also include corporations, millionaires, and billionaires in that basket as well? We have a lot of wealthy people here in this body. We know our Governor is crazy wealthy, super rich. But I think that the policies that we could be working on to help lower- and middle-income people would actually help most of us in this room a lot more than these tax breaks and these special carve outs and special handouts and special deductions and credits that we're constantly debating that only affect the top 1 to 5 percent of earners in Nebraska. There are some wealthy people in here, but you know, there's this weird solidarity to me that middle-income, aspirational people have with the ultra rich. And whenever we're talking about any policy that can improve the quality of life for an average earner, whether that's someone making an hourly wage, someone in a single-parent household, someone with young children, someone who's working on paying off student loans and trying to move up in their career. I mean, that's most people. Most people are not established to the point where they have, you know, all of their debt paid off or they have multiple homes or multiple cars or kind of that 1 to 5 percent of earners, you know, go on international vacations

every summer, like these are things that we can save up for and do. But the majority of Nebraskans, that's not them. And frankly, colleagues, the majority of us in this body, it's not us either. And I understand it when we work on policies that benefit us. We see, you know, members introduce things all the time that they would personally benefit from, whether that's, you know, some kind of benefit for ag and farmers. Or, you know, I introduced a bill-- I've been introducing bills every year since I was elected that would allow me to use campaign funds for travel for my child. I'm a, I'm a single parent, and when I have to go to a CSG conference or an NCSL conference or, you know, go serve on one of the committees that I serve on nationally in my capacity as a state senator, and I have to choose between either using my own money to bring my child with me or using my own money to pay for childcare while I'm gone. You know, that's a huge expense for, for me as a lawmaker earning this salary. And so, yeah, I introduced a bill to say, you know, if I have to travel in my capacity as a state senator, I can go on southwest.com and, and buy an extra ticket for my minor child who has to come with me. And so I understand advocating for legislation that we personally benefit from, because it's often the experiences that we have that we bring uniquely--

**FOLEY:** One minute.

**HUNT:** --into this body that informs us about the holes that there are in our statutes, about the, the, the ways that people are falling through the cracks and everybody's not being served. That's only things that we can learn from our experience. But what I don't get is the solidarity in here with the ultra rich and thinking that, you know, if we give them some break, if we give them some credit, if we give them some benefit, that that's somehow going to come back to us. Things like LB939, colleagues, they don't serve most of us, they don't serve our children and our families, our neighbors. And they really, really, really-- it really does not serve most Nebraskans. If we're serious about wanting to improve the quality of life in Nebraskans, which I am, because I don't want to see people moving to Wyoming or Colorado or Kansas or Iowa. Like, I would get it if somebody was moving to, like, South Florida or California. I mean--

**FOLEY:** That's time, Senator.

**HUNT:** Thank you, Mr. Lieutenant Governor.

**FOLEY:** Thank you, Senator Hunt. Senator Blood, you're recognized. Your third opportunity.

**BLOOD:** Thank you, Mr. President. I still stand in opposition to LB939, but I hear a lot of chatter going on, on how some things may be amended, and I'm curious to see what those are going to be. I want to keep building on why people move to other states like Colorado, because every time we talk about property taxes, we hear how people are just rushing to neighboring states because of property taxes. And again, I can only talk about my personal experience with the friends and family that I know that have moved to Colorado. But I just want to put in perspective how they promote their state next door. So I'm literally quoting Governor Polis, and I'm not even sure that's how you say his name, by the way: Yesterday, I signed an executive order allowing the state to standardize flexible work practices to maximize cost savings, benefit the environment, and maintain an even better level of customer service to Coloradans. What a positive thing. No anti-President posts, no smoke and mirrors post, just positive things about Colorado. Did you know you can earn free college credit in high school? Colorado's concurrent enrollment program gives students like you a jumpstart on your college career. To learn more, talk to your counselor and here's a link. If you go through the posts of how they promote Colorado and it doesn't say Colorado, it's not for everyone. It talks about what's awesome, who lives there and why they're awesome. This session was-- we passed legislation making significant investments, roughly \$85 million, \$84.6 million actually, in our lands and waters to recover from and prevent the wildfire devastation we witnessed. Wildfire recovery and prevention for our lands and our waters. Do you see the difference in how we promote our state and how Colorado promotes its state? Have you driven on the Million Dollar Highway connecting Ouray, never been there, to Silverton, been there. Ever wonder how it received that nickname? CDOT and the Denver Channel answer. So not only are they telling you what there is that's awesome about Colorado, but they're telling you how you can learn more. If I was a young person like our pages up front, I think that'd be pretty darn exciting. Look at all these really awesome things in Colorado, and it is the governor himself that's telling me why it's awesome and how I can find out more. They talk about benefit concerts that help the environment, that helped people after the Marshall fire. Positive things. Positive messaging. I know there's people that leave because of property taxes, and most of the people that I know, it's because they're retired and we're working on that, too. Can't happen all at once, unfortunately. But our messaging in Nebraska is one of the reasons our young people leave, that and they can't get the jobs that pay them what they're worth. The cost of education is through the roof, and a lot of these young people can never pay down their college

debt because they can't get the jobs that help them pay down that college debt. And until we address that properly in Nebraska, they're going to keep moving. And how do we prioritize what's important to them? The young people I talk to can't afford to get a house, let alone pay property taxes. There's no affordable housing, and affordable housing is not workforce housing, by the way. It's 30 percent of a person's income. They can't even get apartments for that, sometimes in the Omaha metro area.

**FOLEY:** One minute.

**BLOOD:** So, I mean, obviously, we're taking time on the mike today, but I, I just want to bring things in perspective. I want to say that I am impressed by the governor and his spouse in Colorado and what they put out to the universe when it comes about promoting their state, and we could learn a lesson from that. We think we're clever coming up with tourism things that get on, on late night comedy shows. But I've yet to see the numbers where that's, that's giving us more revenue here in the state. All I ever hear when I travel is how hilarious people think that tagline is, and what I don't hear is why it's awesome for young people to live and stay in our state. So as always, Nebraska, we can do better, and good on you, Governor of Colorado.

**FOLEY:** Thank you, Senator Blood. Senator McCollister.

**McCOLLISTER:** Thanks again, Mr. President, colleagues. Would Senator John Cavanaugh yield to a few questions?

**FOLEY:** Senator John Cavanaugh, would you yield, please?

**J. CAVANAUGH:** Yes.

**McCOLLISTER:** Senator Cavanaugh, we've been talking this morning about what is the pathway for LB939? And you know, it's the desire of the Chair of Revenue to move this bill to Select. And then at, at that point, we will rightsize the bill and first rank the, the various bills and the spending that we're going to look at. As you look at LB939, what do you see as the path forward?

**J. CAVANAUGH:** Well, I don't know if, in my mind, if there is a path forward for LB939. I think I've been pretty clear about my opinion about the corporate tax cut portion of it, as well as the fact that the largest percentage or dollar amount of the tax cuts go to the highest income earners in the state, and that the median income earners in Nebraska and below would get no benefit from this tax cut.

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And the people earning in that \$100,000 range would get a small tax cut, whereas the people earning over a million dollars would get somewhere like \$9,000 in tax cuts. So I don't, as it stands now, I don't see a path forward, but I haven't heard what I guess the suggestion you're talking about.

**McCOLLISTER:** Well, there's been some talk about increasing the earned income tax credit and that way making the bill a little more attractive for some of the low-income people in Nebraska. Would that be a viable solution to make this bill more attractive?

**J. CAVANAUGH:** Well, so I proposed the earned income tax credit last year and again this year, and I'd have to go through all the numbers and things here. But to add an earned income tax credit on to this, I think would make it-- an earned income tax credit would benefit lower-income individuals, people in that median income bracket who are working and certainly would actually benefit the people that we've talked about wanting to benefit a lot here. The problem with this bill is there-- it's still top heavy. There's still a huge amount at the top cutting for the wealthiest individuals with the highest income tax bracket earners and payers. And so then it becomes a question of expense. And I know that there are other people who have other problems with this bill besides the fact of how the, the tax cuts are distributed. So I think that there are certainly, I guess, changes that could be made to appease many of the people who have problems with this. But adding the earned income tax bracket does not solve all of my problems with this bill, I guess, is the answer to that question.

**McCOLLISTER:** Senator Cavanaugh, are you getting any emails about this particular bill?

**J. CAVANAUGH:** I don't think I've seen any emails about this bill, no.

**McCOLLISTER:** Senator Cavanaugh, I have received a number of emails, and it's mostly critical of the bill, not in favor, which is interesting to me. You know, I'm in central Omaha, we have some high-income areas that I represent, but also some fairly modest incomes. So I'm, I'm a-- it's an interesting fact that I-- most of the emails I get are critical. Thank you, Senator Cavanaugh.

**J. CAVANAUGH:** Sure.

**McCOLLISTER:** Thank you, Mr. President.

**FOLEY:** Thank you, Senator McCollister and Senator Cavanaugh. Senator Hunt. Third opportunity, Senator.

**HUNT:** Thank you, Mr. Lieutenant Governor. Senator McCollister's question to Senator John Cavanaugh made me curious, especially when Senator John Cavanaugh said he hadn't received a noticeable amount of emails on LB939. So I just searched my inbox, LB939. And I have 43 emails about this bill and a sampling of some of the subject lines. LB939 is not the answer. Your take on LB939 is fundamentally stupid. Thank you. Please, no more tax cuts. Big fiscal bill is not the answer. Oppose LB939. Senator Hunt, please oppose LB939. Senator Hunt, please oppose LB939. Why not cannabis, LB939? So that's, that's a sampling of some of the messages I've received, excuse me, about this bill. And it's always kind of a, a mix like that. It's people who-- it's usually people who follow the Legislature more than the average person, or it's people who have been activated by, you know, advocates who are trying to organize people against certain legislation. But in my district and from my people, the support for LB939 isn't there. I was chuckling as Senator Blood was speaking. You know what else Colorado has? Colorado has the agency, the firm, that came up with our state motto and our-- or our state tourism slogan. So not only is Nebraska exporting its people, its young people, its young professionals and students to Colorado, we're also exporting the work that we could be keeping here in Nebraska to promote our own state. So it's really such a joke, and a lot of that is coming from the executive branch. And I don't think there's anything I can do about that. But I want the people of Nebraska to know that there are people in here who are levelheaded and who would really like to make Nebraska a better place and understand that the way that we need to do that is not by cutting taxes on corporations, billionaires like the Governor, and millionaires. And the people in this body who support that, I don't understand the solidarity that we have with the top 1 to 5 percent of earners because you know what, when they get the chance, they would turn around and sell you out for a potato chip for nothing. Those people don't have your back. They're not here for you. Another thing is, I, I also fundamentally kind of question if outmigration from Nebraska is always a bad thing, especially in the case of retirement. If somebody works hard their whole life, if they, they spend their whole life paying taxes in Nebraska, raising a family here, having a job, maybe creating jobs, putting someone through college, forming community and being a part of their neighborhood, being engaged in our civic process, then I wouldn't blame them for once they, they reach retirement age and they take the opportunity and



they want to go get, you know, sell everything they have and go get a little condo in South Florida or Arizona or California. Man, that's the dream. Good for you. I would love to get to that kind of place someday where I've, I've, you know, lived my professional life. I've contributed to my community and my state, and I can enjoy the rest of my years comfortably in a place where it doesn't hurt my face every time I go outside in the winter. I get that. I don't think that that's a problem.

**FOLEY:** One minute.

**HUNT:** What I do think as a problem is our failure to attract and retain people to this state. People wanting to leave because of the backwards policies we have, because of the negativity surrounding our state in terms of the social policies that we have, the doom and gloom scare tactics coming from the messaging at the top in our state, if they want to leave and find somewhere else to live, I'm not going to stand in their way and tell them they shouldn't do that because the first thing people should always do is take care of themselves and their mental and emotional health. And if that's not something they have here. Hey, I get it. Go find that for yourself. You only get one life. That's what you should do. And that's why it makes no sense to me that everyone is lined up around LB939 even willing to compromise or deal with it or, or make some kind of improvement to the bill because as long as--

**FOLEY:** That's time, Senator.

**HUNT:** --it's targeted on these tax brackets-- thank you, Mr. Lieutenant Governor.

**FOLEY:** Thank you, Senator Hunt. Senator Walz.

**WALZ:** All right. Thank you, Mr. President. Senator Linehan is not here. Senator Stinner. Oh, Senator Stinner, can I-- I'll talk-- I'll just ask you a couple questions. I'll, I'll ask him first and--

**FOLEY:** Senator Stinner, are you available?

**STINNER:** Yes.

**WALZ:** Thank you, Senator Stinner. And again, I'm just going to apologize if you've already answered this question. But after forecasting, how much money will be available next biennium after accounting for all the bills-- the tax bills that are on Select File?

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**STINNER:** I think I can demonstrate that there will be at least \$100-plus million.

**WALZ:** \$100-plus million?

**STINNER:** That's a guess. I can't-- I mean, I'm taking an average of what I saw.

**WALZ:** OK.

**STINNER:** And it may be more, more than that, possibly.

**WALZ:** OK. So--

**STINNER:** The key is, the key is how much we're leaving in the rainy day fund. And I think I can also show you that we will leave an extra amount for extraordinary expenses to cover any, any kind of downturn that we have since we're in such uncertain times.

**WALZ:** What, what amount is that, that makes you feel comfortable in the rainy day fund? Like what, what makes you feel comfortable?

**STINNER:** Well, right now is projected to be about \$1.4, \$1.5 billion. So you're talking a, a, a big number. OK? I think it'll be another 200 will go in there. So as we spend down one-time spends like prisons and stuff like that, you'll have enough cushion back there to support any decision that you make relative to these uncertain times. So for an example, I'm just going to lay this out for you, for an example, under ordinary times, you'd have 16 percent reserve or about \$900 million. OK? Because we're in uncertain times, and I can go through the uncertainties with you, but we're raising interest rates. Everybody knows we're on steroids right now. So therefore you should put aside for additional economic shock absorber of \$400 to \$500 million. And I think we can do that. Therefore, that makes those decisions that you're making in the out years much more comfortable knowing that you have this extra savings account back here. And that's what I'm trying to wait and see if we do get those numbers up, I can make a serious numerical case to pass these packages.

**WALZ:** OK, thank you. That-- I have another question. Other than LB939, which has a price tag, can you walk us through how much in tax cuts, again, are already sitting on Select File?

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**STINNER:** Well, I, I don't know those numbers exactly off the top of my head. I think Senator Linehan probably has those. I think-- I can't hazard a guess on that. I think the better source is Senator Linehan.

**WALZ:** OK, I'll ask Senator Linehan.

**FOLEY:** Senator Linehan, would you yield, please.

**LINEHAN:** Yes, certainly.

**WALZ:** Did you hear the question?

**LINEHAN:** I, I did. And I've-- you're asking how many, how many tax cuts have we already-- are on Select?

**WALZ:** Yes.

**LINEHAN:** There's two bills that we've sent to Select. One is Social Security, in '23, that cost is \$43 million [SIC], and in '24, it is \$45 million.

**WALZ:** OK.

**LINEHAN:** And the other one is LB723, which is the LB1107 stabilization. And that doesn't cost anything this year or next year because it's already in the budget.

**WALZ:** OK, so a total of 55, 50--

**LINEHAN:** Well, actually just Social Security for next year. The total Social Security and LB723 is \$43 million-- or, excuse me, \$41 million.

**WILLIAMS:** One minute.

**WALZ:** OK. All right.

**LINEHAN:** Because they're phased in.

**WALZ:** Right. Why, why are they phased in?

**LINEHAN:** So they can fit within the budget?

**WALZ:** OK, so we, we wouldn't be able to incorporate them all right now? We couldn't incorporate that?

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**LINEHAN:** Oh, yes, we could incorporate them all. All the bills that we have-- this bill on the floor now and those two bills were-- there was money in the Governor's budget. I don't-- I haven't seen the-- Senator Stinner's budget, but in the Governor's budget, these numbers fit what was in his budget for those tax cuts.

**WALZ:** OK. All right. Thank you, Senator Linehan.

**LINEHAN:** You're welcome.

**WALZ:** Senator Stinner.

**WILLIAMS:** Senator Stinner, will you yield?

**STINNER:** Yes, I will.

**WALZ:** OK. And correct me if I'm wrong, but according to the Appropriations Committee budget, we previously had--

**WILLIAMS:** And that's time, Senator.

**WALZ:** Thank you.

**WILLIAMS:** Thank you, Senator Walz, Senator Linehan, and Senator Stinner. Senator Day, you're recognized.

**DAY:** Thank you, Mr. President. And I haven't spoken on this bill yet. Partially because I wasn't really sure where I stood. I was originally a no on this bill before I started discussing it with anybody, just because I think that was my default position on this from what I had heard. But after having several discussions with colleagues and then particularly the discussions with Senator Stinner, I appreciate his depth of knowledge of the budget as the Chairman of Appropriations. And so when he is asking people to vote it to Select so we can get a better idea of what things look like from the Forecasting Board, I am willing to do that. Partially-- first of all, because this is a bill that would make a lot of my constituents very happy. Many of them support this. It would benefit them, and I support tax cuts. I mean, for the same reason that everybody else in here does, I think letting people keep more of their own money is something that I am happy to do. I also support all of the other things that we discuss here on the floor, like legalizing cannabis. I don't think that those two ideas have to be mutually exclusive. I think we can support multiple different things. And I also wanted to mention that I think sometimes it's a little bit frustrating when we have discussions about these

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bills. As a newer senator, I think sometimes people assume my position on a bill because I'm a Democrat, and instead of just discussing it with me, there's an assumption that I'm going to vote a certain way. But I try to truly take the fact that we're a nonpartisan Unicameral to heart and take each bill and have honest discussions about those bills with my colleagues and make an informed decision on how I am going to vote on that, at least on the first round. So maybe it's me being a little bit of a wild child here, but sometimes I vote and I upset people from the left, and sometimes I vote and upset people from the right, and I'm OK with that. I just genuinely believe that we have to be able to make decisions based on our constituencies, and sometimes those are going to be different decisions for each 49 of us. So I support the effort to vote for this and move it to Select. That does not mean that I'll be voting yes on it in other stages of debate, but I would like to, to hear from the Forecasting Board before we make any official decisions on this. So thank you.

**WILLIAMS:** Thank you, Senator Day. Senator McCollister, you're recognized and this is your third opportunity.

**McCOLLISTER:** Thank you, Mr. President and colleagues. Off mike, I was talking to Senator Clements and we were talking about property tax and how Nebraska ranking number four as the worst state in the country for retirees. But I don't think we get full credit for the efforts we've made with property tax relief. Senator Clements, will you yield?

**WILLIAMS:** Senator Clements, would you yield?

**CLEMENTS:** Yes.

**McCOLLISTER:** Senator Clements, we were reviewing a tax return that you're working on and what did you see in that tax return that was so significant?

**CLEMENTS:** Well, this is for a Nebraska tax return I did over the weekend, and the property tax they paid to their school district was-- the total property tax, it was a farm family that paid \$81,000 in property tax, \$51,000 to the school district, which this year gave them a \$13,000 tax credit back on their Nebraska tax return and it was compared to last year, was only about \$3,000 and this year \$13,000 of tax relief from the property tax credit.

**McCOLLISTER:** Thank you. So-- but in the ratings for Nebraska by the Tax Foundation, we do not get credit for the significant resources we put into the property tax relief funds. Is that correct?

**CLEMENTS:** That's correct, because the taxpayer did pay the higher property tax amount, but he's getting it back later on. He paid it in 2021, he's getting it back in 2022. And it's-- so the property tax assessment was still the same.

**McCOLLISTER:** Another way for, Senator Clements, for us to improve our ratings would be to increase the-- or at least decrease the amount of money we take in for the county inheritance tax. Is that correct?

**CLEMENTS:** Yes, especially for retirees. I've had a number of people indicate that they're going to be moving out because of inheritance tax, especially if they have no children.

**McCOLLISTER:** Thank you, Senator Clements. Thank you, Mr. President.

**WILLIAMS:** Thank you, Senator McCollister and Senator Clements. Seeing no one wanting to speak, Senator Hansen, you're recognized to close on AM1869.

**M. HANSEN:** Thank you, Mr. President and good morning colleagues. I didn't intend AM1869 as a hostile amendment. I know it's been described as such, so I'll just flag that for everybody as I start my opening-- or sorry, start opening my closing. Addressing the tax policy for an issue-- for a moment. There's been a number of folks who've been talking about, you know, if we don't cut taxes, certainly if we do anything that doesn't benefit this kind of extremely wealthy class, they'll just move. And therefore, we need to change our tax policy so they won't move from out of the state of Nebraska. And I don't think it's smart or wise to have our tax policy be held hostage by people threatening to leave. If somebody is genuinely independently wealthy enough that moving cross-country isn't an issue for them, doesn't cause them to lose income, doesn't cause them to change their investments, whatever, I mean, that person is so unattached that I don't know if we should be shaping our whole tax policy. Because as others have said, they might move just for the weather, they might just move for something else. There are people who are tied to Nebraska. There are people whose jobs are tied here and who even just moving between apartments between town is difficult, saving up first and last for both apartments and the security deposit and all the things you have to do. And instead of talking about those people for

much of this debate, because again, we've been ignoring any sort of tax cuts for anybody whose adjusted gross income is below \$33,000. Instead of talking about those, we're talking about kind of just the independently wealthy who can move cross-country at a whim. And those are the people we need to be talking to and courting and preventing from moving in the state of Nebraska. And we've already indicated that that group is 1 percent of the population, pays 10 percent of the taxes, despite earning 50 percent of the income in the state of Nebraska. Colleagues, they're already getting a pretty sweet deal. And I don't think we need to go out of our way to sweeten it any more. If they're going to move if we don't cut the tax bill, they're going to move tomorrow because of the weather. They're going to move because of a golf course membership. They're going to move for whatever reason they want to because they have the means and resources and are apparently so detached from the actual state of Nebraska. Colleagues, those are not the people we need to be writing our tax code for. Those are not the people we need to be balancing our budget for. We need to balance our budget for people who are tied to the state of Nebraska, who have their incomes derived from the state of Nebraska, who are tied to Nebraska, who want to build Nebraska. I mean, like the fact that that's come up, well, won't they just move? It's like maybe. But they also might move because they, you know, they're apparently so loosely tied. Like, I, I don't, like, know how to encourage them to stay. And again, this is already a disproportionately low taxes in terms of proportion of income or at least proportion of the state's income from them. Again, 1 percent of the population earns 50 percent of the income and pays 10 percent of the income taxes already. And that's the group, among others, we're going to lower it on. We're not lowering it on all of these other taxpayers who are below the median income in the state of Nebraska. That's the wrong perspective and something that I just have a fundamental issue with in this bill. I want to cut taxes on a lot of families. I would love to do that, especially if we're to move forward tax cuts. We frankly could be more generous on the individual income tax credits for all Nebraskans, including lower-income Nebraskans, if we didn't also spend some of the money on corporate tax cuts, which haven't been getting much of the focus of the debate and it's kind of my main opposition is the sense that it is genuinely just a corporate tax giveaway. And there's--

**WILLIAMS:** One minute.

**M. HANSEN:** --no proof or no incentive that we are actually encouraging growth in the business sector or anything because of that. Because again, it's where the income is earned, it's where the sales are made.

Colleagues, we can set our income tax-- corporate income tax rate to whatever number we wanted and Walmart is still going to have stores here. Like, like people are still going to buy goods in the state of Nebraska. Those stores are going to earn corporate income that they pay in the state of Nebraska. So why are we taking that as a bigger cut in terms of percentage than we're paying to the individuals? And again, the individuals who aren't getting-- who doesn't even apply to all Nebraskans? I mean, there's a lot of Nebraskans who aren't going to get any taxes cut under this bill. So with that Mr. President, I'll ask for call of the house, but a board vote is fine.

**WILLIAMS:** Thank you, Senator Hansen. Members, there's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 20 ayes, 7 nays to place the house under call.

**WILLIAMS:** The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Members, the house is under call. Those unexcused senators outside the Chamber, please return and record your presence. Senator Vargas, please check in. All members are present. Members, the question is the adoption of AM1869 to LB939. There's been a request for a roll call vote in regular order. Mr. Clerk.

**CLERK:** Senator Aguilar voting no. Senator Albrecht voting no. Senator Arch voting no. Senator Blood voting no. Senator Bostar. Senator Bostelman voting no. Senator Brandt voting no. Senator Brewer voting no. Senator Briese voting no. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting no. Senator Day voting no. Senator DeBoer voting no. Senator Dorn voting no. Senator Erdman voting no. Senator Flood voting no. Senator Friesen, voting no. Senator Geist voting no. Senator Gragert voting no. Senator Halloran voting no. Senator Ben Hansen voting no. Senator Matt Hansen voting yes. Senator Hilgers voting no. Senator Hilkemann voting no. Senator Hughes voting no. Senator Hunt voting yes. Senator Kolterman voting no. Senator Lathrop voting no. Senator Lindstrom. Senator Linehan voting no. Senator Lowe voting no. Senator McCollister voting no. Senator McDonnell voting no. Senator McKinney voting no. Senator Morfeld not voting. Senator Moser voting no. Senator Murman voting no. Senator Pahls voting no. Senator Pansing Brooks voting no.



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Senator Sanders voting no. Senator Slama voting no. Senator Stinner voting no. Senator Vargas voting no. Senator Walz voting no. Senator Wayne voting no. Senator Williams voting no. Senator Wishart. 2 ayes, 42 nays on the amendment.

**WILLIAMS:** The amendment is not adopted. Mr. Clerk, for any announcements. Raise the call.

**CLERK:** Mr. President, the next amendment I have, Senator Matt Hansen, AM1868.

**WILLIAMS:** Senator Matt Hansen, you're recognized to open on your amendment.

**M. HANSEN:** Thank you, Mr. President, and good, good morning again, colleagues. I wanted to do the call of the house and I appreciate the body's courtesy for doing that and for voting for it and for relating to it. Because I wanted-- I know the room had thinned out a little bit and I actually think we're getting to a pretty consequential place in this debate in the sense that some people are being pretty truthful and open about what they're looking for or what they're hoping to do with this bill. It doesn't mean you weren't listening in your office, you weren't working elsewhere. But I wanted to kind of get us here just for a moment, including for the personal note of so you can hear this next part of what I'm about to say. Colleagues, we've been on this bill for a long time. Not necessarily all that many hours, but because of the weekend, because of some short days, we've been on it for a while. And all of a sudden today there's a groundswell of let's just move it to Select. And to me, this isn't unexpected because this is what happens on Revenue bills is we'll kind of spin our wheels. We'll have issues that were flagged in the green copy or at the hearing. We'll have something like that, and it goes multiple hours into debate. And all of a sudden at the end of debate on General File we get a, well, we'll work on it between General and Select. We'll wait for a while before we bring it back up, and sometimes we do, and sometimes it passes and whatnot and I understand that. But again, it's kind of this repeated thing of what are we hoping to do and what are we hoping to accomplish, including that, you know, we're moving it to Select just to work on the numbers is what I've been hearing or figure out how it fits in the fiscal forecast. If you're only-- and that, and that to me, that makes sense if you're only opposition was to its impact on the budget. If you have any sort of issue with the actual tax policy contained within the bill, I'm not sure I understand the voting for it to the next stage without some assurances on what's even

going to be on the negotiating table. You know, if you're opposed to cutting the corporate rate, if you're opposed to the not giving a tax cut to families earning under \$33,000, I'm not sure why you would want to continue to entertain it without some recognition or some concessions on what's being negotiated or what's being on the table. And I'm not trying to be harsh or unkind, but it's just I've been working on this. I've been talking about it, and I'm not necessarily sure what all the moving parts are or what people are hoping to change or what they're hoping will fix it or what will get them a green vote on Final Reading or what have you, because I genuinely don't know. For me, you know, the corporate tax cut is pretty, pretty difficult for me to vote for, especially one I know and tax cuts have been phrased as like a rival to other spending priorities, including education in the state. Then that's something that's come up. I'm not the only one tying them together. And so I wanted to flag that of, if we're going to have discussions about this moving forward, I'm going to want to exclude the corporate part. That's going to be one of the things that I'm going to ask for. I don't know what other people want in order to keep moving forward. To get more information, I understand, maybe some sort of act of senatorial courtesy. I get that. But again, if you want to keep it moving forward, keep in mind and please share what you're hoping to gain by moving it forward. What change do you want that kept you from just being a yes vote from the start. Because we all know LB939 had plenty of yes votes from the start. We all know the Revenue Committee package and this bill had plenty of yes votes from the start and there were lots of hesitation and some outright opponents. And as those numbers have been shifting over the weekend, over today, over the past week, I know we all are individual senators who can make our own individual mind. But I just ask, please, please share with us or share with us who are doing some of the work on this bill, doing some of the work to slow this bill down, like, what, what gets you on board? What keeps you on board? Who's, you know, yes to no column? What, what is it? Is it just overall size compared to the budget? Is it putting earned income tax credits in? Is it taking corporate tax cuts out? There's been lots of things actually proposed on this bill or proposed that we could do or could not do. But I understand we haven't necessarily, we haven't necessarily gotten to the end. And I don't know what to negotiate or what to use leverage on or all these other things, because I don't necessarily know where everybody stands. Because there were some people who I, I have a hard time when I ask them to their face, and I'm not going to call anybody out by name, but you know, when I ask them how they want to vote on this bill, you know, I'm getting some, like, well, I want to vote for it. But unless

it's going to fail, then I'll vote against it. Unless we can add this amendment, but I don't think that amendment is possible. And as somebody leading some of the extended debate, some of the filibuster on this corporate tax giveaway, I don't know how to factor that into my strategy or to my negotiations, and I just want to put kind of all of that out there. I know that's kind of an information dump. I know that's kind of a lot of things sharing. But please, if we're working on tax policy and you have a preference, you have a strength, you have a, a line in the sand, I think it's good to share it. It was one of the things that I felt like talking about when we talked about LB890 and LB723, I believe. And people were like putting lines in the sand and what is and is not negotiable. I think that's very important to do in these debates, especially if the goal is to keep negotiating. Because at my point in my understanding as being on this bill, there's this kind of general sense of let's keep negotiating, let's keep talking. And I really don't know about what. And that's the key issue. The main thing I have is waiting for the fiscal forecast-- the main thing I've heard is waiting for the fiscal forecast. And I agree that waiting to discuss some tax issues until after the fiscal forecast and probably after the budget is largely formulated or at least we have a number would be good. I don't dispute that part, and I don't begrudge anybody who wants to keep it alive just for that. But what are you hoping to learn from the fiscal forecast? Is there going to be a number that's too high or too low? Is there going to be a threat to some particular issue that's going to be too strong or too little? Because right now we kind of just have tax cuts. Let's negotiate tax cuts. Let's negotiate. And I, I don't know negotiating with what. I don't know who's negotiating with who. I don't know what sides are, are doing what. I don't know what sides even represent any individuals. I appreciate that people have been working. You know, Senator Linehan has talked to me off the microphone. I know lots of people have been working on numbers and sharing things around. I mean, we're getting to a point, though, where when we're talking about, let's just move it to Select, I really want to know what we're hoping to accomplish then. Is it to take part out? Is it to split the Revenue Committee in half-- Committee amendment in half, take out corporate? Is it to add a new bracket? Is it to change a bracket? Is it to lower the rates of the other brackets? And I'm not asking for, like, a specific number, and I want you to commit to X and X percent. I'm just, like, which way are we going? Because, you know, if corporate is nonnegotiable, that's going to be hard for me to get on board with because in my mind, that's just bad tax policy to give that away, especially after we've just changed all sorts of business and taxes in

the past two years. If that's used to get leverage and get tax relief for all Nebraskans by either some earned income tax credit or lowering the rates for the lower brackets, maybe that could be something I can get on board with. But if all we're going to do is kind of fidget the numbers a little bit on the high-income earners and keep corporate tax in there, I kind of have to continue with my objection that this is largely benefiting a kind of an elite group of wealthy and corporations and not necessarily all Nebraskans. Certainly not all Nebraskans as we have acknowledged. I don't know many people fall in that gap or hit the top bracket because it's so low in Nebraska, and I get that. And I want to do a lot for that group, but I'm not willing to do everything, everything if it's going to then come back to haunt us in some other way. Colleagues, let's remind you that in the middle of LB890, the updated school funding bill, the Columbus plan, proponents of LB39-- LB939 were critical of that plan because if we messed with sales tax, we couldn't do income tax cuts. And in my mind, that immediately tied what we all know is that when we do significant tax cuts or significant tax shifts or whatever we do, we have to correlate it with our spending goals. And we all also know that we don't spend enough on education. These things are tied together, and I don't want to just come up and say every time a spending bill, you know, it's tied, tied to education.

**WILLIAMS:** One minute.

**M. HANSEN:** Thank you, Mr. President. But when we're talking about pretty significant restructuring of our tax system, how is it going to be tied together and what are we going to look at? So I know, colleagues, everybody is going to vote how they want to vote tomorrow. I appreciate that everybody's got their own independent perspective. I will just say for that group that is hesitant of the bill, but is willing to give a chance, please be clear and insist upon whatever you want and make that clear what you want to move it forward because just getting more information is, to me, isn't what I'm looking for. I would like actually substantive and structural changes to the bill. Thank you, Mr. President.

**WILLIAMS:** Thank you, Senator Matt Hansen. Senator Flood would like to welcome five members of the Elkhorn Rural Public Power District Board of Directors from Battle Creek. They are seated in the north balcony. If you would please rise and be recognized by your Nebraska Legislature. Returning to debate. Senator Hunt, you're recognized.

**HUNT:** Thank you, Mr. President. I will return to LB939, but I'm hearing a reliable rumor, as many of you may be too, that we are getting a new senator today, potentially, maybe by noon, maybe 11:30. The white smoke is going up and, and we'll find out who will be joining us. And I say good, LD 42 needs a representative, and, and will welcome this person into our body, whoever they may be. But I also want to before we move on quickly from what happened with Senator Groene, the previous senator from LD 42, I want to acknowledge that he didn't have to leave this body. I don't think that he committed an offense that warranted his resignation. I think that he did something that warranted some self-reflection and some investment in improving the institution and making it a place where we can serve everybody. And I think we need a serious discussion in this body around the standards that we're holding our lawmakers to and the extent to which we're willing to work proactively to ensure safety of Nebraskans here at the Capitol, whether those are staff or visitors or members of the Legislature. When so many people accept the premise that harassment is to be expected, that it's normal, let alone people who are confused about the very definition of harassment, which we know is true because from the harassment training that we, that we had here as members and staff, there was a lot of confusion about harassment really is. Then we know that we need to improve something because we know better. Responding to reports of victimization shouldn't be so paralyzing for us, and we also shouldn't move past it so quickly. I know that Senator Machaela Cavanaugh is working on a resolution. I'm in contact with members of the Executive Board about potential solutions, and the Special Personnel Committee will be coming up with solutions. But this conversation is happening here now and this gives us an opportunity. It's happening now in group chats among staffers. It's happening between all of you reading the news about this and discussing it with your friends and coworkers. It's happening in real life between local community leaders who are meeting and talking and organizing, and I am grateful for everybody who has willingly participated in this conversation and who has had a hand in growing and evolving our expectations of behavior, not just in this Legislature, but in this institution. We are going to have a lot of opportunities this session to talk about how policies in this institution perpetuate ideas of cultural shame and stigma around relationships and sexuality that, that brought us to the place that we are today with the problem that we had from the senator from District 42. And I will take the opportunity to talk about that hypocrisy and how we really create the most fertile soil for this type of problem through the policies that we, that we advance here in the Legislature. But I also want to ask on

LB939, what is the vision, what is the vision? What is, what is it we're working toward? Senator Linehan comes forward year after year with massive radical, regressive tax bills and knows they are bad policy--

**WILLIAMS:** One minute.

**HUNT:** --and asks people to put aside their analysis and put aside their legitimate problems with these bills and move them forward to Select File to be sorted out later. Come on, that is so irresponsible, and it creates this artificial drama in Select File to make a bad deal. She's done it year after year. Many members have done it year after year, and I do think that there's room for a grand bargain. We can add a millionaire, billionaire tax bracket and we can give working families a break with bracket adjustments and there's a lot of room. But until she agrees to something like that, stop acting like populists who say that a millionaire and billionaire tax cut really helps poor people. Thank you, Mr. President.

**WILLIAMS:** Thank you, Senator Hunt. Senator John Cavanaugh, you're recognized.

**J. CAVANAUGH:** Thank you, Mr. President. So I was off for a while because I ran out of time to talk. So I'm back and I heard some conversations that I thought were interesting. So I did some quick math of the individuals getting this tax cut according to this chart that was circulated by Senator Linehan, their federal adjusted gross income makes up 91 percent of the federal adjusted gross income for the state. So they make 91 percent of the money. They are 31 percent of the people and would get 100 percent of this tax cut. So and then I looked at-- Senator Friesen and I spoke about this handout that he handed out was median household incomes and you spread across the state. The median household income in Nebraska is \$54,384. This is from the U.S. Census Bureau. So I spent a little time trying to figure out if that was taxable income, adjusted gross income. I couldn't find it. But since it's from the Census Bureau, you could probably guess it is a federal adjusted gross income, which is what we're talking about here. So \$54,000 is the median income in the state of Nebraska, the county with the highest median income, Sarpy County, \$72,000, but the highest median income, if that's the adjusted gross income, which I think it's safe to say is based off the fact this is federal data would still mean that the median household income in the highest median household income county in the state would not get this benefit because \$72,000 you would deduct the standard deduction and that would

get you below the threshold. So this as currently conceived, I appreciate what Senator Hansen said about what is it that people are looking for in terms of what's a compromise look like, what, what is-- what do people want here? I've gotten up many, many times and talked about the things that I think would make this better and, and which are making sure that this tax cut actually goes to these median income households that we're talking about. And Senator Hunt said something that struck me about this being regressive and that made me think, go back to, again, this study from 2018, the tax burden study. The reason the sales and use tax reduction creates more economic benefit than the income tax because it goes to working people. I talked to another senator earlier and they said that, you know, a gallon of milk cost the same regardless of whether you're a millionaire or you make \$20,000, \$30,000. And that's true. And that's why you have to buy milk regardless of whether you're wealthy or not, you have to have a place to live. You have to pay your light bill. You have to pay your gas-- for gas and things like that. Everybody has those same costs. And so what's not factored into this 90 percent of all the income, 30 percent of the people is the fact that these individuals are paying a smaller share of this income, this 91 percent to live, they're paying a smaller share of this income for their housing, for their, their food, for their gas to get to work. And that is why the sales tax cut is more progressive and derives more benefit because it puts money back into the pockets of people who have to spend that money. And then they do spend that money. Whereas, a tax cut that goes to the highest 10 percent or highest 1 percent, they don't need to spend that because they've already covered their essential costs. Many of the people on this-- the, the median income and below are living paycheck to paycheck and any money tax cut that we give them, they're going to put right back into the economy. And so these conversations about how to generate an economic benefit, how to, how to stimulate the economy through a tax cut, how to--

**WILLIAMS:** One minute.

**J. CAVANAUGH:** --offset the cost by stimulating the economy is-- rings hollow at the high end and is much more demonstrably true by data when you give a tax cut to lower brackets and you put more money in the pockets of people, working people, median income people. And so that is the type of thing we should be focusing on if we think we have the money. I, I agree that, that we should look at ways to put money back in people's pockets if we can, and that I'd be in favor of Senator Matt Hansen's question of waiting until next session to revisit this once we have more knowledge, more information about how the federal

money taking-- the decline in federal money into the state is going to affect us and how the tax cuts we enacted last year are going to affect us and other funding and economic factors are going to change going forward. So I will push my light and get back in, but it looks like we'll probably be out of time today. Thank you, Mr. President.

**WILLIAMS:** Thank you, Senator John Cavanaugh. Senator Machaela Cavanaugh, you're recognized.

**M. CAVANAUGH:** Thank you, Mr. President, colleagues. So a problem I'm having, and I think others have already stated that they're having this problem as well. Sorry, kind of hard to talk. Sorry, I keep saying um a lot today. The problem I'm having is what is rightsizing? What does that mean? What does that look like? I haven't heard any specifics as to what rightsizing would potentially be. There has to be some thoughts on that. And those that are willing to move this bill forward because they expect it to be rightsized on Select, it would be helpful to know what you mean by rightsized. Because I think this bill needs to be rightsized as well, which is why I have an amendment pending that starts to rightsize it, as I've said, needs work. But it's a beginning of rightsizing, in my opinion. And what that means to me is shifting the tax cut to middle class. And in my bill, middle class is people who make \$200,000 and less, of course, after your adjusted gross income. So that means that you could make 275, 300 depending on what your deductions are. So when we say rightsizing, I feel like it deserves a more of an explanation than that. Is rightsizing, we find out that we have the money to do this so we create a bigger cut for the wealthiest bracket? Or do we create a bigger cut for the smaller brackets, which, by the way, also creates a cut for the bigger brackets because they get that tax cut as well? So it's not-- any tax cut that we give to \$200,000 and below goes to the \$2 million and above. They get that tax cut as well. So I, I just would like to hear what rightsizing means before a bill is moved with no agreement. The only agreement is that it is definitely going to stay on Select until after the Forecasting Board. But that's not an agreement as to what the bill will look like or what the priorities will be for the bill. Is the corporate tax going to be the priority? Is rightsizing cutting out the income tax altogether and doing the corporate tax? Is it cutting out the corporate tax and doing the income tax as is? Is it increasing the cut for both? These are genuine questions that I really don't feel like have been answered or even talked about. And what I have found is that when people move a bill from General to Select without any agreement or even concept of what an agreement could potentially look like, that people become apathetic



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about it at that point. They say, well, I voted for it from General and Select can oftentimes just be a voice vote, so just move it along. Then all of a sudden, it's on Final in the exact same as it was moved from General, and nothing's happened. So I guess I would just really like to know what rightsized is and whose version of rightsized--

**WILLIAMS:** One minute.

**M. CAVANAUGH:** --are we talking about? Thank you. I will yield the remainder of my time.

**WILLIAMS:** Thank you, Senator Cavanaugh. Mr. Clerk.

**CLERK:** Mr. President, a few items. First of all, Senator Bostelman and Stinner ask unanimous consent to switch hearing rooms this afternoon. Appropriations will meet in Room 1525 and Natural Resources will meet in Room 1003. That's for this afternoon's hearings.

**WILLIAMS:** No objection, so ordered.

**CLERK:** Mr. President, I now have a motion on the desk from Senator Hilgers to suspend Rule 3, Section 14, so as to permit cancelation of public hearings.

**WILLIAMS:** Speaker Hilgers, you recognized to open on your motion.

**HILGERS:** Thank you, Mr. President. Good morning, colleagues. I've asked you to vote green on this particular motion. It's not one we could have on the agenda yesterday because as you recall yesterday we were working through which, which bills of Senator Groene's were going to be picked up and continued. We had that list, had a number of senators reach out to me. There were two that do, do not no longer have a principle introducer, those bills are LB784 and LB1179, or I should be precise, those are two that have not had their hearing. And because we are within the seven days, we need to have those hearings canceled. But because we're within the seven days, we have to suspend the Rules in order to do so. One of them, LB784, is scheduled for tomorrow so I would ask your agreement on this particular motion so we can suspend the Rules and have those hearings canceled. Thank you, Mr. President.

**WILLIAMS:** Members, you've heard the request. We will now vote on suspending the Rules. All those in favor vote aye; those opposed vote nay. Have all voted that wish?

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**CLERK:** Well, Senator, we're in the middle of a vote, the motion is to suspend the Rules. I apologize.

**WILLIAMS:** Record, Mr. Clerk.

**CLERK:** 34 ayes, 1 nay, Mr. President, to suspend the Rule, so as to cancel the public hearings.

**WILLIAMS:** The Rules are suspended.

**CLERK:** Mr. President, as a result of that action, I have hearing notices, cancelations from the Education Committee and from the Revenue Committee.

**WILLIAMS:** Speaker Hilgers, for an announcement.

**HILGERS:** Thank you, Mr. President. Good morning, colleagues, I wanted to provide you by Rule today is the deadline to provide Speaker priority designations. I've made those selections and I wanted to read off to the body what the 25 Speaker priority bills will be this year. LB344, and these are in numerical order, Senator Frieden's bill relating to the One-Call Notification System. LB436, Senator Ben Hansen's bill changing provisions of the Athletic Training Practice Act. LB596, Senator Albrecht's bill relating to the Nebraska Higher Blend Tax Credit Act. LB661, Senator McDonnell's bill regarding assault on a public transportation driver. LB698 from Senator Kolterman regarding coverage of continuous glucose monitoring devices. LB729, Senator Lindstrom's bill adopting the Quick Action Closing Fund Act. LB769, Senator Halloran's bill regarding requiring certain state employees to submit to fingerprinting. LB777, Senator Brewer's bill regarding video technology for the Legislative Council. LB804, Senator Hughes's bill regarding compensation of members of the Nebraska Power Review Board. LB820, Senator Matt Hansen's bill changing population thresholds for cities of the metropolitan class and primary class. LB840, Senator Brewer's bill changing provisions relating to the publication and rates of legal notices. LB864, Senator Gragert's bill relating to qualified education loan payments under NEST. LB887, Senator Slama's bill changing provisions relating to state colleges and the Board of Trustees of Nebraska State Colleges. LB888, Senator Day's bill regard-- redefining multicultural education for school districts. LB6-- I'm sorry, LB896, Senator Lathrop's bill relating to requirements for program evaluation under the Nebraska Treatment and

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Corrections Act. LB902, Senator Aguilar's bill adopting the Nebraska Career Scholarship Act. LB998, Senator Wayne's bill changing provisions of the Municipal Inland Port Authority Act. LB1016, Senator Walz's bill providing for public-private partnerships under the Transportation Innovation Act. LB1065, Senator Wayne's bill changing provisions of the Community Development Law. LB1102, Senator Bostelman's bill adopting the Nebraska Environmental Response Act. LB1112, Senator McKinney's bill to adopt the Computer Science and Technology Act [SIC]. LB1130, Senator Morfeld's bill require data sharing and execution of agreements with the Nebraska Statewide Workforce and Education Reporting System. LB1246, Senator Pansing Brooks's bill requiring confidential-- confidentiality for victims of sexual assault. LB1273, Senator Bostar's bill relating to an income tax deduction to retired law enforcement officers. And LR283CA, Senator Bostar's constitutional amendment to authorize any city, county, or other political subdivision that operates an airport to expend revenue for certain services. That is it. If you have any questions about your particular bill, please let me know. I will say at the end of this week, will we have-- we have all the priority bills in because we know what the remaining amount of work we will have for the rest of the session. I'll have an update on that when, when we have the chance to go through them all and I will say, I think I heard Senator Hunt say this a minute ago, but I understand the Governor has now made his selection for District 42, and I do expect us to be at full strength tomorrow. Thank you, Mr. President.

**WILLIAMS:** Thank you, Speaker Hilgers. Mr. Clerk, for items.

**CLERK:** Thank you, Mr. President. Hearing notice from Health and Human Services Committee. Agriculture Committee reports LB805 to General File with amendments. Revenue reports LB1150 to General File with amendments. Senator Machaela Cavanaugh, an amendment to LB1216 to be printed. Acknowledgment of receipt of the Speaker's priority bills. Those will be inserted in the Journal. Announcements: Revenue Committee, Revenue Committee will meet Wednesday, today, in Exec Session following their hearings. Name adds: Senator Halloran to LB933, Senator Wayne to LB1065, Senator Wishart, LB1275. Mr President, Senator Pansing Brooks would move to adjourn the body until Thursday, February 24 at 9:00 a.m.

**WILLIAMS:** Members, you've heard the motion to adjourn until tomorrow morning at 9:00. All those in favor say aye. Those opposed say nay. We are adjourned.