

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate April 5, 2022

FOLEY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the fifty-third day of the One Hundred Seventh Legislature, Second Session. Our chaplain for today is Pastor Johnny Walker from McCook West First Chapel, McCook, Nebraska, Senator Hughes's district. Please rise.

PASTOR WALKER: You know, the scripture says that we should humble ourselves and pray. I'm just going to ask you to do that and join me. Our Heavenly Father, it is a humbling experience to come to you and ask for your direction and your help in our lives. Father, I pray for these men and women today in legislative control that you might clear their minds of things that would make them biased; that you would give them an honest, intellectual look at issues before them; that you might give them a clear mind and a conscience to follow you. Lord, I do pray for this Capitol Building today, the business that is transacted, and I pray for its physical protection. You allow these men and women to serve you, to serve this state of Nebraska. Lord, as things are prepared for the election process in our state, ask for your help. Lord, I pray for moral and ethical freedom, the issues of spiritual happiness, these devoted leaders. Lord, for the outcome of this day, we present into your hands. I pray for these issues that are before us today, that we might have intervention of your divine leadership. And at the end of this day, we will have exchanged a day that will be blessed by you. So we do humble ourselves. We ask for your blessing. In Jesus' name, Amen.

FOLEY: Thank you, Pastor. Senator McDonnell, can I ask you to lead us in the Pledge of Allegiance, please?

McDONNELL: Everyone, please join me in the Pledge of Allegiance. I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

FOLEY: Thank you, Senator. I call to order the fifty-third 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, Mr. President.

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

CLERK: I have no corrections.

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

CLERK: There are. Enrollment and Review reports LB29, LB59, LB75, LB91, LB691, LB697, LB697A, LB698A, LB705, LB741A, LB742, LB750A, LB752A, LB779, LB795, LB804A, LB807, LB808, LB824, LB829, LB848A, LB851, LB855, LB856, LB905, LB908, LB971, LB983, LB1007, LB1014, LB1024, LB1037A, LB1057, LB1082, LB1092, LB1124, LB1137, LB1147, LB1148, LB1165, LB1178, LB1184, LB1204, and LB1241A, all reported correctly engrossed. Enrollment and Review also reports LB873, LB1068, LB1068A, LB977, LB977A, LB792, and LB927 to Select File, some having Enrollment and Review amendments. Mr. President, I have communication from the Governor: Dear Mr. President and members, with this letter I am returning LB1011, LB1012, LB1013. True to our collective character, Nebraskans have remained resilient throughout the COVID-19 pandemic. In its wake, hardworking citizens and businesses have leveraged the momentum to accelerate our growth and remind the world why Nebraska is the best place to live and work. In February, the Forecasting Board increased General Fund tax receipts. By '22-23, tax receipts are anticipated to grow nearly \$6 billion. The biennial budget is already correct and the mid-biennium period is intended for minor adjustments. The budget items contained in these bills raise General Fund appropriations FY '22-23 by 5.9 percent. I have vetoed \$14.8 million to increase future Capitol HVAC project funds. My line-item vetoes of General Funds in LB1011 total approximately \$51.8 million in FY '22-23. The changes apply to provider rates in four programs within Department of Health and Human Services. Without alteration to these items, these bills usher in \$55 million of General Fund appropriations. The ARPA budget bill proposes significant funding for the Developmental Disability Aid Program, for Nursing Home Facilities Program. LB1014 provides \$95 million or \$47.5 million to each program. These provider rates increase cost \$190 million out of General Fund appropriations and an additional \$55 million in ARPA appropriations in the next biennium. The reduction in Child Welfare Aid reduces General Fund appropriation to-- by \$8.8 million and \$390,000 in federal fund appropriations. These reductions still allow for a 5 percent increase. I have vetoed the \$26 million in General Fund appropriation and \$34.5 million federal fund appropriation FY '22-23 in the Medicaid Program for nursing facility rates. This will provide an additional 5 percent on the existing 3.5 percent increase. I have also vetoed \$6.9 million General Fund appropriation in FY '22-23 in the Developmental Disability Aid Program and the corresponding federal fund appropriation. My veto within LB1012 eliminates the transfer of \$14 million from the Governor's Emergency Cash Fund to the Cash Reserve

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Fund. I'm also eliminating the \$15 million transfer of the Prison Overcrowding Contingency Fund to the Vocational Life Skills Program we fund within LB1012. While I agree with the premise and goals of vocational life programs, it is completely inappropriate to draw this funding that could be used to replace the deteriorating Nebraska State Penitentiary. I've also line-item reduced the transfer of the Cash Reserve Fund to the Trail Development and Maintenance Fund contained in LB1013 from \$8.3 million to \$4.15 million. The corresponding appropriation contained in LB1011 is also reduced to match the transfer amount. Additionally, I've also line-itemed the \$20 million transfer contained in LB1013 from the Cash Reserve Fund to the Middle Income Workforce Investment Fund, and also line-item vetoed the corresponding Cash Fund appropriation in LB1011. My vetoes will ensure that Nebraska is poised to provide top-notch government services while keeping tax relief a possibility. In total, these reductions cut the General Fund appropriation growth by \$51.8 million. I urge you to sustain these vetoes. Sincerely, Pete Ricketts, Governor. Mr. President, new resolution: Senator Kolterman offers LR428. That will be laid over. New A bill, LB1010A by Senator Geist. It's a bill for an act that appropriates funds to LB1010. And finally, Attorney General's Opinion addressed to Senator Erdman regarding LR264CA. That's all that I have, Mr. President.

FOLEY: Thank you, Mr. Clerk. Members, Senator Erdman would like us to recognize a very special guest. Today we have an 11th grade student from Sioux County High School, Harrison, Nebraska, Ms. Tamika Eastman. Tamika is the state champion in extemporaneous speaking for Class D-2 schools. Tamika, please rise so we can welcome you to the Nebraska Legislature. Moving now to the agenda, Select File 2022 senator priority bill, Mr. Clerk.

CLERK: Did you say next bill? OK. Mr. President, LB873. Senator McKinney, I have Enrollment and Review amendments, first of all.

FOLEY: Senator McKinney.

McKINNEY: Mr. President, I move to adopt the E&R amendments to LB873.

FOLEY: Thank you, Senator McKinney. Senators Briese, Slama, and Machaela Cavanaugh, you both have-- you all have your speaking lights on. I'd like to move the E&R amendments first and then we'll move to the bill if that's OK? Very good. Members, you've heard the motion to adopt the E&R amendments. Those in favor say aye. Those opposed say nay. The E&R amendments have been adopted. Mr. Clerk.

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CLERK: Mr. President, I now have amendments from Senator Matt Hansen, FA168, FA169, and AM2666 [SIC--AM2656]. Senator, I understand from a conversation you and I had, you'd like to withdraw AM168 [SIC--FA168] and AM169 [SIC--FA169] and withdraw temporarily AM2656 and refile that. Mr. President, Senator DeBoer would move to amend, AM2685.

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

DeBOER: Thank you, Mr. President. Colleagues, this is the amendment I told you I was going to bring--

FOLEY: Excuse me, Senator. Senator DeBoer.

DeBOER: Thank you. Good morning, colleagues. This is the amendment that I told you I was going to bring on Select File to bring the middle tax bracket rate down from 5.1 percent to 4.1 percent to mirror the top bracket rate being pulled down a percent. This would cost \$97 million, which if we need to find a way to pay for it, would only take a couple of hundredths of a percentage going up on the top bracket in order to do it. I'm willing to talk to folks about that. When I was doing the calculations to figure out what Nebraskans would save on the income tax package as presented without my amendment, I discovered that a person making \$20 an hour as a single filer, so a young professional in Nebraska, \$20 an hour is a good wage. A person making \$20 an hour would get from this income tax cut, \$11 for the whole year. The amount of tax cuts that someone filing singly making \$20 an hour full time would get is \$11. So, colleagues, I think that if we're going to be spending a lot of money doing tax cuts for a lot of people, we ought to not leave out all these people in Nebraska who we really want to help keep in Nebraska. We want to keep the people who have their entire lives of work ahead of them, the people who are just starting out. So if taxes are the big thing that's causing people to move out of our state, then we probably ought to be incentivizing to stay in our state those people who are making \$20 an hour or \$15 an hour. If you make \$15 an hour and you work full time in Nebraska, the income tax portion of this tax cut would give you zero dollars. We need to help the middle class out. The middle class is who we need to work here. Now we also want doctors and lawyers and all of that, which is why if we're going to bring the top tax bracket down, that makes some sense. We'll do that as well. But we've got to take the middle class and give them some tax breaks as well. This notion that I've heard on the floor that if we give something to the middle class, we have to give to everyone is true. If we take down the middle tax bracket, that also gives those folks in the upper tax bracket a break as well, which is why I would suggest-- this is not in the amendment,

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but if, if folks are concerned about it-- we can move that-- we can just inch that little bit off the top tax bracket and still, still keep it under 6 percent, which helps us with the magazines. Because one of the things that I've heard over and over again on this floor is that we have to get our top tax bracket down low enough so when people look at magazines and see that our top tax bracket is over 6 percent and they don't want to move here because of that, in a magazine, it'll show that we're under 6 percent. Now I know we're still higher than others around us. I understood and heard that. They want to get us down so that in the magazines when people are flipping through and they see where our tax rates are compared to other people, our tax rate is below 6 percent. I get that. But I also think that people who are making the savvy decision about where they're going to move based on taxes, which I got to tell you, the people that I talked to when I asked them why they're moving places, they say it's things like my grandkids live here or I bought a house that I really like or my job transferred me here, whatever the reason. I have never, ever, ever heard anyone that moved to this state say, well, I looked at the taxes and I figured out I could take it or consequent-- the opposite, I have also never heard anyone say I'm moving away from here because of the taxes. Now that doesn't mean-- I may not run in those circles. Maybe there are other people who do know people who have left because of taxes. But I got to tell you, my parents would pay any amount of money I suspect to-- that they could afford to be near their grandkids. They want to live where their grandkids are. Most grandparents want to live where their grandkids are. So, you know, we don't have a lot of great weather, although this was a pretty mild winter. Maybe folks might move away from here because of the weather. There are probably a number of reasons why they might move away from here. I don't think taxes-- if we did an analysis of everyone, like, exit interviews of everyone who left the state, I don't think taxes would be in the top three reasons. So that being said, I am absolutely wanting to get our tax rates down. We have money to give back right now. Let's give it back. Let's give back our money-- the money that the people are giving us, let's, let's take less from them. Let's give it back, take less, however you want to say that. But let's do that from everyone, not just the people who make more money than the state average. And we can argue about whether or not once you take the individual tax deductions you get at the state average or not, but it's right around there and everybody can agree it's right around there. So let's lower the middle tax bracket as well. Let's give the middle tax bracket some, some, not a lot, of course, but some of their money back. The middle tax bracket represents almost everyone, not everyone, some people don't even get up into that middle tax bracket because some people maybe don't work

full time. They may not make it up to the middle tax bracket. But the vast, vast majority of Nebraskans are going to make money in that middle tax bracket. And there will be some high earners that will get a tax break from giving the tax break to the middle tax bracket, but they'll get the same amount as everyone else. In fact, by taking the middle tax bracket down while we're taking down the top tax bracket, what we're doing is making this a less regressive tax cut. We're spreading it out. Colleagues, I ask you please, please vote to give the money back to the people in the middle classes. Twenty dollars an hour is a good job. Twenty dollars an hour is a great job in a lot of circles. And to get \$11 back in income taxes or to pay \$11 less because of the tax break, that, that just kind of boggles my mind; the amount of money we're talking about, a billion dollars almost, and people making \$20 an hour get \$11. I have some other figures. So if you are married filing jointly and you make \$80,000 together, or maybe there's just one income, but you're married and you're filing jointly, under LB873 as it's currently written without my amendment, fully implemented, you would get zero dollars in tax savings. You would pay \$241 less with this amendment. Now \$241 is not a huge amount of money, but it pays a bill. Colleagues, I'm very serious about this amendment. I, I know everybody is sort of working on their own things and, and, and doing whatever else right now, but I've heard so many passionate--

FOLEY: One minute.

DeBOER: --conversations about why we need to lower the taxes on our people in Nebraska. Let's lower it on the vast majority of Nebraskans. Help me pass this tax cut for the middle class. Help me pass this tax cut that will get at people who rent. So many people in our state rent. They don't get anything from the property tax relief that we do. And look, I'm 100 percent behind doing the property tax relief. I think it's really important. We have very high property taxes. But if you rent, the idea is maybe the landlord will give you some of that money. But the reality is, anyone who's ever rented knows that their rent doesn't go down nearly so much as the rent goes up. So giving an income tax break to the middle class will help those renters. You say, who's missing in this package?

FOLEY: That's time, Senator. Thank you, Senator DeBoer. Moving to the speaking queue. Senator Briese.

BRIESE: Thank you, Mr. President. Good morning, colleagues. I rise in wholehearted, wholehearted support of LB873 as we amended it last week and, and advanced it. And LB873 really represents a package of tax relief that is extremely important to all Nebraskans, and you can't

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overstate the importance of LB873 to Nebraska taxpayers. And LB873, as amended, is the result of a whole lot of discussion and negotiations on behalf of the Revenue Committee and others and we need to respect that. I just want to remind everyone what's at stake here. LB873 prevents a \$200 million property tax increase on everyday Nebraskans. It's going to provide, by year 2026, an additional \$195 million of property tax relief for Nebraskans. It's going to provide our seniors with additional Social Security tax relief. And it's going to drive down our outlier marginal tax rates. And this is a package of relief that can put more dollars back in the hands of everyday Nebraskans. And it can help in our efforts to attract businesses, attract residents, retain the businesses we have here, retain the residents we have here. It represents a huge win for everyday Nebraskans and I strongly urge your support of LB873. And I certainly appreciate Senator DeBoer's efforts here, but we have currently the second-highest individual marginal tax rate in the area, and it's soon to be the highest with what Iowa is doing now. And the marginal rate is extremely important. When residents are deciding where to live, where to locate, whether to move here, they look at a lot of things; they look at education, they look at public safety, they look at amenities, they look at recreation, they look at housing. But they also look at the marginal tax rate. The marginal tax rate is the window sticker to our state. It's the front door to our state and folks look at that. It's important to them. They don't look at effective tax rates, they look at the marginal tax rate. And under LB873, we're still going to be at 5.84, and that's still going to be one of the higher marginal tax rates in the country and we need to continue efforts to drive that down. But LB873 is where the Revenue Committee landed. It's the package that we landed on and a lot of discussion, a lot of negotiations went into it. And again, I, I respect Senator DeBoer greatly and I appreciate her efforts at providing income tax relief to everyday Nebraskans, but I, I do think at this point, it's time to respect the package. And I'd be happy to look at Senator DeBoer's idea next year going forward. Maybe it's something we can do, but I still think it's important that we drive down the marginal rates. I think that is the best thing we can do to enhance economic growth in Nebraska relative to tax rates. And so again, thank you, Senator DeBoer, for bringing this. But I think it's not-- probably not the time and the place for it from my perspective, and I would urge your opposition to AM2685, urge your support of LB873. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senator Slama.

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

FOLEY: Senator Linehan, 5:00.

LINEHAN: Good morning, Mr. President. Good morning, colleagues. I am obviously very much in support of LB873 and today I cannot support Senator DeBoer's amendment. So one of the-- I understand what she's trying to do and I appreciate her hard work on this and it is hard. But the concern I have, unless maybe I'm missing something here-- would Senator DeBoer yield for a question?

FOLEY: Senator DeBoer would you yield, please?

DeBOER: Yes.

LINEHAN: Senator DeBoer, do you have any idea of the fiscal note on your amendment, what it might cost?

DeBOER: I think when fully implemented-- I don't, I don't have the, the ramp-up times in my head, but when fully implemented, it would be \$97 million.

LINEHAN: Where did you-- I'm sorry, five years from now, it would be \$97 million?

DeBOER: When it gets fully implemented.

LINEHAN: How did you come up with that number?

DeBOER: Someone calculated that for me.

LINEHAN: Well, who's someone?

DeBOER: The Institute on Taxation and Economic Policy 2022 is where I, I asked some folks-- sorry, I have a cough drop-- I asked some folks to look for me.

LINEHAN: OK, well, I, I think they would probably be a far different number from our Fiscal Office. I-- what I looked at this morning-- thank you, Senator DeBoer-- was a bill that Senator Machaela Cavanaugh introduced and she was doing-- Senator Cavanaugh, I didn't give you a heads up, but if you would yield to a question, please?

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

M. CAVANAUGH: Yes.

LINEHAN: Senator Cavanaugh, you were trying on yours, if I remember right and I've got the fiscal note here, you were make-- making the brackets wider, right?

M. CAVANAUGH: Yes.

LINEHAN: And, and you did-- so for right now, it's at \$28,000 for married couples. You took it up to \$32,000 at the 3.51 percent.

M. CAVANAUGH: I believe so. I don't have the numbers in front of me.

LINEHAN: I'm sorry and I will, I will hand this out, pass it around. So then from married-- oh, excuse me, married joint, you went up to \$64,000 to \$199,000. And you-- at that rate, you left it at 6.84 and then you even put a higher rate on \$100,000 to \$1 million and then above \$1 million, an even higher rate, right?

M. CAVANAUGH: That sounds right from the first version.

LINEHAN: And--

M. CAVANAUGH: Yeah.

LINEHAN: Right and do you remember the fiscal note? Even though we raised the rates on the higher incomes, the fiscal--

M. CAVANAUGH: Well, it was really high, but that's because I made a mistake in the language that didn't tax at every level. If you remember the progressive, like, you're still taxed at each level.

LINEHAN: Well, that's because that's the way taxes work, yes.

M. CAVANAUGH: Yeah, but I did something wrong with the language. So--

LINEHAN: OK.

M. CAVANAUGH: --that didn't impact it.

LINEHAN: OK, well, thank you, Senator Cavanaugh.

M. CAVANAUGH: Sure.

LINEHAN: So I don't understand-- and maybe you can show me the numbers, Senator Cavanaugh [SIC], but I'm guessing your amendment is considerably more than \$97 million when fully implemented, because that doesn't stack up with anything I've looked at on trying to lower those rates because as you quoted, everybody that's paying at top rate

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is going to pay at those rates. And I think I will get some papers from the Fiscal Office, but let's go back to your, your individual-- did you-- I'm sorry. Senator DeBoer, would you yield to another question, please?

FOLEY: Senator DeBoer, would you yield, please?

DeBOER: Yes.

LINEHAN: You said the person making \$20 an hour-- so 40 hours a week, is that where you were thinking, \$20 an hour at 40 hours a week?

DeBOER: Yeah, I-- whatever the-- yes, 40 hours a week.

LINEHAN: So I did quick math here, didn't have my math experts, but I used my phone, so I'm hoping I'm right, that's about \$41,600 a year.

DeBOER: I will trust your, your math. I didn't do it.

LINEHAN: So what does that person currently pay in state income taxes?

DeBOER: It looks like-- well, I don't know what they've currently, I know what they would pay under your bill. Under your bill, they'd pay \$1,317 or--

LINEHAN: So 13-- so an individual. So they have no dependents, they're not married--

DeBOER: Yeah, I just, I just--

LINEHAN: --they're filing singly.

DeBOER: --figured that one.

LINEHAN: So they paid thir-- so that's a year, right, \$1,300 a year they pay in income taxes?

DeBOER: Sorry, I'm looking at the wrong thing. OK. I will retell you my thing when I find it, \$1,380, sorry, \$1,380 is the amount.

LINEHAN: \$1,380. So--

DeBOER: And that's under your bill.

LINEHAN: All right. OK. What do they pay currently?

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DeBOER: Well, it says tax savings of \$11, so I imagine they pay \$1,391.

FOLEY: That's time, senators.

LINEHAN: Thank you.

FOLEY: Thank you, Senator Linehan and Senator DeBoer. Senator Machaela Cavanaugh.

M. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Good morning, colleagues. I rise in support of AM685 [SIC--AM2685] because if we're going to be spending all this money, we should really be helping the middle class. But I'm going to shift my focus to the Governor's letter yesterday. Colleagues, what exciting times we live in where the Governor says the horrible, quiet part out loud in print. I do love his transparency, however. I've chosen to line-item veto certain spending items that will allow tax relief to succeed. Oh, goody. We need more tax relief. What are we cutting? Well, let's see. Oh, behavioral health aid. Clearly, that's not important. Child welfare aid. Well, we've done a great job with child welfare I have to say. Anybody who's been involved at Saint Francis Ministries is probably applauding this right now. We've spent too much money on it. Developmental disability aid, yeah. You know what, those people with developmental disabilities, they need to pull themselves up by the bootstraps and stop asking for handouts and hand-ups. Medicaid, whew, doggie. Well, I knew that Medicaid wasn't important because we can't even cover Medicaid postpartum as allowed under federal law up to a year, but we are going to force those women to give birth. We're going to force them to give birth and we're not going to support them when their child has a developmental disability. We're going to force them to give birth and we're not going to support them when they have child welfare needs or behavioral health needs or just healthcare needs. And then we've got to line-item veto the Supreme Court juvenile justice and probation community corrections. Because you know what, folks? We're not spending enough right now on incarceration. We want to put more money towards incarceration and less money towards preventative sentencing and interventions. Cool, cool, cool, cool, cool, cool. So, yeah, let's talk about tax cuts for the most wealthy people in the state. We need more, right? We need, what is it, \$97 million more? I mean, Senator Friesen, Linehan, Briese, Lindstrom package here does not go far enough. We don't need-- why are we even levying taxes? This afternoon-- I think it'll be this afternoon-- we're going to get to Senator Erdman's priority bill, which is the consumption tax, and it's starting to look better and better every single day because at least

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with the consumption tax, there's a rebate to low-income families. There's guaranteed income. This bill without Senator DeBoer's amendment to give a tax cut to the middle class, which is bananas that we're even having a debate over whether or not that's worthwhile doing. Why can't we give a tax cut to the working people? Why are we only giving a tax cut to corporations and the wealthy? People of Nebraska, obviously, the morality of your elected officials has gone sideways, upside down, topsy-turvy. The Governor thinks that tax cuts are more important than human services.

FOLEY: One minute.

M. CAVANAUGH: The Legislature thinks that tax cuts, building a lake and a canal and a, I don't even know what else, are more important than anything else. It is exhausting to be in this room with everyone because you make these ridiculous speeches about what it means for Nebraska and you don't care. You do not care about people. If you cared about people, you would be rising up and saying, yes, Senator DeBoer, we do need to give a tax cut to the middle class. And Governor Ricketts, boo-hoo on you. We're not going to let those vetoes stand. Those help real people. But instead we're going to be greedy and we're going to pass a massive tax package because that is your Nebraska Legislature, unfortunately. People equal increased revenue. Our rev--

FOLEY: That's time.

M. CAVANAUGH: Thank you.

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

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Well, I rise in support of Senator DeBoer's amendment, and I would echo several of the comments that have been made. But ultimately this package, LB873, as it currently is contemplated, costs \$900 million when fully implemented. And anyone to stand up and say that we can't afford to actually give tax relief to median-income, people earning below, at and below the median income is disingenuous at best. So we had this whole conversation. We've had this-- actually, this bill has been debated. I found Senator Briese's comments about giving respect to the package at this point to be interesting considering that this bill was reported out of the, the committee, the Revenue Committee, as just an income tax and corporate tax bill, then was added in to include Senator Briese's property tax bill because the corporate and income tax was not popular enough so they added \$200 million to it. And then that was not popular enough on its own so they added \$200 million more

to that. And that was not popular enough on its own, so they added the Social Security to it to hold everybody hostage on this bill. And so to get to \$900 million to pass all of these corporate and millionaire tax cuts is what, is what's going on here. So the fact that it deserves respect is, is maybe not where we should be at. But the question then becomes the debate we had on the first day of this bill when it came up, as now I don't even remember the, the original number, but the original bill of this, we had a debate and we talked about this giving tax relief to middle-class people, working Nebraskans. And what Senator DeBoer is proposing here is an amendment that gives tax relief to working, middle-class, median-income Nebraskans. And the fiscal note on it-- there, there isn't currently a fiscal note, but the, the estimate, it is a knowable number and it is knowable because of the structure of our tax cuts, of our tax brackets. So this would cut the middle bracket, which is the 5.01, down to 4.01, which means we know how many people are in that and we know how many people are above that. And so we know how many-- the exact dollar amount that everybody above that bracket will get in this, this tax relief, which Senator DeBoer said, I think, for married filing jointly would be something like \$250 once you're above the bracket. That is a noble number. You can calculate that number based off of the number of people, which is about 315,000 tax returns that are above that number. You can multiply that by \$250 and then you can do the math on the ones that are within that bracket as well. So this is a noble number. It's somewhere around that amount. The point is this is what everybody has said they were in favor of. This is what the conversation was centered around; giving tax relief to working Nebraskans who are at the median income. This is giving them real relief, which is the amount of money that they could use to save for a home, to pay bills, to meet their obligations. That is what this bill does for working Nebraskans at an affordable amount of about \$100 million. The millionaire portion of LB873, the tax relief under LB873 that goes exclusively to people making over \$1 million a year is-- goes to 8,811 individuals, and they will get about \$9,000 apiece, and that costs us \$70 million. So if it is acceptable to spend \$70 million giving millionaires thousands of dollars in tax relief, how can you not be in favor of giving tax relief to people working minimum-wage jobs in the state of Nebraska? How can you say that that is-- you're in favor of tax relief for Nebraskans when you're cutting out 70 percent of Nebraska taxpayers? LB873 in the income tax portion goes to 313,000 out of the 1 million taxpayers. So that's 30 percent of taxpayers get relief under LB873, way more people, I haven't done the math on this yet--

FOLEY: One minute.

J. CAVANAUGH: --but way more people will get tax relief under AM2685. It costs less than the tax cuts in AM-- in LB873. It goes to the people we've been talking about. So if you are voting against AM2685, you are against tax cuts for middle-class people in Nebraska. That's a simple-- it is a simple statement. It is true. It is obvious. And so if we can afford the tax cuts in LB873, we can afford the, the addition of AM2685. That doesn't even take into account what Senator Machaela Cavanaugh just said about Governor Ricketts' vetoes, saying that we have to cut state spending. That is a whole broader conversation about what is the nature of tax cuts and how, how much we can afford. So this is the only time I'll speak on this particular amendment unless somebody wants me to speak further. But this is a reasonable small step that expands the tax relief to include more Nebraskans and the Nebraskans we've been talking about. And so I would encourage everyone to vote for AM2685 to ensure that all Nebraskans share in--

FOLEY: That's time.

J. CAVANAUGH: --the tax relief. Thank you, Mr. President.

FOLEY: Thank you, Senator Cavanaugh. Senator Friesen.

FRIESEN: Thank you, Mr. President. So I'm going to talk about, a little bit about our spending and, and why this tax package is important to Nebraskans. And in my eight years that I've been here, we have been mentioned over and over we're a high-tax state, we spend too much. And you look at what we're doing this year, we are a high-tax state and we are spending too much and we're going to spend every last penny of it. And I think Senator Stinner is going to get up and talk a little bit about some things that he wants to talk about. But I'm going to talk, too, a little bit about this tax package has a little bit of something for everybody, you know? I think it covers all the bases. It's a compromise between a lot of different groups, a lot of different people, and it actually cuts taxes to make us maybe not quite so high in taxes, but we've still got a little ways to go. We're still real high in new vehicle sales taxes, our, our automobile taxes are extremely high compared to other states. We have a lot of things in Nebraska that we can talk about that people are kind of surprised when they move here. This is just a, a, a part of it. It probably is the biggest tax cut package in our history, but it's still a pretty substantial tax cut and yet I still think we have some more to go. But we have to think about controlling our spending. And I know we're

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going to be talking about some of that in the near future here, but this is the time that we look at our state and say, if we're a high-tax state, how are we going to cut back and do that? This is the only path that we have right now to cut taxes. And this body has shown that if you give us money, we will spend it. So why would the citizens of this state want us to have more money? We will spend it. We cannot show restraint in our spending. We don't show restraint in our spending. We're no different than the federal government, only we can't print money. We can't borrow money. But if we once take it from the citizens, we spend it. We've got to find a way to slow this down. And this is not a big ask yet. I'd say this is a mediocre step. I hope we can do more in the future. I hope the economy keeps going. There's a lot of things going for Nebraska now. You look at the ag economy, it might have a bright future for the next couple of years, but our expenses are rising as fast as our incomes. So it's going to be a challenge yet. And if we have shortages of inputs, it is driving up our cost of production. But we see inflation for the next couple of years as being pretty rampant and I think that that in the end drives a lot of incomes to go up, spending will go up and therefore our tax revenues will go up. And again, if you give it to us, we seem to find a way of spending it. This contains some provisions for the property taxpayer that we can make sure that the LB1107 tax credits that we currently have stay in place at the funding level that they're out and it provides a, a little bit from the community college system, what they're paying there. It provides some money there. So down the road, we should see-- with the growth in valuations that are coming, we should see an increase in that fund down the road so property taxpayers--

FOLEY: One minute.

FRIESEN: --probably at least will be held harmless as we see increases in spending from the high-- you know, the K-12 and the community college system. But if you have inflation running at 7 percent, I would assume their expenses are going to go up. This is something I think we need to do and we need to do it this year. We are this close. We can give some of those-- we can-- we're not giving money back to our citizens, we're just not taking it. Let's just quit taking it in the first place and let them spend it. Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Senator Sanders.

SANDERS: Good morning and thank you, Mr. President. I yield my time to Senator Linehan.

FOLEY: Senator Linehan, 5:00.

LINEHAN: Thank you, Senator Sanders, and thank you, Mr. President. So there's some confusion I want to-- and I, if I speak out of turn here and Senator DeBoer waves at me, I'll yield her or ask her a question. What she meant when she said it costs \$97 million is it costs \$97 million more than the package we have in front of us. So it would be the tax package we passed last week, got cloture with 44 votes, passed it to Select, which brings us here today, which cut taxes. I think we're getting off on a tangent here because people have said it doesn't do anything for the middle class. Wait a minute. It completely does away with taxing Social Security for-- I don't see Senator Lindstrom, but I think it's 347,000 Nebraskans who get Social Security. It does away with taxes on Social Security. It lowers-- it increases the property tax credit fund, which means people will pay less in property taxes, which I think there's a lot of middle-class people that own their home or own their business and they pay property taxes. We are lowering property taxes with this package. Then finally, what we talked about a lot, but I think maybe we have forgotten is in 2012, there was a tax package much like this that we were supposed to go back and lower the rates that they had increased in 2002. The first three brackets were lowered in 2012: first one from 2.56 to 2.46, the second one from 3.57 to 3.51, the third one from 5.12 to 5.01. The top bracket did not get lowered. And probably a situation much like today. So we lowered everybody below that top bracket in 2012 with the promise that we would come back. Now I don't think any of us-- I don't know if any of us were here in 2012, were here this morning, but we have built this package through compromise with property owners, income taxpayers, Social Security. The Revenue Committee fit in a box that Chairman Stinner said we could afford a package that helps-- yes, there's some Nebraskans that won't see any, but the vast majority are either going to get many-- and middle class, when we start talking about middle class, I wish somebody would define that when they stand up and say middle class. Because again, I think a married couple making \$80,000 a year, they feel pretty middle class. So if we're going to talk middle class is \$40,000 a year, then that's a different story, but please define when you say middle class what you're talking about. We're doing property taxes. We're doing no taxes on Social Security and it fits in a package of the money that we can afford. Now this morning, we're all of a sudden going to come up with another \$97 million. I would, I would love to come up with another \$97 million in income tax cuts. But here's the deal, we had an agreement on the Revenue Committee and with others that going forward, property taxes and income taxes would be equal. So if we're going to do another \$97

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million in income taxes, what are we going to do on property taxes?
Are we just going to do--

FOLEY: One minute.

LINEHAN: --almost \$100 million more in income taxes and not do any more for property taxes? I don't think that will go over very well. I don't think you'll get to 33. Lowering taxes, I would love to do this, but we don't have the money to do this unless there's a pay-for that nobody's mentioned thus far. Thank you, Mr. President.

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

M. HANSEN: Thank you, Mr. President. I just want to point out, I agree that we should have a conversation on probably what we mean as middle class. And I want to be 100 percent clear, I said this on another round. I think I said it's on the budget when we started talking about this bill. Under LB873 as proposed, my wife and I would not qualify for an income tax cut. So anytime somebody wants to get up on this microphone and explain what the middle class is and who should qualify and what, like, a young family looks like and how hard they work, yeah, I get that. And that's part of my reason I'm so frustrated in this bill. Policy reasons aside, is that I personally would not get an income tax cut under this bill. Like, that, that's where I am at personally. Under Senator DeBoer's amendment, I understand I would get an income tax cut, and I think we should do that for a whole host of Nebraskans. And I want to be very clear, I don't have to vote for a tax bill or vote for a tax package that would benefit just myself. I was a cosponsor of the Social Security tax, and obviously I'm three decades away from that ever benefiting me. I've been supportive of the military retirement, and that's not something that's ever going to apply for me. But again, if we want to talk about this income tax and, like, how it impacts working families, I want everybody just to be 100 percent clear you're not talking about some of the people who are in this room with you and some of the people who have expressed their frustration and opposition to the bill. If the cost in Senator DeBoer's amendment is too much to do this middle bracket, I have an amendment that's coming up that could cut corporate in order to do a pretty much similar tax cut for the middle bracket. And I'm going to say middle bracket and not middle class here. Like, we have options. We're just playing with numbers on a whole host of fronts. Again, that is what we're dealing with, and that is the realities of this tax package that's being proposed. As I-- that's, that's what, that's what we're dealing with. And that's the frustration I've had the whole time with some of the rhetoric. I can get on board with a lot of different

things, but if we're going to talk about this being working families, this being young families, again, there are people in this body, myself included, who do not qualify for the income tax cuts proposed in AM873 [SIC--LB873]. We'll get to at least myself and my family in Senator DeBoer's amendment. That's just kind of the lay of the land, and that's part of the reason we're seeing this. For people watching elsewhere, and we talk about, like, you know, oh, why can't they just get to a compromise? I mean, that's part of the thing that I'm struggling with is we've gotten to the point where we're not even critiquing or changing the current package. We just want to add something else to the package and we're told it upsets a deal we're not part of and a deal we're not privy to. We can't provide the middle bracket income tax cuts because it doesn't do enough on property taxes. That's like-- that's, that's the, that's the difficult part is, is, is from us proposing solutions, proposing alternatives is there's apparently deals and handshakes and things worked out that I'm kind of vaguely aware of to the extent they've been discussed on the floor, but I'm not privy to. I don't know-- the dollar-for-dollar thing, I think, was new to me and my understanding. If we have to do a dollar-for-dollar thing, I mean, honestly, at this point, I think this is already so gigantic. There's a little bit of kind of what's some extra money to the property tax credit fund? If that's the amendment we have to get to, to pass Senator DeBoer's amendment, like, let's start talking about it. We could just make it more expensive. Like, that's kind of where we're at, colleagues. Again, I've been very clear that I've wanted something on corporate-- on the income tax to either eliminate corporate for some fiscal responsibility or to do more for the lower individual income tax brackets. I've said that on kind of every level, every round, every iteration, and that is, like, what I'm, like, looking for and that is what I'm, like, hoping to accomplish. Anyways, assume I'm about one minute, so I'll just--

FOLEY: One minute.

M. HANSEN: --thank you, Mr. President. I think I'll just stop there for now. Thank you, Mr. President.

FOLEY: Thank you, Senator Hansen. Senator Stinner.

STINNER: Thank you, Mr. President. Members of the Legislature, I've spent eight years here. I've had some really, really bad days. I can tell you this is the worst day I've ever had in this Legislature. I'm angry, I'm frustrated, I'm disappointed. And I'm going to try to control my voice as well as my emotions, but that might be a little bit tough to do. The only reason I'm bringing this up in this tax, tax

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debate is because this veto letter and provider rates are wrapped around taxes and tax cuts. That's why I'm bringing it up, so it is germane. So let's go back and let's take a look at what we did in this biennium at the front end of this biennium before a whole lot of events occurred. So we passed a budget that had a 2 percent appropriations increase. Two percent, that's what it was. We left \$27 million for the floor. Of course, it went negative after, after the ending results and \$548 million of tax credits were put into this computation, 3.3 percent was the second year. And if you remember right, we did a lot of things, we did a lot of tax things. We did Social Security halfway to the wall, we did military pay. We did a lot of tax-oriented stuff. We added three-- a, a, a dab more to the tax credit. We added to the Cash Reserve. We did a lot of positive things. But during that interim period of time, and of course, we were back for a special session and I came back for a special session at the end and we had LRs. And so I was called to the Governor's Office and the Governor indicated we're having a lot of problems, a lot of problems filling positions, a lot of vacancies, and it's critical. So let me read you what the Governor did and this is in his, his letter, page 23. The recommendations include additional appropriations to agencies to reflect the historic union agreement negotiated to address critical staffing challenges and unanticipated labor market changes. Nebraska experiences historically low unemployment, and the recommendation addresses the state's need to adapt to the, the increasing labor market competition to recruit and retain top talent and to drive effective, efficient, and customer-focused performance outcome. The recommendation includes a 20 percent increase in the highest demand positions, 30 percent increases in selected healthcare related positions, and a \$3 pay differential for 24-hour facilities. Three dollars divided by 15, by the way, is 20 percent. Also included is a 200 percent overtime pay rate for fiscal year '21-22 for the American Association of Public Employees teammates in 24-hour facilities and through '22-23 for the Fraternal Order of Police teammates in correctional facilities. Additionally, a \$4 pay differential. I'm not sure about \$4 or what the percentage is, but it sure as heck is larger than 15 percent. I green-lighted this, folks. They asked me about it. And of course, we had vacancy savings, we had CARES Act money, and we were getting ARPA money. So we didn't have a deficit request this year, this year. It's \$62 million in your budget. And oh, by the way, that's 1.3 percent. So let's add 1.3 to 3.3. Governor is 4.6. So what I told my Appropriations Committee and they will--

FOLEY: One minute.

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STINNER: --verify this, I said we're going to pass provider rates in the General Funds, that's it, nothing else. We brought \$450 million to the floor. With this veto, it's going to be \$500 million to the floor. He asked me to help him on trying to get everybody calmed down on taxes, so what did I do? I asked you to wait till the Forecasting Board showed up, then I could numerically present something for you, which I had. Then I get this crap. This is disgraceful. The numbers aren't even right. It's 5.7, get them right. And you want to puff up all the numbers, you're adding federal with General Funds? I'm sorry, this is-- I cannot-- no way am I going to vote for a tax cut on the backs of providers. No way. Thank you.

FOLEY: Thank you, Senator Stinner. Senator Geist would like us to recognize 35 fourth graders from Lincoln Christian School up in the north balcony. Students, please rise so we can welcome you to the Nebraska Legislature. Continuing debate. Senator Linehan. Is Senator Linehan on the floor? She'll waive the opportunity. Senator Briese.

BRIESE: Thank you, Mr. President. Good morning again, colleagues. And appreciate Senator-- Chairman Stinner's comments and I agree with what he said, and I, I just want to remind him that or acknowledge that, you know, we're all on the same team here. I said it last week, I'll say it again. I'm supportive of the budget, I'm supportive of ARPA, I'm supportive of taxes and they all need to go together and I will be voting green or whatever it takes to ensure that they go together. And I think it's important that we do so. ARPA, the budget, the tax package represents a trifecta win for Nebraska, Nebraska taxpayers, all Nebraskans. But a couple of comments about AM2685. I think I heard a possible fiscal note of \$90-some million, but I also heard that the Fiscal Office didn't arrive at that, someone else did. And maybe Senator DeBoer can reflect on that later, but I think that's what I heard earlier. And so I'm not sure that I trust that number. I'd feel more comfortable if it was the Fiscal Office doing that, and she can correct me if I'm wrong on that. If they had anything to do with that, then I stand corrected. But perhaps the best route would be to bring this bill next year, get a fiscal note on it and see what it costs as per the calculations of the Fiscal Office. And I also want to remind folks that a whole lot of negotiations and compromise went into the provisions of LB873. And one of the goals there was to ensure that out in year five, by the time we hit year five, the amount of property tax relief cumulative, the amount of cumulative income tax relief was fairly even. And I have a sheet here suggesting that cumulatively, there was only about two-tenths of 1 percent difference between the totals. And so, folks, that is a very even and equitable distribution of income tax relief and property tax relief. Her amendment would

change that. It would weight this package more heavily in favor of income tax relief, probably to the consternation of the folks like myself who typically prioritize property tax relief. And so a lot of negotiation and compromise went into this to get a, a fair and equitable balance of income versus property. And I think we need-- for now, we need to leave it alone, pass it as is, address Senator DeBoer's issue next year. We can talk about it there, bring a bill to Revenue. We'd be happy to, be happy to entertain it there. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senator Day.

DAY: Thank you, Mr. President, and good morning, colleagues. I rise in support of Senator DeBoer's amendment, AM2685, specifically because it does provide a substantive tax cut for middle-class Nebraskans. And I think that if we're talking about providing tax cuts to anyone in the state, they should be the first people that are getting it. Whether it's an income tax cut or a property tax cut or whatever kind of tax cut you're doing, the people in the state that struggle the most should be the ones that we're providing the most relief to. I know that there's been some discussion about the amendment costing an additional \$97 million on top of what the package is already going to cut. But my question is if there's consternation about adding an additional \$97 million in tax cuts to the middle class, then why don't we remove those cuts from another part of the bill? We're talking about tax cuts for people that make over \$1 million a year. And I don't understand why we can't-- again, this, this is a, this is an amendment that's an attempt to negotiate the bill, right? So if we're adding this amendment in, it would be very easy to take those tax cuts from somewhere else so that we're not adding an additional \$97 million on top of what the package is already costing. And I'll be honest, this package, as it is now without the amendment, would provide my family with a, with a tax cut. And I like to use my, my personal stories sometimes because I think that they resonate with people when you're-- when you, when you can talk about your personal experience. This would provide my family with a tax cut and I appreciate that. But, but to be honest, a few years ago when we were small business owners and we weren't making very much money, this, this bill would not have provided us with a tax cut. And I can tell you that things are a whole heck of a lot easier for my family now making, you know, double plus what we were making a few years ago. And I don't understand why my family now making substantially more money deserves a tax cut more than we did several years ago when we were barely scraping by. I genuinely believe that if we can't get this amendment attached, that this bill shouldn't be passed. I don't think it's that

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much to ask to add this amendment in there and to move it from somewhere else. If we're, if we're genuinely coming to the table to negotiate this bill, that's-- this is how we do it. I think sometimes these issues arise when we have these bills come up. And this happened a little bit last week on General File for this bill where we work really hard to try to negotiate from the starting point to try to create a bill that's a little more palatable. And within that process, instead of budging on the initial package, we get pressured into voting for the bill because we're essentially threatened with other items outside of this package. You know, we're not going to-- we'll block this or we'll block this or we'll pull this from the budget. Things like that. And so for those of us that are trying to look at the bigger picture, we feel very, very pressured to vote for things like this. But then we have a whole host of bills that we did get passed that we care deeply about, like provider rates that end up getting vetoed anyways. So what are we getting out of voting for this tax package? I don't understand what we're getting. We can't even get a tax cut for middle-income Nebraskans. We get absolutely nothing. The bills that we worked our butts off to get passed get vetoed anyways.

FOLEY: One minute.

DAY: So I don't understand why we can't work to come to some kind of a palatable agreement on this bill if what we're going to get anyways isn't satisfactory. Thank you, Mr. President.

FOLEY: Thank you, Senator Day. Senator Erdman.

ERDMAN: Thank you, Mr. President. Before I begin, I just want to wish you a happy birthday and hope you have many more. So as I listen to discussion this morning, I'm amused and amazed at how much you are proving that we need to do the consumption tax. I can't stress it enough. We've argued and we've argued and we continue to argue about tax cuts and we argue about this tax cut is favorable for that group of people and this one is not. And we talk about all of these things and continue to waste time when in fact, we can solve this issue. And Lord willing, sometime today, I am going to be able to share with you the solution to all of these problems. And it will give tax relief to the low income, to the medium income, to everybody who needs tax relief. It will be tax relief once and for all. Senator Machaela Cavanaugh is beginning to figure it out. She's beginning to understand the value of what the EPIC consumption tax will do. So later on today, we're going to figure out who the second house really is. Back in, in '66, if my memory serves me correct, we had 16 initiatives on the ballot, 16 of them, because back then the Legislature actually

believed that the people were the second house and give them a choice and a chance to vote on the issues. We don't often do that now, so we'll-- we're going to find out if the second house is the schools, the county, the NRD, and more importantly, the Chamber of Commerce, the university. If you get the point I'm trying to make, all those who collect and spend the taxes are really the second house. If you're watching at home and you want me to explain that, I will because you see, later on today when we vote on the consumption tax, you will be able to determine who those people that vote no believe the second house is. And the second house is not you. So you as a voter think that you are the second house, you're about to find out this afternoon because the Chamber of Commerce, OpenSky, every other local unit of government that collects taxes will let you know that you are not the second house, you are just the one that pays. And so this whole discussion this morning about LB873 and the amendment would be totally unnecessary, totally unneeded if we pass the consumption tax. And so I would think that this afternoon when we begin that discussion that if you haven't read the Dynamic Study, it would be important that you do. And we sent you a video yesterday giving an overview of what the consumption tax is, and I would hope that you had an opportunity to watch that. It's eight minutes. It's very informative. It shares with you the, the functionality and what will happen with the EPIC consumption tax. But I'm amused as we sit here and argue over the tax cuts and what we're trying to say is we've taken too much of your money. We understand that. So now we're going to try to give you some of it back. I think it would be better if you just kept your money because you see, it is your money. I do not understand how people say, well, I got a refund on my income tax.

FOLEY: One minute.

ERDMAN: Well, you got a refund because they took too much. What if you didn't have to give them any at all except what you decide to give? Wouldn't that be a novel thought. Once and for all a fair tax that you decide to pay, not someone else. And so I'm going to say again, this whole discussion for the last month about tax cuts would be totally irrelevant when we fix our broken tax system. Thank you.

FOLEY: Thank you, Senator Erdman. Senator Blood.

BLOOD: Fellow senators, friends all, I stand in support of AM2885-- or AM2685-- sorry, I can't see the screen-- and the underlying bill once amended. You know, I was reading through my emails and we got an email from Americans for Prosperity, as we always do on, on bills like that because we certainly know who funds that organization and, and why

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they stand behind issues such as tax cuts. I want to quote them because I want you to actually-- gosh, there's like nobody left on the floor-- I want you to actually think about these words. It says: Our government should strive to create an economy that works for all, but empowering people to earn success and realize the potential is difficult due to our current tax structure. So I really feel that that's what is resonating with Senator DeBoer's amendment. We believe that it is for all. And the thing that I find puzzling is that we've been told that there's \$319 million in surplus this biennium, and that was according to the LFO. So even with the fiscal impact of LB873 factored in, the fiscal impact of LB873 really doesn't hit until fiscal year 2025 if the debate I've heard on this floor is accurate. So why wouldn't we want to give money back to taxpayers this biennium? We keep hearing how-- we just heard it in, in Senator Erdman's infomercial, how people should get their money back. We hear Senator Briese say how people should get their money back. But what I hear you saying is some people should get their money back. And what I feel Senator DeBoer's amendment does is make sure that more people are included. And apparently we can afford this and we're not nickel-and-diming the budget. I trust Senator Stinner and the words that he says on this floor. I, I trust the Fiscal Office. They do an excellent job. We have the opportunity to amend this for the better and the fact that there's resistance I find really puzzling based on the words I had to sit and listen to for hours. Either it's about the people or it's not about the people. Either we want to make sure that we provide relief to as many people as possible or we don't because the money is there and we have the ability to, to make this happen. Why would we not support this amendment? So I'm a little puzzled. I'm going to keep hearing. I'm sure there will, there will be some words that are where they want to instill fear and say, we can't possibly spend that money. But you know, the reasoning is the same. The reasoning is the same for the underlying bill as it is for the amendment. Either we want to give the money back or we don't want to give the money back. Either we want to be fair or we don't want to be fair. I feel that Senator DeBoer's bill actually mirrors what we were told by Americans for Prosperity in the email today, and that we should strongly consider her amendment. With that, if I have any time left, I would yield it to Senator DeBoer.

FOLEY: Thank you, Senator Blood. Senator DeBoer, 1:30.

DeBOER: Thank you, Mr. President. Thank you, Senator Blood. I, I just wanted to respond to something real quick, which was that I don't have a fiscal note, and I think everybody knows procedurally I can't get a fiscal note until the amendment is adopted. So join me, vote for this,

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adopt this amendment, and then we'll see what the fiscal note is. I suspect that our numbers are, are very nearly accurate. It may be off by, you know, 2 percent or something like that, but let's get this amendment adopted on and then we'll give middle class a tax break. Somebody accidentally said on the mike that someone making \$80,000 would get money under the unamended bill. That's inaccurate. If you're married filing jointly and you make \$80,000 once you put your standard deduction in, that puts you over the-- or under the amount and so therefore you would get no income tax relief if you're making \$80,000 as a married filing jointly couple in Nebraska. So help us to get the middle tax, the middle tax bracket down, the middle class a tax break. Let's give the money back to Nebraskans, but let's give the money back to all Nebraskans or very nearly all Nebraskans who pay taxes on their income in this state. So please, colleagues, help me to get a middle-class tax cut in addition to the very large tax cut that we are doing for everyone else in the state. So this is a, a smaller portion. I have been saying this since we started. Somebody accused me of throwing this in at the last minute. It is not true. I have been saying since the very beginning, the first time we talked about--

FOLEY: That's time, Senator.

DeBOER: --LB939, I said that I wanted this--

FOLEY: That's time, Senator.

DeBOER: --5.1, 4.1. Thank you, Mr. President.

FOLEY: Thank you, Senator DeBoer. Senator Pansing Brooks.

PANSING BROOKS: Thank you, Mr. President or Mr. Lieutenant Governor. Number one, I just want to thank Senator DeBoer for bringing this amendment. It's very important. I, too, have talked about making sure that everyone gets tax breaks. I really don't understand the theory that, you know, only certain people need tax breaks, the very wealthy. So I am supportive of Senator DeBoer's amendment, and we've tried to get in an increase. I've tried for years to get an increase in the earned income tax credit, which would help the working poor, and that means they have to be working. But again, I could not get that out of Revenue Committee. So either we support all Nebraskans or we don't. And I really think it's important. I understand that we'd be going from basically \$900 million to \$1 billion. So it's \$100 million, but that's a lot of people. And if we want to bring people back to the state to work and to be a part of our economy and to fill our jobs, we have to remember to make it advantageous and look attractive to the

people who are in the middle class. I, I just don't even understand this theory that we're supposed to only support the wealthy, and that's how we're going to get business. You know what, we're going to get the workers if we support the middle class, and that's what all the businesses are telling us that we need is to support and help with workforce development. And those are the workers and those are the middle class. So I hope we all support that amendment of Senator DeBoer's. I also want to talk just briefly about the override and the fact that I have had a number of providers reaching out to me saying, don't you-- don't, don't people understand how important behavioral health is, mental health, all of the, all of the work that they do? And remember, it was in the late '80s that we ended up closing our mental health institutions, number one, and we started to realize that, that the government can do a better job at-- or that the government does not do as good a job as the providers at taking care of our most vulnerable people. So now all of a sudden we're saying, forget it, we're going to cut the providers who are truly taking care of our most vulnerable, and I don't understand it. You know, we've got this attitude, it's the Marie Antoinette attitude of let them eat cake or let them build lake or whatever this is because I just don't understand why we are not caring for and addressing our most vulnerable people's needs, including mental health, including the middle class, including behavioral health and all of the different services that, that providers make and help the state take care of our people. Because we've shown time and again that the state is not the best at that. The companies that are taking care of our most vulnerable, we have chosen to take care of our most vulnerable. I can start listing off the names of all the providers, and we all know them, and they're fabulous groups that really take care of our people. And I can't thank them enough. And so I will be standing up just like we, we did when we first got into this Legislature eight years ago. I hope you'll join me in an override of this important, important legislation to take care of our own people. Thank you, Mr. President.

FOLEY: Thank you, Senator Pansing Brooks. Senator Flood.

FLOOD: Thank you, Mr. President. Good morning, members. LB873, as we've talked about, represents a significant compromise and moves this state forward substantially in our ability to reduce the burden on Nebraskans. I see the direct link between LB873 and I recognize the, the importance of what we have in the budget. I am for the tax cuts. I am for nursing homes. I am intending if-- and I think they are linked. I think this is how we compromise a fashion on the floor-- a, a compro-- how we fashion a compromise on the floor. LB873 needs to go. It needs to move to Final Reading. And when that happens, we take up

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those budget vetoes. And I will vote to override the Governor, provided we have the tax cuts that are in front of us today. You may ask, OK, so let's unpack all of these things here. AM2685, as I understand it, is another \$97 million on top of the existing tax cut. Would Senator DeBoer yield to a question?

FLOOD: Senator DeBoer, would you yield, please?

DeBOER: Yes.

FLOOD: Senator DeBoer, if we passed or adopted AM2685, it would amend our fiscal note on LB873 upward by \$97 million.

DeBOER: Well, as I mentioned before, I actually would have to get a fiscal note. I can't get an official fiscal note until the amendment would be adopted to know the exact amount.

FLOOD: But OK, to know the exact amount. Let's assume for purposes of this discussion, it's \$97 million. The budget has been passed and we are considering the Governor's vetoes. How do we make this work on the green sheet? Understanding that this is ongoing and we couldn't use ARPA funding, what would you-- how do you see us solving this problem?

DeBOER: Well, for one thing, this is-- also got a ramp-up the same way that LB873 does in general. And I've heard on this floor many, many times that we're going to grow our way into these tax cuts. So I am assuming that we will be able to do that as we get more money into the economy.

FLOOD: But that's not the way the green sheet works. That's not the way the state budget works. Like, we have to make things balance as we leave the legislative session. So if we have a tax cut that's not accounted for in our expenditures, essentially, how do we leave the session with an unfunded state budget tax cut that goes on to the future and could be as sizable as close to \$100 million? Don't get me wrong, I'm for cutting taxes and I want to see us take a significant step that way, but we have to be able to answer the question how does it get paid for? What do you think?

DeBOER: I think that we're going to start out with a small number because we're ramping up.

FLOOD: What is the small number?

DeBOER: You know, I don't have that on the top of my head. I can try and find that. But again, as I don't have a fiscal note, it's kind of

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hard until we get this attached to know the exact small number. But we're going to start out with a small number. And, you know, I have been told that there is all this money for all of these other tax cuts. It seems to me that over 50 percent of the state ought to be getting some of that money as well in income tax cuts. So if I'm married and I'm filing jointly and I make \$80,000, that's the median income or actually above the median income in this state and it won't get--

FLOOD: Did you introduce a bill to do this?

DeBOER: I'm sorry, what?

FLOOD: Did you introduce a bill to accomplish what--

DeBOER: No, I've, I've introduced this amendment once the LB939, which was the original tax bill, I suggested that we were placing our taxes in the wrong place, our tax cuts that we needed to also include the middle class.

FLOOD: Thank you, Senator DeBoer. I appreciate it.

FOLEY: One minute.

FLOOD: And I appreciate your, your advocacy. Let me just say this. I think that in the big picture, what Senator DeBoer has offered here is something that the Revenue Committee has not specifically looked at this specific proposal. But I will tell you, as much as we want to cut taxes, we have to make sure that we have a balanced budget, which means that if we're going to reduce anything, even if it is, quote unquote, a small number, we have to be able to know what that is. And we've passed our budget already. We've passed our budget. It has been-- portions of it have been vetoed. And so now here we are at a position where we have to consider where we're going with AM2685 and we have to answer the question where does the money come from? And like anybody starting a business, we need a business plan. We need to see how this flows. We have-- need to see how the pieces fit together.

FOLEY: That's time.

FLOOD: Thank you, Mr. President.

FOLEY: Thank you, Senator Flood. Senator Friesen.

FRIESEN: Thank you, Mr. President. I have been watching this amendment and I'm, I'm not going to disagree with what is trying to be

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accomplished here. But again, the Revenue Committee worked through this whole thing and this, this bill is a giant compromise. And so when you say-- when Senator DeBoer says that it's going to cost maybe \$97 million more, we don't know that yet, but let's assume that that number is right. The compromise on some of us was it was dollar-for-dollar property tax relief. And so now instead of talking \$97 million, you're talking almost \$200 million. And the Revenue Committee was very careful to stay under the fiscal constraints that showed that we could maintain our budget in the black five years out as best we could. And again, there's always a lot of parameters there that people can-- you can adjust and make things look how you want. But to the best of our ability, we stayed under the number that we were giving. And so now again, these, these-- doing it with the brackets, you're still giving everybody a tax break and you're focusing it maybe more on the middle class, but everyone is still getting a tax break. I'm not sure if you did an analysis on it, who would actually be getting more or less. But again, I've, I've always supported working more with the brackets. But this, in the end, was the compromise. This is where I'll have to stay without adopting the amendment because now it, it breaks up the coalition, so to speak, and it puts some variables in there that I'm not ready to say we have \$200 million more to work with. We tried to be fiscally responsible and holding down to that number that we were told met the criteria of the Appropriations Committee Chair. And so we worked with that number into coming up with this compromise and now we're looking at making some changes to it. And again, if, if-- I just don't think it's possible to easily make this a revenue-neutral change because whenever you mess with the brackets, you're messing with everyone's taxes again. And there were some bills introduced into the Revenue Committee where people didn't quite understand this, and it ended up costing the state a lot of money if we would have looked at some of those proposals. And yes, they were just messing with the brackets. But what people generally didn't understand was that everyone pays a little bit of income on each of the brackets and when you widen them or change them, it affects everyone's tax rates that they pay. And that's why when we talk about our effective tax rate in this state versus the advertised rate, no one really pays the full advertised rate because it's a blend of all of the lower rates into your top rate. So no one will ever pay the top advertised rate. It just doesn't happen because some of your income is taxed at those lower levels. And so again, I am opposed to making any changes to the bill as we see it. I think it accomplishes a lot in different areas. Different people get different breaks. The income tax cut, it does make us more competitive with neighboring states, and that's, that's our, our goal is to make us more

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competitive for economic development. And so we've, we've done that. Down the road, I know there's other plans that are going to come forward to see once if we can overhaul all of our tax code in future years. I won't be here, but I think it is something to modernize our tax code and look at all of the three, the income, sales, and property taxes together as a whole and see if there is a better way of providing the funds that we need to fund those things that are required by the state.

FOLEY: One minute.

FRIESEN: Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Senator Day.

DAY: Thank you, Mr. President. Senator Flood had mentioned a couple of things on the mike. I was hoping he would yield to a couple of questions.

FOLEY: Senator Flood, would you yield, please?

FLOOD: Yes, I'd be happy to.

DAY: Senator Flood, you said-- you are on the Revenue Committee, I am not. A lot of us in here are not on the Revenue Committee. You mentioned LB873 representing a great compromise. So what part of this bill represents a compromise? What was-- what entailed that compromise?

FLOOD: Well, on the Revenue Committee, there are senators that are focused on property tax relief. There are senators focused on income tax relief. Senator Brett Lindstrom's focused on Social Security income tax elimination. And there's also kind of a broader discussion about-- I'm trying to think, income, property, Social Security. Yeah, that's pretty much the compromise.

DAY: OK, so the compromise was created by compromising with senators who wanted specific types of tax cuts, not working with senators who were potentially going to be opposed to the bill.

FLOOD: Well, I think on the floor, we've had a robust debate on tax cuts and there have been a number of amendments considered. But ultimately we had, I believe, 40 votes for this on General File. I can't remember, did you vote yes on General File?

DAY: I did vote yes on General File.

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FLOOD: Did you vote for cloture on General File?

DAY: Yes, I did.

FLOOD: So you're a supporter?

DAY: No. I talked about this earlier on the mike being essentially forced into voting for it because we're-- the compromise that I'm trying to allude to here is that there really has been no compromise. How has this bill changed from the very first time it was dropped on the floor that Friday morning and it was a surprise to all of us? Has it changed at all?

FLOOD: I don't recall any amendments being adopted, but I don't-- I think it represents a-- maybe you and I are looking at the word compromise differently. I'm thinking about a balancing of dollar-for-dollar tax relief between income, property, and the Social Security benefits.

DAY: So often when we bring bills to the floor that we know are going to be controversial or difficult to pass, I guess I see it-- I'm, I'm only in my second year here. You have a little more experience, but I see a compromise as people who are opposed to the bill will potentially bring things to make the bill more palatable to get more votes essentially, coming to the table in good faith saying, how can I get you on board with this? What do I need to do to get you to a yes? And I guess from my perspective, through the discussions that we've had, I don't feel like there's been any effort to get those of us who are opposed to the bill to get to a yes, outside of saying, well, if you don't vote for it, then we're going to take this away. If you don't vote for it, we're going to take this away. I guess that's the thing that I haven't understood from the beginning is that we keep talking about how this bill is this great compromise. But in terms of actually creating a compromise within the entire body and not just folks who are representing tax cuts, we're talking about everybody here, whether you're Republican, Democrat, whether you're for tax cuts, whether you're against tax cuts, whether you want to increase provider rates or keep them the same, I don't feel like there has been any effort at compromise until we see amendments like this. Again, this is why I'm saying if we genuinely want to pass this bill, we have to start adopting amendments that are an actual effort at compromising. And so this to me-- I have one more question for you, Senator Flood.

FOLEY: One minute.

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DAY: You had mentioned adding-- the, the, the issue of it being a problem to add another \$97 million to the package. Would you be in favor of shifting some of that tax relief from people who are earning an income of over \$1 million or property tax relief for those over \$1 million to middle-class Americans-- or, I'm sorry, middle-class Nebraskans?

FLOOD: I am supporting the compromise that's in LB873, the same one you voted for on General File, the same one you voted for cloture for on General File. And I am not going to support an amendment that essentially wipes out the 25 bills that are on the second page of the green sheet that total just enough money to get us to \$97 million.

DAY: So you would not be in favor of if we could find another place in the package for the \$97 million to come from, specifically those are the highest earners--

FOLEY: That's time.

DAY: Thank you, Mr. President.

FOLEY: Thank you, Senator Day and Senator Flood. Senator Matt Hansen.

M. HANSEN: Thank you, Mr. President. I think I'll just yield my time to Senator Day, Senator Jen Day.

FOLEY: Senator Day, you've been given 5:00.

DAY: Thank you. Thank you, Senator Hansen. So I just wanted to finish what I was saying there. So we could find places in this package to move the \$97 million or whatever the actual number is. Again, we won't have an actual number until the adopt-- or the amendment gets adopted. We could find a place in this package to move the \$97 million to this amendment if we were willing to do that. And I will repeat. When we're talking about compromise and we mean it in a genuine, good-faith way, we have to understand that compromise is working with everyone in the body. It's, it's difficult when we have people from one committee that come in and say, hey, we worked on this great compromise. And then it gets dropped as what was essentially a surprise amendment on a Friday, Friday morning, the last day of the week, that most of us didn't even know about. So I know that, you know, maybe Senator Flood and I look at the word compromise from a different perspective. But I see compromise as again coming to the table in good faith and saying, hey, I understand that you're a no. You have enough votes to stop the bill. We don't have enough votes for cloture. How can I get you to a yes? And then we say things like, well, let's create a tax cut for

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middle-income Nebraskans. Let's reduce the tax cuts on the highest earners in the state. That's a compromise. But instead, there is no compromise. The bill is in the exact same form that it was in from the very first day that any of us laid eyes on it outside the committee. It hasn't changed at all. And it's a compromise? I don't understand. It doesn't, it doesn't make any sense to me when we do this every single day. We all have bills that somebody doesn't like, the fiscal note is too high. It does too much of this or we don't want to give money to these people or we don't want to give whatever. So we end up working with the people who oppose the bill to get more people on board, and often that is the reason that we do what we do here. It puts bills in a better form. Bills become better. I've had many bills that I've introduced that through the committee process, through the floor debate process have become better bills because of compromise, because of senators that opposed the bill. They become better, and we have not done that with LB873. It was dropped as a surprise, it was voted down and then it was brought back in the exact same form that it was in the first time and it still sits in the exact same form that it was in the first time. But that's why we need amendments like AM2685. This is the compromise. This is what you can do to get more of us on board. And yes, many of us did vote for it on General File because we felt like we were forced into it. At a certain point in the day, we lost cloture. We no longer had the votes to stop the bill.

FOLEY: One minute.

DAY: And we know that stuff like this shows up on mailers. It's an election year, you guys. You know, Senator XYZ voted against tax cuts. We know the whole purpose of this. We know the whole purpose of so many of these bills that we have spent so much time on the floor talking about this session. It's an election year. It's rage bait on mailers. It's the most frustrating thing in the world because people don't like this stuff, but we keep doing it. AM2685 to me represents the compromise that we could utilize to get more of us to the table on LB873. Thank you, Mr. President.

FOLEY: Thank you, Senator Day. Senator Erdman.

ERDMAN: Thank you, Mr. President. I'll be brief here this morning. My last time on the mike, I had mentioned the counties being in opposition to LR264CA. It was brought to my attention that they were not in that opposition position. And I looked up on the committee statement to make sure that was true and it was true they were not in opposition. And so I apologize to Jon Cannon and his group for including him-- including them in the opponent category. Thank you.

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FOLEY: Thank you, Senator Erdman. Senator Blood.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I still send-- stand in support of the amendment. And if amended, I do support the underlying bill and I most definitely support the words of my, my peer sitting to my left here, Senator Day. She said what needed to be said on the mike for sure today. And while I was listening to her, a lot of what I was hearing-- I'm not sure-- I think some people went out to the press conference in the Rotunda so it looks like we're missing a few people here. It always reminds me of my favorite philosopher, George Carlin. I think sometimes we look to people for answers and the answers that we get are very biased and, and really deal with party and special interest. And so we don't always hear the whole story. And what I always liked about George Carlin is that he'd kind of punch through all the, the rhetoric and just lay it out. And I looked at the quote that I was trying to think of because I had seen one of his routines, which was called the American Dream. And it really laid out what's going on in the United States even now. And he said the way he describes the economic and social classes in this country is that the upper class keeps all the money. They pay none of the taxes. The middle class pays all of the taxes and does all of the work. The poor are just, just there to scare the middle class and make sure that they keep showing up to work. Now I don't know if I agree with that last statement, but I think it puts into perspective how sometimes our tax structure works. Who are we trying to appease? Now based on the speeches that I heard on this floor, we're trying to give people their money back. People work hard in Nebraska. They deserve a tax break. We shouldn't keep their money. I agree with all of that. When it comes to compromise, I agree with Senator Day's what compromise? Or when people stand and say, you know, I talk to people they don't want, they don't want change. I haven't had anybody bring me anything forward. And I always wonder who are those people because nobody comes and talks to me? But that's a conversation for another day. You know, I know when somebody like Senator Flood loves a bill to death that there is an ulterior motive, that it's not necessarily because he wants to change anything. If it's one of my bills that's been loved to death because ultimately people want to kill it. In this case, he's loving it to death because nobody wants the amendment. That's clear. But here's the thing is that if we agree with Americans for Prosperity, which many members in this body do, they make it clear again in today's email, we want a competitive tax climate, competitive tax climate. So if we want a competitive tax climate in Nebraska, shouldn't it include all Nebraskans? Because as written, I don't feel that it does. And again, to say that we don't have the money for it,

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it's been made quite clear that we have \$319 million in surplus and it looks like this bill is around \$100 million. Is Senator DeBoer around that I could ask her to yield? Did she step out? Maybe she's at Mr. Pillen's press conference. Nope, here she is.

FOLEY: Senator DeBoer, would you yield, please?

DeBOER: Yes.

BLOOD: Senator DeBoer, was I right in saying that it was around \$100 million for your amendment?

DeBOER: When it's fully implemented several years down the road.

BLOOD: OK, so we know now that we do have what, \$319 million in surplus, is that correct?

DeBOER: That sounds about right.

BLOOD: OK. And you were just out in the Rotunda?

DeBOER: I, I had stepped out there. Yes.

BLOOD: So are they preventing children from doing the tour now in the Rotunda because there's yet another gubernatorial press conference for some candidate? Did you notice if there were any students out there?

DeBOER: I don't have any information about that. There are students out there, but I don't know what's happening in terms of who's being given priority.

BLOOD: I, I was just curious. I know you were out there for business, so--

DeBOER: Yeah.

BLOOD: --not to imply that you were out there for anything else, but always really curious about things like that. With that, I ask that Senator Hunt yield to a question.

FOLEY: Senator Hunt, would you yield, please?

HUNT: Yes.

BLOOD: Senator Hunt, how are you today?

HUNT: Fine.

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BLOOD: Did you see what's going on in the Rotunda?

HUNT: Yeah.

BLOOD: Could you give me your description of what's going on in the Rotunda because I'm in here actually working?

HUNT: Well, I was working, too. We all have things we're interested in and working on. I'm working on some stuff for tomorrow, when I'm going to be pretty engaged in a debate and later today. And some people who are in the Rotunda texted me that a political rally was disrupting--

FOLEY: That's,--

HUNT: --another tour--

FOLEY: --that's time, Senators.

HUNT: --of students.

FOLEY: That's time, Senators. Senator Flood, you're recognized.

FLOOD: Thank you, Mr. President, members, friends all. Senator Blood was offering an analysis of my motives suggesting that my advocacy on behalf of the citizens of the 19th Legislative District was sending a mixed message. I am for LB873. Senator DeBoer has presented another opportunity to cut taxes. And who doesn't like to cut taxes? I am looking at the second page of the green sheet because I understand-- and I will-- and I actually Senator DeBoer is right. So if-- not that I would question that, but if, if, for instance, the total fiscal cost impact annually ultimately is \$97 million, what she's saying is that in the first year or shall we say in this coming budget year when it would become effective, it would not be \$97 million. Now it's impossible to know what that amount is until the amendment is adopted on Select File and then placed on Final Reading. And at that time, there would be another fiscal note created. My point has been if that fiscal note is created-- and let's say-- and I'm using an analysis here-- let's say it's \$15 million. The responsible thing to do, in my opinion, at that time is to look through the bills on the second page of the green sheet that are either on Final Reading or in the pipeline on Select File E&R Initial. That means if it's adopted, we will have to make choices. We will have to make choices about how we balance the budget. My sense is that Senator DeBoer would agree with that analysis and I'll let her speak for herself in a second here. But my guess is that everyone here would acknowledge that adopting this amendment now

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would require us at the next stage of debate to figure out how we make the numbers work. Would Senator DeBoer yield to a question?

FOLEY: Senator DeBoer, would you yield, please?

DeBOER: I'd be happy to.

FLOOD: Senator DeBoer, you had the opportunity to hear my last statement. Am I correct in assuming that at that stage, there would be an effort to try and navigate this so that we had a, a green sheet that balanced out?

DeBOER: What I can tell you is that I am always in favor of getting tax cuts for my citizens of my district. And if that means that we have to look at spending and cut-- and spend a little less, or if that means that we have to look at how the tax cuts are functioning for the wealthy people, the corporations and that sort of thing in order to make it happen this year, I'm definitely willing to put the people of my district, including the middle-class people of my district making \$80,000 a year, ahead of spending more money or ahead of spending money to do tax cuts that maybe we could reshuffle.

FLOOD: That is a great answer, and I think I saw an American flag waving behind you as you said it. I appreciate that, Senator DeBoer. I appreciate your amendment. I want to talk about the process. Would Senator Stinner yield to a question?

FOLEY: Senator Stinner, would you yield, please?

STINNER: Yes, I will.

FLOOD: Senator Stinner, did you have the opportunity to hear the conversation that Senator DeBoer and I just had?

STINNER: I-- sorry, I did not.

FLOOD: OK, so we talked about if this amendment is adopted on Select File, moves to Final Reading, we would have the obligation at that point to sort through the bills on the second page of the green sheet. And we'd also have the opportunity to make it all fit. Is that accurate?

STINNER: Yes.

FLOOD: OK.

STINNER: Yes, it is.

FOLEY: One minute.

FLOOD: And essentially to make it fit since the budget has been passed and signed and vetoed, essentially, we would have to make it work within the bills that are on Final Reading and Select File that are on page 2 of a green sheet. Is that accurate?

STINNER: Yes, that is.

FLOOD: OK, thank you, Mr. President. I appreciate where we're going here. I think it's important to understand the process. I think Senator DeBoer is focused on middle-class tax relief. I think that's important, too. It's a conversation that we're having here this morning. And, you know, at the end of the day, it's about reducing the burden on all Nebraskans, and I appreciate the time to visit about it. Thank you, Mr. President.

FOLEY: Thank you, Senator Flood. Senator Clements.

CLEMENTS: Thank you, Mr. President. I want to discuss the handout that came from Senator Linehan titled Nebraska Tax Rate Chronologies and showing why there is a need to lower the top tax bracket. It shows in-- if you look under the individual income tax that there are four brackets, they are numbered one, two, three, four. The fourth one is the top bracket that LB873 addresses. In 1996, all four rates were lowered. Then move up to 2003, all four rates increased. Then in 2013, brackets-- the rates on brackets one, two, and three decreased. The, the DeBoer amendment, the 5.12 is regarding bracket three. It went from 5.12 to 5.01, whereas the top bracket was 6.84 and it did not change. It was left at 6.84. There was no reduction in the top rate in 2013. And also the, the footnote, footnote six says in addition, in 2013, the brackets were widened so the lower income people, more people fit within the 5.01 percent in 2013. And so it was a tax break for the middle income at that point. But the top rate did not decrease. And so that's why I think it is important for us to maintain the top rate decrease. Also, the, the package as a whole is really looking for competition with other states. The income rates need to be lowered to compete, property taxes also, that's part of the deal to try to improve our property tax position. And of course, the Social Security-- taxable Social Security is a problem with competition with states around us and the top rate is where we are compared with other states. In addition, the budget has been determined that it will handle LB873, but we're not sure about AM2685. The other thing about

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people that are in tax bracket three, two, and one are the lower income people, those-- many of those will qualify for an earned income credit if they have children. The earned income credit, I think, with three children goes up to \$49,000. And the child tax credits are also available at those lower-income levels. Child tax credits phase out for the higher-income people. And so I think looking at the history of the tax brackets, especially in 2013, when the brackets were made wider so more people fit into the lower rate, but the top rate was not decreased at all that, that it makes sense to pass LB873. Thank you, Mr. President.

FOLEY: Thank you, Senator Clements. Senator Wayne.

WAYNE: Thank you, Mr. President. I was trying to calculate when the fourth-grade students from fourth and fifth grade from St. Cecilia would be up there, but I was off. So I will yield my time to Senator Hunt.

FOLEY: Senator Hunt, 4:30.

HUNT: Thank you. Question.

FOLEY: Actually, there's no one in the queue, Senator. We'll just move--

HUNT: OK, then I'll call the house.

FOLEY: There's been a request to place the house under call. The question is, shall the house go under call? Those in favor vote aye; those opposed vote nay. Record please.

ASSISTANT CLERK: 14 ayes, 3 nays to place the house under call.

FOLEY: The house is under call. All members, please return to the Chamber and check in. The house is under call. Senator DeBoer, as the senators are assembling, you're recognized to close on AM2685.

DeBOER: Thank you, Mr. President. Colleagues, I appreciate the conversation today. I think it's incredibly important that when we are giving these tax cuts this year as we should and we are returning-- or rather not taking Nebraskans' money from them, that we do that for the vast majority of Nebraskans, that we do it for the couple who makes \$80,000 a year, for the single person who makes \$20 an hour, and for all those people below that amount. The median income of Nebraska falls within the middle tax bracket, the one that I'm trying to bring down, half of our state. If you remember way back when this was LB939

and we were talking about the income tax cuts before we had all the other pieces in it, when it was just the income tax cuts, you will remember that you had passed out to you sheets that said what the median income is in your district. And for the vast majority of you, the median income in your district will not get a tax cut on their income taxes under LB873 unless we put in AM2685. Now maybe you think it's enough for somebody making \$20 an hour working full time at a job that is a good job in Nebraska to get \$11 back at the end of the year on their income taxes that they don't have to pay because of this great tax bracket-- or great tax relief package that we did, but I don't. I think somebody who works at a job 40 hours a week and makes \$20 an hour should get more than [RECORDED MALFUNCTION] a year, about a half an hour of work back. I think if we discover that we have the money for a giant tax package to be passed in this state to reduce our taxes, and we have discovered that. I took the words that Senator Linehan and others said to heart. Let's give the people their money back. Let's give the people their money back. This amendment, colleagues, will give the people in this state their money back. The median income of Nebraska, that's half. Median is not like average. Median is you line up all the incomes in the state that pay taxes, you find the middle one. That's the median income. That means half of the people in Nebraska aren't going to get a tax break. Half of your constituents, colleagues, will not get a tax break unless we put on this AM2685 on their income taxes. Now I am a huge supporter of the Social Security tax cut. I have been all along. I'm a cosponsor on that bill, that was the Senator Lindstrom bill. And we all owe a debt of gratitude to Senator Lindstrom for being so good about keeping with that bill and getting that done for us. And that's going to advance today in LB873, and I'm happy to vote for that part. But we need to include other people from the middle classes as well, particularly those people who are renters are also going to need to have some tax cuts. I'm not trying to undo anybody's tax cuts. I'm trying to make it bigger. This is more tax cuts. This is more tax cuts. You say LB873 is good? I say, let's give them more. Let's give them AM2685 as well because that gets half of Nebraskans. And by the way, the people from Nebraska who already will get something under LB873's--

FOLEY: One minute.

DeBOER: --income tax cuts will additionally get more with AM2685. Let's give the people their money back. A vote for this bill-- let's be very clear, colleagues, a vote for this amendment means you want to give Nebraskans that make the median income some money back. A vote against this amendment, let's be very clear, means you don't want to give 50 percent of Nebraskans money back on their income taxes. You

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don't want to give them a tax cut. All of these people in here who are talking about tax cuts, let's give the middle class. Let's give 50 percent of Nebraskans an income tax cut. And that means, yes, there will have to be some figuring out about how we do that. I'm willing to do that work. I've been saying this since LB939 was on the floor the first time, we need to give the middle class a tax cut. Thank you, Mr. President.

FOLEY: Thank you, Senator DeBoer. All unexcused members are now present. The question before the body is the adoption of AM2685. Those in favor vote aye; those opposed vote nay. A roll call vote has been requested, Mr. Clerk.

ASSISTANT CLERK: Senator Aguilar voting no. Senator Albrecht voting no. Senator Arch voting no. Senator Blood voting yes. Senator Bostar voting yes. Senator Bostelman voting no. Senator Brandt voting no. Senator Brewer voting no. Senator Briese voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Day voting yes. Senator DeBoer voting yes. Senator Dorn voting no. Senator Erdman voting no. Senator Flood voting yes. 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 not voting. Senator Hilkemann voting no. Senator Hughes voting no. Senator Hunt voting yes. Senator Jacobson voting no. Senator Kolterman voting no. Senator Lathrop voting yes. Senator Lindstrom not voting. Senator Linehan voting no. Senator Lowe voting no. Senator McCollister voting yes. Senator McDonnell not voting. Senator McKinney voting yes. Senator Morfeld voting yes. Senator Moser not voting. Senator Murman voting no. Senator Pahls. Senator Pansing Brooks voting yes. Senator Sanders voting no. Senator Slama voting no. Senator Stinner voting no. Senator Vargas voting yes. Senator Walz voting yes. Senator Wayne voting yes. Senator Williams voting no. Senator Wishart voting yes. Vote is 18 ayes, 26 nays, Mr. President, on the adoption of the DeBoer amendment.

FOLEY: The amendment is not adopted. I raise the call. Mr. Clerk.

ASSISTANT CLERK: Mr. President, next amendment from Senator Matt Hansen, AM2656.

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

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M. HANSEN: Thank you, Mr. President. Mr. Clerk, could I actually withdraw that and refile it after Senator John Cavanaugh's amendment?

FOLEY: So ordered.

ASSISTANT CLERK: Mr. President, next amendment, AM2705 from Senator John Cavanaugh.

FOLEY: Senator John Cavanaugh, you're recognized to open on AM2705.

J. CAVANAUGH: Thank you, Mr. President. Well, this one is pretty simple. This just takes the step down on the personal income tax. Instead of going all the way down to 5.84 percent, it would take it down to 5.99. We just heard a whole lot of folks who are very in favor of tax cuts say that we can't afford tax cuts for people earning the median income in the state of Nebraska. And so that I'm giving an opportunity here, we could refile Senator DeBoer's amendment or something similar to it. If we adopt this amendment, we would free up some revenue. We would still bring the personal income tax down below 6 percent, which there are-- is a whole group of people in here, in this body and outside the body who argue that the, the important thing is how this looks on Google or looks on-- when you, when you search the state of Nebraska. So this would bring it down, bring it down 0.85 percent, which is almost a whole percent. It would mitigate that change. This is a compromise in the actual definition sense of compromise, and it saves a little bit of money. It would allow us to give actual middle-class tax relief. Because I saw that, that vote there, I don't know what the exact count was. I think 17 for and 20-some against, people who have espoused a desire to actually give tax relief to Nebraskans. We have money, we should give it back. A whole bunch of people voted against that, that amendment for some reason that I don't understand because they seem to be-- they argue that they are in favor of giving tax relief. Senator DeBoer was talking about that handout in her closing. I happen to have it right here, Senator DeBoer, where the median income for the state of Nebraska is \$54,384. LB873 for the personal income tax for married filing jointly kicks in for adjusted gross income of somewhere about \$80,000. Your taxable income is \$65,000, \$64,000 and you have to have standard deductions and things like that to get down to that amount. And so the median income, as calculated by the federal U.S. Census Bureau, would include what your federal adjusted gross income is. So these-- the median income in Nebraska is well below what is contemplated in LB873. It is the-- Senator DeBoer's amendment that we just failed to adopt would have included individuals making the median income and those earning below the median income. So we would actually

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be giving tax relief to individuals making-- earning the median income and below that. People working minimum-wage jobs full-time are in that group. And so if anybody voted against that because they didn't think we could afford it, I would argue to you that LB873 has \$900 million in tax relief, \$70 million of it goes to people making over \$1 million a year. If you think we can afford that, we can afford to give median-income Nebraskans some tax relief as well. Under LB873, millionaires, people making over \$1 million a year, get \$9,000 in tax relief from the income tax portion of that. If you think we can afford to give millionaires \$9,000 a year, we can certainly afford to give somebody working a minimum-wage job \$150 a year. So that's the proposition that was just proposed that was voted down that people said we could not afford. If it's a question of priorities, if it's a question of where we should put our-- we should spend this money because we have a limited amount, which I agree with. I have argued for many times that we have policy questions and priorities to determine where we lay. This is the question presented to you. We can take a-- we can mitigate the implementation of LB873 a little bit, 0.15 percent of it, so a very small amount, and give people the tax relief that Senator DeBoer just proposed here. And what we all understand, I assume, since everybody's been listening to this debate through its three bill iterations and it's four days of floor debate, everybody understands that we have a graduated income tax that implements as it steps up, which means if we take this-- if we amend LB873 up to the 5.99 percent instead of down to 5.84 percent, that those individuals will get a little bit less on that portion of the tax cut, but we would still get-- we could go back and add Senator DeBoer's amendment and they would still get the tax relief-- they would still get more tax relief when we add Senator DeBoer's amendment back on. And that would then allow it to spread more equally across more tax brackets, across more individuals, across more income categories of Nebraskans. And that is more fair, it is more rational. It achieves the goals that people have said that they believe in. And they still would get us below 6 percent. So the top-line number when people Google the state of Nebraska, our-- as Senator Stinner said last week, our marquee tax rate, our top tax rate, will be below 6 percent. It doesn't go as far as some people wanted, but that is the nature of compromise, friends. Compromise means that you make a concession, you give up something that you wanted and the other person gives up something they wanted. So in this version of the compromise, we would be taking the, the marg-- top marginal tax rate down a little less. We would implement it a little less. That's a comp-- that's one thing, a concession from some folks from the Revenue Committee's proposal. And in exchange for that, we would save a little money and

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we could use it for something else, which in this proposition is median-income tax relief. People making the median income would get more tax relief. And so that is a true compromise. Adding more tax cuts on top of tax cuts is not a compromise. That is an addition of things other people like. That's a sweetener. Those are called sweeteners. Adding more things people like so they will hold their nose and vote for the thing that they don't like. That is not a compromise. A compromise has to do with making concessions, giving away something. So this is the true nature of compromise. We would-- if we agree to this, we'd bring this down to 5.99. We could go and add in Senator DeBoer's amendment. We would give the tax relief that everybody has been talking about they favor, and then we could go move on with our lives and go on to the other things we need to do, which is deciding whether or not we actually want to fund the essential functions of government that we need to be funding, making sure that we can afford to do that and the other portions. So I would encourage you to vote, vote yes, vote green on AM2705 and then we can talk about what we do with that money. But I would suggest that we take-- we go back and revisit the amendment we all just talked about once we free up this funding. Thank you, Mr. President.

FOLEY: Thank you, Senator Cavanaugh. Before proceeding with debate, Senator Matt Hansen would like to recognize 40 fourth-graders from St. John's Elementary School in Lincoln, Nebraska, up in the north balcony. Students, please rise so we can welcome you to the Nebraska Legislature. While we're at it, we've got Senator John Cavanaugh asking us to recognize 59 fourth- and fifth-graders from St. Cecilia Cathedral School in Omaha, Nebraska. Students up in the south balcony, please rise so we can welcome you to the Nebraska Legislature. Continuing debate, Senator Matt Hansen.

M. HANSEN: Thank you, Mr. President. I'll yield my time to Senator Wayne.

FOLEY: Senator Wayne, 5:00.

WAYNE: Thank you, Mr. President and colleagues. It's not every day I get to talk about my family and my school, and most of the time because their birthdays aren't when we're in session. So I am going to take a little bit of this time. First, we already heard the introduction of the Saint Cecilia fourth- and fifth-graders, but I do-- I would like to recognize, and I'm gonna get some of their names wrong, the teachers that are up there helping the students, Tammy-- I'm gonna say it wrong. So Tammy, will you stand up? And we'll go with Tammy. That's my daughter's teacher. Mateljan, M-a-t-e-l-j-a-n. Then

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Emily Guinn, Guinn. Will you stand to get recognized? Kevin Brown is the fifth-grader teacher. And Cara-- Cara Carranza, maybe I said that wrong. I apologize if I missaid their names. But I am going to-- since Senator Linehan started this tradition and my daughter was watching, now I have to do the same. I do want to have Mya Wayne stand up. Believe it or not, she is a fourth-grader that tall. And so when you wonder why I get emotional talking about north Omaha, it's because of her. And I'm going to introduce my son, Justin Thomas Wayne Jr., who is with my wife, Katie Wayne. And the reason you never kind of see Katie is she works for the other branch, the judicial branch, and she carries our insurance. So we don't take any chances of anything being political and her being recognized at an event. But Katie, will you stand? And if it honestly wasn't for-- you can blame her, the reason why I'm down here. Because if it wasn't for her taking care of those two kids on all the nights that I'm down here, I obviously would not be down here. So she has been the reason that I'm down here every day, and those two are the reasons that we have worked so hard to change Omaha because they are living and growing in the situation we are trying to change. So I wanted to take time because you don't get to meet them very often, and let you know that they're here. And we will be doing a mock hearing after this. And so thank you all for this little bit of time. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Senator Machaela Cavanaugh.

M. CAVANAUGH: Thank you, Mr. President, colleagues. Well, that was-- well, first of all, it was fun to say hi to all these students. It's nice to have them here. So the, the vote on that last amendment was very telling about the priorities of the body. So Senator DeBoer put before us an opportunity to do more for working-class people, and the majority of the body said no to that. So compromise, compromise, compromise, compromise. This bill is a compromise. I think we need to look at what a compromise means, like, the definition of a compromise, because taking something you like and something you like and putting it together is not a compromise. That's just doing what you want together instead of separately. It's not a compromise. And the Revenue Committee working on something and putting together their own bills within the committee and forcing them upon the Legislature is not a compromise. This bill and various editions of it-- I think this is the third time we've had this on the floor. And not once has there been any compromise or changes to it that the people that keep standing up here saying that we oppose it because it's fiscally irresponsible, there's no changes, but you've compromised. Who have you compromised with, yourselves? That's not a compromise. Maybe you need to go back to school and learn what compromise means because this is not it. So

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yeah, I mean, this morning you said that we've negotiated with people. Who have you negotiated with? Who have you negotiated with? Because the people that keep putting amendments up on this bill don't seem to have been negotiated with. There's no changes. And, you know, Nebraska, at this point, I'm probably feeling like how many of you at home are feeling. I'm shaking my head. I don't know what else to do here. I've tried and I've tried and I've tried to get this place to make sense. It just won't. It will not make sense. We cannot do things to help the people of Nebraska unless they are wealthy, and I find that abhorrent. I support Social Security tax cuts. I always have. You put them in a poop sandwich, that doesn't mean that that's OK. This is, this is not what I'm here for. I am not here to give away the people's money to the wealthiest Nebraskans, to continually degrade our government and the services that we provide. We have a Governor who, for all his faults, at least he's straightforward about it. I mean, he doesn't like poor people and he lets us know that. And he doesn't like people with developmental disabilities, and he lets us know that. He's consistent in that.

FOLEY: One minute.

M. CAVANAUGH: He doesn't make grand speeches about how vulnerable populations and etcetera, etcetera, and then vote against them. No, he just vetoes it. And he is consistent in that. But the rest of you all, with your little baby feet on your lapels, are going to leverage this catastrophe for votes to veto override the budget that should never have been vetoed in the first place, and you should be voting to override it anyways. So this is bananas, and we're not going to get sentencing reform. This place is so selfish. It is abhorrent. Thank you.

FOLEY: Thank you, Senator Cavanaugh. Senator Linehan.

LINEHAN: Thank you, Mr. President. So I've heard several things on the floor this morning. I'm now speaking to anybody who might be watching. The income tax part of this was originally LB-- individual income taxes. I'll get it here-- LB939, which doesn't cost anywhere near a billion dollars. I've had people sit up this morning, said the package cost a billion dollars. Well, it's-- if you add up all five years, over the next five years, it's \$900-some million. But there's things said that aren't connected. They're, like, thrown out. The income tax portion of this bill is, first year, \$61.7 million. The second year, \$176.5 million. It does in year one, two, three, five get to \$363 million. That last vote was about the fact that for \$97 mil-- it was another \$97 million. We don't have another \$97 million. I would love

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to cut more taxes. And we come back next year and we're still in a good economy, I hope we do cut more taxes. But right now we're trying to be fiscally responsible. And who did we compromise with? Maybe compromise is the wrong word. We worked with the Appropriations Committee as to how much money there would be available for tax cuts, and we fit this package into that box. The amendment that didn't pass doesn't fit into the box. Here's the other thing that we're kind of gliding over: the amendment that didn't pass would have given far more money to people in the upper incomes than it would have to the middle class. Because as we've talked about and people say they understand it, but they talk past it, everybody-- if you lower that bracket-- the third bracket versus the fourth bracket-- everybody pays in the third bracket. So the vast majority of that \$97 million would go to people who are making more than \$100,000, probably more than \$150,000. So it's-- the Revenue Committee actually kind of knows what they're doing. We also know-- and I've talked to many on this floor-- they get frustrated that we have income taxes. We can't do income taxes without property taxes. We can't do property taxes without income taxes. There's a very simple reason for that. It's been true ever since I got here. You cannot get to 33 unless you do both. So if you want to talk about who or who is negotiating, it was a negotiation to what, first of all, most important, how much money do we have? And then what kind of taxes can we reduce? So we reduced income taxes and we want to keep seniors in Nebraska so we reduced Social Security taxes. Senator Lindstrom has been working on that for eight years and we're finally at the finish line. That's part of the cost of the package. The property taxes is part of the cost of the package. So I don't know where you're going to get-- everybody that stood up and wanted to pass that amendment just now never told us where they're going to get the \$97 million unless they're going to take it away from other tax cuts. So let's be, let's be clear about what we're-- when we throw out a billion dollars, what we're talking about. That's five years. Not a year. And this package, we're not being irresponsible.

FOLEY: One minute.

LINEHAN: It takes the rates down over five years. And our-- as we've been told many times-- and if Senator Stinner wants to speak to this, Chairman Stinner-- our average rate of revenue increase is 4.5 percent. If we have average years, we'll be fine. We even have \$1.3 billion in the Rainy Day Fund, so if we have a couple down years, we'll be fine. This is a very carefully put together package with a lot of input, not just from senators, but from the lobby, from the administration on what we could do without endangering the future of Nebraska. Thank you, Mr. President.

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FOLEY: Thank you, Senator Linehan. Senator Wayne.

WAYNE: I would yield my time to Senator Hansen.

FOLEY: Senator Hansen, 5:00.

M. HANSEN: Thank you, Mr. President. And thank you, Senator Wayne, for swapping time with me. Colleagues, just to be clear, I think about everything Senator Linehan just said about the DeBoer amendment we voted down can also be said about LB873. And we're at this point where I've been told repeatedly that I can't take anything out of this package. Everything in the package is nonnegotiable. So we tried the tactic of putting more stuff in the package, just the stuff we've been asking for. And we get told, no, that's going to go to the high-income earners and it's going to cost money in the out-years. Colleagues, that's what LB873 does, is it goes to the high-earners and ramps up over five years. It's the same premise. We copied LB873 in the DeBoer amendment. I have an amendment that does something similar, which is why I withdrew it and let Senator Cavanaugh go to his because again, we are-- I, I just don't have a good response to that. Is if we're worried about the out-years, if we're worried about too much going to high-income earners, like, we should all be unanimously voting down LB873 because that's what LB873 does. Like again, just over and over, I don't know quite how to debate, I don't quite know how to negotiate, I don't know quite know how to compromise. Apparently, I'm coming to the realization that there's just not a path. They feel they have the votes. We can't increase the package, we can't decrease the package. The package is the package. And if that's the case, I guess I understand it. I would say I get the sense that they're worried they don't have the votes because we've already had at least one senator talk about holding the budget vetoes as a part of the deal. So I would agree with any earlier sentiment that the bud-- the Governor, including he was so forthright and clear in his veto letter, vetoed part of the budget to get more leverage for the tax cuts. I mean, I have to just agree with kind of so many floor speeches we've had this morning that there are some really weird things in this tax package and they can't pass them straight up. So they have to keep putting more and more in the tax package and trying harder and harder to keep it together and have to keep holding budget and ARPA. And we rolled Social Security in there and I'm sure there are some other things that are looming out there or will potentially be used as leverage. Colleagues, that's where we're getting. That's, that's these income tax, particularly I think like-- that's where I think a lot of this is the income tax is, is it doesn't do the right thing and we know that so we're going to loop it in with Social Security, we're gonna loop it

in with property taxes. We're going to hold part of the budget as part of the package. We're going to hold part of the budget vetoes as part of the package. Now we're probably going to hold ARPA as part of the package. These are all things that have been said out loud. Colleagues, that's because we can't just vote on the income tax portion on its own because on its own, it doesn't make a lot of sense. It's not really targeted, it doesn't prioritize a lot of the Nebraskans that a lot of us on this floor care about. And I think we got to the point where-- I certainly supported Senator DeBoer's amendment. I got to the point where, like, OK, I'm going to put fiscal responsibility aside. Forget the pay-for for the moment, forget kind of out-years. Just if we're passing a giant tax package, can I make sure that most of my constituents are covered? And so the answer is yes if I vote for an amendment like Senator DeBoer's amendment that impacts the middle brackets. And I'm under no illusion that the middle bracket cut is limited to the middle bracket. I know how progressive income taxes work. I know it is everybody paying at and above. I understand. But if we don't cut the middle bracket, we don't cut the taxes on anybody not in the top bracket. So saying you don't want to cut the middle bracket because it's going to go to people in the top bracket doesn't make any sense when your priority is cutting the top bracket. You're objecting to the thing you're already pushing so hard to do. This is the difficulty we're in. You know, at this point, I know we're going towards lunch. I think we're just going to cloture again. I mean, that's kind of where we're at because we can't add things to it, we can't take things away from it. We're not even talking about some of the guardrails and some of the initial things--

FOLEY: One minute.

M. HANSEN: Thank you, Mr. President. We're not even talking about guardrails and some of the initial things that I think we were discussing have an opportunity coming at some point, that say the [INAUDIBLE] that the-- and those aren't a huge priority of me, but I know they're a priority or at least an interest of some others. We're in a really weird spot, colleagues, and I kind of don't know how we move forward other than keep playing chicken with all the veto overrides, keep playing chicken with all the cloture votes and seeing if we have 30 and 33, respectively, each time. Because again there was an amendment to leave the package entirely intact and add proportionally kind of a little bit more and it got, it got voted down resoundingly. I don't know where to go forward. I don't know if there's a path forward. I don't know if it's settled, I don't know if it's not. And I'm just kind of putting everything out there. So let's keep talking about this and see where we go. Thank you, Mr. President.

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FOLEY: Thank you, Senator Hansen. Senator Walz.

WALZ: Thank you, Mr. President. I thought Senator Briese was up before me, but no?

FOLEY: No, you, you were next.

WALZ: Do-- OK. All right, all right. Well, I am in favor of AM2705. First of all, I want to thank Senator Boer-- DeBoer for fighting for our middle-class Nebraskans, people who earn a median wage, 50 percent, 50 percent of Nebraskans. Thank you, Senator DeBoer, for fighting for them. And Senator Day, I also wanted to say thank you for asking about compromise. This is a, this is a big bill. LB873 is a very big bill and it's really something that we should have been talking about, I believe, over the last summer, because it is a huge bill. Senator Cavanaugh, are you available for some questions?

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

J. CAVANAUGH: Yes.

WALZ: Senator Cavanaugh, can you just again explain to me what AM2705 does and how we could possibly use some of those funds to provide income tax reductions to middle class?

J. CAVANAUGH: Sure. Thanks for the question. So AM2705 would just-- well, so step back. LB873 does-- it steps in tax reduction in the top marginal rate. So the current top marginal rate for personal income tax is 6.84 percent and the, what AM-- or what LB873 does is step it down over a number of years about, you know, half a percent. And so what AM2705 would do is stop that implementation at 5.99. So it would still reduce it from 6.84 to 5.99, which has the effect of decreasing the overall loss in revenue in the future, which then could be applied to something else. My suggestion would be shifting that revenue change to that bracket of the 5.01 percent. So that would allow us to give, at the same cost, or very close to the same cost, tax relief to Nebraskans earning at or below the median income.

WALZ: OK, so you're saying that we can find the \$97 million within the amendment that you're--

J. CAVANAUGH: Well, so all of these are projections and-- I would say at the moment, looking at the fiscal notes as a step-down approach, this amendment would probably shave about \$70 million off of LB873. So that would be a conversation if we can find-- if we are confined to \$25 million or \$27 million somewhere else, or if we wanted to--

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instead of taking it from 5.01 down to 4.25, that's another way that we could maybe compromise, change what we are both proposing here to fit within these confines. It would give those individuals in the median income more taxes relief than they're currently getting, but less than they would have gotten under Senator DeBoer's original amendment. But we could do it within the confines of this change and the total package cost, as it is right now.

WALZ: OK. I, I, I think that this is something that we really need to consider, and that this is something that we need to compromise on. I keep hearing that next year, next year we'll provide income tax cuts to middle, middle-earning Nebraskans. Next year. But I don't think that's going to happen. It worries me that it won't happen. Next year, we'll provide maybe another property tax credit, you know, more to the property tax credit fund or more corporate income tax cuts. But I just have a hard time believing that we are going to, you know, consider next year that we'll--

FOLEY: One minute.

WALZ: --provide income tax cuts to middle-class Nebraskans. I think it would be better that we work this out today or this year, and that all Nebraskans would be able to see an income tax cut, as opposed to, you know, 50 percent and then maybe next year we would work on it. Thank you, Mr. President.

FOLEY: Thank you, Senator Walz. Senator John Cavanaugh, you're recognized. You may speak to the amendment, Senator, or close, your choice. There is no one else in the queue.

J. CAVANAUGH: Well, I'll speak on my turn and if anybody else wanted to get in--

FOLEY: Very good. That's fine.

J. CAVANAUGH: --that would be fine with me. I appreciate the conversation on this so far, colleagues, and I think this is an important one. I appreciate Senator Walz's questions and perspective in particular. This has been-- there's obviously people-- there is a desire in the body for tax relief. I get that. This is an opportunity to provide tax relief that we have presented to us this year because of the revenue. We have revenue projections again, which I have talked about many times, are projections, estimates about the future. And I have spoken against the first iteration of this bill. I proposed amendments to the first iteration and the second iteration, which then

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ultimately we didn't have a vote on that. That bill is still pending, which I believe is LB919, and I had amendments on that. I did not get an opportunity to speak when it became LB825 because of how that happened. That was a surprise, where that-- all of the, the massive tax package was added on top of the Social Security, and then everyone filled the queue and took that for hours. So I didn't get an opportunity to speak on that one, but I was in favor of the Social Security tax cut. I cosponsored that bill last year. I would have voted for that bill as a standalone bill this year. I would still vote for that bill as a standalone bill because I believe in that portion. This-- other portions of this, I voted for some of them when we divided the question last week and I voted against others. And so the question is when we talk about compromise, when we talk about what's the right policy, we're not all going to agree about what's the right policy, but we can all agree about what we can live with and what gets you to where you need to be. There's a large section of people here who have talked about the entire time we've been on this tax debate about making sure that tax relief goes to more median-income households, median-income Nebraskans. Because as Senator Friesen handed out this flier back on the original round of debate, which was, I don't know, a month or so ago now, on the first iteration of this bill, which shows the median household income in Nebraska, \$54,000. That's the median household income in the whole state of Nebraska. The median household income ranges from Brown County, \$37,000, to Sarpy County, \$72,000, all of which are below the threshold of a married filing jointly getting a tax deduction under LB873. So this amendment does not address that concern, but it does put us in a position, if we adopt this amendment, to free up some of the money that people were so concerned about. Finally, fiscal responsibility in terms of the cost of this bill, which no one had been interested in up until this point until we were giving tax cuts to median-income households. But it fin-- it frees up some amount of money that then we can figure out a way we can do-- implement Senator DeBoer's amendment. I'm sure she could get a version of a drafted over lunch that would implement at 4.25 percent or something like that, which would then still give Nebraskans, median-income Nebraskans tax relief. This is a simple question, like the last one was. When you're giving-- when you have an opportunity to give tax relief, who do you give it to? And a lot of people have talked about how important it is to get down the top rate, so that when you look at these maps of other states-- I have some around here somewhere-- that, that people look at Nebraska and they see that we're below 6 percent. This is a, this is a 15 percent reduction in the reduction, meaning you still get 85 percent of the reduction in taxes that you're, you're asking for under this, under

the personal income tax. So that is, I think, a modest reduction in the reduction. And if the projections stay as, as rosy as people--

FOLEY: One minute.

J. CAVANAUGH: --thank you, Mr. President-- as rosy as people have talked about, as, as good as we think they are, we can come back in a few years and implement it further. Which is what is happening in this bill on the corporate tax cut, right? We came last year, we, we mitigated the reduction in the corporate. We took that from a whole percent to a half a percent and said, if things continue going well, we will bring it down another half a percent or take it the rest of the way. And this bill comes and brings it down a whole percent and a half, I think, from that point. And so it is-- of course, we will come back and reduce taxes. People will propose that. I remain opposed to the further reduction of the corporate tax, by the way. But that is something that will continue to happen if it is possible. This is a, a small reduction in the reduction that will allow us to give tax relief to more Nebraskans in more tax brackets at more incomes below the median income. That is what we're asking for here. That's what we're suggesting. That's what will make this a--

WILLIAMS: Time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

WILLIAMS: Thank you, Senator Cavanaugh. Senator Day, you're recognized.

DAY: Thank you, Mr. President. Would Senator John Cavanaugh yield to a couple of questions, please?

WILLIAMS: Senator Cavanaugh, would you yield?

J. CAVANAUGH: Yes.

DAY: Thank you, Senator. OK, so we had discussed earlier the potential of, of shifting the \$97 million that Senator DeBoer had introduced as a tax cut for middle-income Nebraskans in her amendment from another part of the package. And so, as I understand it, so this would reduce the cuts on the highest-income Nebraskans. Is that-- am I understanding this correctly?

J. CAVANAUGH: Right. It would, rather than take the top marginal rate down to 5.84, it would take it down to 5.99.

DAY: 5.99 for anything over \$100,000, correct?

J. CAVANAUGH: Well, that, that would be for corporate income. For personal income, it-- married filing jointly, it's pegged to the CPI, something like over \$65,000 in taxable income for married filing jointly. And it's-- I'd have to look at the bracket again for where it's at at this point.

DAY: OK. Thank you, Senator. And you said-- sorry, I have one more question for you. So you said this would cut somewhere about \$70 million out of the package to be moved somewhere else?

J. CAVANAUGH: Right. It would reduce the fiscal impact of LB873 as it is written by about \$70 million.

DAY: OK, thank you. Senator Linehan, would you yield to a couple of questions?

WILLIAMS: Senator Linehan, would you yield?

LINEHAN: Certainly.

DAY: Thank you, Senator Linehan. So again, you're the Chair of the Revenue Committee so you understand these processes much better than I do. But so this would reduce the fiscal impact by \$70 million on the highest earners in the state, and we could potentially shift it to an amendment similar to Senator DeBoer's amendment that just got voted down. Would you be in favor of doing something like this?

LINEHAN: I don't-- to be frank, I have not been paying that much attention. I didn't-- where are we saving \$70 million with this?

DAY: I think that's what Senator Cavanaugh said the estimates were for how much this would--

LINEHAN: OK, well, I'm not-- there's all kinds of estimates flying around. And unless it's a fiscal note, I'm not-- he's saying 5.99 versus 5.84 would save \$70 million. I'm assuming that's in the fifth year. I don't know if that's in the fifth year. It certainly isn't before that. The whole bill, I think, is, like, \$348 million in the last year. So I question the number. It doesn't, doesn't mean it's not right, but it doesn't, doesn't ring true to me.

DAY: OK, so, so you are not fundamentally opposed to--

LINEHAN: Yes, I am fundamentally opposed to changing the package.

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DAY: OK, so you don't want to reduce the cuts for the highest income earners to shift it to middle-income earners?

LINEHAN: I have said before and I will say again, if I was to do whatever I could do, I would drop every rate down to 4 percent. I would not depend on incentive packages that we pick and choose winners and losers, I would have a flat rate. And yes, I would lower the rates for the lower income. And if we have money in the two years I have left, I would do that. I am for less taxes on everybody. What I'm also doing, though, is trying to be responsible and do what-- how do we wean ourself off incentive packages that we have to have, which this body has voted for three different times over 30 years--

WILLIAMS: One minute.

LINEHAN: --because we've got too high of individual and business tax cuts. So if we want to keep spending hundreds of millions on an incentive package that goes to outside corporations, which I won't name, but they are not Nebraska companies--

DAY: Thank you.

LINEHAN: If we want to keep doing that-- thank you.

DAY: Thank you, Senator. OK, so I only have a few seconds left here, so I just-- I guess the thing that I struggle with, with stuff like this is we're, we're bringing amendments to the table that are legitimate compromises on the package, and I can't see why we're not willing to at least agree to some kind of movement within the package. I know that, you know, the majority of my constituents would likely get a tax cut with the package. More of them would get a tax cut with the package with an additional amendment for middle-income Nebraskans. So that's what I'm looking for. I just--

WILLIAMS: Time, Senator.

DAY: Thank you, Mr. President.

WILLIAMS: Thank you, Senator Day. Senator Matt Hansen, you are recognized.

M. HANSEN: Thank you, Mr. President. And frankly, Senator Day, I agree. That's what I've been looking for too. Again, when we talk about the compromise, it's a compromise with basically half of the Revenue Committee with the other half of the Revenue Committee. And that could be a compromise. It's something they negotiated,

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absolutely. But we've heard that, you just heard that kind of there's some fundamental opposition to any changes of this. We've got to kind of go forward with what we have in LB873. And I know there's been a lot of people at a lot of times that were hoping some different amendments were going to be adopted to LB873. Everything from some sort of guardrails to make sure we're not having these stepdown cups happen in bad years to, in my case, including more of the middle brackets and middle-bracket families. There's lots of things we could be doing and could be adding, but instead we've got this agreement that apparently is-- they're at least going to fend off every other amendment to it. Whether or not they are going to successfully have the votes, we'll see this afternoon. I know-- I imagine they feel somewhat comfortable, but not completely comfortable if we're still having speeches and having people leverage the budget. So that's where we're at and I'm kind of just at an odd place with that. Again, I have been clear on some of these packages. Obviously Social Security I was planning on supporting outright and I'm a cosponsor of the bill. LB723 moved with about 40 votes on General File. I think that was moving before it got stopped by forces that weren't the opponents of the package. We debated variations of the corporate and income tax amendments and had some opportunities between LB939, LB919, the amendment, AM825, the first round of LB873. So we've had lots of chances at it. Again, I've been kind of clear in that I would prefer and like to use some sort of the corporate-- use that as the pay-for for the middle brackets or, frankly, all brackets. And that's the tough spot because we've had an opportunity to kind of, irrespective of the overall size of the package, add more of the middle brackets in Senator DeBoer's amendment. I'm glad we finally got to a vote on that. And that got voted down because we have to stay with the package that the Revenue Committee negotiated amongst themselves. OK, so we can't move that. We also can't take things out, can't add things in. We're kind of just stuck left with a overall package and an overall package that I think many of us have expressed our hesitations and concerns with repeatedly. And this is a difficult spot to be in where you like some things, you don't like others. And I think I've been clear if-- that if we are leaving out a lot of my constituents and we're also passing some, I think, taxes on their own that are bad policy, that makes me in a position where I'm not planning on supporting this. I'll probably be present and not voting, but, like, in the sense that I really would like Social Security cuts. And I'm disappointed they got roped into this as opposed to being allowed to pass on their own. I probably could have been on board with many of the property tax components because those are again things that impact my district, my constituents, but now they got roped into this as well. And the income

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tax, again, we can do some things on income tax, but I would like to have the priority be on the middle brackets as opposed to the top bracket and corporate. That's not even opposition to income tax cuts, that's opposition to the specific proposal ignoring the median-income Nebraskan. Like, literally the average Nebraskan, the median Nebraskan isn't going to be included in LB873 aside from if they're a property owner, they will get some property tax cuts. Or if they're a Social Security recipient, they will get those cuts too. But anybody not in that bracket, anybody not in that age and anybody who rents is going to be left out if they don't earn in the highest bracket. And I really--

WILLIAMS: One minute.

M. HANSEN: Thank you, Mr. President. I really do appreciate that the highest bracket in Nebraska starts fairly low, especially fairly low compared to other states and federal. I get that. It still is just the highest bracket. It still is above a lot of individual income and including the median income. That's again, kind of the issue we keep coming back to is, you know, how do we get this forward and how do we make sure that all Nebraskans, or as many Nebraskans as possible, can benefit from this tax package? Because again, over and over again, especially in the income tax portion, we are leaving out a lot because we are focusing solely on corporate and the top bracket. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Matt Hansen. Senator Jacobson, you are recognized.

JACOBSON: Thank you, Mr. President. I'll try to be brief. I guess I wanted to get up and speak with regard to this. We're talking a lot about creating more tax breaks, and I'd love to see that, OK? I'm all in favor of tax cuts. I think our taxes are too high. I've felt that for a long time. One reason I came down here was to lower taxes. My first priority, of course, is to lower property taxes. That's what I hear most from my constituents. I also hear a lot about Social Security taxes, incredibly important for our seniors to lower and eliminate state income tax on Social Security tax. That's what the original LB825 had in it, that's what LB873 has in it. So as I look at where we're at today, I'm looking at all the work that happened in the Appropriations Committee, at what happened in the Revenue Committee. There has been a balancing act with spending and revenue. I have a lot of faith in Senator Linehan and, and what-- and the people on the Revenue Committee who brought this originally. We've been around through General File now. We supported this bill, LB873,

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overwhelmingly, as it is. It's time to get-- deliver the tax cuts to Nebraskans. I don't want to mess with changes to the bill at this stage of the game on Select File and jeopardize the cuts that our seniors need in the original LB825 with the Social Security tax cuts, and I don't want to jeopardize property tax cuts. And so I'm going to, I'm going to vote no on any amendments to change any of LB873, would urge everyone to vote no on the amendment, vote yes on LB873. Let's deliver the tax cuts that Nebraskans deserve to have and vote green on LB873. Thank you.

WILLIAMS: Thank you, Senator Jacobson. Senator Machaela Cavanaugh, you are recognized.

M. CAVANAUGH: Thank you, Mr. President, I would ask if Senator Linehan would yield to a question.

WILLIAMS: Senator Linehan, would you yield?

LINEHAN: Yes.

M. CAVANAUGH: Thank you. Senator Linehan, what is the bill number so that I can look it up for LB873? Part of it has the community colleges in it.

LINEHAN: That is LB873. That's the--

M. CAVANAUGH: LB873 was the original--

LINEHAN: Yes.

M. CAVANAUGH: --bill for the community colleges--

LINEHAN: Yes.

M. CAVANAUGH: --that-- OK, thank you. So I guess I will just look up the committee statement for LB873. Thank you, Senator Linehan. Colleagues, like I said, this is like we're in bizarro world. And I, for one, feel if-- when I am listening to the floor speeches, which I am kind of not listening to all of them because I feel like I'm getting gaslighted by my colleagues about what this bill is and what it does and taxes. This is a enormous tax package that does not help the middle class. It helps wealthy Nebraskans. It helps wealthy landowners. It helps corporations. And then it helps seniors. And that last piece is put in there to force our hand. Because Senator Lindstrom's bill was on Select File when it was messed with. The previous senator talked about not messing with things on Select File.

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Select File is when members of the Revenue Committee decided to tank Social Security by adding all of this nonsense onto it. And now they're gaslighting us into being like, no, you got to vote for this. It's on Select. We only have so much time. They have another bite of the apple. There's another Revenue bill that they will move forward if this doesn't move forward. They'll just keep coming and they won't stop and they won't give us anything, except for today. Today, friends, they're going to negotiate the veto override. So the only reason a bunch of people in here are going to override the veto for developmental disabilities funding and healthcare and all of the things for vulnerable populations is because they want this to happen, not because it's the right thing to do. And the reason that people are going to vote for this is because they want the veto overrides to happen, not because this is the right thing to do. This is pure politics. Meanwhile, those of us who have been standing up every single day asking for anything, a morsel of something to help people of Nebraska, we get slapped down. We can't get SNAP. We can't get expanded child care subsidies. We can't get expanded Medicaid postpartum a year-- pro-life state. We can't get sentencing reform, but we can get massive tax cuts for the wealthy. I'm not here for that. I am here for the people of Nebraska, and I am sick and tired of these ridiculous speeches about how important this is. This is not why people are leaving Nebraska. They are leaving Nebraska because we are homophobic. They are leaving Nebraska because young people don't want to live in a state that isn't welcoming. That's why they're leaving, but we can't pass any LGBTQ protections. No, that would be too much. We can't do anything that actual human beings want us to do.

WILLIAMS: One minute.

M. CAVANAUGH: All we can do is massive tax cuts for the rich. This is why elections matter, citizens of Nebraska. You voted for these people and they're not here helping you. And the next-- the veto override on the housing rental assistance, that's all for you. That's for their constituents, not for mine. My constituents are fine. They're getting rental assistance. I'm still going to vote for it because it's the right thing to do. But we don't do the right thing in this body anymore. We just slash and burn. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Cavanaugh. Senator Hunt, you are recognized.

HUNT: Thank you, Mr. President. I'm not one of the people in the room when tax packages get negotiated or we decide from our hearings to General File what kind of package is going to be put together, but I

am part of the negotiation. And I voted for LB873 on General File understanding that we would continue negotiations on a bill that would be acceptable to more members of the body on Select File. That's often the way things happen, right? You know, we ask each other, can you just vote it through General? We'll work on it on Select. I've said it about my bills, and we do work on it on Select. And you know, all of my colleagues pretty much do, too. But when we have substantive, thoughtful, good amendments that just get voted down because we can't change the underlying bill, we already made a deal, yada yada, whatever it is, then that's not negotiation, right? So if I vote a bill through General File in good faith, understanding that we're going to have the opportunity to improve the bill on Select File, but there's no room for negotiation, there's, there's nobody trying to come to a deal. Instead, the deal that's happening is are we going to override these vetoes or are we going to pass, you know, these tax cuts? And there's all kinds of things that are kind of suspended in the air together and have to go together. But is that really what's best for Nebraska? And that's such a cliched thing to say. I hate getting up on the mike and being like, I stand for Nebraska. I'm just trying to do what's best for Nebraska. We're literally all trying to do what's best for Nebraskans. I'm not under any, you know, impression that all of us aren't trying to do what's best for Nebraskans. And I also know there's lots of Nebraskans watching and listening, and they're going to read the news about this debate later and they'll be mad that people voted for the tax cut. They'll be mad that people didn't vote for the tax cut. So what's really best for Nebraskans isn't even a policy question at that point. It's not what is in LB873 that's best for Nebraskans when the process we're using is what the problem is. The process we're using is what's not best for Nebraskans. And it's also not good for democracy when we have these bills go through three rounds of debate, but between the first round and the third round when it's finally passed, we don't have any more negotiation and we don't have any more room to move. That's not good use of process. And that, to me, is what's disrespectful of voters, when something, you know before it even goes into the committee for a hearing, is already decided, it already has the votes wrapped up. We already know how it's going to end up and what the support is going to be like. And I find in my four years here, that's more and more the case, that there's less room for change, there's less negotiation and people already know where they stand coming out the gate. And that's why you don't see a lot of people getting up on the microphone. That's why I haven't been very involved in this debate and engaged because everyone kind of knows how each other is going to vote and that's really boring. That's a really boring way to serve in, in, in

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government when you already know the ending to everything that's going to happen. I also wanted to mention in the Rotunda today, I'm going to get on my little high horse again one more time, another political rally from Jim Pillen that disrupted the experience of students in the Rotunda. One of the most wonderful experiences that students can have in the State Capitol is taking their tour, usually in fourth grade, and they can all lay down in the center of the Rotunda around the circle and look up at the "Virtues," the sculptures, the mosaics, the symbolism that represents the history of our state--

WILLIAMS: One minute.

HUNT: --that they have the right to come here and learn. And I was out there in the Rotunda with several other people from the building trying to get Jim Pillen to move his political rally out of the way so that these kids could have their tour experience. And his staffers kept saying it's a First Amendment issue. It's a First Amendment issue. Yeah, it's a First Amendment issue. You have the right to be rude. Do you want to be rude? I've got the First Amendment right to do all kinds of stuff I don't do because I make choices and I don't want to be rude. I would like candidates in the future in Nebraska to make the choice to not be rude to students and get out of the way and let them have their tours. You can have the rally somewhere else. You can wait five minutes for them to be done. It's very rude to disrupt these students' experiences. The question isn't the First Amendment whatever. The question is, are you being a jerk? Thank you, Mr. President.

WILLIAMS: Thank you, Senator Hunt. Mr. Clerk for items.

ASSISTANT CLERK: I do, Mr. President. Amendments to be printed: Senator Lowe to LB792; Senator Geist to LB876. New A bill from Senator Walz, LB1218A, a bill for an act relating to appropriations; appropriates funds to aid in carrying out provisions of LB1218. That will be placed on General File. LR429, LR430, LR431, LR432, and LR433, those will all be laid over. Announcements: Referencing will meet at noon in Room 1525. Referencing, noon, 1525. Additionally, the Appropriations Committee will meet for an Executive Session in 1524 over the noon hour. Appropriations, 1524 over the noon hour.

WILLIAMS: Members, Senator Flood would like to recognize 16 fourth-graders who are seated in the north balcony from St. John Lutheran Church or School, excuse me, in Battle Creek. Would you please rise and be recognized by your Nebraska Legislature?

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ASSISTANT CLERK: Finally, Mr. President, a priority motion. Senator Jacobson would move to recess the body until 1:00 p.m.

WILLIAMS: Members, you've heard the motion to recess until 1:00 p.m. All in favor say aye. Opposed say nay. We are in recess.

[RECESS]

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

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

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

ASSISTANT CLERK: Just one, Mr. President, a reference report from the Reference Committee concerning LR266 through LR425 as referenced. That's all I have at this time, Mr. President.

FOLEY: Thank you, Mr. Clerk. Members, we'll pick up where we left off on LB873 with AM2705 pending. Senator John Cavanaugh, you're next in the queue.

J. CAVANAUGH: Thank you, Mr. President. So we were talking about-- just to refresh everybody's recollection, I know it wasn't that long ago, but we were talking about this amendment, which would basically decrease the decrease. So LB873 takes both the corporate and the personal income tax top bracket down to 5.84. What this amendment would do is take both of them down to 5.99 and my reason for this suggestion is it basically takes a little bit of the cost out, as-- before lunch, we were talking about-- Senator Linehan said that my, my estimates were that; they were estimates. They're my guess as to what they are based off of the fiscal note and eliminating essentially the last year of implementation because under the implementation plan of LB873, they get down to about 6 percent right in that-- the second to last step-down, the last step-down takes it all the way down. So that's where I come up with that number. But of course it is, yes, that amount of money, which is close to \$70 million in the last year of implementation, so-- but then it is that amount going forward so from 2027 going forward is where that amount of money would be saved. And like I said, this is in the interest of finding some space to do some middle-class tax relief to take this down to still below 6 percent, get us to a place where we have a little bit extra money where we could do something along the, the lines of what Senator

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DeBoer proposed, which, as I said, this is-- the estimates in the savings of this are in that last year and they are less than the cost of Senator DeBoer's Amendment. But again, attempting to propose a compromise that would work and then maybe we could do something along the lines of a 4.25 type of amendment that Senator DeBoer has proposed. So taking that second rate down from 5.01 to 4.25, see where that gets us in terms of overall cost. And if that-- if the concern is that we don't find the savings until the last year we could, we could implement that, that's stepped down for that tax bracket in that 2027 year. So what we could do, as this-- the current bill does, takes down-- I'm trying to find the section here. Well, it's a little hard to read, but the full implementation is in those out-years on the personal and corporate income, we could implement those in the step-down approach over the next several years and then in 2027, rather than take it down to 5.84, we take it down that-- to 5.99. And then we would instead take the 5.01 down to 4.25 in that year, which would of course, give that middle-class tax relief in that year and it would also give some more tax relief in the effective rate to those individuals in that top tax bracket because of how tax rates work. So in a, in a global perspective, this is an attempt to find a little room, a little space to give middle-class tax cuts, keep us within the same bounds of the cost that we've had, and then find a way to work on that middle-class tax proposal that Senator DeBoer proposed earlier today that would, would give tax relief to median-income earners and below. So that's what I'm suggesting. That's-- I think it's a reasonable suggestion. I think it fits within everybody's stated goals and objectives here and I think it serves the broader interests of tax relief to all Nebraskans across the board in, in giving it to as many people as we possibly can and still getting us down-- it still has the-- it doesn't-- this does not affect the property tax portion so it does not affect LB723. It does not affect the Social Security portion. It does not affect the community college portion. It only would affect the personal income top tax bracket step-down. It would make it not step down as far and the corporate income tax would not step down as far as well. It would still get them both below 6 percent. So when people are looking at maps of the United States, Nebraska's top marginal rate would be below 6 percent.

FOLEY: One minute.

J. CAVANAUGH: Thank you, Mr. President. So that's, that's the suggestion. I think-- I don't see anybody else in the queue. I don't know how many folks are here to this point, but we'll probably be getting to a vote on this one-- actually, I'm-- I have one more thing I wanted to say on this. I'm going to run out of time. So we were

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talking earlier about Senator DeBoer's amendment and I think I'm-- oh, maybe I'm not next. OK, so-- well, a bunch of people are getting in the queue now. That's funny. I can see it from here. So maybe I'll just wrap up and I'll start my conversation on my next time when I have a full five minutes. Thank you, Mr. President.

FOLEY: Thank you, Senator Cavanaugh. That was a third opportunity so when we get back to you, it'll be closing. Senator Matt Hansen, this is your third opportunity as well.

M. HANSEN: Perfect. Thank you, Mr. President. All right, colleagues, so, so to recap and kind of how we've gone through the motions today, as I understand it, we're at a point where LB73 [SIC--LB873], the backers and key proponents of LB780-- sorry, seven-- LB873, lots of numbers. The backers and proponents of LB873 at a point where we'll not accept any amendment of any kind, not a more generous tax cut, not a change, not a buy-down, not a trade. It's just LB873, take it or leave it. And as we've talked about LB873, I think the coalition to get it across the-- any sort of cloture vote today or get it across the finish line is a coalition who's doing that in order to override the Governor's budget vetoes, which I think the Governor's budget vetoes were probably largely designed in order to give the Governor that leverage in order to get people to support what is ultimately a pretty interesting tax bill across the finish line; obviously, one that has struggled and has needed to loop in property tax and Social Security and others in order to get these income tax provisions across the finish line. That's kind of the lay of the land as I see it right now. It wasn't something that could stand on its own. It had to keep growing. It had to gain property tax. It had to gain Social Security. It had to then be leveraged against the budget. I still think it's probably also being leveraged against the ARPA bill, which I imagine is probably in trouble either way. That's probably-- well, we could speculate another time on that bill, but certainly I hope people who are negotiating the package in order to keep LB873 alive on the budget I hope are also including any sort of ARPA vetoes in final passage. We'll see. But we're generating this and again, over and over and over again, we see that there are several provisions of LB873 that I don't think necessarily stand on their own merits or maybe at best have, like, a bare 25. But again, none of the negotiations, none of the discussions have been kind of with the broad-- broadly. They've been within the Revenue Committee members in terms of trading income tax and property tax, you know, trading corporate and top bracket individual with property tax. This is something I've talked about multiple times throughout tax bills throughout the year in the sense that we have to talk about who's asking for what or why we can't do

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what, you know? And we'll cite things that, you know, are nonstarters, but, you know, they're nonstarters because of other members of the Revenue Committee, not because of the body at whole. Or they're nonstarters because the Governor is opposed to them, not necessarily because a majority of the Legislature is opposed to them. And we see this over and over again in this difficulty to narrow this line. Frankly, you know, I think there are several bills in LB873, Social Security, certainly, probably some of the property tax provisions, that could have advanced on their own, if not for then supporters of the corporate income tax using them as leverage to claw them back into the committee amendment and put it as kind of all-- take-it-and-leave-it package. And in addition to doing that, like I said, they had to rope in a notable portion of the budget, including some attempts on the budget itself. And now these budget vetoes, which I genuinely believe-- and the Governor was pretty clear at least indicating it on the-- on his veto letter, which were done to create this extra leverage to kind of keep several key members in line in the voting for cloture on LB873. Not necessarily a bill they support, but because there's overall things the rest of the session that are under scrutiny are being leveraged. And that's not speculation on my part. We've had people even today talk about, you know, viewing this as a package with the budget, viewing this as a package of veto overrides. I don't know if people have mentioned ARPA today, but they certainly mentioned it during the ARPA debate and during earlier iterations of this bill during some of the previous income tax debates. So again, we see that this debate and this--

FOLEY: One minute.

M. HANSEN: --thank you, Mr. President-- and this bill and all this leverage has to expand greater than kind of the four corners of the bill because we know that many provisions of this bill would struggle on their own. Instead, it kind of had to become this omnibus that while it is a compromise, I guess, of sorts, it's a compromise just among a majority of the members of the Revenue Committee. It's not necessarily a compromise representing all of the views on taxes in this body, as very clearly highlighted by the fact that we voted down a tax cut that would have helped the median-income Nebraskan, literally middle income. We voted that down earlier today because we didn't tie it to I think enough property tax credit is the main rationale that I think I heard there. So that's just kind of the state of it. I'm out of time so we'll see how the votes go and what we get too soon. Thank you, Mr. President.

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FOLEY: Thank you, Senator Hansen. Senator Machaela Cavanaugh, third opportunity.

M. CAVANAUGH: Thank you, Mr. President. Good afternoon, colleagues. I'm probably going to vote for this amendment and we'll eventually get to cloture on this bill and it doesn't matter. It just doesn't matter anymore because people have cut so many deals in this body on both sides of the aisle that nothing that I think is important is going to get done so that is where we are at, Nebraska. People have leveraged this against the Governor's veto overrides and ARPA. Sure, we're going to get a lake and a canal. We won't get anything substantial to help the actual people of Nebraska, but we will get all the senators' pet projects done. And isn't that all that matters, really? When it comes down to it, don't we just care about our pet projects and not the people? That is where we are at today. The Governor did a bad thing and instead of the body doing a good thing and just overriding the bad thing the Governor did, we play politics and we leverage other things. We leverage things that are fiscally irresponsible and it doesn't matter how many times people get on the mike and pretend like it is fiscally responsible, it's not. We've seen this happen in other states like Kansas and then they'll get on the mike and they'll talk about Kansas' tax rate and on and on and on. And it's circular and it's circular and it's circular, but it doesn't matter. So just going to vote on things, maybe I'll vote for this, maybe I won't. It doesn't matter what I do. Consumption tax, it doesn't matter what I do. Literally, it does not matter. The session has been determined by the dealmakers and meanwhile, the people, the vulnerable people, the poor people, the women, the children get nothing. But it doesn't matter because we have massive tax cuts and egos that were bruised over veto overrides or getting their day and that's all that matters. And yeah, there's things that were vetoed that I am furious about. We should be overriding them without a conversation about it. Like, we shouldn't be leveraging-- anybody who is holding hostage overriding these vetoes is in the wrong place. You're just in the wrong place. You're here for the complete wrong reasons. If you have to hold hostage provider rates for DD and Medicaid and behavioral health to get tax cuts for the wealthy, you are in the wrong place. Your heart is not in the right place. You are not doing the right thing for Nebraska. You are completely serving your own needs and projects. But that's where we're at, Nebraska. That's where we are at. This is one of the worst days-- actually, not one of-- this is the worst day. This is the worst day I've had in the Legislature and I think we all know I've had some pretty terrible days. I think it's fair to say, at least with this current body, that I have probably had the most terrible days in this

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Legislature, but this, this is the worst. This is the real gut punch. This is the one where I find out that people that I have--

FOLEY: One minute.

M. CAVANAUGH: --supported would turn their back in a heartbeat to make a deal. This has been devastatingly disappointing and it just doesn't matter. Thank you.

FOLEY: Thank you, Senator Machaela Cavanaugh. Senator John Cavanaugh, you're recognized to close on your amendment.

J. CAVANAUGH: Thank you, Mr. President or Mr. Lieutenant Governor. And I heard it was your birthday, so happy birthday. Thank you for spending it with us. So I think everybody's heard this memo, but just if anybody's just walked in from lunch, this is an amendment that would take the personal and corporate rates down to 5.99 and stop there. So it would be-- it wouldn't go quite as far as LB873 as proposed. This amendment does not change anything about the property taxes, Social Security taxes in there. So it is a, a small moderation in the overall package and at full implementation would decrease the package from somewhere around \$900 million to about \$830 million. And then if we adopt this, we can, we can have a discussion if we want to adopt something along the lines of what Senator DeBoer proposed earlier today or if we want to leave the package at 900-- or \$830 million. That is a policy discussion I'd be happy to engage in going forward with people and decide where we want to spend that money. One of the things-- there are several things about this that I just thought tying it all together at the end here maybe would be relevant. One, we had a conversation about Senator DeBoer's proposed amendment and whether it had had a hearing and whether or not it was-- it had a fiscal note and those sorts of things. I would just point out that this package came out at a late hour. I think it was last Tuesday night. It was moved on the floor the next day before-- people basically-- we found out about it being moved when it was put on the agenda. The underlying bill was LB873, was a bill about community colleges, but it had to do with eliminating the taxing authority of community colleges, their, their levy authority, and this bill does not do that. It just creates a mechanism by which we give an income tax credit for community college fees, which is an idea that did not have a hearing. It is similar to LB1107, but this is-- that, that is the situation we're under here and everybody had no problem doing that change, making that change. So comparable to the proposal of Senator DeBoer so if you had an objection to the nature of Senator DeBoer's proposal and the nature being how it got proposed, I would submit to

you that it was Senator DeBoer's proposal was in the same form and fashion as the change to LB873 that gets us to the community college portion. So the other complaint we heard was that that amendment costs money, we didn't have any pay-for. Here is a pay-for that gets you most of the way there to pay for median-income tax relief for those individuals in the tax bracket between-- at 5.01 percent. We can find a way to tailor that, that amendment after we adopt this to be something that would be within the dollar amount that we're estimated here and implementation method that would fit within the, the amendment here, but this is an opportunity to answer the questions that were proposed on the last amendment. This is an opportunity to make a more moderate, modest conservative change to the tax structure going forward that is-- allows us to give broader tax relief and implement things in the way that everybody has said that they're interested in. So I think we're probably, we're-- well, everybody's ready to vote. I know I'm closing so I would urge you to vote yes on AM2705. But just as a reminder, we're talking about median income in the state of Nebraska and the median income is-- for the state of Nebraska is \$54,384 and what that means is that amendment that this-- well, without this amendment, people making above \$66,000 going forward of adjusted gross income, taxable income-- taxable income, not adjusted gross income-- in the state of Nebraska will get a tax benefit going down to 5.84. With this amendment, people making over \$66,000 will get a tax benefit--

FOLEY: One minute.

J. CAVANAUGH: --going down to 5.99 percent. So they will still get about 85 percent of the tax benefit that we are talking about. And then if we go when we adopt the change, a change in the nature proposed by Senator DeBoer, they would get a further tax reduction in the lower bracket so that their total effective tax rate would actually continue to go down further, but it would also allow us to give tax relief to people making below \$66,000 married filing jointly. And so it will spread it out. It'll give it more, more people. It will give it to people below the median income in the state of Nebraska. So that's my proposal. That's my suggestion. That's my compromise I'm offering here today. I would urge you to vote yes on AM2705 and I guess I will ask for a call of the house and a roll call vote in reverse order.

FOLEY: Thank you, Senator Cavanaugh. There's been a request to place the house under call. The question is shall the house go under call? Those in favor vote aye; those opposed vote nay. Record, please.

ASSISTANT CLERK: 16 ayes, 7 nays to place the house under call.

FOLEY: The house is under call. All members, please return to the Chamber and check in. The house is under call. Senator McKinney, please return to the Chamber and check in. Senator Cavanaugh, we are lacking Senator McKinney. We can wait or proceed. That's fine? All unexcused members are now present. The question before the body is the adoption of AM2705. A roll call vote in reverse order has been requested. Mr. Clerk.

ASSISTANT CLERK: Senator Wishart. Senator Williams voting no. Senator Wayne. Senator Walz voting yes. Senator Vargas voting yes. Senator Stinner not voting. Senator Slama voting no. Senator Sanders voting no. Senator Pansing Brooks. Senator Pahls. Senator Murman voting no. Senator Moser not voting. Senator Morfeld voting yes. Senator McKinney voting yes. Senator McDonnell not voting. Senator McCollister voting yes. Senator Lowe voting no. Senator Linehan voting no. Senator Lindstrom voting no. Senator Lathrop voting yes. Senator Kolterman. Senator Jacobson voting no. Senator Hunt voting yes. Senator Hughes voting no. Senator Hilkemann voting no. Senator Hilgers voting no. Senator Matt Hansen voting yes. Senator Ben Hansen voting no. Senator Halloran voting no. Senator Gragert voting no. Senator Geist. Senator Friesen voting no. Senator Flood voting no. Senator Erdman voting no. Senator Dorn voting no. Senator DeBoer voting yes. Senator Day voting yes. Senator Clements voting no. Senator Machaela Cavanaugh voting yes. Senator John Cavanaugh voting yes. Senator Briese voting no. Senator Brewer voting no. Senator Brandt voting no. Senator Bostelman voting no. Senator Bostar voting yes. Senator Blood voting yes. Senator Arch voting no. Senator Albrecht voting no. Senator Aguilar voting no. Senator Kolterman voting no. Senator Moser. Senator Moser voting no. Vote is 14 ayes, 28 nays, Mr. President, on the John Cavanaugh amendment.

FOLEY: AM2705 is not adopted. I raise the call. Mr. Clerk.

ASSISTANT CLERK: Mr. President, Senator Matt Hansen offers AM2656.

FOLEY: Senator Matt Hansen, you're recognized to open on AM2656.

M. HANSEN: Thank you, Mr. President, and good afternoon, colleagues. I'm glad to arise on my AM2656. I prepared a varying-- variations of the-- variety of versions of this and hung it on different bills trying to show it as an option. I think it's going to be one of the last things we have a chance to talk about and discuss today. In full disclosure, part of the reason I let Senator DeBoer and Senator John

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Cavanaugh put their amendments before mine was that they each had one provision of this bill or one provision of this combined amendment in their amendments. Obviously, we saw both of those get voted down. I'm not under any illusions that by combining those two amendments, I've somehow gained votes. But I just wanted to show what an alternative tax package and what an alternative proposal could have looked like had, say, persons like myself and Senator Cavanaugh and Senator DeBoer and others been engaged more in terms of something that could advance and I think lots of us could vote for. So what this amendment does is it kind of takes everything in LB873. I actually have-- it's written as a white-copy amendment, both for clarity and I was drafting it even before we had really advanced LB873. But just to be clear, Social Security taxes, as is, kind of the phased-out repeal embodied in LB825, I believe it kept LB723 and the community college new tax credit-- property tax credit for community colleges intact as LB873. It really focuses on the two income tax provisions and does a couple of things. One, it moves that middle bracket Senator DeBoer talked about and tried to move earlier today down by about the same amount, by about a 1 percent cut for the middle bracket. That is trying to capture that middle-income, median-income household in Nebraska. So trying to extend the overall impact of the individual income tax cuts by including more families and including more individuals. It also reduces the corporate-- sorry, excuse me, it also reduces the top bracket by not as much as proposed in LB873. It does it like Senator John Cavanaugh just proposed and it walks it down to 5.99 so it still gets it under 6, but overall reduces the if-- the fiscal impact of the amendment. The next thing it does, and this is something that got talked about in earlier rounds of debate and has kind of fallen by the wayside in terms of a need or an interest, but it has what I-- what many people have called guardrails. And the guardrails are such that at least for the top individual income tax bracket, that these decreases are conditional upon a, a, a positive General Fund revenue growth. That is, we step down the top individual income tax rate over time, but we only do it in years in which we've actually gained revenue. So in other words, if there's a recession, the income tax cuts are paused. They're not stopped. They're paused until we're out of that and we actually have general growth. This is a catch-all guardrail provision that I know a number of people have talked about interest in. This is what that would look like. It would give the, I believe, the Tax Commissioner some ability to perceive and calculate the, the net receipts over the fiscal year for the General Fund and then trigger the steps down so it would come only in years in which there are actual growth. And so that is kind of some of the things we've talked about in Senator DeBoer's bill and Senator-- excuse me,

Senator DeBoer's amendment and Senator John Cavanaugh's thing. So that's cost. So that does lessen the overall impact by not reducing the top bracket as much. It does increase the overall impact by increasing the middle bracket, by cutting that, including that in-- excuse me, everyone, I'm fighting off a sneeze. And then what's-- the final thing is what's the pay-for? So those to work out and kind of use some of each other out. Some of my calculations, some of the desire to do this is the pay-for is eliminating the corporate income tax cut. And so by removing that provision, you have the ability to both lower the individual middle bracket. You could still lower the individual top bracket. You can step them in. You can do all the property tax cuts. You can do all of those provisions and the pay-for is the corporate tax cut. Again, I have best estimates and some projections, don't have a fiscal note, but my understanding is based on kind of the consensus of all these numbers is that probably overall shrinks the package of LB873 by a little bit, but not by much. But really, what it is doing is reallocating some of the corporate tax cuts and highest bracket tax cuts to pay for the middle bracket tax cuts. So with that, again, we've already voted down the middle bracket tax cuts. We've already voted down limiting the top income bracket. I know supporters of LB873 have said they're going to oppose any amendment. I kind of know where the stakes of this are going to go, but I wanted to make sure we had this opportunity, I wanted to make sure we had this opportunity to discuss AM60-- AM2656 as kind of what a comprehensive plan that I could support would look like. So with that, Mr. President, I'll see if there's any debate on the amendment. Thank you for your time.

FOLEY: Thank you, Senator Hansen. Debate is now open on the amendment. Senator John Cavanaugh.

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Thank you, Senator Hansen, for bringing this amendment. I appreciate it. I-- you know, I, I wonder if what we talked about, as you said, the component parts of this, some of the component parts, but it is nice to see it all put together. So we've had the conversation about the things people like, which is people do want to give middle class or-- I'm sorry, middle-income, median-income, below median-income tax relief, which this bill does and it has a pay-for, which is eliminating the least popular portion of this bill, which is the corporate tax cut, which, if you all recall, we haven't talked about it too much. And I haven't spent too much time talking about the corporate tax cut because I just don't even understand why we're having the conversation. Honestly, I don't think it merits the discussion that we've had. But to be clear, 80 percent-- I think it's 83 percent of the benefit goes out of state

and it only is-- for those out-of-state corporations has to do with their conduct in the state of Nebraska, which means sales/business transactions. So cutting that rate is not necessarily going to get them to conduct more business in the state of Nebraska. Additionally, we cut the corporate rate last year by half a percent under the understanding that if that, once implemented, was effective in driving business or showing some sort of positive trend that we could cut it further to further stimulate that. This is jumping the queue in terms of that. So in terms of priority of things we should be doing, median-income tax cuts versus more corporate tax cuts. We gave corporate tax cuts last year. We didn't give any median-income tax cuts last year so that to me is a clear thing we should be doing. As Senator Hansen said, he actually has that, that plus the step-down to 5.99 instead of down to 5.84. Again, another reasonable step there. Those two things combined get you the total pay-for for the-- down to 4.01 on that median income. So that's clear and it makes sense. Overall, the package, I think, is a little less expensive so that's also a good thing. So we stay below \$900 million. We stay-- we give median-income tax relief. We don't give money to-- that goes to out-of-state corporations; 83 percent-- or 83 percent of it goes to out-of-state corporations so it has a lot of positive benefits here. But the other thing that was not in any of the bills I have proposed up to this point-- I know others have talked about it-- is that circuit breaker that Senator Hansen talked about. And for the life of me, I can't figure out why there-- we have an opposition to the circuit breaker idea. The reason I can't figure that out is these tax cuts are stepped-up implementation based off of future projections in terms of revenue that are saying we're going to have revenue growth going into the future and that's how we're going to be able to sustain these cuts and that's how we're going to be able to pay for this. And the circuit breakers merely say if that guess about the future is incorrect, is too rosy, that we'll slow down the implementation. We'll stop it. We won't, we won't roll it back. We won't not implement it again after the growth begins. It just means that if the growth is not there in one year, that the step-down will be pushed back until the growth comes back. That seems logical to me. It seems simple. It seems like a-- just a small check on the whole thing. But also if you were, if you were certain, if you were so sure that this is actually how this is going to play out, that, that we're actually going to have growth, this costs you nothing. I had a professor in law school who once said it's like giving them the sleeves off your vest. It costs you nothing. So that's what the circuit breaker is. It's like giving the sleeves off your vest. It costs you nothing because you lose nothing by putting in the circuit breaker. The circuit breaker should

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have been put in here, you know, before it came out on LB873. I heard it as a potential for the next round. I heard it as a potential between General and Select. I've heard it many times and I just don't understand why that's not something that, that's been included here. If you-- if we are correct, if Senator Stinner is correct, if the Governor is correct, if Senator Linehan is correct about these projections, if Moody's and whoever else we're relying upon--

FOLEY: One minute.

J. CAVANAUGH: --is correct about these projections going into the future, then the circuit breaker will not come into play. So it really shouldn't be a problem. Now if, if I'm misunderstanding it, I'd be happy to hear why the circuit breaker won't work and why we shouldn't do that, but-- and if this is, if this bill, this amendment is a nonstarter and you're willing to agree to the circuit breaker, I'm sure we can get that done in the next 45 minutes here. We can get to a vote on this. We can move on and we can introduce that bill and we can all adopt the circuit breaker and move on. So I guess with that, Mr. President, I hope to hear some comment on that part. Thank you.

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

M. CAVANAUGH: Thank you, Mr. President, colleagues. Where did that go?

FOLEY: Members, come to order, please.

M. CAVANAUGH: Oh, thank you. OK, so let's see here. Interesting conversation over lunch with the students from St. Cecilia's in Omaha. There was a question about inflation and Senator Friesen answered that question about inflation and I thought about what his answer was and how it fits into sort of all these things that we're doing. And so when we talk about how we're cutting \$1 billion in tax-- taxes and we've got this record year for revenue, one of the things that we're not talking about is the fact that all of these families that household income-- joint household is under \$150,000 or single household is under \$75,000, all of those families got a check from the federal government for every child in the household. My household got a check. Not Senator Hunt's, which maybe we can ask her about that again, but my household got this check and it infused money into my home's economy, which meant that we could do things that we didn't normally do. We could get a zoo membership that we don't normally do or we could go on a special trip. We could do a staycation, which we did in Lincoln and went to the zoo here and swam in the hotel pool,

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all these things that the middle class/working class were now able to do or even just pay down debt. We were able to do these things and that infused money into Nebraska's economy. And as a result, we're giving a tax cut to none of those people. I mean, we are, yes. If-- every time I say something, it's like, it's not an absolute. Yes, we are giving a tax cut to those people, but as Senator DeBoer said, \$11 isn't even an hour's wage so it's not really a tax cut for those people. I mean, I don't think that my income taxes are going to be greatly impacted by this. Maybe \$11 dollars, which I would take because I make \$12,000 a year. For me, that would be two hours worth of work-- pay. But again, I mean, I'm just here right now because this has to go until-- I don't know what time, 2:30 or something like that for cloture. And then you all can vote for cloture and then you all can make your bad decisions and the rest of us have to live with them. There's another opportunity, LB919, but this body decided, nope, we're done negotiating. For the transcribers, that would be a big air quotes on negotiating. We're done negotiating because we've got everything that we want in this package and we didn't have to give you a single thing. We didn't have to give you anything. We took it all and gave nothing back. Last year, Senator Linehan got on the mike and opposed my bill for family support waivers for developmental disabilities because it wasn't a financial priority for the Legislature.

FOLEY: One minute.

M. CAVANAUGH: But now she'll vote for the veto override if you all vote for her tax package. Senator Briese did the same. Senator Slama did the same. But they'll vote to override the veto if you vote for the tax package that will bankrupt the state. I just-- there's just no moral conscience in here. I'll get back in the queue. I'll keep talking because I've got to take this to cloture so you all can prove how great you are at keeping your word when it's not keeping your word to me, but that's awesome. Thanks.

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

M. HANSEN: Thank you, Mr. President. Could I withdraw my amendment?

FOLEY: Amendment is withdrawn. Mr. Clerk.

ASSISTANT CLERK: Mr. President, Senator Wishart offers AM2701.

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

WISHART: Thank you, Mr. President. Colleagues, I rise today with an amendment that addresses just the circuit breaker portion of this

bill. I had worked with Senator Linehan and Senator Friesen on this. I recognize that because of timing, this may not be an issue that Senator Linehan is supportive of right now, but it is one that I think is worthy of the conversation because it deals with some of the concerns in the out-years that members of the body have expressed in terms of what happens if the projections that we have in terms of our financial situation don't come true and we end up in a recessionary period? This circuit breaker allows for a pause and that's what I would actually call it. It's a, it's a pause. And what that means is if revenues are-- if we see a reduction in revenues of 3 percent or more, then we would pause the incremental increase that we're doing in the income taxes. And I'd really encourage you, colleagues-- I recognize that this morning and these past two weeks have been contentious in terms of discussions around budgets and around revenue. And I do think that there is a middle ground in passing substantial tax relief and also having a belt-and-suspenders approach to that tax relief that allows for us to ensure that we are situating ourselves in the future for the future colleagues of this Legislature to make sure that they don't end up in a situation similar to what myself and many of the members on Appropriations Committee ended up in when we came in as freshmen senators. This is a-- it's a very simple pause bill that allows-- when, when we're in a recessionary period in this state, which is very unlikely, colleagues. It's very unlikely that this is going to happen. But isn't it good to always have a backup plan to ensure that we don't put ourselves in a financial situation where we're having to gut our cash funds, draw our Rainy Day Fund down to concerning, to alarming rates? I think this is a moderate approach that is-- allows us to walk home with a substantial amount of tax relief, but also ensuring that we have guardrails so that we are setting ourselves up in the future for being successful financially as a state. Because ultimately that's what I care the most about. I'm OK giving tax relief and I've already committed to the fact that I'll take this to the next round. Would I have preferred that Senator DeBoer or Senator Cavanaugh's amendments were adopted? Yes, but I'm OK providing substantial tax relief in this state. It works in our budget and in our projections. But if those projections do not come true and we end up in a situation where we see a substantial revenue decline, it makes good budgetary sense for us to have this circuit breaker in effect. And so colleagues, I encourage us to have a robust discussion on this amendment. I will talk with Chairwoman Linehan more about this and recognize that this snuck, snuck up here and so I, I can understand there being some consternation about that. But I do think it's worthwhile, us having a robust conversation on this specific amendment. This does not address at all or change at all the values in

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LB873 in terms of the revenue cuts. All it does is add an extra layer of protection for us financially in the future should our state experience a recession. Thank you.

FOLEY: Thank you, Senator Wishart. Senator Friesen would like us to recognize 100 middle-school students from Aurora Middle School in Aurora, Nebraska. Those students are with us in the south balcony. Students, please rise so we can welcome you to the Nebraska Legislature. Continuing debate, Senator Briese.

BRIESE: Thank you, Mr. President, and good afternoon, colleagues. I rise in opposition to AM2701 and I appreciate Senator Wishart's caution here. And, you know, I don't want to be critical of what she's trying to do, but as I look at what we're doing in the budget, we don't have a circuit breaker surrounding the 15 percent increase in provider rates. And those rates, once they would be built, they would be built into the base and there would be no turning back on those. And so I don't-- we don't have a circuit breaker on things like that, things in the budget, and I don't think we need a circuit breaker here. I think we've established that this is a sustainable program. Revenue growth has averaged roughly 5 percent over the last several decades and we will return to 5 percent soon, I would predict. And that type of growth, coupled with reasonable spending increases, makes this completely sustainable. It's a sustainable package. It will allow this program to continue and then some. And as we look at the General Fund financial status in the budget book, you know, we see positive numbers above the minimum reserve. We see a Cash Reserve in excess-- well in excess of \$1 billion-- \$1.3 billion, I think, is roughly where we're at now-- and that is using projections of zero percent growth. And I believe Chairman Stinner has indicated he's entirely comfortable, comfortable projecting zero percent growth even though there are some suggestions it could be less than that. But I think zero percent is being overly cautious. And why do I say that? If we look at page 17 in the budget book, you know, there's alternative means of projecting growth and-- but on page 17, I believe it is, it's noted that the Department of Revenue and LFO have also prepared unofficial estimates of revenue growth in the out-years based on Moody's and HIS Economics and they're, they're not at zero percent growth. They're at one point-- an average of 1.5 percent growth. The high-end estimates are higher than that, 2.5, 3.5 percent growth. And so it would seem to me that the projections we're using, under which Senator Stinner has indicated his comfort level with what we're doing, are very cautious and probably overly cautious and actual growth is probably going to outpace what he's using to project as being a position where he is comfortable. So I would suggest to you there's

plenty of cushion built into these numbers. And you have to remember, too, we initially were going to phase in the income tax over a three-year period. It's getting phased in over a five-year period and that adds to the sustainability of this. And there are safeguards. The Legislature, the future Legislature is a safeguard. The body can choose at some point to delay implementation if it sees fit to do so and again, it's phased in slowly. And going back to the property tax provisions, we reinstated that 5 percent cap on the allowable growth rate to help ensure sustainability of this program. This is a sustainable program, it's fiscally responsible as drafted, and I would submit to you that we've made every effort to ensure that it's fiscally responsible and I would encourage your support of LB873. Need to keep it moving along here. Again, we have to remember what's at stake-- I've described it numerous times-- the prevention of a tax increase, the additional property tax increase that is, the additional property tax relief, working down our high marginal income tax rates and prevent-- and protecting our senior citizens. I would strongly urge-- strongly urge your support of LB873 and I stand in opposition to AM2701. I don't think it's necessary at this late stage of the proceedings. Thank you, Mr. President.

FOLEY: One minute. Thank you, Senator Briese. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor, and thank you, Senator Wishart. See, I-- this is, this is like one of those things where you speak something into existence. I felt like I said that and we could have a conversation about the, the-- an amendment that was just the circuit breaker and Senator Wishart had it ready to go. It got put in. I was, I was right. I guessed right that we would have a circuit breaker standalone amendment. So I appreciate people's caution, certainly, and I, and I do-- I mean, I have obviously been an opponent of many portions of this bill as it has moved through in all of its iterations and I've said that many times. And I've been supportive of other portions of this bill and I'm supportive of some of the ideas in this bill and so-- and I obviously have proposed amendments to take out the corporate cut to mitigate the corporate cut, to mitigate the personal income tax, to change which personal income tax was decreased. I've done a lot of things to decrease the overall cost of the package. I've done things to change where the, the brunt of the cuts go. I've proposed lots of ideas and with-- in, in kind of conjunction with other individuals, pushed for the changes in the structure of this bill and have received basically a brick wall of opposition to any changes once this kind of compromise between property tax cuts and personal income tax cuts got thrown together.

And of course, the corporate got thrown in there somehow and is just floating along, along for the ride at this point. But opposition to any change in the package since it kind of crystallized about a week and a half ago and of course, Social Security, which is the balloon lifting the entire package, right, because everybody wants to vote for Social Security. And-- but this part right here is the part that I think everybody can agree about and that is that it basically puts into the statute caution. And we are implementing tax cuts that go into years where we have no projections. We're implementing them in stepped-down basis for years that go-- let's see, I'm trying to find this overall projection-- but basically 20-- '26-27 is the full implementation. That's five years from now. That's essentially going off of the paper. It's going off of the green sheet in these projections. And the projections-- the Legislative Fiscal Office's historical projection would tell you that the next biennium or the next and the one after will have negative growth based off of historic projections and the fact that we've had substantial growth in the last two years of, I think, 13 percent and 10 percent. And historically, their model would tell you that you have an average growth of about 4.8. I think Senator Stinner is coming up behind me so he can correct all of my wrong numbers, but they would tell you that the-- based off of history, the projections for the future would be negative growth, at least in the near-term, and then we would have-- the historic projection would tell you that we have an average growth year of-- over a period of five years, average growth would be over 4.5 percent. And so the point is that this-- we are projecting based off of zero growth, meaning that we would not have the negative growth. So that's already taking an assumption that is more rosy than what history tells us. And so that is a risk that I have said I have a problem with the whole time. But the other problem I have is when people who say that history is not instructive of the future, of course it's not, but it is, it is something that we can base guesses about the future on. It's the only evidence we would have. But to say that they, they want to divert from what evidence tells us and, and go with a more rosy projection but they also are not willing to build in a safeguard to say, well, if our guess is wrong, then we will slow implementation. I, I don't understand what the problem with saying if we're wrong, then we will slow the implementation. We're not stopping it. We're just going to stop-- it just would not be for the-- it would pause for the years where the growth goes down and then it would start back up again and we will still get to the place that we're talking about. But it would take into account reality as it is at the time. And so that is, I think, a reasonable thing to do. It's logical. It's conservative. It is responsive to criticisms, to evidence, to history and so that is

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why I'm in favor of AM2701 and why I think that it would be, it would be a good idea for everybody to support this because it does not change, does not-- I don't think it changes the, the-- well, it won't change the full implementation of anything, but it won't change Social Security or--

FOLEY: That's time, Senator.

J. CAVANAUGH: --oh, thank you.

FOLEY: Thank you, Senator.

J. CAVANAUGH: I didn't get my minute, I think.

FOLEY: Thank you, Senator Cavanaugh. Senator Stinner.

STINNER: Thank you, Mr. President. Members of the Legislature, I want to thank Senator Wishart for her hard work on this. These circuit breakers are pauses, what is what I was talking about initially. I think when Senator Wishart and I talked, I said, hey, we have protection over those first three years, that we could-- we actually have pretty good visibility through the forecasting and so what we're trying to do with the extra reserve is protect for that 10 percent downdraft. And when I look at where revenue has been, 13.5, all-time high, 10.5 or 10.6, that's the third all-time high. So you're coming off two very, very, very high revenue increases. And so it would not be uncommon that you'd see actual revenue decline by about 10 percent. I'm not predicting that. I'm not predicting that because we have stimulus. We still have needs for jobs and, and it looks like from IHS and Moody's that things should stay fairly stable. In fact, when I went to the zero growth, if you look at page 17, both our IHS and Moody's forecasts are about half a percent to 3.5 percent so it should not be a problem based on that. That's an authoritative source. I didn't use it. I used something along the lines of zero because I thought it was conservative. Minus 2.5 is-- or 2.4 is what our, our capped or stagnant growth model was that we used in, in forecasting for revenue growth by the fiscal side of things. But, you know, when I talk about visibility, once you get out to the four and five years, that visibility becomes clouded and so there is where I think we have to be careful. We have to have a pause and that's where I think Senator Wishart is talking about down 3 percent is a major-league downdraft, folks. It's a major-league downdraft and all I have to do is refer to page 19 and you can see the years of 2007-- excuse me, 2008-09 and 2009-10. That's-- that was the housing crisis and that was down 4.4 and 4.8. That is rate base adjusted. It's not nominal. But it

can happen and that's what we're trying to do with this is to protect that extraordinary down-- downdraft that you may get at the end of the stimulus and the real economy has to kick in. Am I predicting you need that? No. But as a precaution, as a safeguard, I think it's a prudent way to go and I think it's a discussion we need to have. And so forecasting, everything's based on forecasting. Everything should work. I understand what averages are and all the rest of that, but it gives me a little bit of pause to say that I have visibility or we have this ability for five years out. And that's where this comes in as a pause in case we get a huge downdraft in revenue so that we can pause until the time revenue comes back up. I think that's a prudent way to go about things. We do have a 5 percent cap on the growth relative to-- and I went through that-- relative to the real estate side of things. But this is something I think, yes, it is extra. Actually, I thought we had some conversations and some agreement on it. Maybe not, but I think it's something we should be discussing. In any event, as I've said, let's discuss it. There isn't a lot of visibility there. Let's get that extra protection in place. So I do support AM2704 [SIC] as amended. Thank you, Mr. President.

FOLEY: Thank you, Senator Stinner. Senator Linehan.

LINEHAN: Thank you, Mr. President. So I handed out-- I know people are tired of looking at numbers and names-- papers, but it's a sheet. It's got blue and red writing on it and it goes through the history, which people talk about frequently, of the first year we got here. And if you look at this, you will see when we-- the forecasting was off. We never were \$1 billion short and they certainly didn't leave-- if you look at April 20 sine die, what they show for the '17-19 biennium, they left here low. They spent too much money. Yes, revenues were down, but they also spent too much money. And then you can see the Forecasting Board said we were going-- in November, we're going to be down. And then when we-- '17 preliminary is 134 down, then February, 287 down, and then it clicks back up. It was, it was never real money that we were down. But with that said, think how different this sheet would look today. We are at \$1.3 bill-- after this tax cut package, after spending in the General Fund, we're still \$1.3 billion in the Rainy Day Fund. So I was asked last week, well, what happens if we're down 4 percent two years in a row? Four percent two years in a row, well, 4 percent a year is \$200 million. We're down \$200 million. We would still have \$1.1 billion in the Rainy Day Fund. If it's another \$200 million the next year, we'd still have \$900 million in the Rainy Day Fund. We're being very conservative with this package. We're not doing what other states have done around us, one that we've talked about dropping it to 3.9 and hoping it works out. This all fits within

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the numbers. The numbers on-- this is was-- this fits in the numbers with zero growth over the next two years. Now maybe we have zero growth over the next two years. I don't think so because we're about to spend \$1 billion in ARPA money, which will generate revenues. We've got-- the federal government is still spending-- sending out COVID money. I don't see-- now, I could be wrong, something-- the sky could fall out, but even if it does, we're protected. We don't need any more protection. We've got \$1.3 billion. We are not-- and it fits with zero percent growth over the next two years. And I don't think really a lot of us think that that's realistic. Chairman Stinner can speak to this better than me, but all the groups that we go to and the Forecasting Board goes to for information on what's going to happen to our budget say we're not going to be at zero. We're going to be above that and our average is 4.5. This is not irresponsible tax cutting. It fits in with the numbers that Chairman Stinner has given us. It leaves us with \$1.3 billion in the Rainy Day Fund. How much is \$1.3 billion? It's 20 percent of our budget, of our revenues, 20 percent. We bring in a little over \$5 million-- \$5 billion, excuse me, so we have a 20 percent reserve. We're not being irresponsible here. Some would argue-- I suppose some taxpayers would argue we're not doing enough.

FOLEY: One minute.

LINEHAN: I, I want us to get to cloture and move on. We got some other big subjects here today that will be fun. So I would ask for you not to vote for AM2701 and support LB873. Thank you very much.

FOLEY: Thank you, Senator Linehan. Senator Vargas.

VARGAS: My time? OK.

FOLEY: Yes, sir.

VARGAS: Colleagues, I just want to get up and I do want to thank Senator Wishart for bringing this amendment. Look, there's, there's a train here. There's, there's a lot moving. I just wanted to weigh in because oftentimes people don't always see what we are-- probably no different from what Senator Linehan and the Revenue Committee are doing in terms of the day-to-day intricacies, often don't see what we're trying to do in terms of the appropriations process. We try to budget things in. We budget for time-- you know, for, for funds on the floor. We try to budget for making sure there are things including, you know, tax reform and tax relief, and that, that has been a conversation. There's a very simple reason why I support this and I, and I'm-- in a minute, I will yield some time to Senator Wishart. It

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is just from a very frank, pragmatic standpoint that, look, there are going to be some down revenue years. I know Senator Briese mentioned this earlier. Every two years, we put in and create a budget. Nothing's a guarantee. We make cuts and we make-- we, we reduce our spending when we know we have to based off our General Fund receipts. We do not typically do that when we put in laws like this. We reactively will. Something so terrible that we couldn't afford it, gonna have to pass a bill to change that. This would provide a momentary pause safeguard. I just want the public to be very educated about that. That's what we're talking about. It's not that we don't support any of the relief that is underlying in the bill. That's not this at all. It's whether or not, in a difficult time when General Fund receipts are less than 3 percent, we would pause. When they go back up, we start up again. I think there's a tenor of talking about that policy is important to know where this is coming from. That balance is absolutely possible and I do support this. I just want that to be clear. And I also support the tax relief that we're trying to do, at least the majority of it, including many things I voted on before that I think would have broadened the tax relief more equitably or fairly so people pay their fair share. But with that, I will yield the remainder of my time to Senator Wishart.

FOLEY: Thank you, Senator Vargas. Senator Wishart, 2:15.

WISHART: Thank you, Mr. President. Well, colleagues, I, I personally thought this was a very good amendment and one that was moderate in its approach of not addressing any of the goals of revenue cuts, but instead adding some guardrails on. My understanding is that this amendment is not supported by a number of senators and I do have a commitment for working with this entire body to get all of the priorities we have across the finish line. And so with that, I'm going to withdraw this amendment. Thank you.

FOLEY: The amendment is withdrawn. Mr. Clerk.

ASSISTANT CLERK: Mr. President, next amendment offered by Senator John Cavanaugh, AM2706.

FOLEY: Senator Cavanaugh, you're recognized to open an AM2706.

J. CAVANAUGH: Thank you, Mr. President. We'll probably get to cloture here, it would be my guess, after this introduction. So I'll do my best really quick and then I think I will get to vote on this after-- if, if we do invoke cloture at the time. So this amendment, AM2706, is, I guess we'll call it the last attempt at compromise. What it does

is it's a, it's a step-down of this bill. So I've proposed several, like I said, suggestions about how to maybe more narrowly tailor the implementation of this bill. So this one would fully implement the Social Security tax cut and Senator Briese's LB723. So both of those stay exactly as is. As to the rest of the package, this would do the first year of implementation of the personal tax reduction, the corporate tax reduction, and the community college income tax credit. And the reason for this is, as we were having this conversation-- Senator Wishart just had that amendment that would have put a pause into the implementation going forward. And the reason we would need to implement something like Senator Wishart's amendment is because when we pass a tax cut like this-- we'll just pick one section here where it's the personal income tax would go down from 6.84 in the-- to 6.34 and then down to 6.14 and then 6.5-- or I'm sorry, 5.84. And so we just take our hands off the wheel as it were. We would put that into statute and those would go and be implemented unless a future Legislature comes and says wait and does an affirmative act to repeal that section of law that caused that step-down. Senator Wishart's amendment would have put a pause into that and said if certain conditions precedent were present, then that, that implementation would pause and then begin again and so that's Senator Wishart's. So what I'm saying is just as a matter of good policy, maybe we shouldn't implement something-- a fiscal policy that's going to be implemented five years down the road, right? And so I'm saying we can implement the first year and then once that is implemented and we get better vision down the field or-- I'm sorry, Senator Stinner, I missed the entire analogy, but better vision as to the future, we get more information about what those future earnings years are, we come back and we implement the next year potentially if the earnings-- the projection in the future continues to stay. Because again, as always, I'm sure everybody's sick of hearing me say this, but the budget-- the, the revenue projections about the out-years are projections, guesses, estimations about the future. They are evidence based on history, experience, market forces, world economy, all those sorts of things that smart-- very smart people, people much smarter than me have put into formulas. But those very smart people are wrong sometimes about those projections and so what this amendment does, all it does is say let's implement the first step of this and all of us-- I'm sure we'll still have the same tax-cutting fervor that we have now in the coming years-- will come back and will say, you know what? Those projections were right. Let's continue the implementation or we have the conversation about maybe implementing it-- this doesn't even change where it goes, right? It doesn't go to that-- Senator DeBoer's proposal of the median-income imposition. But maybe we would come back

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next year and say projections are right, but yeah, let's, let's tailor it so it goes to more of those median-income folks. And so it gives us a more granular approach, more specific, more evidence-based, more deliberate approach to how we do this. And so that's the suggestion of AM2706. All it does is allow us to take another look in the future. Doesn't change anything else. Just says this is going to implement the first year. We can come back next year and implement the personal, corporate, and the community college portion going forward. It fully implements Social Security cut. It fully implements the LB723, raising the floor of the LB1107 fund. It's responsible. It's conservative. How many times have I said conservative today? But it is a-- just a more deliberate, deliberative way to make a huge investment, a huge expenditure of funds in the state. This bill, LB873, as written, will cost \$900 million when fully implemented. And then with the growth of inflation and things like that, it'll cost even more than that. It will get over \$1 billion in the out-years after, after the full implementation, the growth, the growth in the base rate of LB723 and the community college portion. This bill on paper right now costs \$900 million in implementation. What I'm suggesting is let's take it down a little bit and make sure that when we implement it, we have as much information as we can. Let's not lock in those out-year changes just yet. We can come back. We can always come back and do it-- do the next step. Clearly, there is the desire in this body to do that, but let's just do it when we have more information and we have a better look into the future, we have better vision down the field, as Senator Stinner said, and we can see what those estimates are going to be. So, Mr. President, I'm sure I've heard 2:22 was the number. But if we have time, I'd love to hear other people's thoughts on 27-- AM2706, but I would certainly encourage your green vote on AM2706. And if we do adopt AM2706, then I would suggest you vote for the underlying bill. Thank you, Mr. President.

FOLEY: Thank you, Senator Cavanaugh. Mr. Clerk, you have a motion on the desk.

ASSISTANT CLERK: I do, Mr. President. Senator Friesen would move to invoke cloture pursuant to Rule 7, Section 10.

FOLEY: It is the ruling of the Chair that there has been a full and fair debate afforded to LB873. Senator Friesen, for what purpose do you rise?

FRIESEN: Thank you, Mr. President. I ask for a call in the house and a roll call in reverse order.

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FOLEY: There's been a request to place the house under call. The question is shall the house go under call? Those in favor vote aye; those opposed vote nay. Record, please.

ASSISTANT CLERK: 23 ayes, 4 nays to place the house under call.

FOLEY: The house is under call. All members, please return to the Chamber and check in. The house is under call. Senator Walz, can you check in? Senators Wayne, Brewer, and Hunt, please return to the Chamber and check in. The house is under call. Senator Lindstrom, please return. All unexcused members are now present. The first vote, members, is whether or not to invoke cloture. A roll call vote in reverse order has been requested. Mr. Clerk.

ASSISTANT CLERK: Senator Wishart voting yes. Senator Williams voting yes. Senator Wayne voting yes. Senator Walz voting yes. Senator Vargas voting yes. Senator Stinner voting yes. Senator Slama voting yes. Senator Sanders voting yes. Senator Pansing Brooks voting yes. Senator Pahls. Senator Murman voting yes. Senator Moser voting yes. Senator Morfeld voting yes. Senator McKinney voting yes. Senator McDonnell voting yes. Senator McCollister voting yes. Senator Lowe voting yes. Senator Linehan voting yes. Senator Lindstrom voting yes. Senator Lathrop. Senator Kolterman voting yes. Senator Jacobson voting yes. Senator Hunt not voting. Senator Hughes voting yes. Senator Hilkemann voting yes. Senator Hilgers voting yes. Senator Matt Hansen not voting. Senator Ben Hansen voting yes. Senator Halloran voting yes. Senator Gragert voting yes. Senator Geist voting yes. Senator Friesen voting yes. Senator Flood voting yes. Senator Erdman voting yes. Senator Dorn voting yes. Senator DeBoer voting yes. Senator Day voting yes. Senator Clements voting yes. Senator Machaela Cavanaugh not voting. Senator John Cavanaugh not voting. Senator Briese voting yes. Senator Brewer voting yes. Senator Brandt voting yes. Senator Bostelman voting yes. Senator Bostar voting yes. Senator Blood voting yes. Senator Arch voting yes. Senator Albrecht voting yes. Senator Aguilar voting yes. Vote is 43 ayes, 0 nays to invoke cloture, Mr. President.

FOLEY: Cloture has been invoked. Next vote is John Cavanagh's AM2706. All those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

ASSISTANT CLERK: 14 ayes, 0 nays on the adoption of the amendment.

FOLEY: AM2706 has not been adopted. Senator McKinney for a motion.

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McKINNEY: Mr. President, I move to advance LB873 to E&R for engrossing.

FOLEY: Members, you heard the motion to advance the bill. Those in favor say aye. Those opposed say nay. The bill advances. I raise the call. Items for the record, please.

ASSISTANT CLERK: Thank you, Mr. President. Just one: Senator Blood-- amendments to be printed: Senator Blood to LB876. That's all I have at this time.

FOLEY: We'll move to the next item on agenda, motion to override gubernatorial veto. Mr. Clerk.

ASSISTANT CLERK: Mr. President, Senator Wayne would move that LB1073 become law, notwithstanding the objections of the Governor.

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

WAYNE: I have ten minutes, correct, Mr. President?

FOLEY: I'm sorry, Senator?

WAYNE: I have ten minutes, correct?

FOLEY: That's correct.

WAYNE: Colleagues, I will keep this short and yield some time to Senator Hansen. So many of you probably read-- and if you didn't read in Omaha World-Herald, Lincoln Journal Star over the last couple of days that if we do not spend dollars, a significant portion of dollars, about 40 percent by April, \$70 million of this \$126 million is going to go to-- be distributed to Omaha and Lincoln. So what I'm here to tell you is that this vote has no impact necessarily on Omaha and Lincoln. This entire vote is about \$56 million that can go to rural Nebraska or completely disappear. Our taxpayers have already paid money into the federal government. This is federal dollars. This is part of their hard-earned income that has went to the Feds that is being distributed back to Nebraska in the form of rental assistance. So the reality is, is if we do nothing-- and even if we pass this bill, it doesn't necessarily take effect until 90 days after our, after our-- after we adjourn. Omaha and Lincoln will get a portion of these dollars, \$70 million. The question for every rural senator is should rural Nebraska have something? Now, I know you may say we may not need it. We only used \$16 million. We only did this. We only did that. But if the money sits in a bank account and earns interest, we

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get to have it as a state, around \$7 million free. And if we don't use it, you can return it. But if we can help one or two families in your community, why not vote yes? There's not a downside. It's about helping, it's about helping and providing hope to individuals across the state who may need it. There's no downside to this and I'll yield the remainder of my time to Senator Hansen.

FOLEY: Thanks, Senator Wayne. Senator Matt Hansen, you're recognized for 7:40.

M. HANSEN: Thank you, Mr. President, and I will just second everything Senator Wayne has said. If you remember when we brought this to the floor, we worked with Speaker Hilgers and I do appreciate his courtesy trying to get it across the finish line by the end of March. We've always known that at the end of March and March 31, the Treasury Department was going to begin to reallocate these funds. The piece of news we got that's new, and it's the only thing that's new, is that they are trying to maintain the funds that are reallocated to grantees within the same state, which in Nebraska is Lincoln, Omaha, Lancaster, and Douglas Counties. We've always known that March 31 is going to be the deadline in which the Treasury Department was going to start to reallocate these funds. There is this 40 percent cap of our funds, which is a little over \$50 million, that is there to claim. That-- it can only be claimed by the state government, it can only be claimed by the state, and it can only be spent the way the state wants to spend. Our state program runs the 91 counties outside of Lancaster and Douglas. It runs those programs through NEMA and a partnership with NIFA. That is what this vote is today is do you want this \$50 million to come down from the federal government and go to these 91 counties, every county outside of Douglas and Lancaster? That is the only thing this vote does. Lancaster and Omaha are going to be handled however they're going to be handled, regardless of whether or not this becomes law or doesn't. The other thing that I want to add just to be 100 percent clarified is ERA I funds sunset this September. So the funds that we currently have in the current program sunset in September and I would like to remind people this program still exists. People are still applying and getting approved every day and we're drawing down our remaining ones from ERA I. ERA II extends the deadline for three years to September of 2025. So again, this vote is to accept the \$50 million for the 91 counties out of Douglas and Lancaster, as well as to extend the program in those 91 counties from September 2022 to September 2025. If this bill becomes law over the Governor's veto, that happens. If this bill doesn't become law, that doesn't happen. That's the one thing we're deciding today. Omaha, Lincoln, Lancaster, Douglas are 100 percent separate at this point because we've already

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passed the March 31 deadline. With that, I would encourage everybody to vote green to allow LB1073 to become law and I'd like to thank Senator Wayne and the Urban Affairs staff for all their work on it as well. Thank you, Mr. President.

FOLEY: Thank you, Senator Hansen. Senator Clements, you're recognized.

CLEMENTS: Thank you, Mr. President. I rise in opposition to the motion. I will uphold the Governor's veto. The comment was made that this money is your tax dollars, your federal tax dollars. Well, I think I just recently heard that the deficit for the federal government is another \$1 trillion in the current budget. That's \$1 trillion that's not tax dollars. That's just borrowed money that somebody down the road is going to have to pay and not money that we've paid. So the other comment I had is that there's still about \$28 million left in the first round of assistance and that Douglas and Lancaster cannot access that and so the \$28 million is available for the rural areas and so I'm opposed to the motion. Then I had one other thing to mention. I heard that it was the Lieutenant Governor's birthday, but there's another birthday coming up. Somebody that doesn't come here very often is having a birthday on Friday and she's very special to me. Her name is Peggy and Peggy Clements is in the balcony. I just wanted to say, happy birthday, Peggy. Thank you, Mr. President.

FOLEY: Thank you, Senator Clements. Senator Friesen.

FRIESEN: Thank you, Mr. President. I want to take some time talking about this override attempt. I spent the whole weekend thinking about this and talking to the different groups that were on both sides of this. And I look at rural Nebraska and I looked at the numbers of what my district had used in the rental assistance and I look at Hamilton County. We had \$66,000. Merrick County had \$59,000. Nance County had \$5,077. Hall County, which includes Grand Island, we're up in that million-- \$1.2 million. We have poured \$100 million roughly into Omaha and I think roughly the same into Lincoln. When we first were starting with this, the way I understand it-- and people on the mike and correct me if I get this wrong, but Omaha and Lincoln applied on their own and they were able to because they're large enough. And so they received roughly in that \$40 million range that they applied for. The state applied for the rural areas and that was around \$158 million, I believe. So as time went on and rural Nebraska wasn't using its allocation, we had \$158 million to use. Time went on and what the state did was we basically contracted with Deloitte Touche, an accounting firm-- I think that's their name-- to establish a portal to

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where you could apply for this rental assistance online. While Lincoln and Omaha were able to distribute this money to their nonprofits, who then distribute it out in rental assistance and utility assistance, the state-- the rest of the state was required to go through this portal, which was-- I-- you know, it was set up, but it was difficult to navigate. You had to do it online. I think the nonprofit could probably help people, but you had to apply online with the landlord-tenant combination in order to get this rental assistance. And so therefore, I think the, the restrictions on the rural dollars were a lot more stringent than what the Omaha and Lincoln areas experienced. So down the road, if there is anything misappropriated, if they use the money in any way that was not correct, the state will have to pay back the money to the federal government. If Lincoln and Omaha did something wrong, I believe they are liable. So as we go forward, we watched and we saw that the rural areas just weren't using this money. They had barely hit \$16 million at one point. And so the federal government had said, we are going to reappropriate some of the \$158 million or the state can do it. You take your choice. And so I think at that point, the Governor voluntarily reappropriated \$87--some million out of the rural fund and it went to Lincoln and Omaha and so you just kept pushing more money into there. So we have roughly, I think now there's-- round numbers, I think \$30 million left. We've used \$16-18 million so far. And I've got a list of the counties and by legislative district of, of the applications so far approved. There are some counties have actually--

FOLEY: One minute.

FRIESEN: --gotten zero dollars, no money. And I think in the smaller towns, the smaller cities out there, there wasn't the infrastructure to-- either it wasn't needed or there wasn't the, the nonprofits there to help people navigate it. The landlords obviously maybe didn't see the need for it. They worked with their tenants. They got it worked out so there just hasn't been a need. And so as we go forward now, we have \$30 million left in a fund and if it stays as it is, distributed through this portal, I can't see us using that money for the next probably year because the economy is picking up and employment is way down. Wages are rising. Yes, we have inflation and there's still the opportunity to apply through the portal to get rental assistance. So now the big argument is if we apply for this and that \$50--some million comes into the rural fund, where does that money stay?

FOLEY: That's time, Senator.

FRIESEN: Thank you, Mr. President.

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FOLEY: Thank you, Senator Friesen. Senator Moser.

MOSER: Thank you, Mr. Lieutenant Governor. The information that I've received in my office about this issue has run about overwhelmingly in favor of not applying for more rental assistance. When you look at the money we've gotten so far, what the state got and some of the bigger cities and counties got, it adds up to about \$200 million. That's \$100 for every man, woman, and child about in Nebraska. And the vast majority of those citizens got-- you know, didn't have a problem to apply for it. So there's very substantial money that's already been spent. And second of all, I think this calls into question the separation of powers issue because here we're trying to tell the executive branch how to run the state and if he was trying to tell us what to do, which occasionally the executive branch does, quite often we bristle at that. And, you know, I don't-- it may even be unconstitutional. I didn't request an Attorney General Opinion on that, but I wouldn't be surprised if it wasn't a problem with separation of powers. I don't think Congress has much discipline to balance their budget. Senator Clements mentioned that it's not just tax money we paid that we're getting back, but the federal government doesn't have the money to give this back. They spend it all and some. They're borrowing it besides. And so we're trying to get money from the federal government that our children and grandchildren are going to pay the taxes to pay back because it-- you know, it, it could take decades to get the federal government bailed out. And so, you know, I think that the question is obvious to me to vote to sustain the Governor's veto. I know that, you know, there are those who think that government is supposed to be the answer to everybody's problem. But, you know, I think that we've spent \$200 million addressing this problem already. And I think at some point, we have to move on and, and try to each operate in our own best interest and, and have the families and some of the nonprofits help these people that need help. You know, again, I just don't think the government has to be the answer to everybody's problems. Thank you.

FOLEY: Thank you, Senator Moser. Senator Briese.

BRIESE: Thank you, Mr. President. Good afternoon, colleagues. I voted for this bill all along and I thought-- and I didn't say anything about it the last couple of times and I thought I should probably explain where I'm coming from. I sat at the hearing in Urban Affairs and heard countless stories of the need for this assistance and really, it's kind of hard to dismiss all of those stories. But we also heard from at least one landlord. They're a landlord that has over 600 units, I believe it was, in central Nebraska and he indicated that

roughly 12 percent of his tenants rely on rental assistance to pay their rent. And I've spoken with this landlord since then out in the Rotunda one day and he explained to me some of the financial hazards and pitfalls of being a landlord. And he told me that we have no safety net and rental assistance is the one safety net that we have as a landlord. Beyond that, everywhere you go in this state, in rural Nebraska in particular, we hear there is a housing crisis; my hometown, everywhere. The housing crisis is curbing economic growth in our state. There's a shortage of housing everywhere. And why is there a shortage of housing? It's because market forces haven't corrected it. And how do market forces correct a shortage of housing? One way is by enhancing the return on investment for potential landlords and potential investors in the housing market. And how do you enhance return on investment for those folks? One way is to ensure that landlords get paid and they get paid a fair amount and they get paid on time and rent assistance like we're talking here can help ensure that landlords get paid. It improves their return on investment. It encourages additional investment by the private sector in workforce housing. You know, we spend a lot of state dollars on improving the housing situation. We have the rural workforce housing fund. We have the middle-income housing fund. And I think I could probably list off several other things we do to spend late-- state and local tax dollars to improve and maintain housing stock in our state. But here we're talking about an influx of federal dollars, federal dollars that can directly benefit our landlords. To me, it's a backdoor way of trying to help market forces correct the housing shortage in Nebraska and I'm going to support this motion. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senator Vargas.

VARGAS: Thank you. I hope everybody just listened to Senator Briese and I appreciate his words on this. I agree, I agree with him and I agree with many of the sentiments that were brought forward so far. Just wanted to add a little bit of color here. Look, you know, we just spent the last four months working on federal American Rescue Plan dollars. Every single person that came and brought a bill to the Appropriations Committee was making their case that economic recovery was needed. And in some instances, the case was easier. It's one of the reasons why the north of south Omaha work that Senator Wayne and Senator McKinney is moving forward. We, we both had to push for it. They had to push for it and it's moving forward. But then there was cases made for other reasons for federal dollars. We took up the conversations on how to bring forward economic relief to the state. We debated it. We didn't say no to whether or not we even have the conversation because having the conversation and then making

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prioritization is important. It's important for the state. It's important for everything that we do. For me, this is an easier answer because we can't even have the conversation about how to more effectively make sure these dollars go out for rental assistance outside of my district, outside of my area by not even accepting it. Nobody's debating whether or not it can be more efficient or more useful, whether or not there are better ways to audit and making sure it has improved efficiency. Nobody is debating that. What I look at is the pure data on how many other states, the overwhelming majority, 48-plus states, that have decided we're taking it. And in some instances when it's unused, they return it. But they took it, evaluated whether or not it was the best thing to do, and all of them decided it was the most economical and prudent thing to do for the state. This is really about making sure we have choices. It's not about really anything else. It's making sure that we're helping and we have the resources. I'm sure you saw some of the articles. United Way, the United Way executive director outside of my district shared that they want to make sure they have the resources to rely on. They have a, they have an option. They have something in their toolbox. The housing crisis or the rental or being able to have some home is a real crisis. You just heard it from Senator Briese. And that's not me speaking from an urban perspective; that's from a rural perspective. At the end of the day, this is more about whether or not we should have the dollars and then we can make decisions on what we do or how we do it, make it more efficient, less efficient, make sure the dollars go out, even if there are more hurdles on whether or not dollars go out at all. It's just whether or not we have the dollars, period. Colleagues, I urge your support of the override motion, not because-- to override the Governor, but because there was a majority of us, more than a majority, that supported moving this through because we couldn't have a good reason-- we had great reasons to then accept the federal American Rescue Plan dollars to do good for our state and didn't see them as anything like a handout. We saw them as a way to recover all across the state and these same federal dollars that are meant for helping landlords and tenants alike is also coming to us from taxpayers back to our state--

FOLEY: One minute.

VARGAS: --when we should be treating it equally in the same way we're treating our federal ARPA dollars. It is the most logical, pragmatic way forward. Thank you.

FOLEY: Thank you, Senator Vargas. Senator Aguilar.

AGUILAR: Thank you, Mr. Lieutenant Governor. Appreciate it very much. I spoke on the mike before about this issue and I'll reiterate some of the facts. I have talked to service agencies and landlords in my city and they assured me and reassured me that the need is still there. The one thing that's not being taken into consideration is people thinking the pandemic is over, there's no longer need. But the financial devastation that was caused by the pandemic didn't end. It's still ongoing and it doesn't end just because somebody said, let's lift the mandate for the mask mandate. That isn't what stops it. The need is out there. And Senator Moser talked about \$200 million being distributed already and that's true. But the problem is most of it went to Lincoln and Omaha and rural Nebraska should be up in arms about that. We lost out. Moser also said it was pretty simple to get the money. It was if you lived in Lincoln and Omaha because it was being distributed by their service agencies. Rural Nebraska has to go through an outfit in Texas to get the money and I assure you, it's quite burdensome. Many people have tried and many people have failed. We need to do this, folks. We need to override the Governor's veto on this. I respect the man, but I think he's missing the point on this one. These people need our help. And with that, I'd yield the rest of my time to Senator Wayne, if he chooses.

FOLEY: Senator Wayne, you've been yielded 3:00.

WAYNE: Thank you. Thank you, Mr. President. Thank you, Senator Aguilar. Colleagues, I know there's been a lot of talk about maybe the need wasn't there, but you also have to remember we created an online portal for the area that says it has over \$1 billion need in broadband. So we chose a tool that was one of the most difficult tools for rural Nebraska to use because they don't have access to broadband in the sense that we do and many people needed that. So to the other point is I don't know why it was so difficult, but we heard testimony in our hearing from not only tenants in Grand Island and a greater part in Nebraska, but also landlords who would literally take computers, laptops to people's homes and spend an hour to an hour and a half completing everything. Then because the scan didn't look right in some capacity or had a shadow on it, it was rejected and they had to spend another 30 to 60 days uploading the same document in a, in a better-- in a clearer scan. Like, I understand that there's concern about fraud. But the same outfit that we paid \$8 million as a state to administer this portal is the same outfit that the city of Omaha uses to audit all of their emergency rental assistance programs and to my knowledge, there has not been any issues. So I'm not sure why the portal was so hard, but everybody in western Nebraska who came and testified before Urban Affairs said that was the issue. So we make our

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decisions a lot off of what we hear in testimony and then what we hear from our communities and what we continue to get emails about from Urban Affairs is greater Nebraska saying yes, we still need help. And many of them, we turn to the portals and they're-- continue to buy down right now, but here is the business case to all the people who say run government like a business, all my conservative colleagues who say run government like a business.

FOLEY: One minute.

WAYNE: If you deposit the money into your account and you have to return it, you get to keep the interest. On a hundred and something million at 7 percent, that's about \$7 million. If you are a businessperson and somebody offered you free money to deposit into your account and if you can't use it, return it and you get to keep the interest-- there are some bankers here-- I think that's a pretty good deal. I'm pretty sure banks like that idea, as they own-- people who own banks. I'm looking around. There's a lot of people smiling and nodding their head. So, so let's just say you think there's not a need. Well make the business decision and deposit into our account and let us collect the interest if we have to return it. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Before proceeding, Senator Dorn would like us to recognize 14 fourth graders from St. Paul's Lutheran School in Beatrice, Nebraska. Those students are with us in the north balcony. Students, please rise. We'd like to welcome you to the Nebraska Legislature. Continuing discussion. Senator Day.

DAY: Thank you, Mr. President, and good afternoon, colleagues. I just wanted to first respond to Senator Moser had brought up the separation of powers. I look at it as the opposite. The reason that we have a gubernatorial veto override is because of the separation of powers. What that says is the Legislature is a completely independent branch of government and when we pass a bill, the Governor cannot single handedly set that aside without us having a say in how we feel about that because we are complete-- a completely independent branch of government. And if our logic is that well, the Governor wants us or doesn't want us to do something and that's how we're going to follow through and that's our reasoning, then we have decimated the separation of powers. There is no separation of powers. If the decisions that we make in here are based on what the Governor wants us to do and what the Governor wants us to do only, there is no separation of powers. And if that's the case, we might as well all go home. What are we doing here? Why do we-- if the Governor single

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handedly gets to say yes or no to the legislation that we work our butts off to get passed, then why are we even here? This is the whole reason we have the veto override is because of the separation of powers. I also wanted to mention, you know, we spent a lot of the day already and several days previously debating tax bills that are often proposed as, as a, as a method of keeping young people in the state and keeping young families in the state. And so I thought this was really important. I found this on my desk. It's a letter from the student government at the University of Nebraska at Omaha. So when we talk about young people and young people's voices, I wanted to read into the record what is actually being said by young people in Nebraska. Greetings, senators of the Nebraska Legislature. We are writing to you on behalf of the nearly 16,000 students enrolled at the University of Nebraska at Omaha as members of the legislative affairs committee authorized to speak on behalf of the duly elected student government of our campus. In pursuance of our obligation to advocate for and with the students we represent, we urge your support in overriding the gubernatorial veto on LB1073 requiring the Governor to apply for emergency rental assistance under the Federal American Rescue Plan Act of 2021. Included is submitted testimony from students-- student constituents enrolled at UNO representing various districts across the state of Nebraska. UNO is a diverse campus aimed at providing exceptional and accessible education. We urge you to consider the impact that this legislation will have on the nearly 16,000 students enrolled from across the state. We encourage your green vote on overriding the Governor's veto on LB1073. And it's signed by 41 students. There are two students from Senator Slama's district, District 1. Senator Clements' district, Senator Blood, Senator Hilkeemann. Senator McDonnell has two students. Senator Machaela Cavanaugh, Senator Vargas, Senator Hunt, Senator John Cavanaugh, Senator DeBoer, Senator Lathrop. Senator Arch has two students. Senator Walz, Senator Ben Hansen, Lindstrom, Flood, Senator McCollister, Pahls, Halloran, Friesen. Williams has three students. Linehan, Briese, Sanders, and shout-out to Sarah Sedivy [PHONETIC] from District 49, my district. So I will read some of the stories that they added to the back here. Bodie Bindle [PHONETIC] from District 1-- I apologize if I butcher anybody's name ahead of time. I've struggled to pay rent and stay fed since the pandemic, as everything has fluctuated in price so greatly. While the last COVID funding may have significantly helped, we are not stable enough to continue life as normal. We are finding ourselves working--

FOLEY: One minute.

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DAY: --thank you, Mr. President-- we are finding ourselves working longer and later hours in the day while attending classes at the same time. Rent is so unequivocally hard to produce, especially with the season of new leases quickly approaching. Please reconsider passing this bill. Mila Hertzbaum-Harding [PHONETIC] in District 5. Let's see, District [RECORDED MALFUNCTION] is Senator McDonnell's district, says: While I have been able to survive during the pandemic, I know that the struggles have been endless for my peers. People deserve to focus on joy, healing, and getting back into a new kind of normalcy, not struggling to survive and pay rent. Nate Johnson [PHONETIC] from District 8, Senator Hunt's district: Rental assistance means that students like me can have our basic needs met. Dylan Lemke [PHONETIC] from District 20, Senator McCollister's district--

FOLEY: That's time, Senator.

DAY: Thank you.

FOLEY: Thank you, Senator Day. Senator Friesen.

FRIESEN: Thank you, Mr. President. So I'm going to continue on where I left off a little bit and, and as we, as we go forward, what I'm concerned about and what I really thought a lot about this weekend is we as senators in the past eight years numerous times have stood on the floor and at one time we had the debt clock from Senator Halloran, I believe, and we were concerned about our federal debt. And I don't think it's getting-- gotten any better. I look at where we're at today and we have pumped money into the economy that is driving our inflation right now, and there's no way we can slow it down until we start jacking up the interest rates to try and cool down the economy. You look in rural Nebraska, and a lot of places didn't shut down during the pandemic. We kept doing what we do every day. We lost some small businesses, some restaurants, things like that went out of business. Some of them have not come back yet. But we didn't target the help to those businesses that were hurt the worst. We just shoveled money out the door. And there are businesses I know that received millions of dollars in PPP money, payroll protection money. And then, you know, in the end they didn't need it. They didn't know it at the time. So we have pumped tremendous amount of dollars into Nebraska. Businesses right now for the majority are doing rather well. And so my question is, is there demand for this? And at some point, we have to stop. This is no such thing as free money. When I hear that term, it gets me a little bit wound up. There is no such thing. You're taking it from someone and giving it to someone else, or you're just printing more money. Either way, it hurts our economy. You cannot keep

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spending in a deficit world. Thankfully, Nebraska has a balanced budget or we would be doing the same. But when we talk about what we're doing here, at what point do we say enough is enough? When is enough help enough? When do you stop pouring money into us and let's be fiscally responsible? We can keep talking about another variant may come, this may happen, but at some point in time, this cannot be needed. If unemployment in Nebraska is below that 2 percent number and we see wages rising, everybody's looking for employers, we're short 60,000 workers, wages are rising. And if inflation cools off, the workers should be in better position than they were pre-COVID. So I, I was really torn on this. I, you know, you can say, well, let's bring the money back and just leave it sit here and we'll take-- I don't know where I can put it, where I can get 7 percent return, but I think our state investment has done really well. But I don't think I can put it in Senator Clements' bank and get a 7 percent return, might be a challenge. But again, when are we going to be fiscally responsible? When are we going to say we don't need help anymore? We in the Midwest have always been very resilient and do it ourselves. Let's get through this. Yes, we needed some, maybe needed some economic help at the time to get things boosted because we didn't know what COVID would bring.

FOLEY: One minute.

FRIESEN: Now that we're into that this far, we know. The damage, the economic damage in Nebraska at least is not rising to the level that we are seeing it maybe elsewhere. So I'm having a hard time with this and saying that here, let's just keep requesting the money, let's keep a program going that I don't know if it's needed. And at the same time, we permitted Lincoln and Omaha to use a different distribution model that really helped out their nonprofits. And in rural Nebraska, we really kind of gave them the shaft. They helped with the applications, but couldn't keep any of the-- they couldn't keep the 10 percent administrative costs that in Lincoln and Omaha they're allowed to keep. So our nonprofits really got hurt by this. But I think when I look at this--

FOLEY: That's time, Senator.

FRIESEN: --\$30 million-- thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Senator Lowe.

LOWE: Thank you, Lieutenant Governor. I stand against the motion, MO195, and I'm standing for the Governor's veto. When we came down here, our national debt was somewhere around \$19 trillion, just short

of \$20 trillion, \$20 trillion. And now it's roughly a little more than that, roughly \$10 trillion more than that. So when I hear that this is taxpayers' money, no, it's those young people that just walked into the room up there in the, in the balcony. It's their money. They haven't even started paying taxes yet. It's their children's money. And it may be their grandchildren's money that we're talking about. This is not taxpayer money. This is money that we have borrowed from somewhere. And I would hate to guess where. This is putting our children and our grandchildren and our great grandchildren in debt further. It's just \$100 million. That's all. It's not our money to give away. And then they say, well, if we don't take it, it'll go somewhere else. Well, that's not on me. That's somebody else that wants to give their children's money away or their grandchildren's money away. I want my children, my grandchildren, my great grandchildren, my great, great grandchildren to live in Nebraska, to live without restraints because we put them there. So I'm standing against the motion for the Governor's veto override because we need to be fiscally conservative. The people I talked to all want us to help them. Well, by helping them, let's put them to work. There are jobs out there. You can get a better-paying job now more than in the past. They are there. You can negotiate with your employer. This is a good time to be an employee. But we need to be fiscally conservative. We need to stand against the motion to override the Governor's veto. With that, I yield my time back to the Chair.

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

KOLTERMAN: Thank you, Mr. Chairman. I rise in opposition to-- or I, I rise in support of overriding the Governor's veto. And I was wondering if Senator Clements, would you, would you indulge me for a little conversation here, please?

HUGHES: Senator Clements, will you yield?

CLEMENTS: Yes.

KOLTERMAN: Senator Clements, do you-- who handles the checkbook for the state of Nebraska? Who takes the money and invests the money for the state of Nebraska?

CLEMENTS: The Nebraska Investment Council.

KOLTERMAN: Thank you. Now if I were-- I'm just approaching this strictly from a business perspective. If I walked into your bank and I said to you, I want to give you \$120 million to invest for three years

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and you get to keep the interest on every bit of that after the three years, even if we give nothing away, would you be interested in something like that?

CLEMENTS: Well, that would be quite an interesting thing, but that's reasonable to, to-- yeah, I probably would be.

KOLTERMAN: Yeah. So do you know what 3 percent on \$120 million is?

CLEMENTS: Oh, I'd have to think about that.

KOLTERMAN: That's \$3,600,000.

CLEMENTS: OK.

KOLTERMAN: Do you know what 5 percent of \$120 million is? Annually now, we're talking annually.

CLEMENTS: Six million.

KOLTERMAN: Six million. Ladies and gentlemen, I want to tell you what our Nebraska Investment Council got for our defined benefit plans this past year. We got a 29.9 percent return on investment. Michael Walden-Newman and his team did a phenomenal job, 29.9 percent. That's unheard of. Do you know what 29.9 percent would be if we gave it to them and said invest this for three years? The first year, that would be \$35,880,000. That's a lot of money. The point I'm trying to make here is we can talk all we want about not taking this money, but the reality is if we don't take it, they're going to give it to somebody else. And, oh, by the way, it is, it is some of our money. And why are we not saying the same thing about the hundred-- the \$1,300,000,000? We're going to vote on an ARPA package here in the next day or so and I don't see anybody wanting to send that money back. Instead, we're arguing about can we, can we get more because we had four times the ask for what was there. So strictly from a business perspective, if anybody can tell me the downside of why we would not do this, I'd be interested in hearing it. If somebody tells me I'm going to get \$120 million-- and I don't have to use a nickel of it. If I don't use any of it, we get to keep the interest on it and then we can send it back. On the other hand, what if we could help a few of our landlords? Or what if we could help a few of these tenants? Just think about that for a minute. What if we could help a tenant who's struggling right now because of COVID? What if we could help them stay in an apartment and have a roof over their head for another two or three months? Should it all go to Lincoln and Omaha? Because that's where it's going to go if we don't, if we don't pass this. We in rural Nebraska, we

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deserve the same opportunities in rural Nebraska that we have in Lincoln and Omaha. From a pure business perspective, for us to turn down \$120 million because one guy in the corner office tells us it doesn't make sense and we're out of a pandemic--

HUGHES: One minute.

KOLTERMAN: --that doesn't make any sense. There isn't a person in here-- if I walked into them and said, I'll give you \$120 million and you don't have to do anything with it except invest it and you get to keep all the interest, is there one person in here that would honestly stand up and say, I don't want that deal? Heavens no. So why are we turning our back on the people that potentially could use this? Think about that when you go to override the Governor on this veto. It's just a business decision that has a lot of upside and not one nickel of downside to it. Think about that when you go to vote. Think about that person that could be losing the roof over their head for the next 90 days. That's who we're here to help. Thank you. I yield the rest of my time back to the Chair.

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

McCOLLISTER: Thank you, Mr. President. Good afternoon, colleagues. You know, every Saturday, the first Saturday of the month, our church does a food pantry and people come from all over Omaha and even some folks from Council Bluffs, Iowa. But part of my job at the food pantry is to take food out to people that can't even make it to the food pantry. No transportation. So this last Saturday, I took food to three families needing food. And I meet those people when I take the food to the doorstep. And inevitably it's a single mom with a large family and I can see what their current situation is. They are not food secure. I can tell that by the way they receive the food. You know, I represent a diverse area in Omaha. I have some of the richest parts of Omaha and also some of the poorer sections of Omaha. Westgate is one of the poorer sections. I have an area in southwest, southwest of 120th and Center that's not what you'd say a wealthy area. But then I have Tomlinson Woods, which is a very wealthy area and some areas around One Pacific Place. I can tell you for a fact that there are people still feeling the effects of the pandemic, and I think it's important for us to bring food to those people. I also am well aware of the mission both of the Heartland Hope center and also Together in Omaha. And in reading the Together annual report, they are still very busy providing food to families through their pantry program. And I'm well aware that Heartland Hope does the very same thing. We need to support

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these programs. And Senator Mark Kolterman is exactly right. There's no reason we should reject this money. It comes into the economy and has a multiplier effect of 1.8. We found that out when we did the SNAP bill here last year. So these are important programs to maintain. We need to support the override of LB1073 by the Governor, and I hope for your green vote when that comes to pass. I yield the balance of my time.

HUGHES: Thank you, Senator McCollister. Senator Pansing Brooks, you're recognized.

PANSING BROOKS: Thank you, Mr. President. So I'm standing-- we're, we're doing more of the let them eat cake theory of funding our state government and how we go forward. I want to remind people that there's been discussion that we don't need to help anymore. But we needed-- there were farmers who needed help in the-- when the corn prices were going down so significantly in the early 2000s and we responded. Correctly and rightly so, we responded. Businesses currently need help with their workforce and trying to get employees. We need to respond to that and we have been and we're working to try to help get-- improve our, our workforce development in this state. We respond to those things. And it was said earlier in the day today that, you know, these people don't need help. It's time for people to just pull themselves up and move forward. We can't continue to give out to people. But we've been helping high-income people because we felt their tax rate was too high. Again, this is more of a let them eat cake theory of governing. We're not remembering the poor or praying-- the Bible has over 2,000 references to the poor, 2,000. Can you think of many other things where an issue is discussed more frequently in the Bible than poverty? Over 2,000 references to being poor and it continually says-- it isn't remember the poor or pray for the poor, although that's important, it's do something for the poor, respond to the poor, recognize and help the poor. There's one-- I don't usually quote a Bible verse, but I just can't understand the people that have no compassion in this body right now. One, one verse from 1 John said, "If anyone has material possessions and sees a brother or sister in need but has no pity on them, how can the love of God be in that person?" And that's what I want to ask each of you. How can the love of God be in your heart and in your soul if you have no pity, no pity for the people that are struggling, struggling after, struggling after COVID, after the pandemic, after the shutdown of businesses? But again, we give out too much. We, we can't help more people. Well, we, we are helping wealthy people this year and we don't want to help the people that have rental, rental problems. It's, it's just

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mind-boggling to me. Where are the hearts in this body? Where are the, where are the souls of compassion--

HUGHES: One minute.

PANSING BROOKS: --in this body? And yes, I understand that people who have to all of a sudden change what they're doing because a certain person in the executive branch has called their number and they're to change their votes now. I think that's really sad for our state, and I hope the people outside of Lincoln and Omaha recognize what people are doing, especially to you outside of Lincoln and Omaha. You should be having a hue and cry and talking to your senators about the fact that they don't care about your needs. But what we are caring about is cutting taxes on wealthy people and certainly not on the middle class either. So we've set the field today pretty darn well about what we care about. The money speaks. Thank you, Mr. President.

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

M. HANSEN: Thank you, Mr. President and good afternoon, colleagues. Again, I rise in support of the motion to override the, the veto and in support of the bill. Obviously, it's my personal priority bill. I did want to talk about kind of this notion of, of kind of need and spending. We see the need in the sense that people are being approved for the federal program or-- excuse me, for the statewide program each month, including this month, this past month. People are still applying. They're still meeting the state criteria. They're still getting dispersed. They're still receiving it. And yes, the state has not used all of its ERA1 funds. Yes, it is not necessarily a contract to use them all. That doesn't mean there's no need. It just means the need is less than the maximum amount we could possibly have. And frankly, that's a good situation to be in, in the sense of we are not as high need as potentially other states or other areas. That being said, just because we haven't used all of the funds, I don't see why that's an argument to stop accepting anymore because we-- it cuts off the opportunity entirely. Again, ERA1 was designed to run through September of 2022, September of this year. ERA2, which we're trying to apply for in LB1073, will extend it for three more years and draw down some extra funds to do it. So just because there's some leftover funds in ERA1, if we don't extend it and we don't continue the program, we don't have the opportunity to even really extend the program. We have to draw down the funds. So again, that's kind of the, the thing there. Ideally, personally, if we draw down this \$50 million and we have it and we use it and we don't use all of it and people are housed, people

aren't needing rental assistance, people don't qualify, that's a good scenario for me. But we, you know, if we only use a portion of it or a small amount of it, that's in my mind a good scenario because we have had the opportunity, we have made it available to those who've needed it. The need might turn out to be minimal and we can move forward. But we don't give ourselves the opportunity if we never accept the funds and we never draw down the funds. In terms of kind of drawing down the funds, we've asked and we've checked the, the, the, the who, who and how the funds get drawn down. And the answer is repeatedly kind of it's in motion, it's a notion of state law. The states get to choose how they want to draw down the funds. So I think us as a Legislature accepting the funds makes a lot of sense. We are the legislative body, the legislative bodies who apparently have the power of the purse and apparently have, excuse me, inherently have the spending authority. So therefore accepting and appropriating these dollars through legislation to me is sensible and straightforward. Again, colleagues, this is the opportunity of whether or not we want this program to exist in October or not. That's kind of as straightforward as I can make it. Do you think there's going to be a need in October or not? And if you think there is, I don't see a good reason to not accept the money in LB1073. As, as others have pointed out, we get to hold it in the State Treasury. We get to draw and keep the interest of it. We get to pay the administrative costs out of it. There is not necessarily any sort of direct expenses on the state. In fact, there's probably a way for the state to make a profit off of this. Not that that should be a compelling reason, but it certainly doesn't-- should not have any fiscal concerns tied to that. And again, even if we are providing just a few people, even just a few people end up needing it through the fall and next spring and next summer, we would still have the funds available for those who did need it. And if we don't accept it, we simply just won't have the funds. You know, I like-- I think we like to, to paint things in black and white maybe too much in this body.

HUGHES: One minute.

M. HANSEN: This is one of those situations-- thank you, Mr. President-- this is one of those situations where it is a very clear yes/no. If we do not override the motion, override the veto, if we do not enact LB1073, this program simply will not exist outside of Douglas and Lancaster County come October. It just simply won't. And if we do override the veto, it will. That's the choice we've got today. We draw down this extra funds, it extends it for three more years and we have the opportunity to move forward. And if we don't override the veto, we don't. And even if it's not the most need, even it's not most demand, even if we don't spend all of it, if we have it

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for the few people who need it, if we have it for some people, it's of significant benefit to them and will mean a lot to a lot of families. Thank you, Mr. President.

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

WAYNE: Thank you, Mr. President. Colleagues, I'm trying to think of words to inspire at 3:27 on a Tuesday, but I just don't know what to say because this is kind of so simple. Now I understand Senator Friesen and Senator Lowe's arguments about the federal government. I, I voted for the State of Conven-- Convention of States. I understand the problem with the federal government. But it's, it's hard to argue on one hand, we don't want federal money when Kearney is getting ARPA funds, when Buffalo County is getting ARPA funds, when we are spending money, federal dollars, on irrigation water districts throughout western Nebraska. Nobody at any point during that argument got up and said, no, we don't want the money. This is going to put us farther in debt. Nobody looked up at the balcony and said that we got to make sure we don't spend their money. It's convenient when we want it, and it's not political. But the fact of the matter is, is-- the problem I have with Senator Friesen's argument, and I said this to him off the mike, is standing up and saying no to \$56 million to rural Nebraska is not saying no to the federal government. Because if the federal government continues to do what it's already announced it's going to do, and announced it last week, April 30, they're going to move the \$70 million out of the 126 or 128. They're going to move it to Omaha and Lincoln and distribute it there. There's no indication that they won't do the same for the 50. They haven't said they won't, and in fact, they said the first reallocation, the priority is going to be to grantees within the state. And the only other two grantees were Omaha, Lincoln, Douglas and Lancaster. So that's where it's going to go, \$70 million. And if they do the same thing to the \$56 million, then we're essentially saying no. And here is a difference between ERA1, ERA2, this money can be used for other things. Let's say we have another snow storm or a freezing storm that we had last year. It could be used for utility costs. But here is the most interesting thing, after October 2022, which is this year, if we start drawing down at least 75 percent of those funds to eligible uses, which are much more than just rental assistance, it can be used for affordable housing. So if it can be used for affordable housing, then arguably \$17 million is going to Omaha and Lincoln right now and potentially another 25 percent of the \$50 million. Here's the part I'm struggling with is there isn't a downside. The only downside to not taking this money is for a family who cannot maybe pay something and there is no opportunity for them to get help. And yes, there is still some dollars at the state level

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available, but we don't make those same arguments when we talk about bridges and roads and the infrastructure, and we damn sure don't make that argument when we talked broadband. We don't say we don't want federal dollars because it's drawing, draw-- raising our, our debt federally when it comes to broadband. If there was \$1 million without a match for broadband, you better believe every rural senator in here is going to stand up and say they want it.

HUGHES: One minute.

WAYNE: So to me, this isn't about where the money comes from. To me, this is politics at its best and at its worst. We're talking about money that can reach areas of the state that have been honestly left behind like north Omaha. And I'm here arguing for rural Nebraska to say, don't be left at the table this time. There's dollars on the table for you. And if you don't use them, we'll send them back. But let's at least give them the opportunity to use them, which only makes sense considering there's needs all the way across the state. Thank you, Mr. President.

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

FRIESEN: Thank you, Mr. President. So when we say, you know, take the money, don't worry about where it comes from, you're taking it from our grandkids. And if you remember, I voted against every one of our budgets that we put out this year because I think we're spending money irresponsibly. I look at if we continue to use the portal the way we currently are, if nothing changes there, I don't see us in rural Nebraska changing the trajectory of using the money. And I, you know, I can be mad about we had to use the portal, Omaha and Lincoln got to use their nonprofits. But I didn't get to choose. I've been listening to the arguments. I've been listening to the debate. This is great. I've heard a lot from both sides of this issue. But until we change the distribution model, I can't see us getting through the \$30 million. I don't have control over what the federal government can change its guidance, it can change it daily, it can change it weekly. They can do whatever they seem to want to do these days. And the last thing they are is fiscally responsible. At some point in time, it's going to come home to roost, somebody-- and it's not me, I'm going to be fine, I'm old enough, I won't be here when it happens-- somebody is going to pay for this foolishness. I'm a longer-term thinker, I guess. I look at the bigger picture. We've always prided ourselves on taking care of ourselves and doing what we need to do. Was this assistance nice? Yes, it was. Did it set our economy on course in Nebraska, bring in record revenues? Yes. And then we spent it. You can't say that

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we're responsible, we're conservatives. That doesn't fly anymore. Dangle enough money in front of us, we spend it. I just look at the, the way the portal has been operated. If we're not going to change anything there, I don't see that we have the ability even to put the money out there. And if this need is going to last for more than this year even, when are we ever going to stop it? When are we going to say long enough? And I have not once yet said how I was going to vote on this bill. There comes a point in time when you have to say, is this, is this something that's going to go on forever? Are we going to be talking about needing to do rental assistance forever? Then our businesses aren't stepping up and paying a living wage. Then either we're restricting their ability to make money or we're taxing them too much and who knows what. I don't know how to, how to describe it better. We cannot keep subsidizing everything that everyday citizens need.

HUGHES: One minute.

FRIESEN: There has to be a balance there of whether or not wages are going to increase or whether they're just going to keep subsidizing healthcare and housing and food. And yet our businesses say they have need for 50,000, 60,000 employees. Pony up fellows, pay up. Jump the wage, you'll find people. You'll steal them from McDonald's, wherever. If the demand is there, pay up and then people can afford to pay the rent. Thank you, Mr. President.

HUGHES: Thank you, Senator Friesen, and that was your third opportunity. Senator Blood, you're recognized.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I stand in strong support of the motion to override the Governor's veto. And I want to talk a little about-- briefly about what's been going on in the floor today. We heard earlier that because of a policy like this, that our deficit is getting bigger and it's getting bigger every time you look. And you know, I follow the deficit tracker and even though Senator Halloran, when he had Convention of States used to send it to in our emails all the time, there are other places that we can learn what the deficit is and it's really good bipartisan information, not biased, doesn't lean left or right. It's just data and correct information. And so first I want to clarify that in the first five months of fiscal year 2022, the federal government ran a deficit of \$475 billion. That is actually, friends, 55 percent less than at this point in fiscal year 2021, where it was \$1.047 trillion. So let's make sure that when we talk on the mike, we have real information and not rumor. So the cumulative deficit for fiscal year 2022 is \$149 billion,

which is 24 percent lower than the deficit in a comparable period of time that was before the pandemic. So I think that's really telling. And if you track the reason why the deficit has gone lower, it's because we had policymakers that were smart, right? They enacted necessary emergency measures, which actually Senator Friesen touched down on a little bit, to combat the crisis, which we all knew as, as COVID-19. So what they did is they put guardrails, which we hear about all the time on this floor, sometimes good, sometimes bad, to make sure that we didn't go in the hole and to make sure that Americans could lift themselves up. And so what we saw then as a result of the pandemic also, and again Senator Friesen touched down on this a little bit, were rising wages, better salaries. And so a lot of us also forget that the payroll taxes that are rolling in now, they're making our deficit better, a lot of the companies were able to defer that under the legislation passed in reference to the pandemic. And then, of course, corporate income taxes also increased. So I think it's really funny when we hear comments like, oh, this is going to make our, our deficit deep-- even bigger. It won't make it bigger. It actually does the opposite because we have people then that aren't struggling as much and we have people that can then lift themselves up and start paying taxes or greater taxes or get better jobs. And we hear Senator Lowe specifically say, well, there are plenty of jobs in Nebraska. You are right, there are plenty of jobs in Nebraska. So then I look at some other things that were said on the mike this year, like we could reduce what's going on in the prisons if we had two-parent families or if people had better family lives. So I think about those two statements and here's what I have to say. If you are working 40 to 60 hours a week and you want to lift yourself up and get a better job, tell me how you afford the childcare to even go out and look for that job. Because it's likely you don't have any time off because what little time off you had was when Bobby got the flu or Sally fell off her bike and broke her arm. You don't get vacation. You don't get sick leave because you're too busy using it for your family because you're a single parent. Or if you have one parent that's not working a great job and the other parent is a stay-at-home mom, what options do they really have for that mom who wants to be lifted up as well? Is she supposed to leave her kids at home because they can't afford childcare and that's why she's home?

HUGHES: One minute.

BLOOD: I think we have unrealistic expectations of people, especially those that are already struggling. What this bill does is help lift people up, and it doesn't put the deficit deeper in the hole. It brings the deficit up because we're lifting people up. It's not a

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handout, it's a hand-up. And for people that stand at this mike and say they've had to struggle before, man, I want to hear your stories because I can tell you a story of when my husband and I end up with \$50,000 in medical bills and had to remortgage our house. You have no idea how people struggle in this world or you're just oblivious to it. The stories that I hear that come out of some of the mouths of these senators are just cruel and they tell me that they're not informed citizens. This is a good bill that hopefully we can help rural Nebraska with, Senator Aguilar, because we know people are struggling and it's OK when people struggle, but it's not--

HUGHES: Time, Senator.

BLOOD: --OK when we ignore that.

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

McDONNELL: Thank you, Mr. President. Good afternoon, colleagues. Like to try to concentrate on, on two areas that have been discussed over the last couple of months and it's based on need and it's based on fraud. Right now, we know there's need and that, that just isn't my feeling, that's based on statistics. And one of the areas and sources we used was the 211 assistance line. And I'd like to read you the numbers that were given to us based on 211. From 211, we were able to identify 134,000 calls requesting rental assistance in 2021, and 52,000 for utility assistance. Excluding Douglas, Lancaster, and Sarpy Counties, 211 saw a 23 percent increase in calls from the rural communities asking for assistance. As other support has ended, we've seen a dramatic increase in requests for rental assistance. For the month of January, 211 has reported 10 percent surge in requests for rental assistance and 531 percent increase over the normal month. At this pace, they're expecting over 300,000 calls by the end of the year, which is 21 percent higher than last year. We know the need is there. In my district, in LD 5, the citizens that I serve in LD 5 and, of course across the state, they're going to have that ability to have that assistance. What we're talking about with ERA2 is ability for the whole state to have access to those funds. Now fraud, it's been discussed that there's been fraud committed based on some landlords because that's where the money is going, to the landlords. If you think about that, if it's less than \$100,000 and there's fraud going on in your community, then call your local law enforcement immediately. If you have an elected official committing fraud, or it's more than \$100,000, then call the United States Treasury right now, today. And if you Google throughout this country and look for articles

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on fraud being committed based on, based on ERA1, I don't think you're going to find many cases. I'm not saying people are perfect and I'm not saying people won't take advantage of the situation, but we're putting those people discussing fraud in front of the people that truly need the help. We know today there is people that need this help. Let's say the worst-case scenario is I'm 100 percent wrong. We get this funding, we don't spend a dime of it. As was brought up earlier by a few senators, was the idea of the interest off of that money before it is sent back. We're doing this for the right reason. If there was-- people could stand up and show me there is no need, I'd say we, we should not apply for this. And I'd agree with the Governor. We should not be overriding his veto if there wasn't need. If this fraud was just rampant that we couldn't control it, we couldn't get it to the people that needed it, I'd say we don't-- we can't do this. But that is not the case. The case is right now we have people in this state and I'm not talking about Legislative District 5. I'm not talking about my district because I know those people still have access to those funds. I'm talking about rest of the state as state senators, and I know you all believe this. Of course, we have a legislative district and that's our backyard. But we are state senators and we should be looking for those people out, for those people east, west and north, south. And I know during discussions with all of you, that is your philosophy. We have to serve every citizen in this state to the best of our ability. Right now, this gives us that opportunity. We should be applying for that rental assistance two. But also, let's say the rental assistance isn't needed and these numbers are wrong. The utility assistance we know based on the cost of utilities and where we're going as a country--

HUGHES: One minute.

McDONNELL: --and where we're going as a world right now with a war going on, we know that utility costs will continue to rise. That is a fact. That is something that when we first started having this discussion two months ago, there wasn't a war going on. There is now. We're 40 days into a war. What has that done to our utility costs? There is a need here. If there wasn't, I wouldn't be asking you to override the Governor's veto. Thank you, Mr. President.

HUGHES: Thank you, Senator McDonnell. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Mr. President. You know, I've heard a lot of testimony today and, and I know and I'd like to, you know, maybe answer a question that Senator Blood raised about people's stories. I

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can tell you that I grew up in a-- on a rented farm. I had seven brothers and sisters in a three-bedroom house. I remember summers when we would be home on the farm and lunch was gravy and bread. OK, slice of bread, milk gravy. Every now and then we got a little extra treat. We were able to get a sliced up hot dog in the gravy. OK, we grew-- we raised chickens, we raised hogs, we had-- would butcher chickens. That was some of our food. We ate eggs. So I understand what poverty is all about. And if somebody wants to come and debate me and have stories about poverty, bring it. I've got, I've got pictures. I can talk to you story after story about what it's like to live in poverty as a kid. OK? I can also tell you that there is a point when after you've been given so much, it's the old teach someone how to fish rather than giving them a fish every day. Now I'm not suggesting that there isn't a need out there. What I am asking is the same question that the Governor's asking. When do we stop? When do we stop? When this money runs out and we take this new money, what do we do when that money runs out? Are we just going to do a General Fund allocation because this is a need that's never going to go away? We have the lowest unemployment rate that this, that this state's ever seen. We got people demanding for jobs. We've got, we've got fast food places that are offering unprecedented starting wages. We have far more jobs than we have people to fill them. When do we get to the point to where people can go back to work and raise their own families and, and create their own living? How much money has the federal government already pumped in over the last two years through stimulus, both in businesses and individuals? At what point do we say we're done, that we're going back to the way things used to be, that we're going to raise our own families, that we're going to make our own income, that we're going to be self-sufficient? Are those days ever going to return? That's my concern with this. It's very difficult for me to vote to override the Governor's veto, and I won't. I'm not going to be a yes vote on this because I agree with the Governor. I think we're getting to a point that there's still money there. There's a significant amount of money that's not been used. And at some point, I don't know how much lower unemployment has to go. I don't know how much higher, how much higher wages have to go. I don't know what it takes for us to finally have enough money for families to create their own living. I don't know what it takes, but I, I can tell you that when this money runs out and the next money runs out, there will still be more need out there. And so that's my concern with this. And so I'm going to be voting no on the amendment, no on the override, because I think at some point we've got to move on. Thank you, Mr. President.

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

M. HANSEN: Thank you, Mr. President. Apologize, members, I was just in the back. Last couple of things I want to say, and I don't know if I'll turn on my light again, is, again, it's kind of we're getting to an all-or-nothing place in the sense of if we don't do something today, this program is in all likelihood going to just absolutely end in September and in October won't be here. So in that way, it's pretty kind of black and white, pretty stark in terms of our choice today. We can either make sure we extend it for three more years, draw down these new funds for however we choose to spend them in whatever way, in whatever manner, with whatever requirements we as the state have. I do want to say the federal guidance in terms of changing, the parts that they have changed haven't necessarily been in terms of any sort of the intrastate distribution. It's always just been about what the unused funds get allocated to, and that's something they've admitted is something they calculate based upon need. And so, of course, doesn't [INAUDIBLE]. As far as I can tell, this 40 percent, the last \$50 million or so \$50.1, I think, is the exact-- well, not exact, the close round, but this last 40 percent is ours by statute. We as a state get to have that. And once we draw it down, which is as simple as sending an email confirming that we want to receive it and saying which bank account it goes to, it's as simple as providing the routing number to Department of Treasury. Once we have this money, it is ours to allocate through 2025 within the bounds of the guideline. It is not going to-- we've, we've been provided with the guidelines. We know how to do it and if anyway it's been trending to be more flexible, certainly not more restrictive and certainly not throwing up any barriers. And I appreciate the concern that it hasn't necessarily been fully utilized and that this may be people who don't understand or don't have access to or don't recognize the state program. And I share similar frustrations that I think the state program hasn't necessarily been as advertised or accessible or whatnot as maybe it could be. But that, to me, is not an argument for ending it. It's an argument for improving it. And by not voting to override the veto, we are essentially arguing-- would be essentially ending it. It would end in September if we don't override this veto. This is, of course, with the caveat, of course, Governor Ricketts, NEMA could decide to apply in their own right. They've had that power the whole time. But I think based on the Governor's stated position, we know that that's an unlikely, unlikely change on, on his perspective. And in terms of just kind of the authority, colleagues, I'll remind everybody that just like the federal dollars or whatnot, you know, the Governor drew some

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of these things down when we were in recess due to our catchall provisions in our budget, allowing for the Governor to spend excess federal funds. And that was something where the-- some of the initial COVID-relief dollars in 2020 and other times was kind of based upon some of that language we routinely have in our budget. It is not necessarily inherently gubernatorial power, it is actually inherently legislative power. But one we often delegate to the Governor in interim times because obviously in Nebraska, unlike Congress, we don't meet all year round. We meet in the spring and early summer in some years. And that is why we have this position that we're in. Frankly, in all of my efforts and all of my works and talking with advocates, talking with the federal government, talking with others, I don't think anybody ever really considered a situation in which a governor would--

HUGHES: One minute.

M. HANSEN: --simply just not apply. And this is kind of how we're a little struggling on some of the procedures that simply what-- the, the consideration that the state might not apply at all and might leave these funds in limbo in Washington, D.C. wasn't really a consideration process. Maybe that's something we should learn and advise Congress of in the future, but that's where we're at. Colleagues, this is as simple as kind of a one-sentence acceptance. Yes, we would like to draw down these funds, here's the routing number, put it in the State Treasury. And then we as a state get to decide. Future Legislatures, future Governors can decide to change this program within the boundaries within the state. I would encourage them to look at that and scrutinize that. But today, the choice we are left with being on, you know, day 50--something or other of session is do we want the program to end in September or do we not? And that is what this-- ultimately this override is going to be about.

HUGHES: Time, Senator.

M. HANSEN: Thank you.

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

McCOLLISTER: Thank you, Mr. President. Good afternoon again, colleagues. I want you to know I agree with Senator Clements, Friesen, and Lowe concerning the spending by this federal government. It's like a drunken sailor. Why is that so we will ask? Why contend it's entitlements not spending for the pandemic? I think the Social

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Security fund will lapse or at least run out of money in the next ten years. We've got the same kinds of numbers from Medicare and Medicaid. Entitlements is what's really hurting the, hurting the country, I think, and taking care of the pandemic is not, not at all. It's the worst pandemic that this country has had in 100 years. And I think we needed to get ourselves out of that pandemic, and the federal government was instrumental in making that happen. And thank goodness for that. Federal government traditionally contributes about a third of the state budget, a third. But during the pandemic, the money flowed into the-- into this area. In fact, the federal government has given us \$10 billion from the CARES Act and another \$2.3 billion from the American Rescue Plan, ARPA. So the money has truly flowed into Nebraska, and it's brought us out of the pandemic and given the state one of its best results from the Treasury-- in our Treasury that I can ever remember. Was it 2017, that we had to cut a billion dollars from the government? What a turnaround. One more thing. There are people that need rent support. There are people that need SNAP and 80 percent of the people taking SNAP are the working poor. They're the folks working at McDonald's or Walmart for \$14, \$15, \$16 an hour and simply can't make it. And they're eligible for food stamps and they can't afford rent. Maybe it's a single-mother household. So that's the situation we now face and I support LB1073 and motion-- the motion to override, MO195 by Senator Wayne. I hope you will as well. Vote green on the override. Thank you, Mr. President.

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

STINNER: Thank you, Mr. President. Members of the Legislature, I can agree with Senator McCollister and a lot of the commentary here, and I can probably talk at least for a half an hour on the ills of the Fed balance sheet and the expansion of debt in the Fed balance sheet, federal spending at, at that level and its effect and expansion of the money supply and the effect it's had. And I call that the COVID effect, COVID effect caused inflation. Supply side, supplies were short, that caused inflation. That's the COVID effect. The COVID effect, if you go to the gas station, it was \$106 to fill my car. The COVID effect is 20 to 30 percent higher in grocery prices. That's the reality of it. But this isn't-- you know, this \$50 million for rural Nebraska, that's who I represent, that's who I'm going to fight for. Because the face of that is who? Senior citizens, fixed income. Do you ever hear of those? And what's inflation do to fixed-income folks? It really is a killer to fixed-income folks. Go to the senior center, do Meals on Wheels, go to the Aging Office and make a couple of visits and see what conditions these folks are in, what they're buying for

food, how they're paying their utilities. Fifty million dollars divided by three is a little over \$16 million a year that we can help families. And we already talked about the business cases that we're supposed to be able to, to take dollars out for administrative costs. We're supposed to be able to earn interest. But interestingly, according to what I hear, \$650,000 to \$1 million is being taken down in rent assistance in rural Nebraska every two weeks. Do the math, it eats up the \$16 million, folks. So there is a use, there is a cost. There is inflation. You can call it welfare, you can call it whatever you want. I'm going to call it a COVID hangover. We got to take care of those folks. I got an email, great email from a woman who had three rental houses, and that would help supplement her income in her retirement. And her problem was, is all three of those houses were being rented by single moms, single moms who were working two jobs, single moms who had rental assistance because they couldn't quite afford to live the way that they would normally live; buy food, pay their bills on time. And what her fear was, what do I do when this is over? Because inflation is a real thing, because wages in rural Nebraska do not go up as fast as inflation. It's way behind. There aren't the opportunities to switch jobs from \$13 to \$14 to \$15 to \$18, not there. That's the face. It isn't welfare. And oh, by the way, if you don't do this, there will be a cost. There'll be a cost at the county level. There'll be a cost in our safety net at the state level. How do you like that? You turned your back on the federal government acknowledging the fact that there's a COVID effect and people need assistance for a period of time to get back on their feet, to get those wage increases that are lagged in rural Nebraska. It pays their bills, keeps them--

HUGHES: One minute.

STINNER: --current, stimulates-- somewhat stimulates the economy, but we're going to turn that down. I, I, I, I find it silly. I find it really silly that we would turn our backs on the people who elected us in rural Nebraska. They need some help. They're not going to get into any bad habits. I guess that's what some people think. When are we going to stop? I suppose we're going to stop at the end of three years and then we're going to find out if they can stand on their own. But at least give them that three years, give that mom that three years so she can raise her kids for three years and feed her kids for three years. So anyhow, I am going to support the veto override. I think a lot of this politically charged talk is just that, politically charged. Because when you really analyze it, when you really look at the face of the folks that are taking the rent assistance, they really do need a helping hand up.

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HUGHES: Time, Senator. Thank you, Senator Stinner. Seeing no one else in the queue, Senator Wayne, you recognized to close on your motion.

WAYNE: You know today we had some fourth and fifth graders do a mock hearing, and Senator Friesen did not let up. He grilled them like they were adults. And one of the questions-- so you might not want to invite him to mock hearings. Actually, it was really good because they answered the questions really well. But one of the things Senator Friesen asked, and it about recycling, is do you at home personally recycle? And the kids said yes. And the reasoning for that question is, is we all have our part to do. And today our part is to help those who might need a little bit of help. There was questions about when does it stop? Senator Jacobson, it, it stops when there's not a need that directly is impacted by COVID. It stops when people stop needing help. But does that mean we have to keep funding it forever? Absolutely not. But we've made decisions on how we do our budget and how we allocate federal dollars. I mean, the fact of the matter is, is most of your highways in western Nebraska are done with federal dollars. When does that need stop? When does a need stop about broadband when we put \$300 million in it since I've been here? We put 20 or 40 into it last year. When does that stop? It stops when the body thinks there is a need for it to stop. But the difference between that and this is the money's not going anywhere else back-- but to Omaha and Lincoln. That's what's surprising about the argument and the debate that I'm, I'm hearing. If Senator Stinner is saying it's drawing down \$1 million every two weeks, well, logic tells you that there's still a need. But the money is not going back to the federal government and just going to disappear. It's going to Omaha and Lincoln, so why not give your communities an opportunity to participate? And the worst-case scenario, we don't spend a dime, is we give it back and keep the interest. I'm trying to figure out what the downside is to this. The downside is that farmer who maybe has a tough year this year with crops because fertilizer is going up and, and there's problems and conflicts across the country who you know what may need some help and they don't own their farm, they're actually leasing it because we have a lot of farmers who lease in Nebraska. And that maybe they need rental assistance. Maybe they need that one-time help in June or July. We don't know what the need is in the next three to four months, but we know that there's a need now. All you have to do is look at the hearing. People drove from western Nebraska to come say we need it and they complained about the portal. And Senator Friesen, here's what I can tell you. There's bills that we can attach some language on to help shape that portal, but it doesn't matter if we don't override. I'll use LB1024. I'll pull it back, and we could

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figure out some language because my bill deals with rental assistance. It's germane. It's from Urban Affairs. It's germane. But we can't get there if we don't override. I'm willing to use my bill as a vehicle. I'm willing to solve the issue of the portal, but let's have that conversation. But the conversation doesn't matter if we don't vote green. That's where I'm, I'm really struggling. This isn't for me, this isn't for the community I represent. We're going to get \$70 million out of this 126 regardless of this vote. But you know who gets left out? Henderson, Venango, Grand Island, North Platte, Scottsbluff, Gering, Chadron. Those are the communities that get left--

HUGHES: One minute.

WAYNE: --out, not north Omaha, not south Omaha, not Lincoln. Norfolk-- I can keep looking around and keep naming-- Cozad, Kearney, Columbus. They're the ones getting left out. Please vote green on the override. And Senator Friesen, I will pull LB1024 back to fix how the portal is done. Thank you, Mr. President.

HUGHES: Thank you, Senator Wayne. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 33 ayes, 6 nays to place the house under call.

HUGHES: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Morfeld, please check in. Senator Linehan, please check in. Senator Lathrop, the house is under call. All senators are now present. This motion requires 30 votes. The question is, shall LB1073 become law notwithstanding the objections of the Governor? All those in favor vote aye; all those opposed vote nay. There's been a request for a roll call vote in reverse order. Mr. Clerk.

ASSISTANT CLERK: Senator Wishart voting yes. Senator Williams voting yes. Senator Wayne voting yes. Senator Walz voting yes. Senator Vargas voting yes. Senator Stinner voting yes. Senator Slama voting no. Senator Sanders voting no. Senator Pansing Brooks voting yes. Senator Pahls. Senator Murman voting no. Senator Moser voting no. Senator Morfeld voting yes. Senator McKinney voting yes. Senator McDonnell voting yes. Senator McCollister voting yes. Senator Lowe voting no. Senator Linehan voting no. Senator Lindstrom voting yes. Senator

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Lathrop voting yes. Senator Kolterman voting yes. Senator Jacobson voting no. Senator Hunt voting yes. Senator Hughes voting no. Senator Hilkemann voting yes. Senator Hilgers voting no. Senator Matt Hansen voting yes. Senator Ben Hansen voting no. Senator Halloran voting no. Senator Gragert voting yes. Senator Geist voting no. Senator Friesen not voting. Senator Flood voting no. Senator Erdman not voting. Senator Dorn voting yes. Senator DeBoer voting yes. Senator Day voting yes. Senator Clements voting no. Senator Machaela Cavanaugh voting yes. Senator John Cavanaugh voting yes. Senator Breise voting yes. Senator Brewer not voting. Senator Brandt voting yes. Senator Bostelman voting no. Senator Bostar voting yes. Senator Blood voting yes. Senator Arch not voting. Senator Albrecht voting no. Senator Aguilar voting yes. Senator Erdman voting yes. The vote is 29 ayes, 16 nays, Mr. President.

HUGHES: The motion fails. I raise the call. Items, Mr. Clerk.

ASSISTANT CLERK: Thank you, Mr. President. Motions to be printed: Senator [Machaela] Cavanaugh to LB1068, LB344, LB1023, LB1015, LB848, LB809, LB805, LB698, LB1261, LB1010, LB598, and LB1158. Appropriations Committee report concerning gubernatorial vetoes to LB1011, LB1012, and LB1013. Additionally, Senator Stinner, motions to be printed to LB1011, LB1012, and LB1013. Senator John Cavanaugh introduces LR434. That'll be laid over. That's all I have this time, Mr. President.

HUGHES: Thank you, Mr. Clerk. We'll now proceed to the next item on the agenda, LR264CA.

ASSISTANT CLERK: Mr. President, LR264CA introduced by Senator Erdman. It's a constitutional amendment to provide that beginning on January 1, 2024, no taxes other than a retail consumption tax and excise tax that shall be imposed on the people in Nebraska. The bill was read for the first time on January 5 of this year and referred to the Revenue Committee. That committee placed the bill on General File with no committee amendments, Mr. President.

HUGHES: Thank you, Mr. Clerk. Senator Erdman, you're welcome to open on LR264CA.

ERDMAN: Thank you, Mr. President. I appreciate that. Let me start with this. I appreciate that the Revenue Committee made the decision to vote this out and that Senator Hilgers has scheduled it for debate today. I want to thank a few other people that have worked tirelessly for the last over a year on this: Mark Bonkiewicz, Rob Rohrbough, Senator, Senator Halloran and McDonnell have helped immensely, Paul

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Von Behren. The ICON people have been outstanding, Jim Dinklage, Dave Wright, Chris Abbott, Roland Paddock, Dr. Ed Truemper. The Convention of States people, Steve Jessen and Steve Steinkuehler and Matt Innis has been going around helping us make presentations. We have as a group, just want to share with you, we as a group have had 38 Zoom meetings this last year, some in-person meetings, but 38 Zoom meetings talking about the implementation of a tax that will fix all of the problems that we have been discussing for the last three or four weeks here. So I don't think I'll find any pushback in the room that you would believe, not believe that our tax system is broken. All right. Our tax system that we have currently is a sales tax, income tax, and property tax. And those three forms of taxes are always competing for the revenue. And they will never, ever be satisfied because you can't remove one or reduce one without changing what they call a three-legged stool and make it out of balance. And so we have talked about LB1107 and Senator Linehan and Senator Briese and Friesen and a few others have worked diligently over the last six years that I've been here to try to reduce property tax. And what we currently have and what we continue to do is we put a Band-Aid on an amputation. Let me give you an example of what LB1107 did for me. LB1107 last year lowered my property tax by 2.5 percent. This year, it lowered my property tax by 13.1. So those two together are 15.5 percent. But what I'm here to tell you is my property tax went up 16. So LB1107 is a decrease in the increase. And we keep talking about cutting two-tenths from income tax and the sky is falling and the state is going to run out of revenue. When in fact, when LB1107 or LB939 or whatever the number is now on that LB873 is fully implemented, we'll still be significantly higher than our neighbors. And Senator Friesen, you're going to be gone as you said earlier, but some of us will still be here, and what we're going to find is that these Band-Aids that we've been putting on this tax system is not going to fix the problem. And so if you think LB1107 or LB939 or anything that has been put before us in the last five or six years is a fix for property tax, you got another thing coming. So I want to share with you about the hearing that we had on the consumption tax this year. I want to tell you that that hearing was the best hearing that I've ever attended, and I've attended a few hearings. We had 32 people come in and share their story, share their concern about the property tax system and the tax system in general in Nebraska. We did a similar amendment two years ago, and here were the opponents two years ago. You ready for this? The opponents were the Lancaster County Board of Commissioners, the Nebraska Farmers Union, and the Nebraska Insurance Federation. Three, right? Three. Let me read you a list of those who were opposed this year: OpenSky Institute, the Nebraska Hospital Association, Nebraska

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Farmer Union, Nebraska Grocery Industry Association, Nebraska Retail Hospital and Hospitality, American Institute of Architects, the Nebraska American Property Casualty Insurance Association, Homebuilders Association of Lincoln, Metro Home Builders Association, Nebraska Realtors Association, Nebraska Telecommunications Association, American Council of Engineering Companies, Nebraska Car Dealers, New Dealers-- Used and New Dealers, Nebraska Chamber of Commerce and Industry, Greater Omaha Chamber of Commerce, Lincoln Chamber of Commerce, Nebraska Insurance Federation, Nebraska Insurance Information Service, and the Wine Institute. We are on the right track because last year we had three opponents. This year we got 40. We are on the right track. And so those people that came in and testified, every one of those and the opponents were paid to be there. They were paid to come in and tell us things like from the Chamber of Commerce. This was a good one. All right. Chamber of Commerce comes in and they said: You can't adopt this because it'll be equivalent to \$124,000 for every household in the state of Nebraska. Well, if you do a little math, \$10.9 million divided by 795,000 households winds up being \$14,000. So Mr. Slone was just off by a factor of 10. And then you had to think about the Wine Institute. He said: We're going to force people to buy used things. How do you sell used wine? So I have a suggestion how you get used wine, it looks kind of yellow when you get done with it. Then we had the Car Dealers Association, the guy's a lawyer, and he comes in and he says: We're going to lose all of the revenue that you normally collect from buying cars. New cars are going to be bought out of state and we're going to lose all that revenue. I don't know about you, but the cars that I buy, I pay the taxes at the courthouse where I live. So I think that would apply there. So we have people who are paid money to come and tell us how uninformed they are about how our tax system works. And so we went through that whole hearing listening to those people talk about the burden that the tax system is currently putting on them. And we continue to do the same things we've done over and over and we expect different results. It is peculiar to me to see that we have been working on fixing our property tax here-- problem since 1967. And so when we get down a little more, a little longer in the day and we start talking about the ramifications of this, I went back and looked it up in 1966. On the ballot in 1966, there were 16 initiatives for the voters to vote on, 16. And some of you in the room have been voting nearly since then. And as you have been to the polls, you see every year those initiatives decrease because it used to be that this legislative body felt like you were the second house and they wanted to give you an opportunity to vote on the issues that were important to you so they placed those on the ballot for your consideration. So currently, we

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don't do that. And so what we have discovered is that the second house are these people. Here, here's the second house, these people that I read to you, but I left off the schools and all those other local units of government that collect tax dollars. They are also the second house. Because if they were concerned about you, the voter, they would have put this on the ballot a year ago so that you could vote on it. And so I handed out a folder to you, a three-ring binder. And so my next time on the mike, I'm going to start going through the Beacon Hill Dynamic Study because that has been handed out before, and I'm not sure that any have looked at it. And if you have, you need a refresher course. And so I want to go through that to make sure that we understand exactly what we're trying to do, how much money we're going to collect, and this is going to be revenue neutral. One other thing that I want to remind you of, there was another bill introduced at the same time and it was LB133, and we called that nuts-and--

ARCH: One minute.

ERDMAN: --bolts bill or the application of the consumption tax. I was informed when we introduced that, that we couldn't bring that bill to the floor for discussion until the, the constitutional amendment had passed. I have discovered that that was not a true statement. And what we should have done for the last year or two, we should have been working on the nuts and bolts on the implementation because I'm quite sure that most of the questions today are going to be how is the money distributed and collected and all of those things that will be implemented after the constitutional amendment passes and we'll talk about that as well. So that is my opening. I would encourage you to get on the mike and ask questions that you may be informed so that you can make an informed decision about one of the most important bills that has been introduced here since at least 1935. Thank you.

ARCH: Thank you, Senator Erdman. Mr. Clerk.

ASSISTANT CLERK: Mr. President, Senator Matt Hansen would offer FA181 with indication that he wishes to withdraw.

ARCH: So ordered. Debate is now open. Senator Gragert, you're recognized.

GRAGERT: Thank you, Mr. President. Senator Erdman is on a roll. I'll yield my time to Senator Erdman.

ARCH: Senator Erdman, 4:50.

ERDMAN: Thank you, Senator Gragert. Thank you, Mr. President. So if you would to follow along if you would like, if you'd open up your folder to that second tab, the second tab-- well, let, let me start with the first-- the second one-- the first one where the resolution is and I want to bring it to your attention that I sent up to the Attorney General last week, and I asked him for an Opinion on whether the wording was correct for the ballot language. And he sent back his report and I have an amendment that I would drop in. And when we, when we get from General File to Select, I will drop that amendment in. But, but what the, what the Opinion was of the Attorney General is that it is a single-subject issue. We have met that requirement. The second thing that he had said is it does not violate the logrolling rule. And for those of you that are not sure what that is, that means that it doesn't separate that you would like to vote to remove sales tax and leave property tax in place or vice versa. And he said it doesn't violate the logrolling rule. He made a recommendation that we strike the words charging a consumption tax on the people of Nebraska, because he said that could be construed that we could charge a tax differently on an out-of-state person. And so I have an amendment to strike that part from the constitutional language, the ballot language. And so that's what that is on, on the, on a second tab. The third tab-- or the second tab starts with the EPIC consumption tax dynamic study. And if you want to turn to that page and let me just follow along-- if you follow along what I will try to share with you because I've had many questions about how do we collect \$10.9 million-- billion from the current sales taxes that we collect or how-- where will the revenue come from? So what I want to tell you is the five taxes that we're going to eliminate is personal and, and corporate income tax, inheritance tax, sales tax, and property tax. That's going to be replaced with one flat consumption tax. And they're projecting in 2024, that's when it's going to take effect. In 2024, they're projecting the state budget to be \$10.9 billion, and that is inclusive of the prebate. OK, \$10.9 billion will be inclusive of the prebate. That includes all local property taxes collected, all inheritance tax collected and all sales tax and income tax collected, \$10.9 billion in the year 2024. Our current retail tax [INAUDIBLE] base, based in 2024 is \$49 billion. Their estimate is if we move all the exemptions, we move all the exemptions and we place a consumption tax on those that'll be another \$61 billion. And their estimate is we will grow the economy by \$14 billion. So the total of those three together is \$124 billion. And if you take the \$124 billion and divide it by \$10.9 billion, you get 8.97 as the effective-- as the rate for the consumption tax. And there was several articles that were printed this week. The OpenSky people had an article that talked about it

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being 20 percent. The Chamber of Commerce is using that same information. We checked with the organization that OpenSky said did the dynamic-- did a study to see what the rate would be and we found out that, and I think Senator Halloran was going to allude to that, but what we found out is the article that we're--

ARCH: One minute.

ERDMAN: --referring to-- this is pretty good-- the article they're referring to on the website they sent us to was written by them. So that's, that's pretty good. We wrote the article so we're going to go look and see what we said about it ourselves. So I'm about out of time, but I will, I will finish and move on through the dynamic study the next time on the mike. Thank you.

ARCH: Thank you, Senator. Senator Lowe, you're recognized.

LOWE: Thank you, Mr. President. I yield my time to Senator Erdman.

ARCH: Senator Erdman, 4:50.

ERDMAN: Thank you, Mr. President. Thank you, Senator Lowe. So the dynamic study, as I said, we had this same Beacon Hill Institute do a static study back a year ago, two years ago, and their effective rate was 10.64 until they took into consideration the economic advantage. And so on page 5, I think it's important-- under the introduction, I think it's important that we understand what it is that they were trying to do and how they-- and what they said was going to be accomplished. So let me read that to you if you want to follow along. This is page 5, the last bottom paragraph. It says: A variable state tax system must be able to raise the revenue that the government needs in order to provide public services while imposing the smallest possible burden on work and savings and investment. The balancing act between taxation and spending becomes more difficult if other states provide a more competitive tax system than ours. Offsetting its natural advantage, the Nebraska levies a high marginal personal income tax rates. In addition, the corporate tax rates in Nebraska is among the steepest in the nation. Corporate tax rates are the highest in the nation. Finally, local property tax in Nebraska rank among the highest in the nation. A consumption tax that replaces all state and local taxes is one way to correct the competitive, competitive tax disadvantage Nebraska faces today. I don't think there's a person in the room that will argue that our corporate taxes are too high. And Senator Linehan, I, I wrote this down because she made a comment today that I thought was, was worth repeating. She said: We voted for tax

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incentives because our taxes are too high in the state and we need incentives. Why do we need incentives? It's because our tax system is broken. And so we're going to give you an opportunity to vote for a way to fix your tax system so that you don't have to vote for incentives. So the consumption tax is going to eliminate TIF financing/ it's going to eliminate our necessity to have incentives, tax incentives because all of those things do one thing, the government picks winners and losers. And we're doing a real good, real good job of picking losers in the state. We have been a state for over 150 years, and we made it all the way up to 1.96 million people. And we very well may have gotten the last several thousand because they were refugees and they were sent here because not too many people that understand, and understand how high our taxes are move here. I talked to a lady last week that was transferred from Texas to Nebraska. She received a significant raise. She thought it was going to be a good deal to be in Nebraska. And when she got her first paycheck, she had less net dollars than she did in Texas because Texas does not have a state income tax. And so if we're going to be competitive with anybody that surrounds us as well as anybody else in the state, we've got to begin to look at our tax system as a whole. And if we continue to do what we've been doing every year, we will fight over the same things that we've been fighting over this year and the previous five years that I've been here. And so the consumption tax is a proposal put in place to help us fix that not only for us--

ARCH: One minute.

ERDMAN: --but also for our grandkids and those who live here. And I told you this last week, for me and my wife to relocate to Arizona takes about 30 days, and we may very well do that if we don't get relief on this property tax. And so we continue to offer incentives. We vote for those, the Imagine Act, we vote for Micro-TIF and we vote for all of these things that doesn't help us at all be competitive. We have 50,000 jobs available in Nebraska, but nobody to work there. And why is that? Because people do not want to come to the state of Nebraska because our tax system is too high. So if we fix our tax system, maybe we could have a workforce to fill those 50,000 jobs. Thank you.

ARCH: Thank you, Senator. Senator Hunt, you're recognized.

HUNT: Thank you, Mr. President. I'm not sure how I'm going to vote on LR264CA. I think I might support it, but I wanted to share some thoughts about the previous vote that we took on LB1073 on the rental assistance because Senator Matt Hansen kindly asked me to stay off the

mike so we could get to a vote. And so I wanted to share my thoughts on this bill instead, since I didn't get the chance to speak on it. Colleagues, I think it's safe to say that we would have had that vote if one of our members had not been ill. If one of our members, you know, was not dealing with a, a medical situation and had not been here. And when I think about the relevance to this bill, you know, who's really affected by high taxes? It's not just property owners, they certainly are, but it's renters. Nebraskans who rent have seen their rents rise, not fall, and they've seen their wages stay the same. They've seen their cost of living go up. And many people who move here, as Senator Erdman and was talking about, I think a lot of people who move here actually don't think about the taxes and the property taxes and things like that because they're not planning to buy. They're planning to rent. And what does it say to these potential Nebraskans that we just turned down all of this federal aid that would help them decrease their financial burden as well? I've heard senators who are proponents of this constitutional amendment on a hot mike in a committee hearing during a progressive bill, say if these people don't like it here, why don't they just go? If these people hate Nebraska so much, why don't they just go? And Senator Erdman talks about how easy it would be to move to Arizona, and I wouldn't begrudge or blame anybody for moving to Arizona or to Florida or to New York or to California or to Montana or to Bermuda or to France or to literally anywhere they want to go. Because, you know, the movement of labor and the movement of people is their right, and it's incumbent on us to create a place that people want to live. But I don't want to do anything to trap people here or keep people here, either. If someone wants to retire to Arizona after a lifetime of working hard in Nebraska and paying taxes here, then that's their business. That's fine with me. But on the rental assistance, to hear some of you talk about it, it's nice to know that we're going to solve the entire spending problem of the federal government by passing monumental tax cuts, maybe passing something like this EPIC tax thing, but refusing the federal aid that we already paid for. What you're doing is flushing money down the toilet, your own money, and then as it goes down the drain and swirls down into the, into the sewer, you say there, now the government won't be able to take this from my children and grandchildren and great grandchildren. That's exactly the same thing that you just did. This money is not being taken away from your children or your great grandchildren. It's already spent by you. It's spent. We've got the receipt. It's like me going to Target and getting you some rental assistance and then coming to you and with the receipt and saying, here I got you this rental assistance and you saying, let's just throw it away. You're throwing away this free money and

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it's not coming from your grandchildren and great grandchildren, you already paid for it. I don't know how voters go for this stuff. Voters, you've elected people into the Legislature, you've elected a Governor who is throwing something away that you already paid for and you're not even getting your money back--

ARCH: One minute.

HUNT: --and then believing them when they say that this is fiscally conservative for them to do. And Senator Jacobson's stories about poverty, different stories about poverty that we heard on the floor, it's not a poverty contest. We have resources sitting there at the federal level that we already paid for to make sure that children today don't have to face the poverty circumstances that other people have faced in the past. And I'm sorry, but no children should be eating a slice of bread with gravy on it every day for a meal. And just because you did that in the 1950s and you survived doesn't mean that we should want that for other children. And if you think that other children today should suffer because you did and you turned out just fine, maybe you didn't turn out fine. If unemployment is under 2 percent and workers still can't afford rent, maybe that's a sign that things aren't going as well in Nebraska as they seem. I will listen to debate on LR264 [SIC--LR264CA] and I would yield the rest of my time to the Chair. Thank you, Mr. President.

ARCH: Thank you, Senator Hunt. Senator Halloran, you're recognized.

HALLORAN: Thank you, Mr. President. Good afternoon, colleagues. There's been a lot of false information regarding the EPIC consumption tax. And I would like to spend a little bit of time discussing some of the fallacious information that's been passed around by certain groups. The OpenSky Institute authored an article which was published by the Institute of Tax Economic Policy on May 5, 2021, entitled: LR11CA presents a dangerous, untested proposal. Since the publication of this article, which OpenSky authored, the OpenSky Institute has continuously cited the Institute for Tax and Economic Policy as a source for their claim that a consumption tax would require a rate of 20 percent. In the article they authored, OpenSky, they offered no research, no analysis or justification for the 20 percent rate whatsoever. They simply made the claim that it would require a 20 percent rate. Citing the Institute for Tax and Economic Policy as their authoritative source for the 20 percent rate is therefore circular because OpenSky Institute wrote the article and it was published with this group and now OpenSky claims that, that it's definitive that it's a 20 percent rate to be revenue neutral. Senator

Erdman's legislative aide, Joel Hunt, called the Institute for Tax and Economic Policy and spoke with Amy Hanauer, the executive director of ITEP. Amy Hanauer informed Joel that OpenSky Institute did in fact author the article. Joel also asked Amy Hanauer of ITEP, did any of their own original research on the consumption tax for the state of Nebraska? Joel ask Amy Hanauer to send him the original research that the Institute for Tax and Economic Policy has ever done on consumption tax for the state of Nebraska. We are still waiting for a response. Folks, they have-- to our knowledge and by omission, they are admitting that they did no research on this EPIC consumption tax. The OpenSky Policy Institute which, which claims on its website that it is a nonpartisan organization that advocates for a strong Nebraska through clear fiscal research and analysis, this institute's credibility is in question. Where's the research and accompanying analysis that compelled the OpenSky Institute to declare that LR264CA, the proposed EPIC consumption tax, would necessitate a 20 percent rate in order to be revenue neutral? Show me the money. Show me the study. There's no evidence that they did what they claim they do, and that is, quote, clear fiscal research and analysis. The Nebraska Chamber of Commerce, relying on the credibility of OpenSky Institute, has also picked up on this fictitious 20 percent consumption tax rate. Where's the study? Where's the analysis? We should rely on true studies and analysis, not-- analysis, not conjecture and speculation. In sharp contrast, in an effort to evaluate the replacement of all state taxes on income, the state sales tax and local property taxes with a revenue-neutral, broad-based consumption tax in Nebraska, we engaged the Beacon Hill Institute to do a dynamic study. The revenue-neutral consumption tax rate required to replace existing revenue while including a prebate, which Senator Erdman will discuss later, starts at 8.97 percent in fiscal year 2024--

ARCH: One minute.

HALLORAN: --and it falls to 8.12 percent in fiscal year 2028. And those are revenue-neutral percentages. I encourage those of you in the second house to go to www.epictax.org and investigate the details of this proposed consumption tax, the Beacon Hill Institute dynamic study is embedded in the website. I would also encourage our colleagues in the Legislature to review the Beacon Hill Institute Dynamic Study, which has been handed to you. Ultimately, we can use this dynamic study and analysis done by a reputable policy institute, or we can continue to quote fallacious information provided by OpenSky Institute, which has no basis in any dynamic study. Thank you, Mr. President.

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ARCH: Thank you, Senator Halloran. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Mr. President. Good afternoon, evening-ish, colleagues. So I have been talking to Senator Erdman about this concept for a couple of years now, and I have always been interested in it. So I'm happy that this day has finally arrived that we can have this conversation. I am pretty likely to vote for this from General to Select to see how the conversation can evolve. I've oftentimes heard many of you say, well, let's move something from General to Select to do that very thing. So today that's where I'm at on this bill. I'm not going to speak on this bill anymore because there's a lot of people in here, and I have no intention of taking this eight hours. I did want to just share something with my colleagues. So you may have heard the Clerks read across a whole bunch of motions that I put in. They are motions, bracket motions on a lot of bills that are on Final Reading and Select that have fiscal notes. I have also gone through and identified eight priority bills on General File that I am also going to be putting amendments and motions on. Now, why am I doing this? OK, here's, here's the thing, and this is the thing that probably Senator Moser's been asking, why am I doing the things that I'm doing? Here's why I'm doing the things that I'm doing. I'm taking time, but I'm not going to just say that today. I'm going to actually explain to you why I'm taking time. Today has been, in my view, a really terrible day for the people of Nebraska. This body has let them down. And I have been taking time all session, just little bits here and there to slow things down, slow things down because when we slow things down, we have to have priorities. And today this body showed me that your priorities are never, ever, ever going to include anything that is my priority. And we only have six days of debate left and if we go to 11 p.m. every single night, I figured that we have about 78 hours of debate left. Now if I take those eight bills on General File the full time, that's 64 hours. I'm, I'm not great at math, but I'm, I'm a little OK at it. So that means that we're going to have to decide what bills we're going to debate on General File because we have to move General File bills by a certain time. Certain. So now if you've got a bill left on General File, you need to start go petitioning the Speaker to schedule it ASAP. Senator Albrecht's bill has already gotten to jump the line ahead of everybody else's bills for tomorrow. Now why am I doing this? Because I know for a fact I have zero confidence in this Legislature to move LB920, the sentencing reform bill. No confidence. There's no way. And if that bill doesn't move unencumbered, then I'm going to make sure everything moves as slowly and as painfully as possible because I can. And it is at this point

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the only thing I can do for Nebraska. And it doesn't matter because you all don't like me anyways, so I may as well do something good for Nebraska. So we get sentencing reform. Hurrah. We move through the rest of the agenda as much as we can. We don't get sentencing reform, OK, which is most likely what's going to happen. And then we move through only very few things. And I don't get to decide what things we move through, the Speaker gets to decide. I just get to decide how much time I take on them. And you can call the question and you can make dilatory motions or whatever you--

ARCH: One minute.

M. CAVANAUGH: --want, but I am going to have a lot of amendments and things to say about these bills, and I'm going to enjoy doing it and I'm going to enjoy educating the people of Nebraska about how this Legislature has failed them. You have failed them and you couldn't even take free money. It's the most ridiculous thing, and it is obscene the amount that the people in this body do not care about the citizens of this state. I really just-- so I'm going to vote for this, this bill from General to Select. We'll see after that. And I am going to filibuster everything that's left on this agenda when LB920 fails tonight. Thank you.

ARCH: Thank you, Senator. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Mr. President. I'm intrigued by Senator Erdman's bill, and we've talked about this in length. I think it's a novel idea. I can tell you that everyone in my district is very concerned about property taxes, and we know that there's something that has to be done and we're going to need to continue to make progress. I would tell you that I do have some concerns about the bill and I'll just kind of, one, walk through some of those. And my concerns really kind of lie in the fact that this is a 60-day session and there's a lot of unanswered issues. And I get really concerned when we're talking about a constitutional amendment, OK? That probably gives me the, the most indigestion; that we can talk about making legislative changes, seeing how these proposals work, and then ultimately moving it into a constitutional amendment if we choose to do so. But my concern is there's a lot of implementation questions that I think remain in my mind. And let me just run through a few of them. One of them is, what about all the existing bonds that are out there today, geo bonds, revenue bonds that have, that, that need to be repaid? How will those be repaid? Furthermore, if the state's going to pick up the tab on those, then what keeps taxing authorities from issuing a whole bunch of new bonds between now and the implementation of this new EPIC tax?

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We've talked about TIF bonds. There are TIF bonds outstanding right now as along with the EAA bonds. How will those be repaid? We will be talking about losing local control, that no longer would any of the local political subdivisions be in control. If a school district wants to build a new school, how does that happen? Do they come to the Legislature and get permission? Who's going to make that decision? What about the counties if they need a new jail? Do they come to the Legislature and get permission to do that? I look at the fact that there's no other state that is doing this, or country for that matter, that has an EPIC tax that's being proposed. I loved-- I'm not opposed to being on the leading edge. I don't want to be on the bleeding edge. And that's my concern is that I just think that we're-- this is a huge experiment. What about implementation as it relates to taxes? If we're going to be taxing all consumption, my understanding is we would be taxing interest payments, both in terms of what you'd receive on a CD and interest that you would pay on a loan. If that's the case, then why would anyone want to borrow money or save money with a bank in Nebraska? Why wouldn't they go out of state and do it there? And would all the other out-of-state banks be subject to this? I think we could see real disintermediation that could occur from this. We've talked about farm inputs today, and I understand that business expenses would not be included, but I don't know that we really have a great definition of what a business input is. And could that get moved around? I mean, a lot of that is fairly unclear because the constitutional amendment is fairly simple. It doesn't give a lot of detail. And so that's why I think legislation is a better way to begin this path as opposed to cold turkey going with a constitutional amendment and then trying to fix this as we go. I'm very nervous about the Kansas experiment and what they're dealing with. I don't want to see the same thing happen in Nebraska. So those are the questions I have. I'm not saying I'm opposed to the concept. I'm intrigued by the concept. But at the same time, when there's all these winners, there are also losers. We also look-- have to look at border bleed. When you start looking at border bleed, and right now we have people around the border, but if I have a consumption tax--

ARCH: One minute.

JACOBSON: --so I-- thank you, Mr. President-- so if I'm not going to pay any taxes on income, I'm not going to pay any property taxes, I'm not going to pay any of these other taxes, it's all going to be a consumption tax, then why would I consume anything in Nebraska? Why would I not go across the border and buy everything in another state and avoid the consumption tax? And what does that do to businesses in Nebraska? I think those are some of the unanswered questions. I mean,

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it's a great-- it sounds very good, but it's the details that we're going to need to work on. And I think we're premature on pushing this out to the voters without having those answers. But I am intrigued by it. I mean, I, I-- we have got to do something to lower property taxes, and I'm all into listening and trying to work through this. Senator Erdman is here a couple more years. Over the next couple of years, I think we can refine this and get this to where we answer some of these questions. But those would be the concerns I have at this point and that's why I'm probably going to be a no vote or not voting. I can't vote--

ARCH: Time, Senator.

JACOBSON: --for it at this point. Thank you, Mr. President.

ARCH: Thank you, Senator. Senator Clements, you're recognized.

CLEMENTS: Thank you, Mr. President. I rise in support of LR264CA. I've been interested in something called the fair tax a number of years ago and thinking that it would be best for us to just have very simple, it's as simple as you can get, one rate for things you're spending and business inputs are not taxed so you avoid a double tax in that position. And we've tried and tried to put some reins on local property tax increases, and this would help control the overtaxing and overspending of some entities. And I think it's time to let the voters decide and let us know how they would like to be taxed. I yield the rest of my time to Senator Erdman.

ARCH: Senator Erdman, 4:00.

ERDMAN: Thank you. Thank you, Mr. President. Thank you, Senator Clements. You know, I appreciated Senator Jacobson's questions. Because what it does, it proves he absolutely has never looked at the dynamic study or done any research at all. And he stands up and tries to tell us all of these questions he has. So I was wondering if he would yield to a question or two?

ARCH: Senator Jacobson, will you yield?

JACOBSON: Yes, I would.

ERDMAN: Senator Jacobson, what is your number one issue? Give me your best shot. What is your best number one issue?

JACOBSON: What do you mean number one issue, number one tax issue?

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ERDMAN: What is your biggest concern with the consumption tax? Number one.

JACOBSON: My biggest concern is that, is that it's going into the constitution as an amendment that can't really be modified without another constitutional change. That would be number one. Number two--

ERDMAN: OK that--

JACOBSON: --would be the fact that there's a lot of details that are missing.

ERDMAN: All right, let's deal with that one first. OK. In 1966, and that was before you voted, I believe, because I didn't vote till '68. In 1966, the voters of Nebraska had discovered that the state was going to place income tax and sales tax in place. They put it on the ballot because they were going to lower property tax that the state collected. That was a constitutional amendment. That worked out just fine, except we have the most regressive tax system going forward. And so everyone is scared of making a change. And there was a guy named Ronald, Ronald Reagan once said: The only way to manage change is to create it. So do you think our current tax system is fair?

JACOBSON: Well, it depends on how you look at it. No, I think that currently, property taxes are too high. I've said that many times. I think property taxes, particularly for farmers, but also we're going to find that for homeowners, property taxes are out of balance. They have been for years. That's my biggest concern.

ERDMAN: Do you think income tax is regressive?

JACOBSON: Well, I think to some extent it is, yes.

ERDMAN: So let me give you this example. If I want to save money, currently, I have to pay the tax on the dollars first, correct?

JACOBSON: Generally, yes, that'd be true.

ERDMAN: OK. I pay, I pay taxes on the dollars that I put in my savings account. And then when I take the savings out and I've earned interest, what do I do again, pay taxes? Would you call that double taxation?

JACOBSON: Yeah, it is.

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ERDMAN: OK. So our current system is broken. And you had another issue about border bleed. Did you mention that also?

JACOBSON: I did, yes.

ERDMAN: OK. What is your concern about border bleed?

JACOBSON: Well, my concern right now is we have people buying cars in, in South Dakota right now, licensing them there because they have a 4 percent sales tax and they're letting them license them up there and they drive them in Nebraska.

ERDMAN: OK.

JACOBSON: My concern is that if you start looking at new cars and what would keep anyone-- if I'm going to pay--

ARCH: One minute.

JACOBSON: --15 to 20 percent consumption tax, why would I buy anything in the state of Nebraska? Why wouldn't I go across the border and buy it new there?

ERDMAN: Where did you, where did you get the 15 or 20 percent from?

JACOBSON: Well, because it's, it's-- I think it's, it's, it's a pipe dream to think that we're not going to see significant increases in the consumption tax.

ERDMAN: Did you, did you look at the dynamic study?

JACOBSON: I did not, no, I'm just using common sense.

ERDMAN: OK. So did you get your information from the Chamber of Commerce?

JACOBSON: No, I got it from common sense.

ERDMAN: No, you didn't. No, you didn't. Because you never did a study to figure out exactly what the rate would be. So open your folder--

JACOBSON: Can you tell me what it is?

ERDMAN: --open your folder and I'll show you.

JACOBSON: Can you tell me what it's going to be?

ERDMAN: It's 8.97.

JACOBSON: So you're telling me it's 8.9, you can guarantee that, we can put it in the constitutional amendment, it won't be higher than 8.9 percent?

ERDMAN: We're not putting the consumption tax rate in the constitution [INAUDIBLE].

JACOBSON: That's right, because we don't know what it's going to be. It's going to be significantly higher than that.

ERDMAN: Because it needs to be adjusted lower and we want to make sure that we can do that. Thank you. So we'll go through the study here as we go to explain all of those issues that--

ARCH: Time, Senator.

ERDMAN: --Senator Jacobson has. Thank you.

ARCH: Thank you, Senator Erdman, Senator Jacobson. Senator Williams, you're recognized.

WILLIAMS: Thank you, Mr. President and good afternoon, colleagues, and headed towards evening. Appreciate the, the debate. We started with taxes today and we're still continuing taxes, and I'm certainly pleased that we were able to move our comprehensive tax plan this morning. I'm standing today as, as Chairman of the Banking, Commerce and Insurance Committee, in particular, going to talk about the effect of consumption tax on the insurance industry, which is the-- one of our state's leading industries. In fact, the second industry in our state and the importance of that industry [RECORDER MALFUNCTION] 105 insurance companies that have chosen to be domiciled in our state. They have 14,000 employees. If you include the agents that represent those companies that are in Nebraska, you have close to 50,000 people at that point. Of those 105 companies, there's many of those that are names that you recognize: the Berkshire companies, Pacific Life, Aflac, MetLife, Physicians Mutual, Great West, GEICO, Ameritas, Assurity, Farmers Mutual, Blue Cross Blue Shield of Nebraska, and many others. These are top-notch companies that have decided to domicile in our state. You might ask or you should be asking why would they choose to domicile in our state? There are several reasons. One of those reasons is because we have thoughtful and consistent regulation and policy in our state. The second reason is because we have an attractive tax structure in our state. Remember, all of these companies pay state income tax, they pay property tax on the property

that they own in our state, and they pay sales tax on the things that they purchase. In addition to that, they pay what is called premium tax and also what is called a retaliatory tax. This is sort of a complicated system. All of the companies are subject to taxation on the premium tax they charge their Nebraska customers. The tax is generally, in Nebraska, 1 percent. Other states also have a premium tax. So when a company in Nebraska that is domiciled here sells insurance in another state, they pay a premium tax there. States vary their premium tax from as low as half a percent to as high as 4 percent. We're at 1 percent. Many of the states are about two. In addition to that, though, we have what's called a retaliatory tax. This tax allows the state to charge the tax rate of the insurer's home state if the home state's premium tax is higher than the state where the insurance is sold. This is a balancing act so that insurance companies that are domiciled other places have to compete fairly with one another. Why is this history important and what would happen if we changed it for a consumption tax? The answer is simple and easy. It would be disastrous and actually destroy the insurance industry in Nebraska and that was what the testimony was at the hearings on the consumption tax. Consumption tax would effectively raise our premium tax to whatever that rate is that was being discussed, whether that's 8.7, 8.9, or 10 percent, but it would raise the premium tax to that level and that would be disastrous in the long run for these companies. There is a contention being floated that premium tax could be viewed as an excise tax. That is a broad interpretation by our Supreme Court and if that interpretation would hold, that would also include sales tax as an excise tax. I think that takes us to a really awkward--

ARCH: One minute.

WILLIAMS: --spot with this. Thank you, Mr. President. At this point, the insurance industry stands strongly in opposition to the consumption tax. They certainly feel that they are paying their fair share and they want to maintain their domicile in our state. I would throw in on the end of that, that the concept of consumption tax is based on being revenue neutral. The question I keep coming around to then is if we are going to continue funding our schools, our roads, our prisons, those people that are less fortunate than us, who is going to pay? If people are here because they think they are going to pay less under a consumption tax, who's going to pay more? Somebody has to make up that revenue shortfall. I think that's what our discussion will be focused on. I appreciate the work that Senator Erdman has done and his staff and--

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ARCH: Time, Senator.

WILLIAMS: --others on this. Thank you, Mr. President.

ARCH: Thank you, Senator Williams. Senator Kolterman, you are recognized.

KOLTERMAN: Thank you. I, I just rise in opposition to LR264CA. And I'm not, I'm not against the idea of changing how we tax in this state, but as you just heard from Senator Williams, I made a career out of the insurance industry in this state. And when you, you think about the favorable tax that we have in our, in our state, when you look at companies-- this is just in the-- probably the last ten years we've picked up companies like Pacific Life, who's out of California. Huge company. You got MetLife, Aflac. I don't need to tell you about Aflac. Everybody knows about the duck. GEICO, GEICO is here. They're domiciled in the state of Nebraska because we have a very favorable tax environment to these companies. First American Title Company, Physicians Mutual, Mutual of Omaha. The list goes on and on. As Senator Williams indicated, there's 105 different companies that domicile in our state and we're constantly having companies come to the state of Nebraska and look at how can I become domiciled there? Well, the reason that they're doing this is because we have an environment that's, that's-- produces good people. They-- we can, we can hire people and we can create really good-paying jobs. And many of these people come with the home office that comes to the state of Nebraska. So when Pac Life, Pacific Life came to Nebraska 10, 12 years ago, they brought a lot of people from California to be here and the people that are in Omaha now that work in their corporate offices, they love it here. They don't want to leave. They know what kind of a tax-stacked state we are, but they love the environment. They love being here. So as, as we, as we debate this issue, if we could find out a lot more of the unknowns that are really there, how would we replace the premium tax? There just seems to be a lot of unknowns yet in this, this type of legislation. So with that, I got to-- I can't support LR264CA and look forward to listening to the debate. Thank you.

ARCH: Thank you, Senator Kolterman. Senator Murman, you are recognized.

MURMAN: Thank you, Mr. President. I stand in support of LR264CA. I thank Senator Erdman for bringing-- all the work he's done on this and thank the committee for advancing it out so that we can discuss it on the floor. One of the, the things that I really like about the

consumption tax is it's a great way to collect the taxes. It's broad based and I think that's very important in taxing, that the broader based tax that we collect, the better the tax. There's no good tax, but the less-- least detrimental it is, I should say. It does give everyone the opportunity to participate in taxes and with the prebate that goes to those below the poverty level. If you are below the poverty level, you're treated very fairly because considering the prebate, you're not taxed at all and-- but yet, you can participate and have a-- some say into how much you are taxed, even though you are below the poverty level. So that's another plus. It's a very efficient way of collecting taxes. The one thing I don't like about our tax system now is how inefficient it is. No one-- if you have any kind of complicated business at all, rather than just something simple, you know, like working for someone else, you need a tax advisor. And, and even if you do work for someone else, you might need a tax advisor. So this will eliminate that, that total confusion in collecting taxes. And another thing, it does encourage frugality by, by only taxing new goods. So I don't appreciate our throwaway culture that we have now, that if something doesn't-- isn't quite working perfectly anymore, we're ready, ready to give up on it and use our precious resources to build something different. And you, of course, do have a choice with the consumption tax as to whether you-- whether or not you pay taxes. At least you have a lot more of a choice with the consumption tax than you do now. Only if you buy something new will you be taxed. We do have a broken tax system now and in Nebraska. Taxes are too high. We've been talking about that all day and especially property taxes are too high. So we can eliminate a lot of the other tax-- all of the other taxes pretty much with the consumption tax. And just to expand on that a little bit, our TEEOSA formula, of course, is broken also. It doesn't treat all students fairly or even all schools fairly, and this will go a long way to at least correct that, that part of the TEEOSA formula also. Then I'd like to at least summarize what I've been saying by saying I think we do need to give the citizens a choice of the consumption tax and I think it's important that we put this constitutional amendment on the ballot and--

ARCH: One minute.

MURMAN: --give the citizens a choice. And I will yield the rest of my time to Senator Erdman if he would like.

ARCH: Senator Erdman, 50 seconds.

ERDMAN: OK, thank you, Senator Murman. Thank you, Mr. President. So I listened to Senator Williams. You know, that's exactly the same

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comments you made last year, almost word for word, I think. I could look at the transcript and see, but I have to ask if he really thinks that is an excise tax or what he thinks it is. We met with the insurance company lobbyist several occasions and asked him to determine what kind of savings would it be for their investments in real estate, as well as what kind of savings would it be if they didn't have any state income tax for his organizations or any property tax on the buildings in which they function? Never did receive a response back to the amount and so we're going to protect--

ARCH: Time, Senator.

ERDMAN: Thank you.

ARCH: Thank you, Senator Erdman. Senator Briese, you are recognized.

BRIESE: Thank you, Mr. President, and good evening, colleagues. I want to thank Senator Erdman for his relentless efforts on the consumption tax issue. It's much appreciated by Nebraskans. And sitting on the Revenue Committee, we have the pleasure of hearing folks come in and testify on a multitude of things, but when we have the hearing on the EPIC consumption tax, Senator Erdman normally fills up the room. We hear from a lot of folks and a common thread in that testimony is one of anger; anger about property taxes. Nebraskans aren't happy with their property tax burden and that's very apparent when you go to a hearing on the EPIC consumption tax and I think that'd be very apparent if you took a survey of the folks sitting up in the north balcony this evening. At the hearing, we heard from a multitude of folks. You know, somebody talked about their family farm being taxed into oblivion and others spoke of the loss of their family farm. Somebody talked about collecting \$92,000 in rent, but then having to pay \$32,000 of that in property taxes. Others thinking about moving out of the state. One suggested they are, quote, being held hostage to our current tax system, unquote. Another one pays \$51,000 in property taxes with essentially, quote, no money to raise the family on. So there's a common theme when you talk about this proposal and that is anger at the property tax burden. And I would submit that anger and angst over the unreasonable, unsustainable overreliance on property taxes to fund local government is what drives this proposal. And again, I thank Senator Erdman for his efforts here and much, much appreciated. And with that, I would yield the rest of my time to Senator Erdman. Thank you.

ARCH: Senator Erdman, 3:00.

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ERDMAN: Thank you. Thank you, Senator Briese. Thank you, Mr. President. So let me, let me finish up on the insurance industry. So they have 16,000 employees. They have 105 insurance companies that are domiciled here and the reason they're here is because we have the lowest tax-- premium tax in the nation. That's why they're here. So after visiting with Mr. Bell, the lobbyist for the insurance companies, him not responding to my requests, I had nothing else to say but perhaps it's time for us to look out for the other 1.96 million people in the state and not be too concerned about your 16,000 employees. Now, I didn't really mean that, but I was sick and tired of asking for information that he kept whining about. And he kept trying to tell me it was going to drive all the insurance companies out of the state. So let me ask you this question: if we are the most attractive place for an insurance company to be, which state are they going to go to? Which state is going to be friendly enough, have a low enough tax they're going to go to? And if, in fact, the insurance premium tax is an excise tax and it stays at 1 percent and then they're in a state that's the most tax-friendly state there is, no corporate or individual income tax, no property tax, all of a sudden they've bit off their nose to spite their face. And so we need to be very concerned about who we're talking about trying to protect here. We're talking about trying to protect 105 insurance companies. Nowhere in the conversation did anybody say--

ARCH: One minute.

ERDMAN: --we're concerned about those who pay the taxes and those citizens of the state of Nebraska that are having a tough time paying their taxes. Did they mention those? No. And these 40 lobbyists, these 40 people that testified against it, were all paid to come and testify, testify against the consumption tax. Why? It's protecting their bacon. The taxpayers of the Nebraska don't have a lobbyist. These 32 people spent their own money to come and testify, every one of them. We are here supposedly to represent the people who elected us, but maybe they're not making a contribution to our campaign. I'm not sure why we want to protect 105 insurance companies and forget about everybody else who pays the taxes. And what I have told you on numerous occasions--

ARCH: Time, Senator.

ERDMAN: Thank you.

ARCH: Thank you, Senator Erdman. Senator McDonnell, you are recognized.

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McDONNELL: Thank you, Mr. President. When I first had a discussion about the EPIC tax with Senator Erdman, it was December of 2019. We met with Senator Halloran in Senator Erdman's office and we discussed it and one of my first questions was based on the idea of what about the people at or below the poverty level? How does this impact them? And immediately, he had research that he had done based on the prebate and how that would offset sometimes when we look at taxes so the least of us get impacted in a negative way. We're all expected to work hard here. That's just a given. When you run for this office, you're supposed to work hard. If you're not, then you're breaking your promise to the, the people that put you in these seats. So I don't give Erdman-- Senator Erdman any credit for working hard, but I give him credit for being dedicated and answering the questions that I've had for my constituency, having a group-call every Sunday for a minimum of an hour, sometimes longer, with different people participating and trying to get questions answered. This isn't easy. And what he talked about with the history and going back to 1966 and the changes we made, but if you look at the work he's done-- again, we're all expected to work hard, but working also smart and trying to answer those questions. It's in this book. And if they're not there, if these questions aren't answered, your questions haven't been answered, this is the time. We should be discussing it on the floor today. And if he cannot get those questions you have answered today, that's another reason for us to move from General File to Select File, to make sure he goes out and does that work, gets those questions answered for you before you make your final decision. EPIC tax is not going away. If we make the decision today that we do not want to move it-- I am supporting LR264CA, but if there's a way for you to help us move this from General to Select, please look at this book. Take the time to let Senator Erdman try to answer your questions. If he can't, let's continue to work because we have to make a change in the state of Nebraska. And please help us improve this legislation by participating with this discussion, also by giving Senator Erdman a chance to answer your questions like he did for me starting in December of 2019. Senator Erdman, I yield the remainder of my time to you.

HUGHES: Senator Erdman, 2:20.

ERDMAN: Thank you, Senator McDonnell. Thank you, Mr. President. You know, that is exactly what happened in December of '19. When the petition drive, the second one had failed, we had a gentleman stop by our office, Rob Rohrbough, and was making a presentation and I called those two, Senators Halloran and McDonnell, and they joined me. It didn't take long for us to figure out that this was the answer. And so

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we have talked about several things, but one of the things I think we need to bring up and I need to make you aware of is the economic effects on low income, medium income, and those groups of people that the effect-- effective rate will be or the effect advantage will be for consumption tax. So if you're in your book, in your binder, if you turn to page 14, there is a chart there that shows with the prebate, the effective rate-- so the increase in economic advantage for low-income people is going to be 0.19 percent and you move down the list and it gets higher as you go. This is a progressive tax system and what I mean by that is the more money that you spend, the more taxes you pay.

HUGHES: One minute.

ERDMAN: And so this holds the low-income people completely harmless. And we'll talk a bit later about the prebate and how that works. We're also going to talk about border bleed because that seems to be an issue that people are concerned about and the issue that Senator Jacobson brought up about losing the revenue to South Dakota because they buy a car and license it there. This is not going to stop people from cheating. But what I do know, that in California, they did an analysis to see how much cheating there is on their sales tax and the answer came back at 2 percent. And when Art Laffer was in my office last year, I asked him if \$1 was all taxes collected, how much of that do we actually collect? And he said about 60 cents. So we have a lot of cheating going on because our tax system is so difficult and so cumbersome that people spend way more money trying to avoid paying the taxes than they would if it was simple. This is as simple as it gets and people will be encouraged to pay the tax rather than trying to avoid it. And so as we move through the day, I hope that we can answer those questions like Senator McDonnell had suggested. Thank you.

HUGHES: Time, Senator. Thank you, Senator Erdman. Senator Slama, you're recognized.

SLAMA: Thank you, Mr. President, and good evening, colleagues. I rise today-- I'm still considering where I'll be on LB264CA [SIC--LR264CA] and something that I really appreciate about Senator Erdman is his willingness to answer and address concerns and really step up when concerns are raised. And I think that's reflected in LR264CA as compared to our LR11CA. I just have some very basic concerns about the implementation of this because on a basic level, I agree with the concept. Let's get rid of income taxes. Let's get rid of property taxes. From a structural standpoint, I wholeheartedly support simplifying our tax system and lessening the burdens on our-- on all

Nebraskans, whether they're ag producers or business owners. I would just like to get to some of the points that Senator Williams referenced because they are very important on retaliatory taxes. He raised those very well, just as he did last year. And I think Senator Erdman deserves credit because he's worked to address those issues with LR264CA by including excise taxes in addition to the consumption taxes. As-- Senator Williams, Senator Kolterman have alluded to this a little bit, but I think there's a potential structural problem here and this is why until this concern is addressed, I don't think I can be on board with LR264CA in that Nebraska and the Nebraska Supreme Court have a very, very broad definition of excise taxes. Senator Erdman has it in his packet, the 2018 Widmann ruling, which is critical here because it gets to our lack of a statutory definition of the excise tax. So we go to what the Supreme Court has ruled, which is essentially that an excise tax is any sales or occupational tax. So when we're implementing this consumption tax, if it were to go to the voters and it were to pass, we'd have to be working under that very broad definition. And my worry with including that language is that we're putting ourselves in one of two camps by including the excise tax, which I absolutely understand why it was included in the concerns and I'm grateful for Senator Erdman for trying to work to address these concerns. But we might end up in one of two buckets: one in that the definition of excise tax is so broad that essentially everything is exempted and in order for the model to work, you'll have to have a consumption tax of about 20 percent to cover everything that's exempted because almost everything that's covered under the consumption tax would fall under, I believe, the definition of excise tax; or you'd fall under the other category where-- all right, nothing falls under the excise tax because of its broad definition and it's already covered under the consumption tax so that's how I think we get to that 8.9 percent. And if that's the case, that raises the same concerns that were raised on the first round of debate. So for me as a responsible lawmaker, I just-- until that concern about what the definition of excise tax is going to be and how it's going to be used-- and I understand that Senator Erdman has referenced that this could be changed in LB133. I would need to see that language be clarified before voting in support of this because we could very much be in a position just based off of two words, "excise tax," that could put us in a position of a high level of unpredictability and a high level of volatility for our state and how we're budgeting just based off of we could end up in one of two camps based on how you're interpreting the words "excise taxes," which as we referenced in the 2018 Widmann ruling, the Nebraska Supreme Court says is very broad and

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we could put ourselves in a situation where we're double taxing. Thank you, Mr. President.

SLAMA: Thank you, Senator Slama. Senator Albrecht, you're recognized.

ALBRECHT: Thank you, President, and good evening, fellow Nebraskans. I'd just like to rise and thank Senator Erdman. You know, I've been with him on this from the very beginning and believe me, I had my questions for him. And he was very gracious and of course, he sat down with my husband as well because as farmers, we have a lot of questions as to whether it's going to be a benefit or not. But, you know, I think it behooves every single one of us on the floor to sit down with the questions that we have and ask him. I appreciate all the information they've put together in this book. But I've sat on Revenue again for the last two years and I will tell you that his particular hearing, that testimony was probably the most compelling of any-- next to my pro-life ones, of course-- the most compelling testimony from people throughout the state of Nebraska. And you know what? I mean, they're so heartfelt. Every situation was different. Every letter was different. There were no form letters to just say pass it. This-- everybody in Nebraska has a say in what we're doing and it's not that easy, as we just saw today, to get a tax bill off this floor. Everybody has their ideas, but I do believe that it's time to take it to the vote of the people. Let them decide for themselves if they see this working. You know, it's no different than the gambling. The gambling went to the vote of the people. Do we have any new casinos yet? Do we have a lot of regulations we're moving through to figure out whether we should or shouldn't be doing certain things? You know what? Maybe we need to take TEEOSA to the vote of the people. I've been here six years and nobody's taken a deep dive into that yet, except for the superintendents and that didn't go so well. I'm just saying that when somebody puts their heart and soul into something-- and our Revenue Department [SIC] did kick this out. This was Senator Erdman's priority bill and priority bills deserve to have an up or down on this floor. But when things don't go that way, it's been proven in the last six years, they just take it to the vote of the people and they decide. Senator Wishart's bills have been, been there. We've taken a lot of different things to the people and that's maybe where it needs to go when we can't seem to put a consensus together here. I mean, we are moving on things, but it doesn't happen overnight. It takes a lot of people together in a room being very mindful about what the people need and I think that's exactly what happened in this particular bill. I've appreciated being invited to the different meetings and listening and keeping an ear to, you know, is this truly something that can work for Nebraska? Right away, my

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first thought was there is no way that we're going to be able to carry something like this with the population that we have in Nebraska. But you know what? It's possible. With the concerns that Senator Slama brought up, everything can be worked through. We've seen that. We need to go in the back room and just figure out what we need to get done. But the people deserve to have-- take a look at this at the, at the polls. And if there's any time left, Senator Erdman can certainly continue on educating the people about what EPIC tax is all about. Thank you, Senate-- President.

HUGHES: Senator Erdman, 1:20.

ERDMAN: Thank you, Senator Albrecht. Thank you, Mr. President. Let me, let me go over a little bit, just if you-- if I can, about the difference between having the prebate and not having a prebate. What the prebate amounts to is about 1.57 percent. So Beacon Hill did the study. They did it with a prebate and without the prebate. And without the prebate, the economic advantage is still 0.42 percent for the lowest income people. So it is not a regressive tax and it continues to go up from there, the percentage of value that has-- that is attributed to it as you move up the salary scale. So at-- without the prebate, the consumption tax rate will be 7.4 percent and with the prebate, it's 8.97. And so as we looked at that and we begin to understand, how is it possible that we could collect \$1.9 billion with a rate of 8.97 percent-- and maybe I went over that too fast, but we currently have a sales tax base of \$49 billion; \$61 billion is exempt. So if we remove all the exemptions, we have the 61, the 49, plus Beacon Hill said the dynamic study will increase our economy by \$14 billion. Those three together--

HUGHES: Time, Senator.

ERDMAN: --is 100-- thank you.

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

BOSTELMAN: I yield my time to Senator Erdman.

HUGHES: Senator, Senator Erdman, 4:55.

ERDMAN: Thank you, Senator Bostelman. Thank you, Mr. President. So what I was saying is-- so \$124 billion is the base. That's how we get more money. We've de-- we've increased the base and nonprofits and the, the government-- everybody is going to pay a consumption tax. There's going to be no exceptions. I want to go back and visit a

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minute about Senator Slama's comments. If we would have had the opportunity, if we would have known that we could have done that, we could have been working on the implementation every-- since we introduced the bill two years ago. So what I invite Senator Slama and anyone else to do is join me-- and we're going to have an LR this summer. Join me this summer and sit down with us and show us how we can write this implementation bill that it not only protects the insurance companies, but it also protects those local units of government that are in the rural part of the states and don't have enough consumption. And so that is an opportunity for you to get involved. And as you look around the room, we don't have a room full of people and that basically tells you how interested they are in protecting your interests as a taxpayer. And I've been amiss [SIC] in announcing or, or recognizing the people in the balcony. Those people in the balcony have come and been here since at least 1 o'clock. I appreciate that so much and they're part of the people who have been working on this for a year. So everybody says this is Erdman's bill and this is Erdman's deal. It's not. These people have worked harder than I have and I appreciate it. And so we will continue to talk about this to see if we can help you understand why we need to do this. But we're more worried about the insurance companies. We're more worried about those who collect and spend the taxes than we are about the taxpayer. And I can guarantee you, if we don't do this, every year going forward, we will have the same arguments on this floor of the Legislature on how we reduce taxes because our taxes are too high. And when Art Laffer was in my office, he told me-- he said, if you continue to do what you're doing now with the income tax and the property tax and the inheritance tax, you will eventually wind up in the same position West Virginia is in and they're broke. You can't continue to put this tax burden on people and expect them to stay here and pay these exorbitant taxes. And you wonder why young people are leaving, you wonder why we have 50,000 jobs that we can't find people to fill? Why would you want to live in Nebraska when you can live in Wyoming or South Dakota with no income tax? You can live in Iowa, where their income tax is going to be 3.9 percent, or you can live in Arizona or Florida or anywhere else. But you got to remember Nebraska is not for everybody. Thank you.

HUGHES: Thank you, Senator Erdman, and you are next in the queue.

ERDMAN: Thank you. So I sent out a little-- Joel-- I had Joel sent out a little video yesterday. Some of you may have watched it, some of you might not have, but that was put together by Brenda Bickford and I really appreciate it. It's an eight-minute video that explains the consumption tax and she does a very thorough job. But I want to give

you a little bit of information about what will this actually mean to a person who has \$3,000 in property tax and pays \$1,200 in state income tax? That's \$4,200 annually. That's \$350 a month if you do it monthly. So it had \$350 that they can spend on anything they want. If they paid the consumption tax on that \$350, that would amount to \$31.40 a month, which would leave them \$318 more in their pocket to spend on whatever they wanted to spend it on; services or goods or whatever they wanted to do. So that is \$3,823 annually in their pocket, all right? Under our current system, they-- the system-- you have zero for goods and services, but you did have a receipt for the sales tax-- I mean for the income tax and you do have a receipt for your property tax. So which would you rather have; services and goods or a receipt? And then we want to talk about the prebate. The prebate is going to be calculated in the following method: the poverty level for an individual in the state of Nebraska-- in all states because it's a federal deal-- is \$12,880 times the consumption tax rate. That's 15-- \$1,155 a year, or almost \$100 a month, on a smart card in advance so that they will have that to spend on whatever they want or to offset any consumption they have on food, clothing, or other necessities. Now remember, the prebate is your money to spend however you want to spend it. I'll, I'll just bring this to your attention. A family of four-- now get this-- a family of four in the state of Nebraska, the effective rate for that family would be just over 5 percent after you subtract the prebate. Now imagine you pay no income tax, you pay no property tax and everything you buy that you consume, you pay 5 percent. Less than our current sales tax. What does that do for the economy? Our economy will explode. We will have people wanting to move here. It'll be such a popular place to start a business and live. Senator Halloran says we will have to build a wall around the state to keep people out and Colorado will pay for it. And if you think, if you think that's a joke, think about this. Let me explain what I mean. If, if a business is going to move to Colorado and they say to the Colorado people, what is your offer? How much tax incentives will you give me? And they will give them whatever-- half off on their property tax or 10 percent off on their income, whatever it is. And the person says, how does that compare with Nebraska? They have zero. Zero puts us to the front of the line because I can tell you right now, I have never voted for a bill or a tax cut bill on the floor of this Legislature that moved us ahead of anyone, no one. We are still at the bottom of the barrel and we will continue to do that because we'd rather dance with the devil we know than dance with one we don't know and we're scared to death to make a change. And so the border bleed issue comes up next. We've heard that numerous times. And

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let me explain to you that when you buy something in any store, whether it's in Iowa--

HUGHES: One minute.

ERDMAN: --or Nebraska, it has hidden taxes. And those hidden taxes are the property tax, the personal property tax, and the income tax the proprietor has to pay. So if you're buying something worth \$1, there's probably 5 cents or maybe even 10 cents in that can of whatever you're buying that's hidden taxes. Once the consumption tax proposal goes in place, that proprietor can sell that item for 10 percent less and make the same money they did before. Adding on the consumption tax on top of that will still be significantly less than going across the border and paying those hidden taxes that they have, plus their sales tax. And by the way, you have to take into consideration, as I mentioned earlier, the effective rate for that person may be somewhat less and will be less than the 8.97 percent. And so we have all these excuses why we can't do this, but you need to look the voter in the face--

HUGHES: Time, Senator.

ERDMAN: --in the eye-- thank you.

HUGHES: Thank you, Senator Erdman. I would like to remind those in the gallery to please respect our process and be silent and let us do our work. Senator Brewer, you're recognized.

BREWER: Thank you, Mr. President. We have been on a mission since the very first days that we arrived here in the Legislature, the, the class that I was fortunate to be a part of, to try and figure out a way to lower property taxes. And after banging our head against the wall for a while, we decided to try a special session. I don't know how many of you guys remember that. The letter I've got in my hand is dated April 4, 2018, and it was addressed to the Secretary of State, John Gale. It says, Mr. Secretary, in pursuant with Rule 9, Section 2 of the Legislature Rules and in accordance with the procedures established with 50-125 of Nebraska Statutes and on behalf of those undersigned senators, I submit to you our formal request for the Legislature to meet in special session for the purpose of adopting legislation to reduce property tax. Signed by myself, Steve Erdman, Steve Halloran, Tom Briese, Mike Groene, Bruce Bostelman, Curt Friesen, Justin Wayne, John Lowe, Joni Albrecht, John Murante, Dan Hughes, and Merv Riepe. In order to have a special session, you need 33 votes. We did not have that many from that letter so that attempt failed. Didn't change the fact that there were a number of us who

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really felt that at no point, do you truly own your land because all you have to do is not pay your taxes and it becomes the state's land. So the idea of having a way that people can have confidence that the land they owned would actually be their land is what generated the, the first thoughts with something called LR11CA. That was Senator Erdman's first attempt at this. Now, we've learned a lot since then. We came up just a little short of the vote that we needed there. Again, you're going to have some names that come back: Joni Albrecht, Bruce Bostelman, Hilkemann, Hughes, Lindstrom, Clements, Friesen, Geist, Gragert, Groene, Halloran, Hansen-- Ben-- Lowe, McDonnell, Murman, Pahls, Slama, Wayne. A lot of those names were from that original letter. My point being that we've tried a number of different angles to figure out a solution so that you didn't have that fear of losing your land. Again, with this, you'd have a consume-- consumption fee. Now, I don't know what that is. I heard the back and forth that it's 9 percent, it's 12 percent, it's 15 percent. Quite frankly, for me, I'm not sure that it really is as big a deal as some is making it because say you take the high end, say-- pick up 15. You're still better off paying that than you are paying property tax, income tax, and sales tax and it all being rolled into a consumption tax. And you don't have that constant fear of losing the very house and the land that you spent a lifetime paying for because no matter how much you've paid in property tax, miss those payments and see what happens. Now, I need to probably make sure that we, we clarify a couple of things so I'm going to ask if Senator Erdman will yield to a couple of questions.

HUGHES: One minute. Senator Erdman, will you yield?

BREWER: All right, I'll hurry.

ERDMAN: I'll do my best.

BREWER: First off, if this was to be voted on and, and we were able to move forward with it, it would be the choice of the people with this and we are simply giving them a conduit.

ERDMAN: That's correct. People would vote on in '22.

BREWER: The other thing that, that was a concern was when we talked about insurance and the excise tax. What is your understanding of what will happen with excise tax with the consumption?

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ERDMAN: Well, it is my opinion, Senator, that the premium tax is an excise tax and it would remain at the 1 percent that it's currently at.

BREWER: So there would be no change?

ERDMAN: No change.

BREWER: All right. Thank you, Mr. President.

HUGHES: Thank you, Senator Brewer and Senator Erdman. Senator Hilkemann, you're recognized.

HILKEMANN: Thank you, Mr. President. I want to thank Senator Erdman for bringing this. I first was-- when I was running for office, I met with Rob Rohrbough at one time when he had this idea of the consumption tax. And he and I had a good visit together about it and I thought, well, this is a very interesting process. Through my eight years here in the Legislature, I've been pretty vocal. I'm not real excited about what we have done with our tax structure. We've added money to the property tax relief fund and so forth, but we've really not addressed the whole process of, of collecting too much income and, and sales tax and diverting it over to property tax. Maybe we need a new system. And so when Senator Erdman brought this bill several years ago, I was one of those who signed on with that bill at that time because I think this is, this is a worthy discussion. And I like the way that this bill-- it worked for the collection of taxes, but I have some concerns and here are my concerns about this bill: been a, been in Nebraska all my life. I was raised around Randolph, up in the northeastern part of the-- a small town. And when you talk about how this money is going to be this dispersed or how it's going to be distributed, all it's going to go through the state. That kind of concerns me. Living in Omaha for the last 40-some odd years, our city government and our city needs are a whole lot different than the needs in Randolph, Nebraska. How are we, how are we going to set up a structure that's fair that they can go through that we can do that? I taught in a small school district, Table Rock, Nebraska, in the southeastern part of the state when I first-- my first career-- and I represent Millard and Elkhorn and OPS, totally different school systems, school systems that, that, that cost about \$11,000 per student. How are we, how are we going to make it fair for those school districts and then school districts such as Randolph or now it's Humboldt Table Rock, which are, I think, around \$16,000 to \$17,000 per student? How are we going to do our county governments? What's going to be the purposes of our school board as far as for tax revenue?

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Those are some of the questions I have and I'm wondering if Senator Erdman would, would yield to some questions.

HUGHES: Senator Erdman, will you yield?

ERDMAN: Most certainly I will.

HILKEMANN: Senator, you've just kind of heard-- and I, and I have expressed this to you previously that this is, this is my concern that we've got a good conduit maybe for bringing money in, but how-- you heard me address it-- how do you-- how does-- what is your proposal on how we're going to approach these other issues?

ERDMAN: That's a great question. Senator, did you get this slip of paper that I--

HILKEMANN: It just was passed to me.

ERDMAN: OK, let, let me follow through on that and see if-- this is our impression of how we think it may work, but to my disappointment, we haven't had an opportunity because we were not aware that we could have done that. We could have worked all this out. So this is our interpretation of it. This is our opinion. So at the top left-hand corner, you see there's 93 counties. The counties collect all the budgets from the local units of governments. That's where they go now. They send them to the State Auditor for review to see if they've met the requirements on the spending lids.

HUGHES: One minute.

ERDMAN: They will then send that budget to a committee that we hope to form and it will be appointed by the Governor, nine people that will be representative of the taxes that's collected and the geographic areas, to make sure that each group gets the taxes that they require to make it revenue neutral in each location. For example, a county that doesn't have enough consumption tax gets the money they need. That committee will then forward that budget to the Appropriations Committee. The Appropriations Committee will then advance that bill to the floor of the Legislature for approval. And after the budget is approved, it'll be just like it happens now. We will send that to the State Treasurer and the State Treasurer will then send one check to each 93 counties to be distributed, just like they do the current taxes that are collected now. And so the Revenue Department-- at the bottom, you see the Revenue Department. They will be the ones that collect the consumption tax and then forward that to the county treasurer for distribution and so the local units of government--

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HUGHES: Time, Senators.

ERDMAN: Thank you.

HUGHES: Thank you, Senator Hilkemann and Senator Erdman. Senator Halloran, you're recognized.

HALLORAN: Thank you, Mr. President. I would like to have the opportunity for Senator Hilkemann and Senator Erdman to continue this informative dialogue so I yield the balance of my time to Senator Erdman.

HUGHES: Senator Erdman, 4:45.

ERDMAN: Thank you, Senator Halloran. Thank you, Mr. President. Senator Hilkemann, will you yield to a question?

HUGHES: Senator Hilkemann, will you yield?

HILKEMANN: Yes, I will.

ERDMAN: OK, Senator, that, that's my impression of it, how, how we got to that, how we got to the nine-person board to try to distribute the money. Art Laffer, when he was in our office last year, we, we had an opportunity to visit with him about what we're trying to do. And by the way, he was 100 percent on board with us and he had made that suggestion. And he said if you get the committee diverse enough to protect all aspects of your needs of taxes, you should have a distribution that works fairly for everybody. So we will work through that and the distribution then goes back to the county treasurer and the treasurer will distribute it just like they do now. And some have the impression that the county treasurer will distribute that money on two occasions right after the money is collected in the spring, May or April or August or September, but a lot of these local units of government collect their money at a different time. So that's our impression of it and I'd ask you, does that make any sense?

HILKEMANN: Well, I think it's going to be-- from, from what you're saying, I think it's a very complicated process and I'm concerned you're certainly going to lose local control with this because you're-- because everything is going to be fueled through the state.

ERDMAN: OK.

HILKEMANN: And that would be a concern.

ERDMAN: All right, so--

HILKEMANN: That would be a concern. I know you're, you're a, you're a big proponent for local control.

ERDMAN: Right and let me ask you, if you could, can you define what you mean by local control?

HILKEMANN: Well, I-- when I talk about local control, I'm talking about a school board that's elected by the people in that area and that they have to be held accountable for the, the, the taxes and the spending that goes on in their school districts.

ERDMAN: OK. OK, so here's, here's what I think local control means, all right, because we're not telling any school who the superintendent should be. We're not telling them what to teach. We're not taking any of the control away to what sporting activities they offer. But what local control means is they can't continue to tax the blank out of us without asking us. That's what it means. And I have a tough time-- Senator, I have a tough time understanding what local control means because in our current system, when they raise your property tax, have you ever received a little card from the treasurer saying we're going to raise your property tax, can you afford to pay more? You don't get that card, do you?

HILKEMANN: I don't think so, no.

ERDMAN: No, no. So what happens-- I proved my point-- is the local units of government that collect property tax, they go shopping and then they send you the bill. That's local control, OK? So how, how has local control worked out for us? Not too good because our property tax-- mine last year went up 16 percent because of local control. And so in my opinion, that's an issue that we have to get over because we have to understand that those people who are paying the taxes should be the ones we should take into consideration. And so I'm not trying to take away local control. And so they're going to ask, well, how do we do a bond issue or how do we build a new school? In LB133, if you read through that bill, we placed in there escalation clauses for inflation connected to the CPI and for increase in student population. We had all those things written in there--

HUGHES: One minute.

ERDMAN: --that were built in to give people the opportunity to collect more money. And so that's the opportunity we have as a body to sit down and write that implementation bill so that it protects all those

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things that you're talking about because I'm concerned about it as well as you are.

HILKEMANN: Yeah, because I'm-- for example, I know that there are some, even some smaller schools now, they're-- are, are going with field turf and so forth on their football. What's going to keep from all the schools saying, oh, we ought to have a field turf just like they do it at the Burke High School?

ERDMAN: Well, I, I think somewhere along the road, somewhere down the road, we have to have-- when that committee receives that budget request, someone has to say what is necessary and what isn't? And so we talk all the time about holding down taxes and the only way you can do that is to hold down spending. And so I'm not intending to hold down spending. This is not a revenue reduction bill. This is revenue neutral. So the 49 of us, whoever are here, have to sit down and figure out how to do those things--

HUGHES: Time, Senator.

ERDMAN: --going forward. Thank you.

HUGHES: Thank you, Senator Erdman, Senator Hilkemann. Senator Wayne, you're recognized.

WAYNE: Thank you, Mr. President. Colleagues, a couple of years ago, I actually spon-- cosponsored this bill. And people asked me, why, why do I support this? And it's not because of the binder and, and the thousands of information that Senator Erdman provides me, although it is helpful. There are still some things I don't like about the bill, such as taxing food and those kind of things, and I, and I get the prebate system and all that. But the biggest reason I'm supporting is because I truly believe we're at a point in our society where people are asking, does capitalism work for everyone? And part of that capitalistic structure is our tax system and when we continue to give away millions and billions to corporations and people are trying to figure out how to just keep their property, their home in their family, we may have a broken system. And maybe this is a little extreme. I don't really know. I kind of-- after each year, I kind of buy more and more into what Senator Erdman is saying, but at some point, we have to shake up what we're doing because it's not working. And what's interesting, coming from our urban perspective, representing some areas that have homeless shelters and some of the poorest areas in the state, if it doesn't work for us and it's not working for farmers, then who is it working for? Actually, it's not

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working for people. It's working for corporations. It's working for businesses. And I understand the trickle-down effect that eventually they hire people and that, that's-- they pay good jobs, etcetera, but at the end of the day, I've never been afraid to take a vote to the people. If, if we believe it's that good, let's send it out. If we think that maybe we don't know where people will stand, send it out. Get an up-or-down vote by the people. I'll tell you the scariest thing I ever did when it came to a vote of the people was the slavery amendment. I wasn't sure how that was going to go in Nebraska and actually 32 percent of the people thought it was still OK as a crime-- a punishment of a crime to enslave them. I was really scared of the mark that that might make, but I didn't not introduce the bill. I didn't work hard. We pushed it because it's the vote of the people. The one thing we always say we should listen to is the vote of the people. So I'm willing to pass this forward. I'm willing to keep having these conversations, one, because I think we have to shake it up. Senator Erdman, our tax code doesn't work for us in north Omaha. So I'm willing to have a broader conversation to make sure that we create a system where if you want to do something, you have the opportunity, the resources, and the ability to do something, it shouldn't be government who is taxing you to death to make sure you can't do it. Nobody should lose their property over taxes. There has got to be a better system. And there are people who make a lot of money off of unpaid taxes and acquire a lot of property. We have to figure out a system and I don't know what it is, but I'm continuing to, to support this bill and this CA, I mean, and continue to have these conversations because we're in a fight. If you don't like what the left is saying about government giving handouts and everything else and you don't like what the right is saying by saying we're, we're being fiscally irresponsible, then we have to do something. And unfortunately, we continue to spend billions on tax relief and property tax relief--

HUGHES: One minute.

WAYNE: --and it's not moving the needle. That means we have a problem with the entire system. So I give a great deal of respect to Senator Erdman, although I think he's voted this year yes than--more than all the years combined on my bills. So we are, we are making progress, Senator Erdman, but at the end of the day, I support this because we got to shake up something and we got to do something different. We got to make sure the system works for everyone. Thank you, Mr. President.

HUGHES: Thank you, Senator Wayne. Senator Arch, you're recognized.

ARCH: Thank you, Mr. President. I remember the first time I, I had this concept explained to me. I was at a, I was a-- it was an event with-- I happened to be sitting at the table with Senator Erdman. He was explaining it to other people at the table while I was listening to him explain it. And, and I have to say that it really piqued my interest because I am kind of like where Senator Wayne is. We have, we have gotten into our situation in our tax situation here in Nebraska incrementally, a little exemption here or a little tweaking there, and, and we are, we are where we are with some very incremental steps along the way. And I'm not sure that we can get out of where we are incrementally. I'm not sure that there is a reverse on that car where you can just slowly back your way out of where we are. And so we talk about tax reform. We use that term and we, we use it to mean, well, we have to get the three-legged stool balanced or we have to do-- you know, we have a lot of different ideas for tax reform, but whatever it is, it's going to probably be major. It'll be a, it will be a major vote when that comes. That, that being said, I, I compare tonight to last year when Senator Erdman also had this bill. I think it was last year, wasn't it, Senator Erdman? It wasn't two years ago, I don't think. Time flies. But, but when he, when he, when he had the last time and now I'm hearing more details. I mean, I'm seeing the-- I'm seeing a chart on distribution and I'm, I'm seeing more of those details, which, which I think is very healthy and very necessary because this is big. I mean, this-- we all know that. This is major. This is, this is throwing out our present tax system and bringing in a totally different system and that is not to be taken lightly and it's not to be taken without understanding. So, so redistribution of funds, yes. I think, I think to the future of the power of that committee, the power of the state to say, well, I'm sorry, you don't, you don't, you don't need that. You don't need that. I mean, who wants to sit on that committee to determine something out in Alliance and say, well, you don't, you don't need that? From, from my position in Sarpy County, I don't think that you, I don't think that you need that. That, that gives me pause. Exemptions, I-- I mean, where we are right now with, with this bill and with the concept, it's-- you're all in. Exemptions, unless-- I mean, excise tax would not be a, quote, exemption. But when we start getting down into, well, we're now-- we're going to start putting this consumption tax on this service and everybody goes, oh my goodness, you can't possibly do that on that service. And, and he and I have had that conversation about, for instance, medical care. So you go into a, you go into a physician's office and you come out with a, with a consumption tax on a service. No, maybe not on the premium. That's an excise tax. We've had that discussion too, but you come out with, oh, you can't possibly do that.

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And what, what-- how do we deal with exemptions when they start to, when they start to come at us? Because all of the, all the authority for a state consumption tax will be within the body, within the state. We will be making those decisions. It won't be local. It won't be distributed. That, that decision-making power will not be distributed. It will be here. That, that gives me pause.

HUGHES: One minute.

ARCH: The unknown of-- and the unknown, the unknown of how this shapes behavior, we know that, we know, we know that tax policy shapes behavior. We put in incentives. We put in subsidies. We put in all sorts of things in an attempt to shape behavior. So this will shape behavior. Do-- how, how will we do that? How-- excuse me, how will this, how will these policies do that? And I'm certainly going to allow Senator Erdman to respond to any of these or all of them if he wants to do that. So I would say for myself that the development of legislation--- and he and I have also had this discussion-- the development of legislation, that accompanying bill that talks about the details here, would give me much more comfort. And with that, I'll stop and I'll, I'll use my time later when my time comes back. Thank you, Mr. President.

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

ERDMAN: Thank you, Mr. President. Senator Arch, I appreciate your comments and your questions. Let me, let me take a shot at that. Let's first start with your health premiums and your healthcare issue. I have yet to have anyone do the calculator to see how much they're going to save that doesn't save 75 or 80 percent. And in the example that I shared with you, if a person owed \$3,000 in property tax and \$1,200 in income tax, that's \$4,200. So to be equal to the same tax that you'd have to pay under the consumption tax, you have to spend \$60,000, so \$60,000 to equal those same amount of taxes to collect or pay enough consumption tax to be equal to that. And so if you had to pay consumption tax on your out-of-pocket costs, if your deductible is \$1,000, you had to pay out-of-pocket costs, that's \$87-- \$89.70. And so when-- at the end of the year when you're done, if you saved \$3,800 or \$4,200 in your taxes and you had to pay \$500 or \$600 in consumption tax for healthcare, you're still \$3,500 better off. And so we look at this as being a net sum game here. And we're going to say at the end of the day, how much did it cost me to have the consumption tax? Well, it didn't cost you anything. You saved \$3,500. Now, that's like people that get an income tax refund. They say, well, I got a refund. Well,

why did you get a refund? Because they charged you too much. They took too much out. And so this is an opportunity for you to have those tax dollars that you spend when you want to have them-- when you want to spend them and then they spend that money, those local units of government that you give them. So I think the issue with the health insurance is probably the most troublesome one and health issues, because as I said earlier, you have to spend \$60,000 to use up that much and that may not ever happen. And any insurance payments that would be paid to the hospital or the doctor would not have a consumption tax because that's, that is a business-to-business transaction. So it's an issue that we have to deal with and we have to have people understand there's going to be some consumption tax paid on some of these items that you don't currently pay. And the reason we're in the position we're in, Senator Arch, is because we have exempted \$61 million-- \$61 billion worth of sales tax that we don't collect. That's why we're in this position. And why are we there? It's because the three-legged stool. If we collect that much sales tax, then the three-legged stool on the sales tax side is way too long. And so as I said earlier, when you're competing against-- one tax against the other, you're never going to have a fair tax. And you are certainly correct; we are making a wholesale change. They made a wholesale change in 1966. They made a wholesale change back in 1934 or '35 when Chuck Norris started the Unicameral. We made a wholesale change. And so until we get to the place where we're concerned-- more concerned about what we have than change, we won't make any changes. And I can tell you right now, I'm not feeling real comfortable about my kids and grandkids living in Nebraska for another 20, 30 years under this tax system we have. And so the issue is how much will the consumption tax return to you in the prebate? How much will it save you on your property and income tax to offset that consumption tax, you have to pay on your healthcare? And so I get all that, I get all that, but we've got to get to the place where-- as Senator Wayne said, we've got to get to the place that says, hey, wait a minute, if we keep doing this, we may not have a state left because we just can't afford to live here. And I want to, I want to address an issue that I maybe should have spoke about with Senator Hilkemann just a moment ago. The local units of government will have local control to the fact that they can place their own consumption tax on the ballot for people to vote to place--

HUGHES: One minute.

ERDMAN: --a consumption tax to pay for bonded indebtedness or an occupation tax that they currently have in place, they could vote to put an occupation tax in the form of a consumption tax on the ballot

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to replace those. We're not, we're not restricting them from doing that, but that is an issue that has been brought up before and I failed to mention that. But I think it's important to understand that it's a vote of the people and the people should be the ones that choose how much taxes they pay. The nice part about having an occupation tax or a city sales tax, when I go to that city, I pay the tax and that's the same example that we have with the consumption tax. When people come from a faraway country like Iowa, they're going to come to Nebraska and pay the 8.97. But Senator Arch, your family's going to pay significantly less because you get the prebate to subtract from the consumption tax you pay and your consumption tax rate may be 5 or 6 percent. Did you say time?

HUGHES: Time, Senator.

ERDMAN: Thank you.

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

BREWER: Thank you, Mr. President. I think the thing that is bothering everybody, if you listen to the conversation, is that this is a lot of change and we don't do well with change. Change scares us. And I just want to relate a little something to you. You know, this time last year, the decision was made by me to climb Kilimanjaro, and I was just going to do it by myself. That way, if I died on the mountain, they could just cover me with rocks and move on. But then I had Senator Ben Hansen get ahold of me and said, listen, I'd like to do it too. And I thought, well, when a guy's got a bad back and a chiropractor offers to come along, maybe that's a good idea. Now keep in mind that he did absolutely no adjustments on me on the mountain, so it didn't turn out to be as good an idea as I thought. But Anna Wishart also came to me and, and Justin Wayne came to me. And Justin blindly trusted that I knew what I was doing, taking on climbing this mountain. And I really didn't have the heart to tell him that other than hanging off a mountain a few times with the army, I really didn't know what I was doing. But he believed in me, so we moved forward blindly. I took him up Bomber Mountain in Wyoming, demonstrated how to fall into a river with a backpack on, and then on Kilimanjaro, I led the way up. Fortunately, we had a guide. But where it came a little more challenging in this unknown is when we got to the top and we decided to come down, they said, what you need to do is go over to the ledge and slide over the edge and drop down onto this rock slide, and then ride the rock slide to the bottom. And this was well over a thousand feet. And I-- all of a sudden didn't want to be the lead guy anymore. But I was kind of committed and they all trusted me and I slid over

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the edge. And anyway, we got to the bottom in one piece. But none of that was easy. It was scary. You didn't know if you're going to make it to the top because you didn't know if you were going to run out of oxygen. You didn't know if you were going to trip and fall and take a dive you didn't really want to take. But you trusted that the end of all of that was going to be worth the pain, and the reward would be actually climbing the tallest free mount-- free-standing mountain in the world. Well, in essence, that's what we're looking at here. We're, we're taking on this huge challenge. There's all kinds of unknowns, but we know the path we're on right now will eventually break us. I mean, we cannot see the increases in property tax that we're seeing, in the ag community for sure, and still survive this. So if we don't change, we know the end result. Yeah, it's going to be hard. We're going to have to make some tweaks and changes and adjustments. We're going to have to make it fit. And some of that we can't envision right now. But if we never take that step, and we never try and make the taxation of the people in Nebraska better, then shame on us. That should be the most basic of, of what we're trying to do here. And the idea that if you fail to pay your property tax, that land is no longer yours, no matter how many years it's been in your family, should be enough to scare folks into being willing to make a change to do something different. And this is rolling a whole bunch of stuff together, but I believe it's a good idea, and I think that this kind of change is what will save future generations from being overburdened with taxes. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Brewer. Senator Hilkemann, you are recognized.

HILKEMANN: Thank you, Mr. President. I want to thank Senator Arch for his comments. I had made a note earlier about the service-- the taxing on medical services. Having been 40 years in practice, the question is, do you charge your, your-- the consumption tax on what you charge, what you're paid, what the insurance pays you, what-- how much your write-offs are? I mean, it's, it's, it's-- frankly, it's sort of a crapshoot what you get paid for your services anymore, so how are you going to determine what your occupation tax is? But that, that's another-- but I, but I have another, another question. This is for Senator Erdman.

WILLIAMS: Senator Erdman, would you yield?

ERDMAN: Yes, I would.

HILKEMANN: I look at the, at the, the legislative resolution, as you-- is this how it's going to be proposed on the ballot, just like it's written in here?

ERDMAN: No, Senator Hilkemann. We've made a slight adjustment because when I sent it to the Attorney General, what he said is, and you'll notice the last part, it says upon that-- the Nebraska-- residents in Nebraska, he said, with that language like that, it could mean that you could charge another tax on visitors to the state. And so he recommended that we rewrite that statement that's going to be on the ballot to strike that part, and the amendment says that. I can show you the amendment. I didn't drop the amendment because when it came back from Bill Drafting, it did not have the date of 2024-- January 1, 2024. So I didn't want to drop it today, but I'd like to adjust that with that correct date before I drop it in on Select.

HILKEMANN: Thank you. That one of the-- when I look at this, I see the, the, the ways of collecting the tax. I really don't see, what we just talked about the last time on the mike, how we're going to distribute that. So when I look at this and I'm thinking this is going out to, to-- this is going to be voted upon and we're going to ask the people to-- would you say that this is ready for prime time?

ERDMAN: You mean the-- this implementation?

HILKEMANN: LR264CA?

ERDMAN: Well, I know that the ballot language is ready for prime time if we make that adjustment with the amendment. And your question is, is the implementation bill ready for prime time?

HILKEMANN: Right.

ERDMAN: That is the reason for this summer to have an LR to figure out exactly how to write it, to get enough people together to discover what it needs to say and how it needs to be written. If the consumption tax proposal passes in November of '22, the year of '23, the session starting in '23 will be the body that will write the implementation to implement the consumption tax that was passed. It'll be very similar to what we did with gambling. We passed gambling on the ballot and then we, the Legislature, wrote the rules for gambling. And it'll be very similar to that procedure.

HILKEMANN: Thank you very much, Senator Erdman. If you want my additional time, you may have it.

ERDMAN: OK, thank you.

WILLIAMS: Senator Erdman, you are yielded, 1:45.

ERDMAN: Thank you. Thank you, Senator Hilkemann. I appreciate that. You know, you get-- you received I'm sure, if you didn't, you didn't open it up, but you received a response from the Chamber of Commerce. And they had several issues that they talked about, and I thought it was kind of amusing. They had the same 15 to 20 percent comment from OpenSky. And I'm wondering if the chamber didn't go and pick that up from them. They said new TVs and appliances, and cell phones, cars, even new homes, would be subject to a 15, 20 percent consumption tax, which is not true. What I have discovered is people like this can write whatever they want to write without any basis or any analysis--

WILLIAMS: One minute.

ERDMAN: --or doing any information or homework, or even coming to talk to me. What surprises me is I had a meeting with the Chamber of Commerce and I explained to them exactly what we're trying to do. I gave them a copy. I gave them a copy of a dynamic study, and I'm sure they can read. I don't know that they read it, but I'm sure they can read, and I don't know how they could have concluded all of these things are going to happen. This is very much similar to what was told to me. In 1966, a gentleman was circulating a petition to eliminate property tax, and he said, people said, oh man, the schools are going to close, the roads are going to go to shambles, and the state of Nebraska is going to be no more. Guess what? It didn't happen. And so they don't have any better argument than these ten reasons to be against the consumption tax. I'm beginning to wonder what kind of research did they--

WILLIAMS: Time, Senator.

ERDMAN: --actually do.

WILLIAMS: Thank you, Senator Erdman and Senator Hilkemann. Senator Arch, you are recognized.

ARCH: Thank you. I, I want to continue just a couple of thoughts, and this probably won't be five minutes' worth. But, but I'd, I'd like to ask Senator Erdman a question if I could.

WILLIAMS: Senator Erdman, would you yield?

ERDMAN: Yes, I would.

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ARCH: In your-- in your analysis of this, have you had-- have you given any thought to the distribution of revenue being collected across the state? Do you-- would you see, would you see any geographic issues in where, where revenue would be collected under this-- under, under the EPIC tax?

ERDMAN: Yes, I would. And I'll give you an example. There are probably eight of my ten counties that don't have enough consumption tax to pay for all of the consumables or enough consumption tax to pay for all the taxes that they're going to be. That has got to be removed.

ARCH: But I didn't-- I didn't completely understand that. So what, what are you saying? There would have to be-- there would have to be-- I mean, across the state, there would be that revenue to pay for the expenses of that local area, but it wouldn't be collected within that local area?

ERDMAN: Correct.

ARCH: Is that what you're saying?

ERDMAN: Yes, that's what I'm saying.

ARCH: OK, well, that's what I was thinking. I was, I was thinking about the-- I mean, this is, again, dramatic shift so-- right now, of course, it's a very heavy burden on property taxes and that's what's driving it right now. But that would go away. And so then something else would have to take its place.

ERDMAN: Correct.

ARCH: OK, second, second question, my last, and that is, you know, the development of legislation, interim study this summer, trying to, trying to flesh out more of that, and as I say, you know, it's, it's happening already. I see that here. So I guess, I guess the question is, would you, would you be opposed to bring-- would you be a prose-- opposed to bringing this in a legislative form versus a constitutional amendment where more of those details-- Senator Jacobson asked you something similar very early in this discussion this evening.

ERDMAN: No, I would not. I would not. Because let's say, for example, in '66, they had a legislative fix or a statute fix. And so when they decide they need more money, they very well could remove that. So a legislator, a legislature, could change a statute. They can't change a constitutional amendment. If, if we don't fix our system, and we don't fix our system enough so somebody can't tweak with it and change it,

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we're going to continue to get what we've been getting. And I'm not interested in locking into the constitution, the percentage. Art Laffer said, when he was in my office, if you start at 9 percent, he said in two or three years you'd be at 6, and you don't want to freeze that in there. That's what he said.

ARCH: The advantage of starting with legislation, of course, would be that when you, when you, when you get done, you, you will have a fiscal note. Right now we have a study from Beacon Hill. We don't have a fiscal note attached to it. It would be a-- it would be more of an internal state document where you'd have a fiscal note. But I, I understand what you're saying. My, you know, we, we-- I was very much involved with Senator Briese on the implementation of a gambling enablement bill. And, and that bill, of course, can also be changed in the future. Even though there was a constitutional amendment, that bill can also be changed in the future while, while much more difficult for the constitutional amendment. So those, those are my questions. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Arch and Senator Erdman. Senator Wayne, you are recognized.

WAYNE: Thank you, Mr. President. So real quick, the reason why I was able to climb Kilimanjaro with a knee that I have to get surgery on after session's over with is 'cause sometimes you need people to push you. And so, Senator Erdman, I'm committing for at least the next two years, and I'm going to continue to push you to get this across the line because I think it's important. And with that, I'll yield the rest of my time to Senator Erdman.

WILLIAMS: Senator Erdman, you are yielded, 4:36.

ERDMAN: Thank you, Senator Wayne. I appreciate that. I may vote with one of your bills again. Thank you, Mr. President. So I'm perplexed a little bit. When we were circulating-- when we were talking about the gambling petition, no one seemed to be concerned about the implementation. No one seemed to be concerned about that. But Senator Briese, Senator Arch, and others figured it out. They figured it out. It's not impossible. It just takes work. And so we will figure out how to answer the question that Senator Arch asked. If a community doesn't have the consumption tax collection in their area, where will the funding come from? Senator Hilkemann's question, how will the distribution work? And Senator Arch is exactly right, that committee that makes that decision has to have some authority. But in my opinion, we will not have a committee appointed by the Governor making

decisions-- the final decision on how taxes are distributed. Those people have to be elected. I don't think there's any way to get around having them elected. I know I wouldn't want to have a committee of somebody who is appointed making a decision how much tax was collected or distributed. And so when we talk about implementation-- and, and I should have done more research, I believe, to see if we could have had the discussion for the last two years about how to make this work. That would have been very beneficial. It would have answered some of those questions. I don't know that it would have moved the needle for some people. Some it may have, others will still have questions about it. And I think as we go forward, we have to listen to what Senator Brewer said about being scared of change. And Senator Wayne has made a decision that if we don't do something, we may get what we deserve. And so I think the opportunity for us to have that discussion needs to move on. And when we get ready to vote, I would ask that you move it from General to Select so I can have the amendment changed. When it came down from Bill Drafting, it didn't have January 1, 2024, in it. And I didn't want to drop the amendment in and then have to withdraw it or pull it back and do another one. And so I chose not to drop it in until Select so that we can make that adjustment for 2024. And so all of these questions that have been asked today are very important, and it's very important that you understand that what we're trying to do is a wholesale change of our system. And people have asked me, why don't you work into this slowly, 20 percent a year over 5 years? And that's because I have not been able to figure out how to put in a constitutional amendment that says 20 percent this year and 20 percent the next year and 20 percent the next year. That doesn't work. And so it either has to be all or nothing. And the day when they made the switch from the state having property tax to not having property tax might have been a very tumultuous day that might have been kind of anxiety in here, but they figured it out. Now I don't claim to be a rocket scientist and I'm not a nuclear physicist or even actuarial--

WILLIAMS: One minute.

ERDMAN: --but I think we can figure out how to make this work if we sit down together. And Senator Walz asked how this is going to work. I said, the good news, Senator Walz, you get to help me. You get to help me figure it out. And that's exactly what I mean. We'll work together to come to a solution how to implement this so that it's fair for everybody in the state of Nebraska. Thank you.

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

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MOSER: Thank you, Mr. President. I-- eventually, I'll get around to having a question for Senator Erdman. I'm going to push my light in case I run out of time. I want to talk about municipal bonds. So a city typically will borrow money to improve its water system or build a library or update their football fields or whatever purpose. And we were required to get a vote of the people to approve the project, and then we would pledge a half cent of our sales tax or some revenue stream to pay them if they are a revenue bond. If they were a general obligation bonds, they were just backed by the full faith and credit of the city. And the interest rates were put together by the bond company. And then they tried to sell the bonds to fund the bonds so we could get the cash to do whatever we wanted to do. And the rates would change based on the cost of money and the credit rating of the city. And there are a lot of variables that are involved in setting those rates. So generally, revenue bonds have a little lower interest rate than a general obligation bond because in the revenue stream, they build a coverage factor. They like to have 25 percent or so in extra revenue to cover if there are problems with the revenue-- if it's a sales tax bond, sales tax revenue stream that pays the bond, there may be a downturn in sales, and they, they don't want the city to get into financial trouble because they want to get their payments and their interest paid. And, and so you have coverage. And then each city is rated, and I don't know the rating system, but it's double a, double b, double c-- there's a lot of different ratings. It's been so long now, six years or so since I was in the middle of this, but I don't know how that would, would affect, you know, how this tax would pay those bonds, how this tax would affect those ratings, how you would get permission from the people of the city to build the project to sell the bonds, and then how the state's obligation to pay those bonds from the consumption tax would substitute for that revenue stream that the city was going to collect in sales tax. And I know I heard Senator Brewer saying, you have to trust the people you're doing business with, and you have to understand their, their goodwill and how they're going to follow through to make this all work out. But I remember Senator Brewer, not so long ago that said, good luck is not a plan of action. And, and so that kind of stuck with me. I never thought about that before, but you hope things turn out the best. But I think in this case, you got to plan for the worst to make sure that you have all of the possibilities covered. How much more time do I have left yet?

WILLIAMS: 1:30.

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MOSER: OK. So Senator Erdman, do you have some ideas to allay my fears on how we would replace current bonding systems with the consumption tax?

WILLIAMS: Senator Erdman, would you yield?

ERDMAN: Yes, I would. Senator Moser, if you look at the dynamic study-- and I've read that numerous times and I went through it again yesterday--

WILLIAMS: One minute.

ERDMAN: --and this morning-- this--

MOSER: Where's the dynamic study in your book?

ERDMAN: Yeah, it's in, it's in the file. I, I was looking for it to see where I could find the book.

MOSER: OK. Well, that's all right. Continue on.

ERDMAN: Here's what it says. Here's what it says. It says that 8.97 percent times the base that we have-- 124, 124-- is going to be all revenue currently collected. Sales tax, bonded indebtedness, all property tax is included in the \$10.9 billion. So currently, when this goes into place it's going to be revenue neutral, and your community is going to receive the same dollars they currently do from sales tax and income tax to pay all of those bonded indebtedness. If you want new bonded indebtedness going forward, you have a vote of the people to put that in place.

MOSER: Well, they have bonds currently for-- general obligation bonds. And then they have revenue bonds for sewer and water fees and they use that money--

WILLIAMS: Time, Senator. Thank you, Senator Moser and Senator Erdman. Senator Brandt, you are recognized.

BRANDT: Thank you, Mr. President. Would Senator Erdman yield to some questions?

WILLIAMS: Senator Erdman, would you yield?

ERDMAN: I would.

BRANDT: Thank you, Senator Erdman. You've been very thorough. It's been very enlightening. To build on what Senator Hilkemann was asking

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about the schools, Senator Moser was asking about bonded indebtedness. So in District 32, we have 14 schools. And they range in size from 156, which is my, my smallest K-12, up to more than 2,000 kids. So underneath this system, the school sets a budget and sends it to a central point, and then they send the dollars back. Is that how this works?

ERDMAN: Correct. That's similar to what they do now. They send their budget to the county. The county forwards that to the auditor.

BRANDT: Right.

ERDMAN: The auditor reviews if they met all the requirements, 2.5 percent increase unless they have a significant majority vote of the board and it goes to 3.5-- all those things are still going to be in place.

BRANDT: OK. So the safety break we have today is-- virtually all my schools are rural in nature. Most of my school boards are hardworking farmers.

ERDMAN: Correct.

BRANDT: And, and they try and keep their expenses to a minimum because they know that local property taxes-- in all but one of my schools, property taxes pay the whole way. And they know that if they increase that \$3 million budget, they're increasing those property taxes. Now we've-- with this system, we no longer have that system. What's to keep that school from-- I don't-- I'm just going to send a \$4 million budget or \$5 million budget. What's, what's the break on that local subdivision?

ERDMAN: Very good. In LB133, the nuts-and-bolts bill, we had a provision in there that if you had an increase in student population or if inflation kicked in or CPI-- it was connected to that-- if you had that kind of an increase, then you could ask for an increase in your budget. If you just wanted to raise it for the heck of raising it and get a turf field like Senator Hilkemann was talking about, that's probably not going to fly.

BRANDT: But my concern is this, is now we're sending all the state-- on the 244 public schools-- are going to a central clearinghouse in the state. It isn't going to be long before the state says, you know, we don't really need that little school there and we don't need that little school there and we don't need a little school there. I'm really concerned about central control of this system because today we

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have control over the system. We may not like it, but we have local control over that system. We have a locally elected school board, and it seems like we're giving that power to a central authority. And because they control the dollars, they're going to dictate through dollars who lives and who dies. Is that an incorrect statement?

ERDMAN: Well, I, I think your concern is-- I heard it. I understand it. And so that's why it's important, whoever we put on this committee, that we have a portion of those people that are cognizant of what you just described, so that they make sure that they get the amount of funds that they need to do what they need to do to educate kids. And your comment about the school, you said your funding, it comes from property tax, right? OK. When I got here the first year, I asked this question. I said the state constitution says it's a state's obligation to provide public schools, free public, free public schools in the common schools K-12, and 178 or something didn't get any financial help. And my question is, how does the state meet that obligation in those 178 schools? You know what the answer was? We allow them to collect property tax. That's not what the constitution says. So under the consumption tax proposal, it'll be the first time in history, maybe for 100 years, that the state actually meets the obligation of funding the K-12 schools to make them free to the taxpayer.

WILLIAMS: One minute.

BRANDT: I think you know, Senator Erdman, I'm all about reducing property tax.

ERDMAN: I am too.

BRANDT: Yes, we both are. So the last question on this series would be-- let's say a local school wants to build a gymnasium. They have to get approval from a central authority to build that gym because they no longer can tax their local assets. You know, if their local asset was property-- how do they, how, how do they make, make the-- convince that central committee that they need a new gymnasium because now the money is all consolidated?

ERDMAN: Well, let me answer that, let me answer that with a question. How would you like to do it?

BRANDT: I, I don't know how this system would, would work with that. Underneath the current system, we take a vote of the local people.

ERDMAN: Right.

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BRANDT: They know what their property taxes are going to be--

ERDMAN: OK.

BRANDT: --they know what it's going up and those people vote to tax themselves.

ERDMAN: OK. I didn't want to be a smart aleck there, but what I'm, what I'm-- the point I'm trying to make is when we get ready to write the nuts-and-bolts bill, the implementation, that's where you come in. You sit down with me and the others in the room and we say--

WILLIAMS: Time, Senator. Thank you, Senator Brandt and Senator Erdman. Senator Halloran, you are recognized and this is your third opportunity.

HALLORAN: Thank you, Mr. President. A certain individual one time said that the definition of insanity is doing the same thing over and over and expecting different results. That guy was not a dumb guy. It was Albert Einstein. Let's flash forward about 30 years. Let's just say we don't do anything with Senator Erdman's proposal. We keep doing what we're been doing, and keep doing what we've been doing over and over with our current tax model, and we expect different results, right? Well, we've been doing that for 60 years, 55 years. And flash forward 30 years from now, there'll be a whole group of new people in here. A whole group of new people, and guess what they'll be talking about? They'll be talking about the burden of the tax model that we have kept for an additional 30 years. That argument will not go away because it's fixed into a flawed model that we have. And so, I-- there's been some tremendous conversation and discussion about LR264CA. And we've got to keep in mind-- what was the bill, LB133, what Senator Erdman keeps referring to as the nuts-and-bolts bill. Well, that'll be up to us to, to put some meat on the bones to make this work. And I've heard a lot of good discussion and talk here on how that might happen and will happen, but that will be our obligation to make it work. And if I understand the timeline right, if it goes to the ballot this fall and it passes, it won't be implemented until 2024, correct? OK. 2024. So next session, beginning January 2023, guess what will be a primary priority topic and bill for us to work on? It will be the nuts and bolts to make this consumption tax work. I have no problem with trusting the second house. There are a lot of smart people out of there, an example of the smart people are right up here in the balcony. But we, we discredit how smart the public is. And I think, I think we need to be cautious about thinking that we're smarter than the second house. We need to give the second house a chance to decide

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the tax model that's best for them, and we'll work out the details. We will. That's our job. And I think Senator Erdman has done a tremendous job to this point, and I would yield the balance of my time if there is any, to Senator Erdman.

WILLIAMS: Senator Erdman, 2:10.

ERDMAN: Thank you. Thank you, Senator Halloran. And thank you, Mr. President. So Senator Brandt, I didn't mean to be a, a smart aleck on that. But smart people like yourself and others will be able to sit down and think of all those issues, go through those just as you did, just as we did with the gambling bill. We figured it out. We can do that again. But people have asked me, how's the distribution going to be? What are you going to do about this or what are you going to do about that? All of those answers, all those answers I gave you are my opinion, and the group that we've been working with, their opinion. That means that I need your help to finalize it so that it is what everybody else wants it to include. I don't want you to leave here or think that I have said how it's going to be. This is how it is. It may not even turn out to be that way. Somebody else may have a better idea. But we were questioned so much the first year, we thought it was vital that we try to put a nuts-and-bolts bill together--

WILLIAMS: One minute.

ERDMAN: --to try to explain how it'll work. OK. So those are my opinions. But I look forward to working with each one of you to get your idea and your concern and how we implement that to make sure that we have the correct procedure on distribution of the money and make sure that everybody is treated fair and equal. And that LB133-- the majority of it was written by my staff, Joel Hunt. He did an outstanding job of writing that bill. It's about 82 or 83 pages. He tried to cover every issue that he could think of. But as I said, that's our opinion, and what we need to do is get everybody's opinion and work together to accomplish what needs to be done. Thank you.

WILLIAMS: Thank you, Senator Erdman and Senator Halloran. Senator Moser, you are recognized.

MOSER: Thank you, Mr. President. Well, I don't think you can blame people for being-- questioning, questioning about how this is going to work out. Because when I look at what I pay in tax now and I compare what I predict my tax might be under the consumption tax, my tax would be a lot less. And I'm trying to figure out who's going to be paying what I'm not paying. Is it going to be people who make more money than

me or people who make less money than me? You know, I think we need to have some details before we can approve this. We don't want to be like a famous Speaker of the House that said, we need to pass the bill first to see what's in it. We want to know how it's going to work before we approve it. One more comment about the bonds, so the bonds are rated based on the city's credit rating and on the likelihood that they're going to be paid back. So they-- that's how they rate them. And we've got bonds-- well, I shouldn't say I haven't been in-- I haven't been mayor for six years so-- but I would predict that there are bonds that are going to go on for ten years or more based on revenue. And the rates were given based on what the bond companies thought was the risk of them defaulting. And so, if all of a sudden they're an obligation of the state rather than the city, you know, how does that affect the contract that already exists between the bond holders and the city? So you'd have a substitution of, of a debtor where now, it's the city for the state. And who do you trust more to pay that debt? Is the state going to do what it says it's going to do more so than the city would do what they say they're going to do? I mean, one of the things that Senator Erdman says-- said was he'd like it to be in the constitution so it can't be changed because he doesn't trust the Legislature to keep the, the consumption tax viable. And I think that's a perfect example, right there, is are the bond issuers going to feel like the state is more stable or more unified in its outlook on funding and taxes than the cities are? You know, that would be the question. So I'm not saying I won't eventually vote for it, but I want to know more about how it's going to work before I do. Thank you.

WILLIAMS: Thank you, Senator Moser. Senator Blood, you are recognized.

BLOOD: Thank you, Mr. President. Fellow Senators, friends all, I continue to listen to the debate and have not decided yet where I stand on this bill, but I have yet to hear several of my questions answered that I had at the very beginning of this debate. So I'm going to talk about them real briefly. And then perhaps when Senator Erdman has more time to talk, he can address the issues. The first question I have would be, who's going to pay the county treasurers for their time? Because to me, this sounds like another unfunded mandate that we're passing down to them when we ask them to distribute this. I have two really pressing questions that I'm concerned about. Senator Erdman said and Senator Moser just reported it, that he doesn't trust the Legislature to, to do the right thing, so he wants to have it in the constitution. And I can respect that. But then he also said, we're going to sit down and figure it all out. So here's my concern-- and I've said this before across the state so this isn't anything new. We

know that rural Nebraska already lost one senator during redistricting, and they almost lost two. So we know that our job, be you an urban or a rural senator, is to get the most that you possibly can for your districts. So I, I really wonder if, if I lived in rural Nebraska, if I would trust that the urban senators were going to be fair when it came to how we're going to divvy this out. And, and I really haven't heard anybody address that. We hear a lot of distrust, distrust about why we want to put this in the constitution, why we want to make this a constitutional amendment. But the elephant in the room that nobody's really addressing is that if we don't trust the body enough to make this happen so we want it to be a constitutional amendment, why do we trust that the body is going to be fair to everybody across the state? And I don't know that I have that trust. The other question that I have is-- and also Senator Moser said he wants to know how it's going to work. I think that's why LB3, LB133 is in committee. I think that's how you make it work, by the way. But then I read LB133, and I think that's the implementation, and Senator Erdman can correct me if I'm wrong, but we had a discussion last week when we talked about my constitutional amendment off the mike. So if it's the implementation for the counties, for the cities and the villages, the question that I have-- they're, they're allowed to impose a separate consumption tax in that bill. Now maybe that's not the intent of it, but if you read it, that's how it reads. So if that is indeed the case that they can do their own consumption tax separate from this consumption tax, be they a county, a city or a village, it doesn't appear in LB133, which again, we were told was implementation. There's no limit on that rate. So as written, if there's no limit on that rate-- the frequency of change and no indication that the state has to collect local consumption taxes-- if this is correct, based on how I'm reading it, how can we argue that the tax rate will be under 9 percent within a couple of years? Logistically, that makes zero sense to me. And I know we can say, well, we'll figure that out after the fact. But if we're going to the trouble of doing an implementation bill when we also present the constitutional amendment, to me, it says that the intent is, what's in LB133? And if indeed that is the case and you were to put pen to paper, what would prevent us, based on these numbers--

WILLIAMS: One minute.

BLOOD: --from being \$4 billion in the hole in about five years? And then where do we go from there, because we've tied our hands with the consumption tax? So there's a lot of serious questions that I've yet to hear answers on. I have legitimate questions that need answers, and the answers shouldn't be, we'll work on it later and figure it out,

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because you've really told me you don't trust the system. How do they trust us to work it out? And by the way, it wasn't like a really beautiful gathering when they started working on the, the casino bills either. Lots of people had different opinions. And I'm not saying that they were going fisticuff, but it wasn't an easy process, and I know they had a lot of rewrites on their bills. So my concern is the, the implementation bill. My concern is the unfunded mandates. And my concern is, do we really trust the urban senators with, with the rural--

WILLIAMS: Time, Senator.

BLOOD: --money? Thank you.

WILLIAMS: Thank you, Senator Blood. Senator Clements, you are recognized.

CLEMENTS: Thank you, Mr. President. I wanted to speak about this Beacon Hill. I've heard-- been hearing about them over the last few months, and I see the section in the notebook here tells that they focus on federal, state, and local economic policies-- how they affect citizens and businesses. I see there's a couple of names here, one is a Ph.D. And then last September, they analyzed this proposal. And on their second page, excuse me, it's page 5. I think this gets down to really why Senator Erdman is doing this. They say Nebraska levels-- levies high marginal personal income tax rates. In addition, the corporate tax in Nebraska is among the highest in the nation. Local property tax in Nebraska rank among the highest in the nation. Nebraska is one of only six states with an inheritance tax. A consumption tax that replaces all state and local taxes is one way to correct for the competitive disadvantages Nebraska faces today. And so I think if we were one of the leaders in the country with our tax system, we wouldn't need to be talking about how to fix it. But we are some of the highest-taxed people in, in this Beacon Hill opinion. And so I think it's worth continuing to go down this road and investigate how we're going to have this work. And I continue to support this proposal, and I would yield the rest of my time to Senator Erdman.

WILLIAMS: Senator Erdman, you are yielded 2:50.

ERDMAN: Thank you, Mr. President. Thank you, Senator Clements. So just so I don't go away with letting Senator Moser and Senator Blood put words in my mouth, I want to make it clear, OK, very clear, what I don't trust the Legislature in is changing the way we tax people. I didn't say anything about LB133, the nuts-and-bolts bill. I am

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concerned that we make this change to go to a consumption tax only, that down the road, they will try to implement another form of taxation. That is my concern. That's why it has to be a constitutional amendment. To answer Senators Blood-- Senator Blood's question about the treasurer, if you read the dynamic study, the Beacon Hill people have concluded a quarter of a percent for the local treasurer to collect and distribute the money. So there is a provision in the Beacon Hill study that pays them to do the collection or distribution. I don't know how many times I have to repeat this about LB133. That is my opinion. That is our opinion on how it works. And Senator Blood was speaking to it like it was law, like it was a statute already passed. It is not. We have to figure it out in a way that works for everybody. I am not nearly smart enough, and you all know that, to be able to implement this or write the implementation of this without other inputs, other people having input. LB133 is a suggestion, a starter on how we have--

WILLIAMS: One minute.

ERDMAN: --the discussion about how to do this. I don't know how much more clear I can make that. And to answer Senator Moser's question about his bonded indebtedness, I will say it again. We are going to collect the same amount of revenue that we currently collect from all taxes collected and we'll send him the money to pay the bonded indebtedness. Those people that are loaning him money, those bonds, they do that on sales tax. There is no difference. The difference between a consumption tax and a sales tax is a consumption tax is collected by the first purchaser who hires a service for personal use or consumes something. A sales tax is collected every time something sells. That's the difference. It's double taxation with sales tax. You ever buy a used car, you pay sales tax and somebody else paid sales tax before you did. That's double taxation. We have to eliminate that. This is an opportunity for us to put the taxpayers--

WILLIAMS: Time, Senator.

ERDMAN: --first. Thank you.

WILLIAMS: Thank you, Senator Erdman and Senator Clements. Seeing no one in the queue, Senator Erdman, you are recognized to close on LR264CA.

ERDMAN: Thank you, Mr. President. I'd like to call the house.

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WILLIAMS: 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.

ASSISTANT CLERK: 26 ayes, 3 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. Senator Erdman, you may continue your close.

ERDMAN: OK. Thank you. All right, let me, let me state the following: The reason some people vote no for this bill is because of the person who introduced it. The reason some people vote yes for this bill is because of the person who introduced it. The reason you'll vote no is because the chamber said vote no. OpenSky, without having any study done, says vote no. The local units of government are concerned about their funding. They'll be opposed, say vote no. And perhaps it wasn't your idea, maybe, that may be one of them. What are the reasons you should vote for it? It changes the focus from those who collect and spend the tax dollars to those who pay the taxes. It fixes our broken tax system. It will increase economic development like nothing else that we've ever done. It will grow the state's population so that we will have people to fill those job vacancies we currently have. It will also create new jobs. It will stop people from leaving the state whether they're older, like myself, that have to decide whether to pay your medication or your property tax, or young people who are graduating from college and say, where shall I start my life? Where should I live? Because we will have the most opportune tax system in the nation. This is an opportunity this evening for us to advance this to the next round so that we can have those discussions with those of you who've had concerns about the implementation, with those of you who think this is a problem for the insurance company. Maybe for once and for all, we can sit down and have a discussion about how to fix it. Because there'll be probably some people here say, I don't want to take the time to get involved. This is more complicated. This is more of a significant issue than I thought it was going to be. I'm just going to pass on this one. So those of you watching at home, I appreciate you watching. I appreciate those people in the balcony. You will know by this vote whether they care about the taxpayer or if they care about those who spend the taxes. And I would assume there will be people that are running for election to some office or reelection will be present, not voting. I believe you owe it to your voters to put it up there, green or red, and defend your position with them. We will

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see in a minute, as we vote, to see what your concern is, whether you are concerned about-- you're really concerned about people who pay too much taxes. And to answer the question that's asked all the time if I'm paying so much less, who's going to pay more? And I explained that, I explained that several times today. I don't know why it didn't get caught, why you didn't catch it.

WILLIAMS: One minute.

ERDMAN: We're going to increase the base to \$124 billion, which will collect \$10.9 billion. Those people who visit the state will get to pay. And currently, none of your sales tax goes to funding your schools or any part of that. And we'll have an opportunity to fix our tax system. So we're about to find out who supports taxpayers and who supports those who spend the taxes. Thank you. Roll call, regular order.

WILLIAMS: Thank you, Senator Erdman. Members, the question is the advancement of LR264CA to E&R Initial. There's been a request for a roll call in regular order. Mr. Clerk.

ASSISTANT CLERK: Senator Aguilar voting no. Senator Albrecht voting yes. Senator Arch not voting. Senator Blood voting no. Senator Bostar voting no. Senator Bostelman voting yes. Senator Brandt not voting. Senator Brewer voting yes. Senator Briese voting yes. Senator John Cavanaugh not voting. Senator Machaela Cavanaugh voting yes. Senator Clements voting yes. Senator Day. Senator DeBoer voting no. Senator Dorn voting no. Senator Erdman voting yes. Senator Flood voting no. Senator Friesen voting no. Senator Geist not voting. Senator Gragert voting yes. Senator Halloran voting yes. Senator Ben Hansen voting yes. Senator Matt Hansen not voting. Senator Hilgers voting yes. Senator Hilkemann not voting. Senator Hughes not voting. Senator Hunt voting yes. Senator Jacobson not voting. Senator Kolterman voting no. Senator Lathrop voting yes. Senator Lindstrom. Senator Linehan voting no. Senator Lowe not voting. Senator McCollister voting no. Senator McDonnell voting yes. Senator McKinney not voting. Senator Morfeld not voting. Senator Moser voting yes. Senator Murman voting yes. Senator Pahls. Senator Pansing Brooks voting no. Senator Sanders not voting. Senator Slama voting no. Senator Stinner not voting. Senator Vargas voting no. Senator Walz not voting. Senator Wayne voting yes. Senator Williams voting no. Senator Wishart not voting. Senator Erdman not voting. Senator Lowe voting yes. Senator Geist voting yes. Vote is 18 aye-- excuse me. Senator Hilkemann voting yes. The vote is 19 ayes, 14 nays, Mr. President, on the advancement of the bill.

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WILLIAMS: LR264CA is not advanced. Mr. Clerk for items.

ASSISTANT CLERK: Thank you, Mr. President. Explanation of vote from Senator Geist [re LB1012, LB1011, and LB1013].

WILLIAMS: Raise the call, please.

ASSISTANT CLERK: New A bills: Senator Lathrop LB922A, LB920A. Both will be placed on General File. Senator Morfeld, LB1130A, placed on General File as well. LB921A from Senator Lathrop placed on General File. And LB1144A from Senator Friesen placed on General File. Amendments to be printed: Senator Stinner to LB1068 and LB1068A; and Senator Wayne to LB917. Additionally, your Committee on Enrollment and Review reports LB873 as correctly engrossed and placed on Final Reading. That's all I have at this time, Mr. President.

WILLIAMS: Thank you, Mr. Clerk. Returning to General File, committee priority bills, LB920.

ASSISTANT CLERK: Mr. President, LB920, introduced by Senator Lathrop. It's a bill for an act relating to criminal justice; amends several sections; change provisions regarding problem solving courts, mandatory minimums, penalties and provisions relating to controlled substances, theft, and burglary, sentencing, set asides, restitution, pretrial diversion, and parole; provides for applicability; states legislative intent regarding appropriations; creates a pilot program regarding courts, probation, and parole; creates the Justice Reinvestment Oversight Task Force; terminates the Committee on Justice Reinvestment Oversight; provides for parole for geriatric offenders; defines terms; to provide duties for the courts, Probation Office, the Board of Parole, the Division of Parole Supervision, the State Court Administrator, the Department of Health and Human Services, the Department of Correctional Services; provides for additional benefits under the Rural Health Systems and Professional Incentive Act; harmonize provisions; and repeals the original section. The bill was read for the first time on January 10 of this year and referred to the Judiciary Committee. When, when the Legislature left the bill last, Mr. President, pending were the committee amendments, as well as an amendment from Senator Geist, AM2337.

WILLIAMS: Members, we're now going to discuss LB920. Senator Lathrop, if you'd like to take a few moments to update us on the bill.

LATHROP: Yes, I'd be happy to. Thank you, Mr. President. Colleagues, good evening. It is 7 o'clock or just after 7:00, which seems to be

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the timeline I get. I don't know if that means we're in prime time or exactly how that works, but LB920 is a-- the bill-- the bill that incorporates the options that came out of the CJI process. This bill was advanced from Judiciary Committee with a committee amendment on a 6-2 vote. We've had a considerable amount of discussion, I think three and a half hours into our eight hours on this bill. I think people are familiar with the subject matter. Thank you.

WILLIAMS: Thank you, Senator Lathrop. Senator Geist, would you like to refresh us on AM2337?

GEIST: Sure, absolutely. AM2337 are the consensus items that as the working group got together and came up with consensus and nonconsensus items. My amendment, AM2337, are the consensus items that were not controversial. There are some that are not in there that we had some discussion about, I think, when I was on the mike before. I'm happy to answer some questions about those. But right now, AM2337, what that represents is all the things that we all agreed upon and I believe that there are 15 that are included in that amendment. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Geist. Debate is now open. Senator Lathrop, you are recognized.

LATHROP: Thank you, Mr. President. Colleagues, good evening once again. I wanted to start to maybe set a theme tonight if-- if we can have a theme as we go forward with the discussion on LB920. Obviously, we've talked about corrections reform and criminal justice reform a lot over the last several weeks. We've put three and a half hours into this bill. Tonight, I want to start by asking, by pointing out that I've handed out copies of my chart. You've all seen my chart that has the population projections and where we're at after we build a new prison and the fact that even with a new prison, we will be 1,300 beds short by 2030. That is a fact. That is not a gray thing. That is not subject to some dispute. That is not something to be discredited. We will be 1,300 beds short after we build this new facility. And so tonight, my question to you as we debate LB920 is this very simply; If not LB920, what's your answer? Because it's easy to look at LB920 and then start taking it apart, and I've been in plenty of those meetings. It's easy to take LB920 and say, oh, I don't like that. I don't like this provision. I can't live with that provision. But what's your answer? What's your answer? Because the proposal to build 1,500 beds is a \$270 million undertaking for a facility we can't staff. And we need two of them just to get us through to 20-- 2030. We need two of them. So if it's not LB920, what's your answer? What is your answer to

the rate at which our population is growing at the Department of Corrections? And instead of trying to take apart and complain about what's in LB920, let's hear what your solution is that flattens our rate of growth. And I'd like you to be specific. And I would like it to be data driven, not wish, not hope. In the last debate, my friend Senator Moser made this comment. And I'm going to-- I'm going to repeat it. Good luck is not a plan of action. Wishful thinking and good luck is not a plan of action. I hope, maybe we should try isn't a plan of action. We need to know tonight what is your plan to bring down our population so that when we build and make the \$270 million investment that we have right-sized the Department of Corrections? That's what's at stake tonight. Because tonight, if you're not on board with LB920, then you are on board with building more prisons. And we don't need one, we need two. And it's not \$270 million, it's closer to \$500 million. That's what's at stake. And it's not OK to say, oh, I don't like that bill because I just can't get on board with that provision, because that's not an answer to the problem this state faces, this state faces. It is a overpopulation in our Department of Corrections, and it will not be solved by building. We have spent \$150 million in this administration trying to catch up and we're not. We cannot build capacity fast enough. The 1,500 beds won't get it done. We'll need two of those prisons. We'll need a \$500 million investment just to manage the population that we will have incarcerated by 2030. So what's your answer?

ARCH: One minute.

LATHROP: Did you say time?

ARCH: One minute.

LATHROP: Thank you. What's your answer? And-- and, colleagues, you are here to do a job, to ask questions, to dig into this issue and then make a decision. And we can't simply say I don't like it because that doesn't fix the problem. It does not fix the problem, and we can't have solutions that are wishful that aren't data driven. We had CJI in here for nine months and they were available to come up with data-driven solutions. And people, if they had a solution, they could have run it past the data and we could find out whether it's effective. But it's not enough today to poke holes in LB920. That is not a solution. That will not solve our problem, that will not meet the needs--

ARCH: Time, Senator.

LATHROP: --of the growing population. Thank you.

ARCH: Thank you, Senator Lathrop. Senator McKinney, you are recognized.

McKINNEY: Thank you, Mr. President. I rise in support of LB920 and AM2286. I am opposed to AM2337 and I've been waiting for this moment all day because I just have. And honestly, going through-- going through the process of the CJI process, this is where I felt we would get to, a point where we go through a process of meeting, going through data, and all the other things to make it look good. And then we get to a point where the rubber hits the road and this is where we're at, you know? And I'm, honestly, I'm OK with that. And I would say I'm OK with that because I wouldn't want to walk away from this session just passing anything and then saying we did criminal justice reform and we didn't do criminal justice reform. And that's where I'm at on it. You know, I'm not going to stand up here and say who's bad, who's good. I'm just going to say that to the people that I know are watching that are currently incarcerated who call my phone and ask about debate and ask about what's going on, I would just tell you guys that are watching the fight will continue. We'll keep fighting and we're just not going to just vote to vote because we need some substantial changes in the state of Nebraska. You know, there's been comments that said we underbuilt for years, and I would say we've underbuilt unless you're a black individual in the state of Nebraska, because currently our prisons are overpopulated with black individuals or people of color. You know, our state has one of the highest black incarceration rates in the country. That's a fact. You can't deny it. And, you know, it's annoying. It's-- it is what it is, you know? We came down here and I came down here to fight for those who sometimes feel as though they don't have a voice or, you know, they don't have support. And the, you know, just the criminal justice reform, just the three words are a hot topic to some people, and it's something that you know, I feel, though-- I feel as though I'll probably have to fight for the rest of my life because it's that big of an uphill battle. There's been issues with the criminal justice system for individuals that look like me prior to my birth. And it's always been that way. And we need to make some changes because we do not need to build another prison. And as Senator Lathrop mentioned, even if we were to build another prison, we would have to build another prison. You know, it just is what it is. I, you know, I'll keep standing up and talking about this. But I did try to go into the process, try to be optimistic that we could get some things across the aisle. But honestly, my optimism was optimism. And at this point, I would rather not do anything than to do something that going into next year would

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be harmful. It's sad, you know. There's people inside that I feel as though probably should be released. There's people, you know, looking for hope for this bill and other criminal justice bills. But, you know--

ARCH: One minute.

McKINNEY: --there's not a lot of willingness to, you know, rock the boat in the criminal justice system in the state of Nebraska. And that's what we have to do if we really want to break the trajectory and decrease the, you know, amount of people going in. And the-- you know, the disproportionality in a lot of things in the criminal justice system is we have to rock the boat and we need more people that are willing to rock the boat. And if we're not going to rock the boat, I don't think we should do anything because the only way we get to a better place is if we rock the boat. If we continue with business as usual, we get business-as-usual results, which means overcrowding, disproportionate amount of black individuals in our-- in our-- in our criminal justice system. And it is what it is. Thank you. I'll be back on.

ARCH: Thank you, Senator McKinney. Senator Slama, you are recognized.

SLAMA: Thank you, Mr. President, and good evening, colleagues. I rise today with a consistent position. I am in support of Senator Geist's AM2337 and without it opposed to the amendment and baseline bill. In my first run at this on the mike, I focused on the consensus items contained in Senator Geist's compromise amendment, how they are data driven and how they will make a real difference in our state. They actually represent about 80 percent of Senator Lathrop's LB920. Tonight, I'll be turning my attention to the nonconsensus items, so the differences between Senator Geist's amendment and the baseline, LB920, because it really is important that as we get to a vote on this, that we understand that if we don't pass Senator Geist's amendment what we are unleashing on our communities. And I'm going to start this with a very important data point that I raised the last time LB920 was up and that I think should be in everybody's minds as we are debating LB920 tonight. Nebraska has one of the lowest incarceration rates per capita in the country. We are 36th. We have-- we imprison a relatively low number of people compared to other states in the country already. Shortening the sentences, freeing the felons is not the answer. And the first point that I'm going to work through today is something that I feel very passionate about. And that is the provision in LB920 that would downgrade drug possession cases, save for fentanyl, to a Class I misdemeanor. Something that came up during

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negotiations on LB920 was perhaps we could have a concession of the fifth drug possession charge for a person, and this is under .5 grams, which if you know how to measure drugs, it's a lot when you're talking about some kinds of drugs like meth, but not as much when you're talking about others, that if we let this go to the fifth possession, well, then we'll concede and we'll make it a felony. Right now, it can be treated as a felony. LB920 would downgrade that to a Class I misdemeanor punishable by up to one year in jail. That is your local county jail. And I know I've got a lot of colleagues on the floor with me today who have dealt with the horrors of meth and meth abuse in their counties, and it's something that I've dealt with firsthand in southeast Nebraska. When you want to talk about unfunded mandates, let's talk about downgrading that drug possession charge to a Class I misdemeanor punishable by up to one year in the county jail. You're going to see an influx of meth possession cases be imprisoned in your county jails, where they have neither the access nor the room nor the personnel to provide the proper programming and rehabilitation that those who are abusing meth need to get better. So what you're going to see is a cycle of meth abusers not be able to get the access to programming they need, not have any incentive to participate in the drug court program. Right now the incentive over their head is if they fail to complete successfully the drug court programming, they're going to have a felony on their record. That incentive goes away with LB920. All the work that we have done to improve our communities with drug court, that incentive goes away when you downgrade those charges to a Class I misdemeanor because odds are that person's not going to get any jail time. And if they do get any jail time, they're not going to have access to the programming they need to get better. So if you're a rural county sheriff or you care about unfunded mandates, I hope you're paying attention to this part because this is going to be a massive expense for our rural communities. And you are just going to see more people cycle through without any intervention, without any incentive to participate in drug courts. And I have rural sheriffs in my district who are working overtime, who are working their tails off--

ARCH: One minute.

SLAMA: --thank you, Mr. President-- to fight this meth epidemic in our state. The Attorney General's Office has done a wonderful job as well. We're tying their hands with LB920 in making it a Class I misdemeanor and saying, well, your only recourse is county jail. You're not going to go to prison. You're not going to have any incentive to participate in drug court. So when we're talking about data, let's talk about the

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unfunded mandates and potential dangers to our communities with downgrading those drug possession penalties. Thank you, Mr. President.

ARCH: Thank you, Senator Slama. Senator John Cavanaugh, you are recognized.

J. CAVANAUGH: Thank you, Mr. President. So I rise in support of AM2286 without this amendment, though I have been engaged in some of the negotiations around this, and I do appreciate everyone's willingness to talk through these important issues in here and outside of this room and have a serious conversation about what each of the-- the suggestions, recommendations are and how they affect our-- our populations, how they affect our communities, and how they will address this underlying issue. And so first off, the changes suggested in AM2286 and LB920 as a whole are mostly changes to parole eligibility, which means it will not let anyone out of prison. It will make them eligible for release, which then allows a case-by-case determination by the Parole Board to decide if somebody has done the work in prison, has actually rehabilitated and should be released earlier than their jam date. So it incentivizes people to participate in programming and it then it gets them into the community with supervision, which are all things we all agree should be done as opposed to locking somebody into a sentence on, as-- at the beginning where they are admittedly at their worst stage, having just committed an offense and haven't gone through programming. So that is the crux of LB920. It's about creating an opportunity for people to demonstrate that they have been rehabilitated and that they-- that they are taking advantage of the programming and that by virtue of that fact will help solve the problem. It will encourage people to get programming. It will make more people eligible. It will allow the Parole Board to make a case-by-case specific determination by person. But that is what LB920 is, that is what AM2286 is. AM2237 cuts out far too many of those things that achieve that goal. And it-- and it does it without consideration to what the number of incarcerated individuals this will affect. AM2237, this amendment, does have about, I guess, as Senator Slama said, 80 percent of the options. Eighty percent of the options accomplish 10 percent of the goal. It's the 20 percent that are the tougher ones, the harder conversations, the more serious issues that we need to resolve. And that's what we're here to do is to resolve these serious issues. And so I appreciate people engaging in the conversation around those 20 percent, but we should not trick ourselves into thinking that the volume of options we adopt will be related to outcomes. It has to be about the specific value of those options. And I just thought I would point out I pulled up here while we're talking about the-- the drug possession part, which is one where

it does reduce a penalty. So we have our possession of a controlled substance with intent to distribute can be established through a number of methods. And under-- for-- for methamphetamine, it can be established through actual sale, evidence of sale, indicia, which is baggies, scales, lots of money, and a certain amount of drugs. And in the indicia case, it doesn't matter how much drugs you have. But we have under statute a-- what you would call a prima facie case of that you are engaged in distribution and you'd establish that by weight. So when methamphetamine 140 grams is-- is determined to be-- if you own-- if you have 140 grams of methamphetamine, that's a IB felony. So they're saying you have been engaged in distribution. That is 280 times the amount of weight we're talking about in LB920 and AM2286, 140 grams. And then you have 28 grams, but less than 140 grams. So if you go to the bottom of that, that is 56 times the amount of weight--

ARCH: One minute.

J. CAVANAUGH: --we're talking about in LB920 and AM2286. And then you have 10 grams, but less than 28 grams. So at the bottom, it's 20 times the amount is evidence of distribution. Point five grams, half a gram is a user amount for one day, one-- one time. Nobody is saying this is a good thing. Nobody's saying people should engage in this. But what we're saying is that we should not be criminalizing people who have a problem and we should be addressing it as a problem and not-- not something for the courts and for the prisons. And so that is what we're saying in that suggestion in-- in LB920 and in this bill. So that is why there is a distinction between this conduct and how it is being distinguished here, that we should be focusing on treatment and not focusing on incarceration. That's why this is being moved to a misdemeanor in the suggested bill. Thank you, Mr. President.

ARCH: Thank you, Senator. Senator Machaela Cavanaugh, you are recognized.

M. CAVANAUGH: Thank you, Mr. President. Good evening, colleagues. I rise in opposition to AM2337. I'm going to yield my time in just a moment. But I wanted to read part of the veto letter where the Governor says-- oh, wrong page-- that he is eliminating the coinciding \$4.8 million cash fund appropriation and the associated earmarks contained in LB1011e related to community apprenticeship and restorative justice programs. That's where we're at. I'd like to yield the remainder of my time to Senator Steve Lathrop.

ARCH: Senator Lathrop, 4:20.

LATHROP: Thank you, Mr. President. And, Senator Cavanaugh, thank you for the time. You know, let me-- let me talk about a challenge that we had the first time this bill came up. And that is I don't want to get into a situation where I spend the night responding to inaccurate representations on the mike. But I got to talk about the last one. So to talk about fentanyl, which is not in the committee amendment, which was excluded from the committee amendment, is not being honest about the-- the substance of LB920 with the committee amendment. But to the extent Senator Slama suggests that if we put someone charged with possession of a small, very small quantity of a controlled substance into prison or into county jails that we are creating an unfunded mandate, that's interesting that that topic would come up because that's exactly what's happening to the state of Nebraska. So the opposition to LB920 is coming from county attorneys and at least one person in law enforcement but I'm-- I got to tell you, not all law enforcement, OK, because I've talked to plenty of law enforcement that don't have a problem with LB920. But there's one person in particular that does who seems to be driving the opposition. I'll just say this. The people who are opposing this don't have to pay for the overcrowding, and they don't have to pay for the next prison that we have to build or the next two prisons that we have to build. So it's easy to sit back and say, don't do anything. You just keep taking the people we're sending you and we want to be in charge of the policy and you guys keep incarcerating people, building more prisons that you can't staff, and paying for it. We have sort of the unfunded mandate coming by virtue of opposition from prosecutors, not all of them, but some, and law enforcement, and again, not all of them, but some. So we, the state, are picking up the tab for this worldview that certain law enforcement, not all, and certain prosecutors, not all of them, have about the criminal justice system. And today their answer is no. It's opposition. You got to keep doing what we're doing, the status quo. I want to talk about the status quo because that's a very good way to describe the Geist amendment. The Geist amendment is the status quo, colleagues. It doesn't even have all the consensus items. And when we hear the representation that it has the consensus items, that's not accurate either. It doesn't. It didn't even include everything everybody in the working group agreed to. And the status quo, the status quo, I'm going to get on the mike next time and talk about the status quo and what it looks like. You should understand that it is not providing public safety. It is not making our communities safe. And to put an amendment up and say this is the solution, it's data driven--

ARCH: One minute.

LATHROP: --it's 80 percent of what's in Lathrop's bill, it's not. It might be 80 percent if you count the paragraphs, which is a silly argument. It is-- it is a number of ideas that don't do anything. They do-- do not move the needle. Would they be helpful? Yes. To say, let's expand problem solving courts, even though we don't have the judicial capacity to do it, that sounds great. But it doesn't move the needle, and we haven't solved the problem. So these-- these arguments don't get you there. I look forward to the next time folks get on-- on the mike talking about their solution to the growing population at the Department of Corrections. And it most certainly is not the Geist amendment, because that doesn't do it. It doesn't move the needle.

ARCH: Time, Senator.

LATHROP: Thank you.

ARCH: Thank you, Senator Lathrop. Senator Hunt, you are recognized.

HUNT: Thank you, Mr. President. I was going to say what-- a lot of what Senator Lathrop just said that AM2337 is just more status quo. It's the status quo and the status quo is unsafe. The status quo is what has led us to this huge overcrowding problem. And it's also led to us having this overreliance on solitary confinement, especially for people who have mental issues who aren't even supposed to be in solitary confinement in the first place and we know that we are. And overall, this is a very modest reform. It's not a sweeping reform. And it's really taxpayers and public safety that ends up suffering when we try to build our way out of an incarceration problem, which is literally impossible from both an economic perspective and a fiscal perspective and a moral perspective. I-- as we've debated this bill, I've thought about a lot of the men that I've met in the State Penitentiary over the last year. I spoke with the Circle of Concerned Lifers a couple of times. And when folks like Senator Halloran or a lot of people say this, that we trust the second house, that the second house isn't stupid. And that's another contradiction that we hear on this floor. The second house isn't stupid. We can trust the second house unless they don't want to be pregnant. We can trust the second house, the second house isn't stupid unless they've made a mistake and they're incarcerated. And then if they're a felon, we have a lot of dog whistle language going on, on the floor today of free the felons and capital F felons and all this stuff. It's-- it's scary language meant to scare you about people who are not necessarily being rehabilitated by the status quo. And this amendment doesn't do anything to aid their rehabilitation, and it doesn't do anything to help with public safety. And if we pass this this way, we're not going

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to be able to leave here and say that we did anything. But again in an election year, maybe that's something that's going to look nice on a mailer. We expanded problem solving courts, even though we have no judges and no judicial capacity to fill these problem solving courts. Oh, we're going to build a new prison even though we don't have any staff to, you know, staff the new prison. I do trust the second house and they are not stupid. And I think that they can see through that kind of stuff and see that it's not realistic. Mr. President, I'd like to yield the remainder of my time to Senator Lathrop.

ARCH: Senator Lathrop, 2:15.

LATHROP: Thank you and thank you, Senator Hunt. I want to talk about the status quo because when we talk about not making any changes, as some are advocating for here, and getting rid of or killing LB920 or amending it with-- with the Geist amendment that doesn't change anything relative to the problem the state faces, you should know that we had-- last year, we had 307 men and women leave the Department of Corrections on a mandatory discharge. That means that they did not-- they jammed out, right? Those are people that are now free and they are in our communities straight from the Department of Corrections. In addition to that 307, we had another 421 that had flat sentences. They also left with no parole officer. And you should know, colleagues, when you talk about leaving things the way they are-- and, and as Senator Cavanaugh said, most of this bill is about opportunities for parole-- that we actually do an assessment of these people before they leave. The 307, they had an assessment done. Seventy of--

ARCH: One minute.

LATHROP: --these people that went straight from the Department of Corrections to your neighborhood, 70 of them, were at a high risk for violence, property theft, that kind of thing, and drugs. Eighty-five of them were a high risk for violence, left because they jammed out; no parole officer, no supervision, high risk, and they are done. High risk for property-- that would include thefts-- 25 of them. And this is just in one year. This is just last year. Twenty-five of them left with no parole officer, jammed out, and were assessed to be a high risk. Did you say time? I'm sorry. High risk for drugs, 23. They jammed out. No one's following them, no programming. They didn't have to do programming because they jammed out. These are the people, the 95 percent--

ARCH: Time, Senator.

LATHROP: --that are coming back to your neighborhoods.

ARCH: Time, Senator.

LATHROP: Thank you.

ARCH: Thank you, Senator Lathrop. Senator Lowe, you are recognized.

LOWE: Thank you, Mr. President. Last time we had a conversation on this bill, I had some questions and I was hoping to get them answered. I still have a lot of these same questions, so hopefully I will be able to get some clear answers on some of those. But I have another question I'd like to ask Senator Lathrop at this time. So would Senator Lathrop yield to a question?

ARCH: Senator Lathrop, will you yield?

LATHROP: Yes, I will.

LOWE: Thank you, Senator Lathrop. I'm specifically looking at the changes made in Section 33 on page 48 near the bottom of the page.

LATHROP: OK, go ahead.

LOWE: I have two questions about this area. First, can you explain what purposes these changes are?

LATHROP: These changes provide a two-year window. They-- they have a five-year threshold, so you have to have a sentence greater than five years and then it would create a two-year window. And it is included in the bill because it would apply to the current population. It will-- it will not let anybody out any sooner going forward than the 60 percent rule contained in the other parts of the bill.

LOWE: OK. And secondly, would you explain where the idea from this came from? Was it one of the 21 recommendations from the CJI?

LATHROP: The consensus-- thank you for the question, Senator. The consensus items from CJI included preventing jam outs. OK? This is a-- this is a policy proposal to address the consensus item of preventing jam outs.

LOWE: OK, thank you. And I work hard in the General Affairs Committee, and I-- I put through a bill this year for microbrewers and microdistillers and-- and the distributors and-- and we had to work out some differences and we came to not something that everybody was

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happy with. Would you think that maybe 75 or 80 percent of your bill would be workable, Senator Lathrop, if I might ask another question?

LATHROP: Yeah. No, happy to answer it. Thanks for the question. It depends on which 70 percent we're talking about. So there are a lot of items that do not affect our population projection, like, for example, giving gift cards to people on parole or probation to incentivize good behavior. That will not affect our population projections. So those kind of items, even though they represent a significant number of pages in the bill, don't do anything. The lion's share of the benefit lowering the trajectory of our population, they're probably 20 percent of the bill or even, maybe even by pages less than that. So comparing the number of pages or the number of paragraphs or sections and saying you're getting 80 percent of the sections in the bill, it doesn't really work that way because they're-- the greatest share of the substance of the bill are these fluffy things like giving out gift cards to probation, people on probation when the goal is to try to effect the growth in our population at the Department of Corrections. That's going to be the heart of the bill as it relates to solving the state's problem. But it doesn't represent more than probably 20 percent of the pages, if you will, or the sections in the bill.

LOWE: All right. Thank you, Senator Lathrop. I'd like to yield the rest of my time to Senator Slama, if she'd like to take it.

ARCH: Senator Slama, one minute.

SLAMA: Fantastic, thank you, Mr. President. I would just briefly like to address Senator Lathrop's comments about my first speech on the floor. I did literally say at the start of my speech that the change in drug offenses excludes fentanyl. I said that very clearly at the start of my speech. I mean, if Senator Lathrop wants us to have a substantive debate tonight, he's going to have to listen a little bit more closely before he calls me a liar. Thank you, Mr. President.

ARCH: Thank you, Senator. Senator Geist, you are recognized.

GEIST: Thank you, Mr. President. I just want to start with saying that-- saying that AM2337 has nothing in it worthwhile I kind of think is insulting in the sense that we all sat around from August to December and came up with these. There were five that we disagreed with, three of which, or at least two of those we've had some kind of negotiation and agreement over. So it's not like we've been in a room for hours and hours and said, no, I'm not going to do anything. I'm not going to budge. I'm getting that impression from Senator Lathrop

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more than I'm getting that impression from what I've said. I have addressed jam outs by adding LB1004. It doesn't go as far as what Senator Lathrop would like. However, I think it's wise when we, as policymakers, consult people on the ground about what their input, what their life experience is like when trying to implement and change some things. I am not a county attorney. I am not law enforcement. I don't do this job. I am a policymaker. However, I think it's very shortsighted and unwise of me to not listen to subject matter experts. I take their advice seriously. I would do that whether I'm in Judiciary, whether I was on DHHS, I am in Transportation, I do tours. I go out and listen to people because I don't do that job. And the way that I help make good policy is by listening to the people that do the job. I do believe that the items that I would not compromise on would compromise public safety. I do believe that. We have a philosophical difference in that and I'm glad we're discussing it. It doesn't necessarily mean that we are worlds apart because we really aren't. But some of the things that are in the Geist amendment focus on treatment, helping probation officers. If you're more adequately supervised, you may not go back or have another infraction or get sent to prison after that. We're focusing on recidivism. I've said that several times. I've not spoken on the mike as much as Senator Lathrop has so you haven't had the opportunity to listen to my philosophy as much as we've been able to listen to his. However, it's not just fluff. It's something we've never done. We need drug treatment. We need mental health treatment. In the Geist amendment helps pay tuition for those who will go to small communities and offer mental health treatment to those in this category. One other thing while I'm on the mike I would like to address is that it was just said a few minutes ago that the state is picking up the tab for the-- for the new prison. Folks, the state has no money that we don't give it.

ARCH: One minute.

GEIST: The people who are subject matter experts are citizens just like we are citizen senators. They pay taxes too. They pay for the prison just like I do, just like all of us in this room do. The state doesn't pay for it. We give the state our money. So to say that we pay for it, the state, and they don't is wrong because the state has nothing that all of us collectively don't give it. So we're all in this together. Thank you, Mr. President.

ARCH: Thank you, Senator Geist. Senator Clements, you are recognized.

CLEMENTS: Thank you, Mr. President. I stand in favor of the AM2337. And I had a conversation with someone who was involved with the parole

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system regarding jam outs and the jam out numbers have been talked about quite a bit. And there's a question of what a jam out is. If it's someone who was never paroled, that's one thing. But I'm told a large number of jam outs were granted parole and violated parole and maybe more than once and maybe refused programming or didn't have enough time to be considered again for parole. And so I'm not sure that the numbers really reflect some of the problems that the parole system has in that regard. And people who have violated parole, I think they need to be back away from society if they're going to continue to offend. So I'm considered about public safety, and I would like to hear more from Senator Geist, would like to yield her my time.

ARCH: Senator Geist, 3:30.

GEIST: Thank you, Mr. President. In response to Senator Clements' remarks there about jam outs, one of the things that we had talked about extensively is LB1004. There is a portion of LB1004, which is in the AM2286, and it has the five-year lookback, which frankly, I prefer better than the one we negotiated. But-- but the one that we negotiated actually applies to anyone, doesn't matter what your sentence is. And what this looks like is, let's say an inmate or someone has been sentenced to four years. They go into prison. They actually have to serve two because we have automatic good time. So with LB1004, the original green copy of LB1004 would allow that individual to be automatically eligible for parole once they enter the correctional system. Now that doesn't mean that they get out on parole. It means that they're evaluated. There are-- we do require people to take programming to be eli-- to be released on parole. And one of the things that's a priority for me personally, I think for others who are interested in public safety is making sure that if they are on parole and released on parole, that their supervision is beefed up, it's good enough, we have enough parole officers. That would be the same for probation officers. We-- our probation officers and parole officers have an enormous job of knowing where the individuals are, keeping track of them, whether they're going to treatment, whether they are going to their programming, and all of those things. That is a very important job and a very taxing job. And one of the things that we did, as I said earlier, in the Geist amendment is give an assistant to parole officers and with the emphasis on those who-- I mean, I'm sorry, probation officers with an emphasis on those who-- who are supervised, high-risk individuals. And so anyway, back to LB1004--

ARCH: One minute.

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GEIST: --what this would do is automatically allow for a two-year window opportunity for parole on every sentence. What our goal is with that is to answer the consensus item of reducing jam outs. It's not perfect. Compromise usually isn't, but it is something that we've discussed at length and a place where we felt like we could go and still address the issue. And granted does not go as far as what Senator Lathrop would like to go. But that is also the, I think the question that Senator Lowe may have had about where the 50 percent came from and that specifically wasn't a CJI consensus item. However, it was an attempt to answer the jam out question.

ARCH: Time, Senator.

GEIST: Thank you.

ARCH: Thank you, Senator Clements, Senator Geist. Senator Friesen, you are recognized. Is Senator Friesen in the room? I don't see Senator Friesen. We'll pass over. Senator Pansing Brooks, you are recognized.

PANSING BROOKS: Thank you, Mr. President. I just-- I have some more. Last time we talked a little bit about what AM2337 incorporates. So I'd like to ask Senator Geist some questions.

ARCH: Senator Geist, will you yield?

GEIST: I will.

PANSING BROOKS: Thank you, Senator Geist. So I'm wondering, could you explain to me what you feel are the substantive parts of your amendment?

GEIST: I can, if you'll just give me a moment.

PANSING BROOKS: OK, well, while you're-- while you're looking for that, I want to just talk about and remind people that people keep going back to the fact that LB605 didn't work in 2015. And the reason LB605 didn't work and we knew it wasn't going to work was because we didn't-- we did not do all the recommendations that were recommended by CSG at that time. And now here we are, going back doing the exact same thing and we are not doing the things that were recommended by CJI. So I would like to-- because I've been trying to go through your amendment, Senator Geist, and could you-- I want you to-- give you a little bit of time to talk about what you think will substantively make a difference in our population.

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GEIST: OK. One of those is expanding problem solving courts, which is something I'm extremely passionate about.

PANSING BROOKS: I am too. I'm really passionate about that, but I don't-- I don't see how that affects the prison numbers.

GEIST: Well, what that does is keeps people from entering because it's a diversionary program. And so it doesn't decrease them on the back end. It decreases them on the front end.

PANSING BROOKS: OK. I'm not sure that those, those people do-- what percentage of the people that are going in the-- into the problem solving courts are people that would be-- end up in prison?

GEIST: They wouldn't necessarily end up in prison. They're charged with felonies and often--

PANSING BROOKS: They wouldn't or they would?

GEIST: Yes, they would.

PANSING BROOKS: OK.

GEIST: Yes. From the year that I spent there, it was not-- this was the norm. You'd have someone that would have a couple of felonies that each carried two to four years. And so diverting them into problem solving courts necessarily keeps them out of prison. And--

PANSING BROOKS: Yes, but I'm wondering what percentage? I'm sorry to interrupt, but because not all people that are going into the problem solving courts have been charged with felonies, correct?

GEIST: Yes, they have.

PANSING BROOKS: OK. No, not all of them have.

GEIST: Well, in drug court, the one that I attended--

PANSING BROOKS: They don't have to be.

GEIST: --they were, they were charged with felonies.

PANSING BROOKS: They don't have to be. So--

GEIST: The incentive there, though, is that that is expunged at the end of their graduation.

PANSING BROOKS: OK. And so what else? What other substantive things are you finding? Because I'm finding a lot of pilot program on space utilization and information technology.

GEIST: Yes, what that is, is that is tuition reimbursement for people who will-- it's in the information technology because that's in the section of statute that talks about tuition reimbursement, I believe.

PANSING BROOKS: OK.

GEIST: And so it's tuition reimbursement for students who study psychiatry or psychology--

PANSING BROOKS: OK.

GEIST: --and will go into small communities and get tuition reimbursement for that.

PANSING BROOKS: OK. There were more pilot programs. That wasn't the one I was talking about.

GEIST: Yes, there was another one.

PANSING BROOKS: A pilot program for--

GEIST: Assistant parole officers.

PANSING BROOKS: Yes, additional probation officers.

GEIST: I'm sorry, probation officers, yes.

PANSING BROOKS: And there's information on set-aside information, also a pilot program incentive program--

ARCH: One minute.

PANSING BROOKS: --restitution, fines, and some costs if they're going to do restitution. To me, we're lacking any kind of-- any true substance. We're doing lots of pilot programs. We have the Justice Reinvestment Oversight Task Force. This sounds like more of the exact same of what we've done with CSG and CJI.

GEIST: Well, the task force itself was instituted by or actually recommended by CJI, and has--

PANSING BROOKS: But that was--

GEIST: It's to oversee that the things that are passed are working--

PANSING BROOKS: Yes, but--

GEIST: --to be able to oversee that and tweak it as needed.

PANSING BROOKS: Thank you. So-- but what I'm concerned about is that is-- that was set up to oversee substantive changes in our system rather than just--

GEIST: Well, it didn't say that.

PANSING BROOKS: --pilot programs and overseeing probation officers and the needs for them and--

GEIST: Which is a huge need.

PANSING BROOKS: --I mean, we might as well go back to having another study, it seems to me.

ARCH: Time, Senator.

GEIST: A pilot program is not a study.

PANSING BROOKS: Thank you.

ARCH: Thank you, Senator Pansing Brooks, Senator Geist. Senator McCollister, you are recognized.

McCOLLISTER: Thank you, Mr. President. Good evening, colleagues. I think most of you are aware of my somewhere-- somewhat checkered history coming from the Platte Institute all these years ago. And the Platte Institute was interested in limited government, personal responsibility, and free enterprise. And interestingly enough, the Platte Institute and all the free-market think tanks embraced criminal justice reform. That, along with the ACLU, the ALEC, American Legislative Exchange Council, CSG, and all these bodies embrace criminal justice reform. And here we are now, 12 years later, doing the very same thing, and it's the same thing we did in 2015, when I first came into the body. LB605 came before the Legislature. We talked about LB605, we discussed LB605, and we only passed half of LB605. And the result is what we have now, 5,500 people in our criminal justice system. I say again, in 1980, we had 1,400 people in our criminal justice system at a time when criminal rates are going down. Explain that to me. That's an interesting juxtaposition. It just does not match up. Nebraska's going the wrong way, and we need to embrace

criminal justice reform now. Federalism works. Thirty-five states have gone down this road and yet Nebraska carries. We need to move down this road-- road as well. We need to start thinking about criminal justice reform, parole reform, sentencing reform, some of those selections that we chose not to embrace in AM2337 by Senator Geist. We need to talk about those differences because I think if we were to embrace those, we would actually cease our-- our criminal population or at least those people incarcerated. They would go down and we would not reduce public safety. What is the downside? What is the downside? Thirty-five states have gone down this road and they've closed prisons. I look at Texas, they've closed two, three, four prisons and without reducing public safety. It's time for us to move down that same road. It's-- it's-- it's time for us to do that and save the state some money. Thank you, Mr. President.

ARCH: Thank you, Senator McCollister. Senator Bostelman, you're recognized.

BOSTELMAN: Thank you, Mr. President. I yield my time to Senator Geist.

ARCH: Senator Geist, 4:50.

GEIST: Thank you, Mr. President. You know, we had a discussion. If you rewind to last week when we were-- I think it was Senator Pansing Brooks and I were talking, and she was concerned about staff shortages. And I just wanted to update the body on what's going on. A lot of money has been provided to the unions and to the correctional department to hire more people, and I want you to hear about this. After a major staff shortage within the Nebraska Department of Corrections last year, the issue appears to be improving. Last November, Nebraska prisons had a staff shortage of more than 400 unfilled jobs before the corrections union and the state made an agreement. The labor agreement seemingly made the job as a corrections officer into a more alluring job. The state poured in millions to Corrections staff to pay raises of \$8 an hour, a bump of over \$16,000 a year. Plus, they added signing bonuses and a two and a half times pay for overtime. Now, the Governor says the state receives an average of 100 applications a week. We've nearly tripled the number of applications we were receiving per week, and that's allowed to cut our staffing base-- vacancies by more than half. So I think that's some positive news that addresses a conversation that we were having about the concern of staffing shortages. Yes, we still need to continue to hire. Yes, that needs to move forward, but at least there is something that is being done to address that. But to say that I am all for status quo I think is to not hear what I've said. I am not for status

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quo. But I am also not for lowering sentencing, having our judges change-- I'm sorry, lowering penalties and having our judges change their sentencing. I am very interested in overhauling the sentence structure. I don't like automatic good time. I think I addressed that on the mike last time we were here, probably something I will be working on. But however, that doesn't mean that I'm for the status quo. To say that I disagree on a few areas doesn't mean that I think we should lock them up and throw away the key. Absolutely not. I agree that we need to robustly grow programming, treatment. We need to do that within our facilities, not just in community corrections and not just in our communities. We need to make programming, which is such an all-encompassing word, I would like to have addiction treatment within the facilities so that an inmate gets that treatment there, they're followed there, and they're transitioned out and handed off on to a correctional-- a community corrections or an outside treatment facility that they can be connected with and check in with. I also believe that we should not incarcerate people who have severe mental illness, but we have no alternatives right now, not that that's good. Do I think that's good? Of course not.

ARCH: One minute.

GEIST: I would be so in favor of finding an alternative facility where we can have good access and treatment to mental health rather than incarceration. I'm 100 percent for that. It's why I brought a bill for mental health courts. It's not perfect. It doesn't solve the problem of keeping people out of the system, but it does help people who are caught in the system to get out. So to say that I'm for let's just keep going the way we're going is patently wrong. That's not where I'm coming from. Thank you, Mr. President.

ARCH: Thank you, Senator Geist. Senator McKinney, you are recognized.

McKINNEY: Thank you, Mr. President. I rise again in support of LB920, AM2286, and I am opposed to AM2337. I guess we'll continue this conversation. And I would say that, you know, if we're here to actually do some things to, you know, change the lives of individuals that are affected by the criminal justice system and de-- and do something to do something with the population, but even if we were to hypothetically vote for a prison this year, we still would have to deal with the overcrowding situation. And even if we were to build another prison, we would have to build another one because by the time another prison got online, it would be overcrowded. I strongly believe that we need to do a lot of things within our criminal justice system to change a lot-- a lot of things for a lot of people. And I just

don't believe AM2337 encompasses all of what we need to do to take our state to a better place as far as our population and things like that. And, you know, we-- we hear things about public safety, this and that and all these words and these-- and these catchphrases. And I just want to say-- and I'd just like to say that are we human? Can we stop referring to these individuals as, oh, those inmates or those felons or those horrible people? They are human just like the rest of us. They're just incarcerated. Why can't we just call them incarcerated individuals? Why can't we do that? Why can't we humanize individuals that 95 percent of them will be back into our society? So when they come back, are we going to say former inmate or ex-felon? And there's no such thing as a ex-felon because how are you not-- how do you take that away? Our Pardons Board is not pardoning people from felonies. Our Parole Board is barely meeting as a full body. I just don't understand. Can we be human? Can we humanize these things? Again, I went into this process trying to be optimistic and hopeful that we could do some things that would really move the needle and take our state into a better place. As of right now, I don't believe that's possible this year, but that doesn't mean I give up hope. I still have time here and I'll continue to fight for these issues. But I don't believe that we should just say yes to something to say yes, because what I fear is what would happen with what happened with LB605. We'll pass something, it really doesn't do anything, and then somebody will stand up and say, we passed something so why are you trying to bring another bill this year? We're either going to rock the boat or we're not going to do anything. And that's where I'm at and I'm OK with that. I'm perfectly fine with that. We live to fight another day. I'm a wrestler. You take ails and you keep going and you find a way to win. And I-- and I'm perfectly fine with that, but I would just ask you all to be human, you know, mentioning people-- I-- it's just-- It just shows the lack of cultural competency or lack of competency we have in this body in how we look at individuals.

ARCH: One minute.

McKINNEY: Are we going to forever penalize somebody for making a mistake? Are we going to forever say you're a horrible person? If that's the case, just say it. Please just say it. Let's be real tonight. Well, I don't know how late we're going, but let's have a real conversation. If you think horri-- if you think these people are horrible people, say they're horrible people and they should never be let out. Let's have a real conversation. Please, let's-- let's be honest tonight. Let's open it up and have an honest conversation. Thank you.

ARCH: Thank you, Senator McKinney. Senator Slama, you are recognized.

SLAMA: Thank you, Mr. President. I rise with a consistent position, and I do appreciate Senator McKinney's comments about having an open and honest conversation tonight. And I think we are closer to a compromise than what you might expect if we're watching from home. The Geist amendment, just to review, is, like, 80 percent of Senator Lathrop's LB920. There are four main nonconsensus items that are in there. I'm using my turns on the mike to describe how these nonconsensus items would compromise community safety. I hit on the first one is making it clear that in downgrading drug possession to a Class I misdemeanor punishable only by up to one year in prison, we are going to be making the meth epidemic in our rural communities exponentially worse and saddling our counties and our county sheriffs with a massive unfunded mandate where we will have a bunch of Class I meth-related misdemeanors in jail, unable-- unable to get the treatment they need and a complete disincentive for them to complete drug court and all the wonderful things that we've seen from drug court. And we can just refocus here on my fact of the night, which is that Nebraska has one of the lowest incarceration rates per capita in the country. I'll say it again. Nebraska imprisons fewer people than the national average. We don't need to be changing our sentencing structure. We absolutely need to be investing in our capacity. We haven't done it for decades. And LB920, especially without the Geist amendment, is opposed by law enforcement, the county attorneys, and the Attorney General's Office, all of these people who are tasked with keeping our communities safe. There's a great reason for that, and they lie in the four nonconsensus items. So we talked about the drug offenses. I'm now going to move to the Section 8 amending our burglary statutes. Right now, Nebraska has a single burglary statute, regardless of whether you're breaking into a home or a business. It's a zero-to 20-year offense, so the judge has a high degree of flexibility, depending on the occurrence. So Section 8 of LB920 would amend our statutes to create a second- and a third-degree burglary, so we're creating three different sections of types of burglary. Second-degree burglary would involve breaking and entering into an occupied building other than a dwelling, and would be punishable as a Class III felony, rather than the current. Third-degree burglary would involve breaking into an unoccupied building other than a dwelling and would be a Class IIIA felony. So in our discussions on this piece, the discussion is centered around what-- why are we incentivizing, I believe, in breaking up these three categories, to incentivize the scenarios we're seeing in California and New York, where we're making the punishments less severe for smash-and-grab burglaries? You've all

seen on the news individuals going in as a group, smashing in the windows of a department store, a designer store, taking all they can and leaving before police arrive. That's called a smash-and-grab burglary. We'd be lessening the penalties for this since it's not a residence, it's a place of business, especially if that place of business is unoccupied. Now the example was given during our discussion that, you know, someone breaking into a shed and stealing an ice cream cone is different from somebody breaking into a house full of terrified kids, and that's true, and that's where our current burglary statutes work, because we have flexibility, zero to 20 years. And I can tell you right now that our prisons are not full of people breaking into sheds and stealing ice cream cones, like that was literally an example that was given, and this is another one where--

HUGHES: One minute.

SLAMA: --thank you, Mr. President-- changing this approach to burglary only frees up a handful of beds. So if we're talking about data-driven approaches, I can't wrap my head around, one, why 80 percent of LB920, as encapsulated by Senator Geist's AM2337, supposedly doesn't have anything in it to move the needle and, moreover, why another one of these consensus items absolutely would not move the needle, because we're simply not filling up our prisons with people breaking into sheds and stealing rakes or ice cream cones. So I look forward to a response on those issues, and I look forward to continuing this debate on LB920 and keeping our communities safe. Thank you, Mr. President.

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

LATHROP: Thank you, Mr. President. Colleagues, good evening once again. We're an hour into this. We started about-- a little over an hour ago, and I began my remarks this evening by suggesting that we listen when people stand up for their solution to the problem. The problem is the rate at which our population is growing will require two prisons, not one but two, by 2030. If we built a prison, we'd still need another one that looks just like it to meet the needs of our growing population by 2030. We're an hour into this, and there's not been one suggestion that would alter our trajectory with respect to the growth in our prison population. There have been a lot of things said, things like it will sacrifice public safety. That's not what the data shows. OK, that's just a statement. It's a-- somebody's belief that's not supported by the data that we had CJI bring to the state. We talked about problem solving courts. Problem solving courts, we just need to expand them and that's in the bill. We can't expand problem solving courts because we don't have the judicial capacity.

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They can't do any more. We can put it in the bill and say we would like to see it grow. But for those of us on Judiciary Committee that have been at the hearings on problem solving courts, we understand that we can't grow our problem solving courts because we don't have enough judges able and available to expand those, and without the judges it's not going to happen. To say that the solution is as simple as having better treatment, listen, we've talked about this. No one's going to get treatment unless they have a parole opportunity, and that's what's in LB920. You can't wish these things to happen. You can't wish these things to happen. Or to say that there are a third of the people in the Department of Corrections are on--are on psychotropic medications and they shouldn't be there, I give you that one. I'll concede that one. I would agree with you. Senator Geist and I both agree that-- that people need more substance abuse and mental health treatment, but a third of the people there are on psychotropic medications. And by the way, there's no bill to take care of that this year. There's nothing in the amendment that takes care of that. It's just conversation about, "Wouldn't it be nice?" And I don't want to make this sound condescending, but I'm struggling when we're having a debate about a problem relative to the growth in our population and we're talking about, "Wouldn't it be nice?" Yeah, would it. It'd be nice if we had more judicial capacity and we could actually expand problem solving courts. And by the way, that doesn't mean we've kept one person out of prison, because some of those people weren't headed to prison in the first place. We have data. We have information that we can make a decision on. And maybe you need to hear this too. You don't want to do this and this doesn't work this year, you're not going to get anybody to come back here, like we're going to be the state that doesn't listen, that doesn't appreciate the work of the CJIs and that Council of State Government when they come into your jurisdiction because it's a waste of time.

HUGHES: One minute.

LATHROP: If you're not going to listen to the data and be driven in your solutions, then all we're doing is just repeating something that you heard from law enforcement or some guy that you talked to. But today, on this bill, we have an opportunity to come up with solutions. And now we need to define the problem. It's the growth in our population. It's the growth in our population. LB920 has proposals that will flatten that rate of growth. And now we have fear we're going to sacrifice public safety. But that's not what the data shows. It's not what the data shows. I mean, we have people that aren't looking at data, talking about fear, talking about somebody getting

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out. My God, we have people that are getting out that we have assessed as--

HUGHES: Time, Senator.

LATHROP: Thank you, Senator Lathrop. Senator Brandt, you're recognized.

BRANDT: Thank you, Mr. President. Thank you, Senator Lathrop and the Judi-- Judiciary Committee, on which I have served for four years, for bringing this bill. Senator McKinney, you're correct in your first statement tonight. You said you'll need to fight for this for all the years you are here. My advice is just keep fighting. I support the Judiciary amendment and I oppose the Geist amendment. Senator Slama, would you yield for a question?

SLAMA: Absolutely.

BRANDT: Senator Slama, you're right also. Somewhat, the state is soft on crime. Part of this argument is the county attorneys are not sentencing people the first time that they're in-- in-- in front of a judge. Do you think that if the county attorneys would sentence these people the first time and send them to jail right away that they would learn their lesson, rather than giving them a pass three or four times?

SLAMA: The county attorneys don't sentence. The judge does. The county attorneys recommend the sentence, and I-- I do believe, depending on the county attorney and the situation, we do run into situations where the county attorneys are a bit more lenient when it comes to offenses and recommending prison time.

BRANDT: So do we need any new laws? I constantly hear from a lot of people in the state that we have plenty of laws in this state that just aren't being enforced in-- in-- and you and I have served on Judiciary the same amount of time. I'm not an attorney and you-- you will be next month, right?

SLAMA: I won't be an attorney for another about a year, fingers crossed.

BRANDT: OK. But in your-- in your study of Nebraska law, do you feel we have enough laws on this subject already?

SLAMA: It would depend on which subject you're talking about. When it comes to providing support for things like drug courts, veterans

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courts, things like post-release supervision, I don't think we have enough on the books and that's why I support the Geist amendment. But when it comes to rolling back criminal penalties in an effort to solve a problem, I don't-- I don't support that, no.

BRANDT: So you would be in favor of having the judges and the county attorneys be more aggressive on crime today.

SLAMA: I would say it would depend on the-- it would absolutely depend on the situation, but LB920 is a step in the opposite direction of that, which I don't think addresses any of the long-term issues that we're discussing here.

BRANDT: All right. Thank you.

SLAMA: Thank you.

BRANDT: Sen-- Senator Lathrop, would you yield to a question?

HUGHES: Senator Lathrop, will you yield?

LATHROP: Of course I will.

BRANDT: So when we-- if we were to build a new prison in the state and we tear down the State Penitentiary, is the net result a sum-zero game?

LATHROP: We net 700 beds.

BRANDT: So we do-- we are ahead 700 beds?

LATHROP: We will-- if we close the Penitentiary and open a 1,500-bed facility, we pick up 700 beds--

BRANDT: All right.

LATHROP: --because I think the Pen's at 800, the new facility is 1,500, so if we close that-- by the way, there's more people than that in there right now, but if we closed it, off go 800, up come 1,500, and we net 700--

BRANDT: So it--

LATHROP: --for \$270 million.

BRANDT: Would the state of Nebraska still be number one in overcrowding after the new prison is built?

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LATHROP: I do not know the answer to that.

BRANDT: OK.

LATHROP: We will not be out of an overcrowding emergency, I don't believe.

BRANDT: All right. Thank you, Senator Lathrop. Senator John Cavanaugh is coming this way. Would you yield to a question?

HUGHES: Senator John Cavanaugh, will you yield?

J. CAVANAUGH: Yes.

BRANDT: So can you tell--

HUGHES: One minute.

BRANDT: Could you express to me what advice you gave me on-- on how to keep the public safe?

J. CAVANAUGH: Well, I said, if you lock everybody up forever, then they won't be able to commit any more crimes.

BRANDT: So basically you said lock them up, throw away the key, and they can't reoffend if they're in jail, right?

J. CAVANAUGH: Yes.

BRANDT: So is that a sound strategy?

J. CAVANAUGH: No, that'd be a terrible idea.

BRANDT: Why would that be?

J. CAVANAUGH: Well, I mean it-- one, it ignores the difference in why people are incarcerated. It does not serve the purpose of rehabilitation and it would be extremely expensive.

BRANDT: All right. Thank you, Senator Cavanaugh. CJI presented 21 modest ideas to help the state of Nebraska and that is AM2286. Let's vote this true to-- through to Select and work with Senator Lathrop to make this bill better. And with that, I yield my time to the Chair.

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

GEIST: Thank you, Mr. President. One of the things that I think gets lost a lot in this type of conversation is what actually happens in real life, on the street, to someone who is a victim of crime. Now this isn't a victim of violent crime, so this would be, you know, termed probably by many in here as being no big deal. But I want you to hear the story because this has to do with burglary, and it's one of the reasons that the burglary, as it was written in AM2286, came into question in my mind. And this is about catalytic converters. There's never been a-- there's been another wave of numerous catalytic converter thefts in the metro, and victims say they're in need of help. I'm scared to drive it because I just can't keep shelling out money, said Tim Maides. Maides said his catalytic converter was stolen last month. Never had any issues, woke up that morning, turn the car on, it's crazy loud. I knew something was up. Just a few weeks later, it happened again during dinner. Are you serious? Like, what are the odds? I was right there the whole time. Getting it replaced was the bigger problem because he has an older car and it wasn't covered under his insurance. Some repair shops are asking close to \$3,000 for a new one. "Losing hope in humanity. It was very discouraging, disheartening, you know, you try to do the right thing and then you get punished for it." He said he got a cage to protect his catalytic converter, but he's looking to the city for more help. What are you-- this is in front of the City Council in Omaha. He said, what are you guys going to start doing about this? Because it's affecting everyone. We've heard loud and clear. Please help us. Please do something. Councilman-- Council Member-Vice President Palermo introduced an ordinance during the last city council meeting after working with the Omaha Police on ways to deter these thefts from happening in the first place. So this would be a low-level, victimless crime. However, if this happens to you, like what happened to this gentleman twice in a row at \$3,000 a pop on an older vehicle, where's-- where's the-- the penalty here? Who's going to help this guy? Have you heard of all the catalytic converters that are being stolen across the state? This isn't a one-off. This is just an example of hundreds of thefts that are happening that are just low-level, victimless crimes. Are they really victimless if that's your \$3-- \$3,000 twice? These are real people who get hurt. This is where public safety and our bill merge, and this-- these are the innocent victims trying to do the right thing who are affected that we need to think about, rather than always focusing on the criminal, the human, yes, Senator McKinney. I absolutely have compassion for them, but first we need to have compassion for the victim and what that person is going through. Let's help the criminal to not repeat that behavior. But one thing rarely have we brought up in this conversation is the devastation, not just

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of people like this, though this can be financially debilitating to some people--

HUGHES: One minute.

GEIST: But being a victim of crime can be in-- well, in some ways it takes your life, but in others it changes your family forever, it changes your life forever. I know that that's an experience that Senator McKinney has had. Many people in his neighborhood have been victims of crime. That needs to be uppermost in our mind when we're talking about these things, when we're talking about changing the penalties for people that do small, victimless, low-level felony crimes. They affect people's lives in a great way. This gentleman probably had to take a day off of work, at least, maybe more, no telling how long he had to work overtime.

HUGHES: Time, Senator.

GEIST: Thank you.

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

MURMAN: Thank you, Mr. President. I stand in support of AM2337 and will yield my time to Senator Slama.

HUGHES: Senator Slama, 4:50.

SLAMA: Thank you, Mr. President, and thank you, Senator Murman. I'm going to continue building off of Senator Geist's points because I do think sometimes on the floor here we do get too wrapped up in caring about the offender, the incarcerated person, the person who commits a crime, like, the-- the person who was convicted of a felony and, therefore, a felon, and not as much with personalizing the victims and the lives touched by the crimes that this human, who we are going to aim to rehabilitate in most cases and aim to release back into the world, has committed. And those are really painful stories for people to discuss and it's hard to talk about and it's hard to hear, but this is what-- that is the impact that LB920 and bills like it that are soft on crime can have. And we've talked briefly about two out of the four nonconsensus items that are included in LB920, the first being taking down of drug offenses 0.5 grams or less to a Class I misdemeanor, which is going to load up all your rural county jails with meth offenses without any programming or resources available to our counties besides a drug court that has no incentive if they're not charged with a felony, which they won't be under the statute. So we're staring down the barrel in that part of LB920 with a massive unfunded

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mandate on our rural counties and a huge disincentive for early intervention in meth abuse. We talked in the second part about how LB920, without the Geist amendment, would break up our burglary statutes into three different sections, which incentivizes smash-and-grab robberies, treats businesses differently than homes, and creates a world in which we could be re-seeing the scenes we've seen in California and New York of people breaking into businesses and not having much punishment at all. Now this all revolves-- before we get into the third nonconsensus item that's contained in LB920, this all revolves around a simple fact that I would love to have Senator Lathrop or any proponent of the unamended LB920 address, which is that Nebraska has, again, one of the lowest incarceration rates in the country. We are not putting a disproportionately high number of people in prison, quite the opposite, in fact. We're well below the national average. And I would love for any proponent of LB920 to counter that with some sort of reasoning as to why we should, in the face of that fact, be lessening our sentence structure. Now this gets into the third nonconsensus item, which is-- it's in my bill draft here-- in Sections 4 and 6 of LB920, we're creating an exception to Class IC and Class ID mandatory minimums for possession with intent to deliver a controlled substance. So we're eliminating the mandatory minimums for drug dealing under a Class IC or ID felony, for those watching at home, under the una-- unamended LB920. And this is another sad statistic that we have to cope with on this floor. Nebraska has three times as many overdose deaths on average in a given year than murder, and I'm not going to stand here in support LB920, which removes the mandatory minimums for those who are caught and convicted of a Class IC or ID felony.

HUGHES: One minute.

SLAMA: Thank you, Mr. President. And moreover, these felonies with the mandatory minimums are a useful tool for law enforcement, much in the same way that Al Capone was busted on a tax evasion charge, that if you can get a gang leader or a leader of a criminal entity with enough drugs on him to charge him with intent to deliver, you don't need to drag in witnesses that are scared for their lives. You can simply convict them on the Class IC and ID felony with possession with intent to deliver. Getting rid of that provision and eliminating the mandatory minimum eliminates a very useful tool for our law enforcement officers, and it compromises community safety by letting these guys out on the streets earlier. Thank you, Mr. President.

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

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McCOLLISTER: Thank you, Mr. President. I had some-- an opportunity to go through the Geist amendment and I don't see that there's much there. It's all fluff. As Wendy's used to say in their commercials, where's the beef? Or another saying: It's a cake without the sprinkles. At any rate, let's look at Section 2 of the Geist amendment. It's a pilot program, a pilot program. Section 3, a set-aside, another pilot program. How are we going to deal with this problem if we're-- all we're talking about is pilot programs? How about Section 5? Hire more assistant probation officers: pilot program. Section 6, probation, district-- for gift cards: pilot program. Section 9-- and that's the charge for the committee. I just don't see what-- how we move the needle at all with the Geist amendment. And I'd challenge Senator Geist, Senator Slama to tell me how we're going to move the needle just with the Geist amendment. Senator Slama keeps talking about the incarceration rates. That's perhaps quite true. But again, I bring up another statistic: 1980, 1,400 people in our Corrections system; now, 5,500 at a time when crime rates are dropping. Explain that to me. I don't get that at all. We have seen that many states have undergone criminal justice reform. Why doesn't Nebraska go down the very same road? It does not increase-- it improves criminal safety because we can deal with the criminal jam outs or the jam outs of people that leave prison too early. Those are some of the issues that, I, I think about, Mr. President. Thank you very much.

HUGHES: Thank you, Senator McCollister. Senator Lowe, you are recognized.

LOWE: Thank you, Mr. President. My sheriff says LB920 will overflow our jails. He says this is a bad thing. We can't hold any more people in our jails, and yet you want to put more in and push the cost down to us. It's not a good bill. AM2286-- or AM2337 makes it better, but it's still a bad bill. I'll be voting for AM2337 to attach it on the bill in case it passes, but I'll still be voting against LB920. With that, I'd like to yield the rest of my time to Senator Geist if she would like to have it.

HUGHES: Senator Geist, 4:05.

GEIST: Sure. Thank you, Senator Lowe. That's just so interesting to me. One of the things I've listened to in Judiciary, only been there two years, but is how there's no programming, people aren't getting programming, people are jamming out without programming, they're going to live next-door to you, all of those things. So let's just say we just pass LB920. We're going to let people get parole sooner. We're

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going to let them out sooner. We're going to reduce their penalties. We're not going to let judges stack their sentences so that they stay in jail or prison a shorter period of time. Then if my amendment is fluff, oh, let-- let's just forget the consensus items then because we did all agree on those. So if mine is fluff, where are they going to get programming? What's going to change? They're not getting programming on a broad scale right now. So what's your plan? It goes two ways. What we have not done as a state is focus on recidivism. What we have done with LB605 is change penalties and change sentencing. With LB605, we did not put money into mental health programming, drug treatment, helping probation officers do a better job with their job, with high-risk offenders. We have not helped parole with more officers. We've not done those things, so how do we know it won't move the needle? We have a 30 percent recidivism rate right now. If we increase the number of people that we keep out of prison on the front end, we work on those that are out or trying to get out healthily. How is that not going to move the needle? Because it's certainly not happening right now. I just object to the premise that the Geist amendment is status quo and that the whole committee amendment is the way to go. We have tried that. It is easy. It's easy to cut a sentence. It's easy to change a penalty. That takes no skin off the state. All it does is let people out earlier. Are they ready? Are they ready to be out? Have we done our job--

HUGHES: One minute.

GEIST: --if we just let them out? That's where it intersects with public safety. Thank you, Mr. President.

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

McKINNEY: Thank you, Mr. President. I rise again in support of LB920, AM2286, and opposed to AM20-- AM2337. And, you know, the conversation shifted to talking about victims and public safety. First of all, I would just say this. I probably lost more friends to violence than anybody in his building, probably, probably except for Senator Brewer because he worked-- he was in the military. I have a pin with my best friend who was killed, and his murder is still unsolved. So when people stand up and say we need to talk about victims, they care about victims, I live with that every day. That's on me every day. But I'm also not going to stand up and say that we don't need to change our criminal justice system because it doesn't work. And if you guys read the articles that were put out by Henry Cordes in the World-Herald, for example, it says: Some who defend Nebraska's growing use of

imprisonment point out the state still has a below-average incarceration rate, but that's really only true if you are white. Nebraska incarcerates black, Hispanic, and Native American people at rates well above the U.S. rates for those population groups. A World-Herald analysis of federal data as of December 31, 2019, just before the start of the pandemic, showed Nebraska's black incarceration rate was nearly 50 percent higher than the U.S. black incarceration rate. Overall, the rate is the tenth highest among the United-- in the States. Black people make up about 5 percent of Nebraska's population, but about 27 percent of the state's incarcerated individuals. The state's incarceration rank for Hispanic individuals is 11th, Native Americans is 7th, and Asian people is 15th, also fall in the top tier nationally. And all those stand in sharp contrast to the incarceration rank for white people, which is 38th. The combination of Nebraska's low white incarceration rate and high rates for people of color also creates some of the nation's greatest race-based incarceration disparities. Nebraska's black incarceration rate is 9.5 times its rate for white people. It's the nation's sixth-widest disparity. So if that is not a problem, please tell me how it's not a problem. Please explain to me how that's not an issue. Also, according to the Prison Policy Institute [SIC], Nebraska has an incarceration rate of 601 per 100,000 people, meaning that it locks up a higher percentage of its people than almost any democracy on Earth. How is that not a problem? And then we stand up and talk about public safety. Public safety, if public safety was a concern for this state, north Omaha wouldn't still be the most impoverished district in the-- in the state, and it's been the same way since the '90s. Kids would have a bite to eat at night. Proper transportation, health, that's public safety. Let's have that conversation. Let's dig deep into it. And then, like, when people get up and talk about victims, don't-- please-- I-- not to diss, but I deal with, you know, loss all the time, and-- and I think about it all the time because I've lost people close to me. I think I lost probably, like, five friends in one year and the police didn't come to help. They don't-- they don't solve those crimes.

HUGHES: One minute.

McKINNEY: They don't prevent those-- those crimes. They let my best friend bleed out and held everybody else on a wall. So don't talk to me about victims and public safety because if you really cared about victims and public safety, the poverty rate in-- in north Omaha would have changed in the '90s. Thank you.

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

SLAMA: Thank you, Mr. President. I rise today with the consistent position I've had since LB920 was read across. I wholeheartedly support Senator Geist's AM2337, which has kind of turned into a punching bag for, I guess, 80 percent of Senator Lathrop's bill. We've heard it called fluff, no filler-- like, honestly, I think Senator Lathrop, when he's writing whatever bill he decides to write next in terms of criminal justice reform, I mean, 80 percent of the bill being fluff? Phew, OK. In any case, but just to respond to Senator McKinney's comments briefly, LB920 doesn't address a dang thing of-- when it comes to disproportionate sentencing. And I'm happy to have that conversation when we're talking about larger sentencing reform, but the problem is, is that we're limited to the bounds of LB920. And that's a hurdle we ran into with negotiations, is there were genuinely creative and I think bipartisan sentencing restructuring ideas being raised, but we-- we ran into the issue of, well, that's kind of a new bill idea and it didn't have a hearing, so no dice. So that's why I'm standing here thinking that we absolutely need to be doing work on the interim to overhaul our sentencing structure. I think, regardless of where you fall in terms of criminal justice reform, we can all agree that you shouldn't need a calculator and a mathematician to figure out a criminal sentence. So we've-- we've taken some time today to review the nonconsensus items that are raised in LB920 that will be attached if Senator Geist's AM2337 is not adopted. The first was downgrading drug possession offenses of half a gram or less-- that includes meth-- to being Class I misdemeanors, only punishable by up to one year in your county jails. Senator Lathrop, I-- Senator Lowe, I mean-- I apologize, Senator Lathrop and Senator Lowe, for confusing them. It's been a long evening, but Senator Lowe is absolutely correct in that this will overflow your county jails. It will disincentivize early treatment for those addicted to meth. Number two dealt with robberies, breaking up our robberies into three different sections. That incentivizes those smash-and-grab burglaries that we see in California and New York by punishing them at a lower degree than other types of burglaries. Number three is removing the mandatory minimum for Class IC and ID possession with intent to distribute drug offenses. Now the big problem with that is that Nebraska has a huge problem with overdoses. Overdose deaths far outnumber the murder rate in the state of Nebraska, and I wholeheartedly oppose any efforts to eliminate mandatory minimums for those dealers. Now the fourth one that I want to highlight on my turn on the mike-- and I'll get into you where we go from here in terms of my strategy, I'm going to be very transparent

about this, there will be no surprises-- is the concurrent versus consecutive sentences change. Now LB920 says that when determining whether to impose a consecutive or concurrent sentence, a court shall impose a concurrent sentence unless the court on the record identifies one or more aggravating factors that necessitates a consecutive sentence unless otherwise required by statute. Aggravating factors, so you can't go beyond-- like, you have to have one of these in this list: the offense occurred on different days or involved the use of force or threat of serious bodily harm against separate victims or one of the offenses was an enumerated sex crime or was especially heinous. All right, well, here's the problem. Let's-- let's put this in the context of a domestic violence situation. You've got a husband that strangles the wife, threatens her with a terrorist threat as he's doing that. So you've got three charges there. You've got strangulation--

HUGHES: One minute.

SLAMA: --thank you, Mr. President-- strangulation, terroristic threats, and second-offense domestic assault, like, this is a real-life example given to me by a law enforcement officer, full transparency. Thank you, Mr. President. We're already cutting each of those automatic three-year sentences in half with automatic good time, so that's a year and a half for each of those. So why on earth would we tie the judge's hands and say, gosh, the most you're going to be able to sentence this guy to is a year and a half, you can't do consecutive sentences because it didn't meet one of these aggravating factors? Once again, we're tying the judge's hands. And here in a few minutes, I'm going to file a motion to indefinitely postpone because I want to give Senator Geist's amendment a fair shot to get 25 votes. So we're going to carry that IPP up until we resume debate tomorrow morning, then I'll pull it. We can take a vote on Senator Geist's amendment and that--

HUGHES: Time, Senator.

SLAMA: Thank you, Mr. President.

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

BOSTELMAN: Thank you, Mr. President. There were some conversations going on earlier, just a little bit ago, between Senator Brandt and Senator Slama, and I wanted to comment on that just a little bit before I go on. I do appreciate listening tonight to Senator Lathrop,

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Senator McKinney, Senator Slama, Senator Geist, some of the conversations going on. But what I want to talk about briefly here for just couple minutes is-- is that Senator Brandt, I think, asked Senator Slama about county attorneys and first or second offenses on drug possession and what they do, whether you-- whether they should lock them up, throw away the key or whatever it might be. When I talk to my county attorneys about this, what they try to do, I think in the majority of their cases, especially for a first-time drug offense, minor drug offenses, they try to work with those offenders. They don't automatically necessarily go after to incarcerate them, to-- to ask for jail time, but they do ask to try to work with them in different ways that they have. It's not the first or second. It may be the-- up to the-- the fourth time before they see them, before they really get more requests, I guess, for jail time. So I'm kind of wondering, in-- in-- in a sense, in what we're doing here and all we're talking about for these petty drug offenses, that what I'm hearing from my county attorneys is that, to answer Senator Brandt's question, was what they say is they do try to work with offenders, if you will, and they do not at the first offense look for to put them in-- put-- to use jail as one of those items that they have within their-- within their discretion. But they do work with the individuals themselves, so I-- I just wanted to throw that out there, put that out there so that I think we all understand that that is not necessarily what happens on the first-- first offense as far as a jail sentence. I have heard Senator McCollister stand up and-- and talk about Senator Geist's amendment, and I wonder if Senator Geist would yield to some questions.

HUGHES: Senator Geist, will you yield?

GEIST: Yes, I will.

BOSTELMAN: Thank you, Senator Geist. Senator McCollister made comments that you had a lot of fluff, there's no beef, there's no sprinkles on the cake in your amendment. My understanding is, is that you've worked with compromises, negotiations along the way to come up with your amendment. And actually I heard you speak the last time on-- the other day when we were on this bill with Senator McKinney and Senator Wayne, there are some other items you're willing to compromise. Do you think that your amendment is-- is all fluff?

GEIST: I don't. My amendment does not currently reflect what we compromised on, which is too bad. I would love to have an amendment to my amendment that had those items in it, but I do not because we haven't had a final agreement on that compromise, so-- but is it

fluff? I would answer, if a pilot program-- I-- let me explain a little bit about why there's pilot programs in there. One of those is because it's expensive. And if we gave every parole office-- or probation officer who supervises high-risk individuals an assistant, the state will probably-- the fiscal note on that's going to be excessive, and so we did some smaller pilot projects to be able to test those and see how they work. That was simply a matter of cost, not because we just think a pilot program is the way to go. It certainly isn't, but doing something across the-- the state--

BOSTELMAN: One minute.

GEIST: --in one single bill, with all the additional things that weren't in the bill that were also agreed upon but also would cost something, we were trying to do some things that would allow us to do more and not cost fisc-- or not cost the state an exorbitant amount of money.

BOSTELMAN: And also what I'm hearing, what I've heard before, I think between Senator McKinney, I believe, and yourself and Senator Lathrop is, is you support the-- the programming, to work with the individuals. And I think actually it came up in conversation the other day was that when a person is arrested initially, there would be a screening for either mental health or drugs.

GEIST: Actually, that's my future goal. That's not in this amendment or-- or in our CJI stuff. It-- that suggestion was something that I am hoping to work on in the interim and present next session.

HUGHES: Time, Senators.

BOSTELMAN: Thank you.

HUGHES: Thank you, Senators Bostelman and Geist. Mr. Clerk, do you have a motion?

ASSISTANT CLERK: I do, Mr. President, a priority motion. Senator Slama would move to bracket the bill until April 20.

HUGHES: Senator Slama, you're welcome to open on your bracket motion.

SLAMA: Thank you, Mr. President. I believe I have ten minutes on that. Is that correct? Outstanding, thank you. So I brought this bracket motion and, again, I'm not hiding the ball here. It's 9:00 p.m. at night. We've got several people checked out. Oddly enough, one of the senators who's running for Governor, who often likes to point out that

we're not on the floor, is, like, not on the floor. So we're dealing with a pretty empty room here tonight and I want to make sure that Senator Geist's AM2337 has a fair shot at getting the 25 votes it needs to be attached and replace the text of LB920. I've spoken extensively about the things contained in LB920 that are a problem for me that the Geist amendment addresses by eliminating. And we'll just review those very quickly, but I would like to again start this turn out on the mike by repeating that Nebraska has one of the lowest per-capita incarceration rates in the country. We absolutely do not need to be lessening the sentences for crimes in order to alleviate our overcrowding problem. We have-- we imprison fewer people per capita than the national average. That has not changed in the two hours that we've been debating this bill, and I do not suspect it will change before tomorrow morning when we finally do get to a vote on Senator Geist's amendment. So the four nonconsensus items that I've reviewed in opposition to LB920 without the Geist amendment are taking drug offenses down to a Class I misdemeanor, which if you're a rural senator, that means that your county jails will be overflowing with drug possession charges, meth possession-- meth possession charges of 0.5 grams or less. County jails are not places with programming or the staffing available to provide addicts with the treatment they need, and it also disincentivizes participation in drug courts. One of the biggest incentives to participate in drug court is that felony hanging over you if you do not comply with the programming. It is absolutely one of the most helpful things that I have ever seen in our criminal justice system is participation in the drug courts because as many people on this floor know, meth is one of the hardest drugs to recover from. You're looking at a 12- to 18-month minimum with a very high relapse rate, so our county jails are not the place to be giving these people treatment. And to propose that making the fifth Class I misdemeanor a felony is some sort of concession is a joke to me because by then we've lost that person to a lifetime of addiction to meth and a family that has lost everything because of their family member being addicted to meth for a number of years. Secondly, we have breaking up our burglary statutes into three different categories. So Nebraska right now has one set of burglary statutes. There are-- there's a high level of flexibility. It's a zero-to-20-year charge. LB920 breaks the different types of burglary up into three different segments, the first being burglary of a residence, and then downgrading the penalty and the felony level for both breaking into and burglary of a business that is occupied and then a nonresidence that is unoccupied. So that incentivizes the smash-and-grab robberies that you're seeing on the coasts. You're-- you're incentivizing that behavior. We're also removing the mandatory minimums for Class IC and

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ID felony possession with intent to distribute. Nebraska has a three-time-higher overdose rate than murder rate. You're seeing drug dealers give out methamphetamine, give out pills laced with fentanyl that are taking Nebraska lives, and I wholeheartedly oppose the removal of the mandatory minimum for Class IC and ID felonies for those offenses because that is the only way that we can get those offenders off the streets and not compromising the safety of our communities. Fourth, and last but not least, absolutely, is the aggravating factors requirement for consecutive sentences. So in brief, this means that if a judge is going to sentence someone to consecutive sentences rather than concurrent-- so consecutive sentences are one after the other, concurrent are all served at the same time. To go with consecutive sentences, you have to meet a number of requirements of aggravating factors, and those factors are: whether the offenses occurred on different days or involved the use of threat or serious bodily harm with multiple victims or the offense was an enumerated sex crime or was especially heinous. And the problem with that provision is it lies especially in domestic violence cases where, odds are, the violence has happened against a single person and you're looking at a whole host of different offenses all happening to that one person. So the odds of a domestic violence victim, their-- their attacker's offenses falling under one of these categories is very low. It ties the judge's hands and it also puts their victims' lives at risk. LB920, without AM2337, presented by Senator Geist to remove the nonconsensus items from the baseline bill, absolutely threatens community safety. And I would just like to note, the 60 percent rule that's been brought up, and Senator Geist has referenced it, that wasn't even part of the CJI recommendation. Like, so much has been said tonight about, well, if we'd have just followed all the recommendations from the-- from the JRI, CSG committee for LB605, we wouldn't be dealing with this problem. Of course we didn't see the projected 1,000-bed dropoff and we only saw a decrease of 70 people in prison because of LB605 because we didn't implement all their recommendations. The 60 percent rule was not even included in those CJI recommendations, so-- and I say that because that was an unfortunate sticking point in our negotiations is that kept being pushed as the go-to, as the turn for the compromise on this bill. It's either you get on board with the 60 percent rule or no compromise will be had. So we had huge movement on our side in support of L-- Senator Geist's LB1004 language with the five-year lookback, huge movement on our side in making concessions, but all of these negotiations that, mind you, have just happened over the last few days because the introducer wasn't willing to sit down and negotiate these issues until very recently with us, until we showed that we had the votes to kill

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the bill, was that we had to get on board with this 60 percent rule that wasn't even recommended by the CJI committee. So this, in combination with those four nonconsensus items that compromise community safety, are why I'm standing with this bracket motion so that we can give everyone a little bit more time. No worries, guys. I've got this if you want to check out and go home. I also see a decent number of people in the queue. If you want to yield me time, I can carry this until 10:00 when we get out of here. We'll come back tomorrow morning, I'll pull this racket motion. We can give Senator Geist's amendment a fair shot at passage. But from there, if it is not attached, I will take this eight hours. LB920, without Senator Geist's amendment, does not have the votes to beat a cloture vote, so we'll watch LB920 die. And I think Senator Lathrop knows that. Everybody on the floor knows that. We have seven different cards confirming this. So as a matter of fact, I mean, to save-- to-- in the interest of time, honestly, I would ask everybody support AM2337 because otherwise LB920 will be going for time and it will fail on cloture. Thank you, Mr. President.

HUGHES: Thank you, Senator Slama. Debate is now open on the bracket motion. Senator Ben Hansen, you're recognized.

B. HANSEN: Thank you, Mr. President. I'm not going to comment too much on the bracket motion by Senator Slama. I understand why she's doing it. I actually want to kind of discuss a little bit about some-- about some things that maybe we haven't talked too much about. We talked about Senator Geist's amendment, which I am in total support of, but more on-- about-- Senator Lathrop handed out a graph that talked about projected population with a replacement prison, and this is consistently what he has used to defend why we need to have sentencing reform. I understand where he's coming from, from that. One of the things I think this graph might be missing is the effect a new prison will have on the population that we currently have, on recidivism rate, on prison behavior, on maybe the lack of violence in the prison, which then would decrease the amount of extended stay in a prison, the safety of the staff. And so I think, as kind of an example of kind of what I'm talking about, I know recently-- I don't know it was recently, but I know Boys Town updated their youth treatment facility. I was hoping Senator Arch would be able to yield to a question.

HUGHES: Senator Arch, will you yield?

ARCH: Yes.

B. HANSEN: Now I remember you talking about this before, and we've had discussions about this in HHS, if I remember right, Boys Town updated their facility, remodeled it. I know they used different colors. I know they had different aesthetics. I know they'd use-- I did-- the way they designed the facility to help reduce negative thoughts and behaviors. Did the-- can you elaborate on that a little bit for me?

ARCH: Sure. When we started our residential treatment center, which was way back, we-- we built it into a-- into an existing facility downtown on the-- on-- at-- on East-- on-- on 30th Street. And-- and we remodeled existing facility. It had low ceilings, didn't really have-- I mean, we did our best with an existing facility-- didn't really have the common area space where kids could get away from each other and get some space and have activities and that type of thing. And-- and so we built it into an existing-- an existing space, and we had trouble from the beginning. We had-- we had issues where the facility wasn't built, designed that way, so we had areas where there was, you know, low light and-- and, as I say, inadequate space. So we realized that there was a high need for this type of treatment. And so we designed a residential treatment center on the West Campus, out on Pacific Street, on the Boys Town campus. And when we did that, we actually went around and took a look at a number of facilities and what they've done, and what was very obvious was it made a big difference as to how you design your facility. So we built more space, obviously. We-- we spaced things out, had-- had the opportunity for common area. We had opportunity for other areas where you could get away and have space between kids. But natural light, colors, all of those things were very important. And-- and my understanding, as the psychiatrist told me, it made a big difference in the behavior of the youth. They-- they started to treat things with respect. The facility was treated much better by the youth, and it actually had a therapeutic impact-- from the psychiatrist's report, had a therapeutic impact on their behavior as well. So it did-- it made a-- it made a significant difference in-- in the milieu and in the-- in the therapeutic behavior of the-- or the therapeutic impact of the program on the kids, so, yes, it did.

B. HANSEN: Thank you, Senator Arch. I appreciate that-- that insight. And when-- when we-- when we hear stuff like that, and I've been trying to--

WILLIAMS: One minute.

B. HANSEN: Thank you. I've been trying to do a lot of research into newer facilities that are being built. We just recently had one built

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in Washington County, and the change between the new facility, the new jail that they've built for Washington County, compared to the old one was tremendous. We-- I got the pleasure of being able to tour the facility and, from my understanding, I don't-- I-- they may even use less staff than they did before. So we talk about staffing being an issue. I think the-- building a new facility helps answer a lot of those questions, the technology that they have there now. One of the biggest reasons we say we don't have staff in our current prison is because of pay. One of the biggest things I also hear is because of the safety. There are some people who won't get paid \$100 an hour if they're worried about getting beat up by an inmate because of unfit facilities. So these new facilities not only help the-- the inmates and the prisoners, but they-- they tremendously help the employees. And I think you would get some of that negativity out of the relationship between prisoner and-- and the-- and the person running the prison.

WILLIAMS: Time, Senator.

B. HANSEN: I think that makes a tremendous difference. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Hansen and Senator Arch. Senator Moser, you're recognized.

MOSER: Thank you, Mr. President. As part of the ongoing discussion of overcrowding in the state penal system, the county supervisors from Platte County, which is one of the two counties that I represent, have been talking to me about their excess capacity in the Platte County Jail. The Platte County Jail, I think, was built 15 or 20 years, maybe, ago. It's a fairly new facility as facilities go. They have a capacity of around 140 inmates, and I think right now their census is about 47. So they could house, depending on the distribution of male and female inmates, somewhere around 90 prisoners. So I sent some information that I got from our county supervisors to the spokespeople at the State Penitentiary, and we've had kind of an ongoing trade of emails where we're talking about, well, Platte County would like to see more inmates there just to help keep their costs down. And we have overcrowding in the state penal system, so getting 90 people out of there would be helpful to the overcrowding. The negatives on moving them to a county jail is that the programming is not necessarily available in the county jail as it is in or might-- may be in the state penal system. And then I think the cost is-- I think putting two people in a room in the State Pen now is evidently cheaper than playing-- than paying Platte County to house them in the county jail.

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As far as the discussion on LB920, it-- you know, I've talked to Senator Geist and I've talked to Senator Lathrop and I've talked to some of the administration representatives about where we are and where we go as we move forward. And, you know, some think that LB920 has to go forward without any amendments or otherwise it doesn't do anything, and then others are concerned that some of the things LB920 does affect safety of the community. And so I don't hold a lot of hope for anywhere-- for there being any substantive progress here. But I'm still listening to the discussion and I'm hoping that there's some wild card that we could play here to make substantive change. And, you know, like I say, I hadn't been in the Penitentiary before and about, I don't know what it was, two or three months ago, maybe it was six months ago, we took a tour of it. We didn't get into the most secure part of the prison, but we went through quite a bit of it, spent half a day or so there, maybe a little less, and it was surprising. I expected a lot more tension and chaos and-- and dismay, but really it was-- looked to be well run and the inmates seemed to be following the rules and things moving along, you know, relatively smoothly. Maybe that's just the part of the building that we were in. I don't know. So anyway, I would yield any time remaining to Senator Geist to give her--

WILLIAMS: One minute.

MOSER: --a chance to talk.

WILLIAMS: Senator Geist, 1:04.

GEIST: Sure. I'll go ahead and start reading something, and then I'll pick it up as I have-- as I have time because I'm not going to have time to get through much of this. But this are the NDCS parole-eligible incarcerated population and how they break that down. And I'm going to start with on November 18, 2021, approximately 83 percent of the NDCS population had not yet met their parole eligibility date or had a sentence structure that does not allow them an opportunity for parole. Of the 969 people who are currently past their parole eligibility date, 415 have had at least one prior parole term. Did you hear that? Four hundred and fifteen have had at least one prior parole term. If the entire group of 969 people who are currently at or past their parole eli-- eligibility date were released--

WILLIAMS: Time, Senator. Thank you, Senator Geist and Senator Moser. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Mr. President. I'm going to yield my time to Senator Hansen-- Ben Hansen and then-- and let him finish up his point, so I'll yield the time to Senator Hansen.

WILLIAMS: Senator Hanson, 4:50.

B. HANSEN: Thank you, Senator Jacobson, appreciate that. I kind of just wanted to finish up my thoughts that I was talking about last time about some of the missed points I think we're-- we're seeing with-- with building a new prison and the effect that will have on current prison population and even subsequent recidivism rates. And so with that, I-- I kind of want to go back to that graph that Senator Lathrop provided. And before I do that, I-- I I also want to mention that Senator Lathrop, this has kind of been his heart and soul for the four years that I've known him, and I appreciate all the hard work he's done on this. It has also been a passion of Senator Geist to work with Senator Lathrop and-- and try to get the-- the ball moving here. And so I appreciate all the work that he's done with this, and he's been nothing but candid with me whenever I ask him questions and he's answered all my questions thoroughly. So with that, I wish-- if I could ask Senator Lathrop a question, please.

WILLIAMS: Senator Lathrop, would you yield?

LATHROP: Yes, I will.

B. HANSEN: The graph that you handed out talking about the projected population with a replacement prison, would you agree that-- it talks about, the red line here, what would happen when we-- if we built a new prison, we wouldn't have enough beds. Would you agree that that does not take into account the effects a new prison would have? Because they're just talking about beds, so they say, here's the beds--

LATHROP: There-- there is-- yeah, there's no data to suggest that having somebody in a new prison is going to affect the prison population. They'll just be in a nicer facility.

B. HANSEN: Yeah. And I-- and I-- and I appreciate you mentioning that because one of the things that we mentioned before when we were talking about in-- in conjunction to this is the YRTC-- YRTC in Geneva. What-- the-- it seemed like a consensus among everybody here in the body, most people here in the body, is because of the incidents that we had in Geneva is that we need to build a new facility, because the other one was too old and it led to negativity, it led to violence

because they were tearing down part of the facility, something that Senator Arch was discussing with Boys Town that could very well be happening now with the old prison. So if we build a new prison, you know, I feel like that graph, especially the red line, would-- would actually-- actually, not the red line but the other line that talks about the projected beds that we'd need, would actually go down because we're going to have-- because we're going to have less people with violent, in my opinion, violent tendencies in prison because of the environmental change that we're making, because of the-- the ability to have more therapy for-- for the prisoners. We'll have more room, we'll have more space. And so in my mind, I think this graph is a little bit inaccurate. It just talks about plain-- like, this is just the beds we need based on history, even though it seems a little odd, but-- I get the data, but when we're kind of starting to plateau since 2015, almost kind of go down, it some-- for some reason, the graph just kind of goes up exponentially. But I haven't, you know, thoroughly dug into the data, so I can't really say anything too negative about that. But I-- I don't want people to forget, with-- with-- with what we have going on with AM2337, what Senator Geist has proposed, along with what Senator Lathrop has done that's in AM2337-- I know he wants more. I get it. However, I think we kind of can't forget about, along with building a new prison, what that's going to do in conjunction with what we're trying to pass here with AM2337. I think those two combined, it's not everything that perhaps Senator Lathrop wants, but I think that in conjunction with the new prison will help drive down the amount of beds that will need, the amount of recidivism rates-- the amount of, you know, the-- let me see here-- lack of therapy that we'll have for prisoners when they get out. I think that will be huge because now we have the facilities to do that.

WILLIAMS: One minute.

B. HANSEN: So I just want to make sure that we don't forget about that because I think that that's a big part of maybe kind of what we're missing with all of this. Like with what Senator Arch mentioned, with all the stuff we talk about with the YRTC in Geneva and how we need to build a new one, I think that correlates to what we're trying to do here with the new prison. So I just wanted to kind of get my-- my message across and finish up my thoughts. Again, I appreciate everything Senator Geist and Senator Lathrop is doing, and I'm going to encourage my colleagues to vote AM2337, Senator Geist's amendment, because without her amendment, I am going to be a no vote on LB920. So maybe we'll work something out here between-- between now and when we get back tomorrow. I sure hope we can. I think this is important for not only the population that we have now, but of the state of Nebraska

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and moving forward, something which is quite a bit, in my opinion, is better than nothing. And I-- I-- I full-heartedly believe Senator McKinney will even further this cause as he's here for the next how many years. And so I trust him to-- to keep fighting for this and we-- that will allow us to kind of keep working on this in the future. So thank you, Mr. President.

WILLIAMS: Thank you, Senator Hansen and Senator Jacobson. Senator Lathrop, you are recognized.

LATHROP: Thank you, Mr. President. We have been at it now a little over two hours. And so if you're watching from home, you'll re-- you'll remember two hours ago I said let's today stand up with ideas supported by data that will change or alter the projection of our prison population. We have a prison projection study that was commissioned by the Department of Corrections. It tells us what our population is going to be. And this isn't the first one and this isn't speculation or guess, it's science. I've seen three or four of these since 2006. They're accurate. We know what our population is going to be in-- in 2030. It's going to be 7,327, and if we build a new prison, we'll have 6,000-bed operational capacity, which is 125 percent of design capacity. So we'll be cramming people in there, but at 125 percent of, of design capacity, we're still 70-- 1,300 beds short. So I began the day by saying, let's hear what your idea is and give me some information that suggests that it's more than speculation or chatter. And so since, in the last two hours, we've had many floor speeches here where we've-- we've said things that aren't true, like there was huge movement and a compromise. There is no compromise and there has been no huge movement. There has been no offer that moves the needle of consequence, none. The representation that there was huge movement is a misstatement or a mischaracterization, and there's-- most certainly is no compromise. But we talk about jails being over-- overflowing across our counties. Says who? That's just more talk, not supported by data. We talked about catalytic converters, which, honestly, I'm sorry for those people. I put a bill and I couldn't get to the floor on catalytic converters. We won't get to it because everything's being filibustered this year. It has nothing to do with the population growth. We've not heard one idea, one idea in two hours come from those who oppose this bill. So if you're watching at home, we've heard nothing. I asked for ideas that move the needle and some data to support it. You should know, if you're watching from home, Senator Geist was on the CJI committee, on the CJI group. If she had an idea that would move the needle, she could have proposed it. It could have been an option item and somebody could have told us if it made a difference. We have all the option

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items that came out of the group, including the group that Senator Geist was involved in, and we know what it does and what it doesn't do. And I'm not saying disparaging things about Senator Geist's amendment because the very same provisions are in my committee amendment. She's just taken the substance of the committee amendment and gutted it and left behind the things that don't make a difference. Is it worthless? No. Or not worthwhile? No, it's in my amendment. So no one's saying anything disparaging about it, I'm just telling you, it doesn't solve our problem. And now what we can do is-- is pretend that we're not signing off on building two more prisons and obfuscate and talk about catalytic converters--

WILLIAMS: One minute.

LATHROP: --and the meth problem in greater Nebraska and the-- and speculate about what a new prison would mean to our population. There's nothing to suggest it would make a difference. It's just talk and it's speculation and it's not a solution. So why don't you just stand up and say, I'm in for two prisons? Let's set a half a billion dollars aside and build 3,000 beds, and then we'll be in good shape by 2030. But the rest of this is just talk. It's trying to confuse the issue, and it's also trying to avoid the fact that you're advocating for the status quo. And we've talked about the status quo. The number of people who are assessed before they leave that are high risk for violence, they're coming into the neighborhoods in Nebraska.

WILLIAMS: Time, Senator.

LATHROP: Thank you.

WILLIAMS: Thank you, Senator Lathrop. Senator Linehan, you are recognized.

LINEHAN: Thank you, Mr. President. I will yield my time to Senator Slama.

WILLIAMS: Senator Slama, 4:55.

SLAMA: Thank you. Thank you, Mr. President, and thank you, Senator Linehan, for yielding time. I am grateful to be following Senator Lathrop. I do feel like I can add just a little bit of factual grounding to some of the comments and some of the reactions to Senator Geist's and I's comments. So I rise to counter the assertion that there was no compromise. I think Senator Geist, myself, Senator Cavanaugh, Senator Lathrop, Senator McKinney, representatives from the AG's Office, Governor's Office, public defender's office, police were

in a room and on calls for the better part of, what was it, like five hours or-- five or six hours split between Thursday and yesterday. There was absolutely movement on-- on issues, including the movement on including LB1004, which the Governor vetoed two years ago. That is a huge movement. And to characterize it as anything else or as some sort of minimal thing really gets to the core of the problem with LB920 because Senator Lathrop's acting as though he's the gatekeeper on moving the needle, which, I mean, of course, that makes sense. It's his own bill. But we're coming at this from two different premises and I'm coming at it, and I believe Senator Geist is coming at it from the premise of, once again, our key fact for the night, Nebraska incarcerates a lower rate of people than the national average. We have one of the lowest incarceration rates in the country. That is a very simple fact. And if we're approaching that from two different premises-- I'm coming at it from this factual side and we're-- the other side is coming at it from a slightly different perspective-- of course it makes sense that in the span of a week's worth of negotiations on something that should have been negotiated for nine months that we're not going to come to a solution. So, yeah, absolutely, I've proposed-- I've proposed solutions. It's-- comes in three parts: (1) building a new prison that keeps our corrections officers safe, provides proper program-- programming, and the facilities needed to actually rehabilitate people before we send them off into society; part (2) AM2337, which includes 80 percent of LB920 and a lot of front-end things that keep people out of prison in the first place and rehabilitates them instead of imprisons them. Third, I wholeheartedly support an interim negotiation. This is something that's going to take months, not minutes, on thinking creatively about our sentencing structure. I-- I absolutely agree with Senator McKinney in that we have to have a longer conversation on that. And I think that was the unfortunate part of the timing and tone of the negotiations in-- is that we weren't given the flexibility to think creatively and think outside the box when it comes to sentencing, things like post-release supervision, things that could actually work and make a big difference in the lives of Nebraskans. So, yeah, that's my three-part solution. For the folks watching at home, the reason why I oppose LB920 without Senator Geist's amendment is for four reasons, and we're going to review them again, just so everybody stays attuned to this. We spent 50 hours filibustering the budget, talking about Senator Lathrop's take on this, so now you get to hear me talk about my four nonconsensus items that LB920 forces on our communities, that compromises community safety. First off, taking drug offenses down to a Class I misdemeanor. This means that our county jails will be filled with people who are convicted of these possession crimes, so 0.5 grams

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or less. In our rural communities, this is normally meth. This is punishable by-- how much time do I have left, Mr. President?

WILLIAMS: One minute.

SLAMA: Thank you, Mr. President. This is-- would be punishable by up to a year in the county jails. As we've heard from many of our rural senators tonight, our county jails have neither the space nor the personnel for the necessary programming to rehabilitate those addicted to drugs, especially meth, which has a 12- to 18-month recovery time with a high relapse rate. It disincentivizes participation in drug court, which has actually moved the needle in drug addiction in our state. Two, this bill incentivizes and lowers the punishment for smash-and-grab burglaries like we've seen in large cities on the coasts. You also remove the mandatory minimum for Class IC and ID felonies for po-- possession with intent to distribute, huge problem in Nebraska. Overdose deaths are three times higher than our murder rate. And four, we're tying judges' hands when it comes to consecutive sentences. This will especially hit domestic violence victims the hardest and because of that, I stand wholeheartedly opposed to LB920.

WILLIAMS: Time, Senator.

SLAMA: Thank you, Mr. President.

WILLIAMS: Thank you, Senator Slama. Senator Lowe, you are recognized.

LOWE: Thank you, Mr. President. I yield my time to Senator Geist.

WILLIAMS: Senator Geist 4:55.

GEIST: Thank you, Mr. President. One of the thing-- I was reading this parole eligibility incarcerated population, and I'm going to skip down to something that I think will be interesting to everyone who's listening, and that is a specific discussion about drug offenders. They are the third highest in this graph. I wish I could show it to you, but I cannot. And of the people who are eligible for parole, people incarcerated with a drug-related crime as their most serious offense make up about 13.6 percent of the NDCS parole-eligible population. The majority are incarcerated for their use of hard drugs, cocaine, methamphetamine, for trafficking drugs through Nebraska from other states, or for manufacturing, distributing or possessing controlled substances in sufficient quantity to indicate their intent to engage in such-- such activities. None of the currently parole-eligible inmate incarcerated population are low-level drug offenders. On average-- please listen to this. On average, people

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incarcerated for drug offenses have 22 prior convictions. That's on average. Seventy of the 132 drug offenders have been paroled at least once in their current sentence; 42.8 percent of the parole-eligible population have served a prior term of parole and were subsequently revoked for law or technical violations. Technical violation can be anything from repeatedly failing-- failing a drug test, from not showing up to treatment or absconding, which means whereabouts are unknown. So if you're out on parole and you've done some of those things repeatedly, the likelihood that you could show up at the-- at NDCS again is high and there are 415 of those. Eight hundred and twenty-six is the number of 85.2 percent of the parole-eligible population that have current-- that have completed their required programming and are currently enr-- or are currently enrolled. Three hundred and ninety-five of those have been on parole at least once previous to when they're serving now. One hundred and forty-three equals 14.8 percent of the parole-eligible population have outstanding recommendations for clinical programming. And again, we-- we get to the programming. It's required for parole and not everyone is taking it. Eight need to repeat re-- recommended programming; 55 previously enrolled and did not complete; 56 have refused or have not accepted the recommendation. So almost half, a little less than half of the 143 who have outstanding recommendations for clinical program, have refused to take clinical programming. So things to consider when we talk about those who are eligible for parole, I think it's really important that we understand that not all inmates--

WILLIAMS: One minute.

GEIST: --choose to avail themselves of programming. Also, not all inmates have the-- have available to them exactly what they need within the facility they're in. And therein lies an issue that I keep coming back to, and that is one that helps inmates to get treatment, to get robust services once they're in-- in the facility and transitioning out. It's so important so that people don't continue to come back. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Geist. Senator McKinney, you're recognized.

McKINNEY: Thank you, Mr. President. I rise in opposition of the motion to bracket LB920. I see that we're still mentioning incarcerated individuals as inmates, felons, and criminals, and we're not acting as humans. But there's a lot of people that are opposed to what Russia is doing in Ukraine. I'm just saying let's be consistent. Also, the elephant in the room that I think we just need to put on the table is,

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whatever it was is not what it is today, and I am opposed to AM2337. And if that kills LB920, I could go to sleep at night. That's the elephant in the room that we need to have a-- that-- that we just need to have. And even if AM2337 gets attached, I will strongly advocate for LB920 to die. I'm just being frank about it. So we could find a way to get to a vote tonight and the AM doesn't get attached and then we proceed to not vote for LB920 or the AM gets attached and it dies anyway. That's where we're at. So how much longer are we going to take this for a bill that we don't have progress on to even pass and we keep standing up and arguing point after point after point that we've been doing for the past three weeks? Let's just take a vote. What's the harm in just taking a vote right now? Let's do it. People want to go home. A lot of people don't want to vote for LB920. A lot of people don't want AM2337. A lot of people don't want AM2286. Let's just take a vote. What's wrong with that? Let's just get it over with. Let's save ourselves the-- whatever. Let's-- let's take a vote. What's wrong with that? Because I am not going to support a bill that, in my opinion, doesn't go far enough. And to be frank, it's some things that I would love to add to LB920 to go further because our state has the tenth-highest black incarceration rate. We can stand up and talk about the state low-- our state's low incarceration rate, but you cannot ignore what is real. You cannot gloss over that fact. So let's just take a vote. Let's-- let's get it over with. I don't-- I don't know what we're waiting on. Let's just take a vote. I yield the rest of my time to Senator Wayne.

WILLIAMS: Senator Wayne, 2:15.

WAYNE: Thank you, Mr. President. I haven't really engaged in this-- whole lot of conversations, and I've tried to stay out of it. So Senator Williams is in the Chair and I'm not going to put him in a weird spot by asking him a question. But I was going to ask him a question because at the end of the day, I really don't know what we're doing at this point. It-- from what I heard downstairs in my room, while I was actually practicing law downstairs, it seems like we don't have a compromise. It seems like we're not going anywhere. So if it seems like we're not going anywhere, I'm just trying to figure out-- we're going to vote on Senator Geist's amendment. Let's just say Senator Geist's amendment gets 25 votes. Then Senator Lathrop is going to pull his bill and we're back to nothing. So we're here at 9:30, and I don't clearly know where we're going.

WILLIAMS: One minute.

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WAYNE: Now clearly I've been a senator who takes time to take time, but I've always had an end goal in mind. This year, everybody, it's no secret. It's been LB1024. I have been saying I want money for north Omaha so we can change things. Senator Lathrop has been saying LB920 is the answer. And Senator Geist had said they wanted some changes, and now we're negotiating outside of the CJI, but we don't have anywhere to go. So it's unclear to me what the goal is because I just read in the article in the Omaha World-Herald that Parole Board is-- they're not even meeting and they get paid a lot of money to meet, \$92,000 a year and they don't even meet. So if the goal is to reduce the prison population by adding more parole, it doesn't work because we're just kicking the can to somebody else. So I'm really confused what we're doing tonight and what we're going to do tomorrow. I'm really confused on where we're going. I don't have a clear sense of direction.

WILLIAMS: Time, Senator.

WAYNE: Thank you, Mr. President.

WILLIAMS: Thank you, Senator Wayne and Senator McKinney. Senator Hunt, you are recognized.

HUNT: Thank you, Mr. President. Senator Wayne, I'll tell you what we're going to do tomorrow. We're going to try to ban abortion tomorrow with no exception for the life of the mother or incest or child abuse or rape. That's what we're going to do tomorrow. For any kind of criminal justice reform in Nebraska, honestly, I think it's going to take our state getting into really, really dire financial straits. In five or ten years or so when this huge tax cut that we've passed has us handcuffed and we're on our third new prison, our third new concrete box, and everyone who's not upper middle class has gotten out of this state and there's no one here to serve their dinner, bring them their basket of curly fries or give them their McDonald's hamburger, that's the point where these radicals on the right, these conservatives, might be willing to come to the table and talk about real criminal justice reform, perhaps without the racist dog whistles, these racialized dog whistles like smash-and-grab robberies like you see on the coast in New York and California. This is from people who have conflated the Black Lives Matter movement with robbery, with smash-and-grab robbery. Talking about catalytic converters, some of you really want to lock people up forever for stealing car parts. I think you do. I think that's how you act. And I know the man who was featured in that article that Senator Geist read, who had his catalytic converter stolen. He's one of my constituents and he

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supports LB920. Or people saying, well, at least Senator McKinney's here and he'll be here for a while so he can fix it, how is that fair? It can't only be the people directly affected who are coming together to find a solution. That is so lazy and it is so disrespectful. Senator Slama keeps saying that we have one of the lowest incarceration rates in the country, but why isn't she specifying that it's the lowest incarceration rate for white people in the country? We have the tenth highest incarceration rate for black people. That statistic matters, colleagues. Nebraska, that statistic matters. I know that the representation made that there was no space to negotiate this bill, that there was no opportunity for a serious conversation about compromise, I know that that representation is completely false. I don't have to have been in every single meeting that happened on this bill to know that that's wrong. It's at the eleventh hour. Opponents of LB920 are trying to ram through an amendment that guts the bill and then say, well, no one would-- would compromise or negotiate with us. That's just not true, Nebraskans. I'm a hard no on AM2337 and I thank the Judiciary Committee for the work that they did with leading experts from across the country to do something about our prison population, which is the most overcrowded in the country, with the tenth-highest black incarceration rate, and that, colleagues, matters to a lot of people in this body. If Senator Lathrop would like any time, I would yield the rest of it to him, Mr. President.

WILLIAMS: Senator Lathrop, 1:20.

LATHROP: Thank you, Mr. President. I'm going to-- I appreciate this may, to some of you, feel like it's a-- it's a silly exercise. I've spent four years on this issue. We brought in CJI--

WILLIAMS: One minute.

LATHROP: --and they guided us through a pr-- a process. CJI was vetted by the Governor before they got here. They're a credible organization. They gave us real data to guide our process. And-- and then it resulted in options for our consideration, which are contained in LB920. Now what we want to do is discredit the data. We want to offer speculation. If you-- if you want to kill this bill, I agree with Senator McKinney. If you attach AM20-- AM2337 to this bill, I hope LB920 dies. Kill it. But don't-- but don't pretend like you're not signing up for two more prisons. Because you want to kill LB920, which appears to be the course we're on-- you want to kill LB920, we're signing up for two more prisons.

WILLIAMS: Time, Senator.

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LATHROP: And that ought to be a consideration when we're talking about tax policy.

WILLIAMS: Thank you, Senator Lathrop and Senator Hunt. Senator Geist, you are recognized.

GEIST: Thank you, Mr. President. I don't understand why-- why we wouldn't take something over nothing; just because it's not what you want, why you don't take something. I know that it was said that no disparaging remarks had been made about my amendment, but it's been called fluff, fluff with sprinkles. That's not really complimentary. I-- I don't understand this. I-- I'm just going to go on and talk about this incarcerated human inmate-- oops. Incarcerated human C, admitted date, February 11, 2019, had a mandatory minimum of ten years, not serving consecutive charges, maximum sentence 11 years. While executing a search of a vehicle that that incarcerated individual was occupying, officers discovered bags that contained 477 grams of methamphetamine, an undisclosed amount of fentanyl, an undisclosed amount of cyclobenzaprine, as well as multiple knives with blades longer than three inches. Incarcerated inmate-- incarcerated Individual C pled agreement-- plea agreement dismissed all other charges for a plea to the possession of meth and the acceptance of the habitual criminal enhancement. So under LB920, the ten-year mandatory minimum for the criminal-- habitual criminal enhancement would have been eliminated in this case. In another case, admittance date, November 16, 2018, mandatory minimum three years; serving consecutive sentences, yes; offenses committed on the same day, yes; maximum sentence, 12 years; minimum, 6. On 11-27, November 27 of '17, officers were dispatched to Walmart, where a stolen white Audi was recovered. The Audi had been reported stolen on 11-22 and had a reported value of \$11,000. Video surveillance showed the driver and the passenger exit the stolen Audi, proceed to the Walmart. Officers followed the suspects and observed when two suspects were at the self-checkout. When police attempted to handcuff incarcerated individual E, he pulled away and ran, tripped on a clothes rack and was quickly taken into custody. Officers located the stolen Audi keys, which were recovered from the inmate. The stolen Audi was searched and officers located a large quantity of methamphetamine inside the center console. One baggy had 20 grams. The other was a folded dollar bill containing two grams of methamphetamine. There was a scale on the floor of the vehicle. Officers also found a Glock 27, .40-caliber handgun in the driver's side-door pocket. The firearm was loaded with one round in the chamber. Under LB920, the mandatory minimum for the distribution of meth would be eliminated. The consecutive sentence would also be

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eliminated because possession of a deadly weapon by a prohibited person does not apply as an aggravating factor under LB920.

WILLIAMS: One minute.

GEIST: As a result, the sentence would be cut in half, from 12 to 6 years maximum and 6 to 3 years minimum, so therefore, there would be no mandatory minimum, no consecutive sentence, and the sentence, the 12 to-- 6 to 12 years, would be 3 to 6. These are reasons why it's important to remove the issue-- the things that we disagree on, those nonconsensus items, because of what it does to people who are incarcerated and their sentencing and their penalties. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Geist. Senator Pansing Brooks, you are recognized.

PANSING BROOKS: Thank you, Mr. President. So I would just like to add that no one's talking about trying to be soft on crime. No one's trying to say-- we can run through all sorts of hideous, terrible stories about what criminals do and we can do that and that's the shiny object. That has nothing to do with Senator-- what Senator Lathrop said, which is to give ideas on what's next, what we can do. There's been nothing substantive, as he said, that's come up all night except pilot programs, a task force. Usually, you're all against pilot programs and studies. Every time I talk to you about a study, everybody's like, oh, not another study, not another pilot program. And so we're at the same point we were. And Senator Geist was talking to me, and I appreciate that. She talked about-- Senator Geist, were you talking about how many people-- would Senator Geist yield to a question?

WILLIAMS: Senator Geist, would you yield?

GEIST: Yes, I would.

PANSING BROOKS: Thank you. So you talked about how many people are addicted and have repeat offenses. Isn't that right? With-- two times ago, you were talking about the number of people that have repeat drug offenses and they've--

GEIST: Yes. In this report, yes--

PANSING BROOKS: Yeah.

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GEIST: --it said there was an average-- on average, people incarcerated for drug offenses at NDCS have 22 prior convictions.

PANSING BROOKS: OK, so one of the things that you talked about was having drug courts, which I-- I am a huge believer in drug courts, but you can only take the drug court one time. So I don't quite understand how that's going to help our overcrowding problem and the issues that we have. It-- it hardly diverts people from prison because the bulk of people that are arrested for drug crimes go straight into prison.

GEIST: Well, after 22.

PANSING BROOKS: And also, I have a-- I have another question for you on LB1004. You keep talking about LB1004. Where is that? What are you talking about?

GEIST: That is a bill that the Governor vetoed two years ago. That was-- it was introduced by Senator Lathrop, and it proposed to have a two-year automatic probation or parole period on every sentence.

PANSING BROOKS: But I thought-- I thought that it was previously a-- and so this current one, though, requires five years. Is that correct?

GEIST: Yes, it's a five-- five-year minimum sentence.

PANSING BROOKS: So it's not the same bill.

GEIST: Corr-- well, it's the same principle. But what's in Senator Lathrop's Judiciary amendment has the five-year minimum sentence on it, which frankly I prefer. But the one that we negotiated through was the original green-copy amendment of that same bill, which had no five-year minimum sentence.

PANSING BROOKS: So-- but now it's two years if there's a minimum sentence of five years, right?

GEIST: No, it's now-- the green copy is an automatic two-year parole for everyone.

PANSING BROOKS: OK, that's not what I'm hearing, but OK, that's-- thank you for that information.

GEIST: You're welcome.

PANSING BROOKS: And so basically, if you're sentenced for a felony and you go to prison for more than a year, then you would go-- you would

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go to prison. But if-- if it's under a year, then you'd go to county jail. Well, OK, she walked away, but that's fine. So generally you go to-- to county jail if it's under a year. So really what we're talking about is-- is the status quo. The bulk of the people that we're talking about that could have-- could help the prison system are not the people that are sentenced to under a year. And what I-- what I'm concerned about is the continuation and the-- I know that she-- Senator Geist has worked very hard on this and I appreciate her efforts on-- on--

WILLIAMS: One minute--

PANSING BROOKS: --all of this, but we are in status quo mode. There is no suggestion on how to change things. There's no suggestion. I-- I appreciate Senator Geist's comments about programming and sentencing reform. I have another question for Sen-- for Senator Geist. Another question for Senator Geist.

WILLIAMS: Senator Geist, would you yield?

PANSING BROOKS: Senator Geist--

GEIST: Yes.

PANSING BROOKS: Oh-- yes?

GEIST: Yes.

PANSING BROOKS: I-- what I'm wondering is-- you and I agree on sentencing or on programming, so where is that? Why didn't you add this to that bill? Why didn't you add programming and-- and treatment to the bill, to the amendment?

GEIST: I was staying within the parameters of the recommendations of the Judiciary amendment.

PANSING BROOKS: But they did rec-- but C-- CSG did-- or CJI did recommend treatment and-- and programming.

GEIST: Right, they did recommend treatment, which we expanded drug court, which is treatment, into every county in the-- in the state.

PANSING BROOKS: And I-- and I had a bill previously--

WILLIAMS: Time, Senator. Thank you, Senator Pansing Brooks and Senator Geist. Senator Slama, you're recognized.

SLAMA: Thank you, Mr. President. I-- I believe I'm the last one before we adjourn tonight, so I'll just sum up where-- where the opposition to LB920 is coming from, our proposal. We've heard several times there's no proposal for any kind of real impact-- that's false-- but also hit at why we're taking the time on LB920 and kind of some of the structure as to why-- why that's unfortunate because Senator Geist's amendment does contain 80 percent of Senator Lathrop's LB920. But it sounds like he might be willing to pull the bill if AM2337 even gets attached, which is interesting. But in any case, here's why I oppose LB920 if AM2337 is not attached. First off, we're taking possession drug offenses for drugs, excluding fentanyl, to a Class I misdemeanor. This is-- this is punishable by up to one year in your county jails, and it really disincentivizes participation in drug court. And it's also going to fill our rural county jails with folks who have been brought in on meth charges because of how that drug works and the long recovery time it takes to get over that drug. Our county jails do not have the facilities or the manpower to deal with an increase in those numbers, and those numbers are a big reason as to why the prison population projections go down. It's because our county jails are going to be handling those people now. And just to note, Senator Geist brought a really great point. Those drug offenders aren't one-time offenders that are in-- that are in our state prisons. They're-- they have an average of 22 prior convictions. Twenty-two prior convictions, that's the average for drug offenders in our state prisons. Two, we're breaking up the burglary statutes to lessen the punishment for the smash-and-grab burglaries. That is the name of the type of burglary. That's not any kind of offensive-- like, that is the type of burglary. So we are lessening our community safety by lowering the punishments for those. We're removing the mandatory minimum for Class IC and ID drug possession felonies, which is problematic because Nebraska has a very high overdose rate. We're dealing with a lot of drugs that are laced with fentanyl that's killing our young people in the state of Nebraska, in both urban and rural areas so I'm opposed, obviously, to that. And we're also requiring that judges use aggravating factors before they apply consecutive sentences to a sentence. This will especially impact domestic violence victims because the aggravating factors listed that you have to fulfill to have consecutive sentences-- so have your sentences run not together but one after the other-- don't cover a lot of the domestic violence cases in our state. So those are the four core reasons why I'm opposed to LB920. Another big reason is the inclusion of the 60 percent rule, which was not a CJI-- CJI-recommended initiative but Senator Lathrop's own idea. My proposal for something that would absolutely make an impact comes in three parts: passing LB920 as amended by AM2337 to prevent

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imprisonment on the front end, building a new prison to ensure that those in prison have the rehabilitation space necessary and the safe, modern environment necessary to rejoin society with a fair chance, and an interim study on sentencing restructuring. That goes beyond the bounds of LB920 and what we're authorized to do with this bill language without holding a new hearing, which we don't have time to do. So I'm absolutely--

WILLIAMS: One minute.

SLAMA: --thank you, Mr. President-- in support of sitting down and finding a bipartisan compromise on smarter sentencing. That's something we can all get around. And I find it really, really sad that we're in a position right now that Senator Lathrop is opposed to 80 percent of his bill becoming his bill, having a compromise on that front so that his bill survives, because here's what's going to happen tomorrow morning. I'm going to withdraw my bracket motion. We'll get to a vote on Senator Geist's amendment. If it succeeds, I will support LB920. If it doesn't, LB920 will be taken to cloture and it does not have 33 votes to succeed on a cloture motion so it will die. So I'm very hopeful that some sort of compromise is reached before tomorrow morning, but I am doubtful. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Slama. Mr. Clerk, for items.

ASSISTANT CLERK: Thank you, Mr. President. Motion to be printed from Senator Machaela Cavanaugh to LB902; amendment to be printed from Senator Cavanaugh to LB1023. Finally, Mr. President, a priority motion. Senator Linehan would move to adjourn the body till Wednesday, April 6, at 9:00 a.m.

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