

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Floor Debate May 11, 2023  
Rough Draft

**KELLY:** Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the seventy-seventh day of the One Hundred Eighth Legislative Session, First Session. Our chaplain for today is Pastor Joshua Jones, Beth-El Community Church in Milford from Senator Hughes's district. Please rise.

**PASTOR JONES:** O God of Abraham, Isaac, and Jacob, our Father in heaven, you legislate over the nations how much more our Midwestern state of Nebraska. Thank you for giving us freedom and space to raise livestock and grow food. You direct the sunshine and rain. You flourish our land. Every good thing we possess comes from you. You decree through the Prophet King David, Why do the nations rage and the people's plot in vain? He who sits in heaven speaks. I have installed my king on Zion, my holy hill. Now then, you kings, be wise, be admonished, you judges of the Earth. Serve the Lord with fear. So we ask a ruler to whom we must all give account, Jesus Christ, the resurrected Son of God, to show mercy on us, forgive and wash away our wickedness. King of Israel, we welcome you into this place and ask you turn us from our great foolishness. Revive our consciences and heal our land. Liberate us from evil's tyranny and enable us to responsibly wield the freedoms you gave us. May justice and wise decisions flow from this house that your name might be honored and the people of our state prosper and bring peace to Jerusalem. May her righteousness shine and her salvation blaze like a torch. Amen.

**KELLY:** I recognize Senator Hughes for the Pledge of Allegiance.

**HUGHES:** Colleagues, please, please join me in the pledge. 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.

**KELLY:** Thank you. I call to order the seventy-seventh day of the One Hundred Eighth Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

**CLERK:** There's a quorum present, Mr. President.

**KELLY:** Thank you. Are there any corrections for the Journal?

**CLERK:** I have no corrections this morning.

**KELLY:** Are there any messages, reports, or announcements?

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**CLERK:** There are, Mr. President. Report of registered lobbyists from 5-10-23 will be found in the Journal. Additionally, agency reports electronically filed with the Legislature can be found on the Legislature's website. That's all I have this morning, Mr. President.

**KELLY:** Thank you, Mr. Clerk. Could we proceed with the first items on the agenda?

**CLERK:** Mr. President, LB243 on Select File. When the Legislature left yesterday evening, there was a bracket motion that was voted on. And Mr. President, pursuant to that, Senator Machaela Cavanaugh would move to reconsider the vote on that bracket motion, MO169 with MO1043.

**KELLY:** Senator Machaela Cavanaugh, you're recognized to open.

**M. CAVANAUGH:** Thank you, Mr. President. Good morning, colleagues. Taxes day. We got taxes. Taxes for sale. Just kidding. So this bill has quite a bit in it. Last night I had started looking at the committee statement and I haven't quite made it through the committee statement. So some of the pieces in this bill are the LB1107 tax credits, income tax, property tax credit, and then growth for schools, and maybe something that's unconstitutional. I'm unclear on that piece. I know there's an AG's Opinion requested about the constitutionality of one of the bills that was amended in on General. And yeah, so I'm just going to turn back to, OK, LB309 amends Nebraska Revised Statute Section 77-1736.01 regarding property tax refunds to increase the interest rate on refunds to 14 percent from 9 percent. So property tax refunds, this was by Senator Bostar. So let's look at LB309. OK. LB309. I remember this vaguely. I'm sorry, Senator Bostar. OK. So the interest rate, the Department of Revenue estimates no impact on General Funds from this bill at no cost to implement the bill. There is no basis to disagree with this estimate. Political subdivision entities responding estimate no fiscal impact from this bill. The Nebraska Association of County Officials estimates the fiscal impact would vary by county with the increase of 5 percent. And do-to-do, OK, operative three months after. See what the statement of intent is here. So it's again, increasing the rate from 9 percent to 14 percent for unpaid balances of refunds or claims that political subdivisions owe to taxpayers. So I think that this is sort of trying to incentivize-- just looking-- I might ask Senator Bostar to speak to this, but I think it's to incentivize political subdivisions to pay taxpayers faster so that doesn't cost them more. And OK, so that is LB309 that is amended into LB243. And let's take a look at what's next. LB589 creates a new mechanism to set out the percentage of the

annual increase that a school district can request regarding their levying authority. AM977 replaces the original bill and replaces the original formulas with the following: The school district's property tax request authority is calculated by taking the school district's property tax request from the prior year, adding total nonproperty tax revenue from the prior year and then increasing the school district's base growth percentage, calculating the following: 3 percent plus seven-tenths of the school district's student enrollment has grown by an average of 3 percent over the previous three years or four-tenths if the seven-- seven-tenth provision does not apply, plus a percentage obtained by dividing the annual increase in limited English proficiency learners by the student enrollment multiplied by fifteen-hundredths a percent plus a percentage obtained by dividing the annual increase in poverty students by the student enrollment multiplied by fifteen hundredths. If a school district chooses not to increase its request by the full amount allowed, an increase not used can be carried forward. The amendment then allows for such requests to be overridden by one of two options: a special election called to override with a 60 percent approval by the voters in such election. The election must be called by either the school board or a petition signed by at least 5 percent of legal voters within the school district and allows for a request to be overridden by a 70 percent vote of the school board, with such override being limited to four school districts with an enrollment of no more than 471 students, 7 percent; for school districts with an enrollment between 472 students and 3,044 students, 6 percent; for school districts with an enrollment between 3,045 students and 10,000 students, 5 percent; for school districts with an enrollment of 10,001 students or over, 4 percent. This was not unanimous. Senator Dungan was present not voting, and then everyone else voted for it. Had opponents from OpenSky, GNSA, Omaha Public Schools, NSEA, and self. OK. Then there was several neutral testifiers. Whenever I see neutral now, I'm like, is it neutral negative or is it neutral neutral or is it neutral positive? There we go. LB783 ends the levying authority of community colleges with the fiscal year 2025-26 and provides a state mechanism for funding community colleges through the state's budgeting system. AM949 restores the levying authority for capital improvements and additional levying authority if authorized by the community college boards to allow additional funding beyond the state of Nebraska provides to fully fund the community college if the state of Nebraska fails to fully fund a community college in a given year. Motion to include was unanimous. Senator Murman, Governor, Platte Institute, Dairy Association, Corn Growers, Americans for Prosperity. Opponents:

Community College, Metro Community College, Nic--Nebraska Economic Developers Association, Southeast Community College, Nebraska Economic Developers Association, Southeast Community College, Metro Community College again, Central Community College, SCC Milford, Nebraska Farmers Union, SCC Milford SCC Milford, OK, Mid-Plains Community College, Northeastern Community College, OpenSky, Piper Sandler, Self, Mid-Plains Community College. All right. That seems like that's about all that's left in there. Mr. President, how much time do I have left?

**KELLY:** 1:43.

**M. CAVANAUGH:** Thank you, Mr. President. OK, so we had two hours. I think we started at 9:13. We have about 2 hours, so 11:13 before this goes to cloture. I contemplated giving another income tax property tax tutorial, but it is May 11, so I don't know how useful that would be to people because you probably already did your taxes and the likelihood of people remembering this tutorial for another year--

**KELLY:** One minute.

**M. CAVANAUGH:** Thank you, Mr. President. You can, but you can apply this all-- a big piece of what this bill is about is property tax relief. And property tax relief in this instance comes through an income tax credit that you have to apply for with your income taxes that takes into account your school district, property taxes. So a lot of shifting around, a lot of paperwork, but the end result is property tax relief. So there we go. Thank you, Mr. President.

**KELLY:** Thank you, Senator Cavanaugh. Senator Briese, you're recognized to speak.

**BRIESE:** Thank you, Mr. President. Good morning, colleagues. I just want to remind folks what we're dealing with here. We're dealing with LB243. What does LB243 do? It increases the statutory minimum in the Property Tax Credit Fund, puts in an escalator, removes the 5 percent cap on the allowable growth rate of the LB1107 credit. It puts in place a revenue cap on our schools. But where there are several exceptions to that cap, it's an education friendly cap in my view. We call it a soft cap. We've accommodated a lot of concerns of the education community with it; removes the taxing authority of the community colleges, but replaces their dollars with state dollars, increases the interest rate on property tax refund and provides some needed changes to the TERC commission. And with this bill, we have a whole lot at stake here. Remember, as we described last time, this--

we're talking about a package here, the income taxes, the property taxes, education funding, and there's a whole lot at stake and they're all tied together. You know, what's at stake here? Childcare subsidies for Nebraska families, incentives to invest in childcare facilities, tax relief for our senior citizens, increased special education funding, increased dollars for our schools, and a lot of tax relief for everyday, hardworking Nebraskans. So we do need to advance LB243. Yesterday, I mentioned the amendment that many folks would like to get on, I believe it's AM1743. And that amendment is very important to some folks. And if you don't believe me, go out in the-- go out in the Rotunda and start asking around. And it is very important to a lot of folks, especially the fast-growing school districts and education in general. But at the end of the day, I'm not sure if I need that amendment. In fact, I really don't need that amendment. We can make those tweaks in that amendment next year if we have to. It will work fine the way it is. This language that we're going to change in that amendment, that's language that we've had in these proposals for the last five or six years. Nobody objected to the-- to this language then. It was OK then. I think it is OK now. And so at the end of the day, if we have to advance this as is without AM1743, I think everything will be fine. We'll keep the package together. It will provide an enormous amount of property tax relief for everyday Nebraskans. It will still accomplish what's at stake here within the package: childcare subsidies, special ed funding, tax relief for our seniors, etcetera. Let's keep the package together, advance LB243 with or without the amendment, and I would urge your support going forward. Thank you, Mr. President.

**KELLY:** Thank you, Senator Briese. Senator DeKay, you're recognized to speak.

**DeKAY:** Thank you, Mr. President. I rise in support of LB243. LB243 really represents a package of tax relief that is extremely important to all Nebraskans. And you really can't overstate the importance of LB243 to Nebraska taxpayers. When we take the Governor's package as a whole, we have a trio of bills that has a little something for everyone: for farmers, some property tax relief; for business community, a long-sought cut in income taxes; and for schools with LB583, a big boost in funding for special education expenses. I certainly want to commend Senator Briese, Senator Linehan, and the Revenue Committee and staff for all their work with this package. Like many others, have spoken on this topic, property taxes were one of the topics I got the most questions and concerns about from my constituents. As a farmer and a rancher, I will also tell you that

property taxes have a direct impact on my operations. What I pay in property tax is a factor in what I-- what equipment I should replace, how many head of cattle I might need to sell, what type of crop I should grow, and how many acres I should grow. As many others have said on the mic, there are many people out there who are struggling, given the drastic rise in their property taxes and they need relief. LB243 is a continued step in the effort to achieve balance among property, sales, and income tax in Nebraska. I know the Legislature has done some great work previously with bills like LB1107 in 2020 and LB873 last year. And I and many others want to see changes that move the needle and especially have a direct impact on property taxes. LB243 has what I would consider one of the most direct proposals for property tax relief as of late, the statewide repeal of community college property tax. Community college account for nearly 6 percent of the property tax burden statewide. And LB243 would provide approximately \$300 million of direct property tax relief by replacing community college property tax-- taxation with the state funding of community colleges, mostly through existing revenue streams. This change will help simplify Nebraska's property tax code and provide more direct relief to property taxpayers. Of course, community colleges play a vital role in our state. They provide efficient hands-on training at an affordable price for students who are eager to join the workforce in a short amount of time, particularly in high demand fields like medicine and the trades. Their funding won't be compromised. LB243 includes a safeguard allowing colleges to levy tax again if the state falls short. Nebraska communities will continue to have a well-funded community college system. However, what taxpayers want to see is one less tax entity when they open their property tax bill and they will if LB243 passes. Right now we are still in a fairly healthy fiscal situation and I think that at least some of this money should go back to the taxpayer. I yield the remainder of my time back. Thank you.

**KELLY:** Thank you, Senator DeKay. Senator Machaela Cavanaugh, you're recognized to speak.

**M. CAVANAUGH:** Thank you, Mr. President. This is my first time, so I'll get back in the queue. If anybody wants to yield me time, I would happily take it. So I was talking about income taxes. Again, also, you don't have to give me time because I have two more motions after this and motions to reconsider. So, I mean, it's just if you don't want to get-- be voting constantly, then feel free to give me time. Yeah. So the property tax, income tax, credit funds, so this is all came out of LB1107. LB1107 was the sort of massive like Titanic-sized tax package

in 2020. And it included the Imagine Act, which was big tax incentives, and then it also included creating this property tax income tax credit fund. And so one of the things in this bill is removing, removing the cap. Did we already remove the cap? Wait, yes, the cap on the growth. Anyways, lots of things to do with the property tax income tax credit fund. But I want to talk for a second about LB1107's sort of underlining purpose. So LB1107 was to give corporate income tax or corporate tax incentives to businesses here and I did not vote for it. One of the biggest sticking points I had in that bill was the wages. I opposed the tax incentive package because we could not get an agreement and I could not get an agreement, literally, no one cared because there was-- you look at the vote on LB1107, I think there were four or five of us that did not vote for the bill. So they didn't need to have an agreement with me. They didn't need me at all. But I don't know how else to explain it. We couldn't get to an agreement on wages. I fundamentally don't like tax incentives for anybody other than low-income people that really truly need them to survive or tax credits or anything like that, unless it is going to help people who financially cannot survive without them. I don't like tax credits for helping people who don't need them. I mean, if we're going to have a tax credit, I'm certainly going to apply for it because I'm not foolish. But that's not how I fundamentally view our tax code work. OK, so there's that. But if we are going to have tax incentives, if we are going to give money to corporations because they are bringing jobs to our state, because they are employing a workforce, we should require that they pay a livable wage. And my biggest problem with the tax incentive package of LB1107 in 2020 was that we did not require a wage for their employees that would make it so they were not income eligible for public assistance like TANF, SNAP, childcare subsidies because we were effectively double subsidizing them. And I didn't want to double subsidize companies with tax dollars, especially since it is so difficult to get this Legislature to do those things. So what I was pushing for and advocating for was a higher wage requirement of companies that received the tax incentives, high enough that an employee would not qualify for public assistance.

**KELLY:** One minute.

**M. CAVANAUGH:** Of course, everyone has their own view. I did not feel like this was unreasonable. Jump forward to 2022, no, yeah, 2022 ballot initiative on minimum wage. We have increased wages anyways, so the writing was clearly on the wall in 2020 that this was coming, but we couldn't get that agreement in writing that they had to do these



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wages. And this is sort of how we can be economic drivers in our economy is to offer the carrot of tax incentives to get businesses to help infuse more revenues into our tax base. So all interconnected, maybe we should do some more about it.

**KELLY:** That's your time.

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

**KELLY:** Thank you, Senator Cavanaugh. Senator Kauth, you're recognized to speak.

**KAUTH:** Thank you, Mr. President. Thank you, Mr. President. Our tax package this morning, we're looking at LB243. We put together a lot of different bills with this. We have gone very, very close to the end of the session, so we needed to make sure we had a lot of things taken care of. One of the things that Senator Erdman had brought to us was LB28 changing provisions relating to decisions on appeals under the TERC Commission. Now, Senator Erdman knows pretty much everything about TERC, and he came in and gave a really good explanation of how that system works. I'm wondering if he would be willing to yield to a question.

**KELLY:** Senator Erdman, would you yield to some questions?

**ERDMAN:** I certainly would.

**KAUTH:** Thank you, Senator Erdman. So with the TERC and I had never heard the phrase TERC before, so that is the Tax Equalization and Review Commission, correct?

**ERDMAN:** Correct.

**KAUTH:** So can you explain what it is that they do and how their process works?

**ERDMAN:** OK, I would. So what happens, Senator Kauth, is you get your notice of your valuation of your property. And if you're not in agreement that the valuation is correct and you go to the county Board of Equalization and they do not agree with you, but with the assessor, then you have an opportunity to appeal that decision to TERC. And once you make an application with TERC and you have filed with them, then you get an opportunity to go in front of a single commissioner if your property is worth less than \$1,000,000 and you get to then share your case with that commissioner. And then TERC makes a decision whether



the county has made a correct determination on your valuation. And what happens going forward if it takes two years and sometimes up to three for TERC to make a decision, you, the taxpayer, have to pay the taxes at the valuation they assigned you, not the tax rate, not the valuation that you assume it should be, until they make a decision. And so it has been a bad-- there's been a backlog of TERC cases. Some people have waited ten years to have a hearing. And so they eventually if the TERC board finds in the taxpayer's favor, they have paid the improper tax for ten years. So I think it's important that when you file an application or an appeal with TERC that it should be heard expediently and there should be a decision made sooner rather than later. And so what we're trying to do with the bill that's included in LB243 is we're going to expand the TERC board from three to four, which will increase the number of hearings that they can-- they can have, which then will expedite the number of hearings that will be completed, which will help the taxpayer understand what their valuation should be. So that's the opportunity the taxpayer has. Rather than going to court, they apply for appeal to TERC.

**KAUTH:** Thank you very much. And they are doing all the work on that because I had, first of all, no idea that that was happening. It seems like a serious injustice to charge someone something for years and then say, oops, I'm wrong and not have them not be able to be compensated for that. Is there another part to your bill?

**ERDMAN:** There was-- there was another part and it's in the amendment. The amendment, what I had originally stated was the fact that in the case of making an appeal to TERC, if they haven't had a hearing and a decision rendered before your next tax statement was due, then the valuation would revert back to the original valuation until the decision was made. And if the decision was made against the taxpayer, then they would have to go back and pick up the taxes from the day you filed, plus interest on the taxes you did owe. And the amendment that we have that Senator Briese was gracious enough to include would strike that part. And it would just leave in place expanding the TERC board from three to four.

**KAUTH:** OK. Thank you very much. And thank you for all your work protecting taxpayers in this state.

**ERDMAN:** Thank you.

**KAUTH:** I thought this was a fascinating issue. Again, it's something that we don't see--

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**KELLY:** One minute.

**KAUTH:** Thank you very much. Thank you, Mr. President. It's something that most people don't know about. It's one of the intricacies of our government. And we have people like Senator Erdman who dig in deep and find out these, these issues that are causing people harm. And he works to equalize them and make them more fair. So I really appreciate all your work on that, Senator Erdman. I yield my time.

**KELLY:** Thank you, Senator Kauth. Senator Moser, you're recognized to speak.

**MOSER:** Good morning. Thank you, Mr. President. Good morning, colleagues. I was wondering if Senator Clements would respond to a couple of questions.

**KELLY:** Senator Clements, would you yield to some questions?

**CLEMENTS:** Yes, I would.

**MOSER:** So I'm looking at the handout that a couple of senators brought around. And there's a chart on the back of this handout that says General Fund budget growth, and there's a bunch of squiggly lines on a graph here. Does the fact that that line ends below the 20-year average shock you?

**CLEMENTS:** No. In my opinion, that's a good thing. It shows the change in spending that we've had from year to year. Looks like the average is a little over 3 percent growth in spending, but the drop shows that we are spending less.

**MOSER:** So it's not a graph of how much money we've got in the bank?

**CLEMENTS:** No. Budget growth means spending growth.

**MOSER:** And the line that's drawn there across is not zero.

**CLEMENTS:** No. That's the average, 20-year average of how much we spend, increase in spending per year.

**MOSER:** So in 20, what is that, 22 years, how many times has spending growth gone below zero?

**CLEMENTS:** Oh, below zero, once.

**MOSER:** Well, once it got--

**CLEMENTS:** It's right at zero once and once at negative 4.5 only, really only one major year.

**MOSER:** Yeah. So really, this chart is a, if you're a conservative spender, this chart is a positive.

**CLEMENTS:** Yes. The ending part of it, yes.

**MOSER:** OK. Then back to the other side where we wind up on the right-hand column here in the negative, we have a flow of money here where we start with \$500 million and then we subtract expenses and add revenue and we wound up in the negative. But when we started at 550 or, yeah, 5.-- oh, it's \$550 million in the positive, then the change is 127. But we really have-- if there was better light in here, I could read this. We really have \$393 million in, in our General Fund.

**CLEMENTS:** Yes.

**MOSER:** Yeah. So this particular handout, I'm not sure-- I don't know everybody's initials all that well, I don't know what point they're trying to make, but I'm interested in hearing their interpretation of this. I don't-- I don't find this alarming. I think this chart is a good sign, is that we're adjusting--

**CLEMENTS:** You're talking about line 28, I believe, on the very far right column showing the dollar ending balance in General Funds of \$393 million, yes.

**MOSER:** Yeah, that's a good thing. Thank you. I appreciate your explanation of all that.

**CLEMENTS:** Thank you.

**KELLY:** Thank you, Senators Clements and Moser. Senator Clements, you're recognized to speak.

**CLEMENTS:** Thank you, Mr. President. I rise in support of LB243, in opposition to the bracket motion. And as I was looking through the committee statement, I had some comments. At the bottom of the first page talking about the property tax credit, that's what I call the tier one credit, the amount that comes off of your property tax bill from the county. And currently we have \$313 million that's allocated to that. And it is-- right now it's giving \$136 per \$100,000 of valuation for a farm and it's going to grow from \$313 million is projected out to 2029 to \$560 million with increases each year. So

that \$136 on \$100,000 of value would by the end of this biennium, 2025, is \$185; in '27, \$210; year 2029, \$241. And so it's going to be doubling over a period of years, and I'm pleased to see that. It's good to allocate money and to have the people's-- the bill we get from the county is going to be decreasing as these increases in credit take effect. Then I heard some discussion about the changes in the TERC, Tax Equalization Review Commission, and I also am in favor of that so that the people who have to wait to have a hearing on the-- their tax protest don't end up getting penalized. I have applied to TERC two times and I had one win and one loss and it's a slow process and I had to continue paying my tax while I was waiting and while the valuation was increasing. And I appreciate this is going to give some relief when a person is waiting to appeal, for the hearing, that the valuation isn't going up while they're still protesting a previous year. The other item I noted here was the interest rate on tax refunds is up from 9 percent to 14 percent. If you overpaid your taxes or the county owes you money back on taxes, I suppose, especially if you got a favorable hearing from TERC, they're going to have to pay 14 percent to the taxpayer, which if we pay late now, we pay 14 percent. So I think it's fair to have it both ways. And that will encourage local governments to resolve their payments that they owe taxpayers if they have refunds coming. Now, the one thing I was wondering, would Senator Briese yield to a question?

**KELLY:** Senator Briese, would you yield to a question?

**BRIESE:** Yes.

**CLEMENTS:** I had been hearing about a 3 percent--

**KELLY:** One minute.

**CLEMENTS:** --limiting growth and we'll have to talk about this more. But there's, there's 7 percent, 6 percent, 5 percent, 4 percent. And I'd like to have some discussion on why it's not just 3 percent for everyone. And I-- would you be willing to continue that later?

**BRIESE:** Yes, I'd be happy to talk about that. But that 4, 5, 6, and 7, that's the additional amount that a school board with a supermajority vote can access over and above the 3 percent. Of course, you have 3 percent plus those factors relative to enrollment, enrollment growth, poverty, student growth, LEP growth. But then you also have the ability of that school board to access additional dollars. Again, 4, 5, 6, and 7, those numbers, it was stairstepped in that way. We did

that way back four or five years ago in LB1084 at the suggestion of some folks in the education community. I'm not exactly sure where--

**KELLY:** That's the time, Senators. Thank you, Senators Clements and Briese.

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

**KELLY:** Senator Blood, you are recognized to speak.

**BLOOD:** Thank you, Mr. President and fellow senators, friends all. I stand opposed to the reconsideration and in support of LB243, but I'm hoping to maybe see some tweaks that I know some people are working on. I listened yesterday and I did get some of my answers. Allegedly, there are a lot of things that were worked on and now the community colleges are all on board. You know, I noted yesterday when I was looking through the committee statement, I think it was LB783 had 22 opponents in the hearing. And I think that was also the one that Senator Dungan did not vote out of committee as well. So obviously, there has been a lot of stress, a lot of negotiations going on with this bill. And so everybody that's been involved to make it a better bill, I just want to personally say thank you, because I believe our tax system has been askew for decades. And I think of those of us that have followed the Legislature for the last few decades, the big-- the big news is always the biggest tax break ever for all Nebraskans. I remember when Senator Conrad was a senator, that was a big thing: biggest tax break for all Nebraskans, and then Ricketts, biggest tax break for all Nebraskans. And so I'm sure that's what Governor Pillen is going to do as well. But the fact that we keep doing that should tell you something right there. And what it tells us is that we've never been able to come up with anything that's sustainable. I think we're getting closer. I'm not sure that we're quite there. I've heard everything that Senator Linehan, Senator Briese, Senator Clements, and everybody has had to say. But I keep running the numbers and, and I'm not getting that same answer. So I'm going to keep listening. I'm also going to give a plug like I always do, much like Senator Erdman does for his tax proposal, is, you know, my priority bill, which of course, we will never get to this year. It was in reference to unfunded and underfunded mandates. And I truly believe in my heart that I have peers that never want to see us eliminate those because we want to be able to spend your tax dollars however the heck we want. And I personally think that we should be more beholden to you and give you the opportunity on the ballot to decide whether we should ever pass a law, unless first we can show how we will pay for it, which kind of

makes sense. Which is how you run your household budgets, which is how you run a successful business. You know, we always hear the silliness about run, run the state like a business. But, boy, if we ran our businesses like we run the state in many instances, we would not be in business for very long. So I know I'm a broken record on this. I know that this fight is probably never going to come to any kind of resolution when it comes to unfunded and underfunded mandates. But as long as I'm in this body, I'm going to keep educating the public on it. I'm going to let you know that last year we got through first round and had the votes and they purposely on the next round adjourned early so we couldn't get to it. So the only people they really hurt, it wasn't me, it was the taxpayers. And this year there were culture war bills that were more important I guess than letting you decide on a ballot whether you wanted to stop unfunded mandates. I don't agree with how the agenda went this year, but I am not the Speaker and I had no say-so, nor was I asked. So I just want people to know what's going on. We've had a lot of omnibus, omnibus bills that have up to like 20, 25 bills included in them. I encourage you, if you're a fan of watching the Legislature, that you go online, you look at that bill number--

**KELLY:** One minute.

**BLOOD:** -- the committee statement, and you make sure you know what's been passed. Because on some of the stuff that's gone through, there will be repercussions and they're going to become someone else's problem here in a future legislative body. Thank you, Mr. President.

**KELLY:** Thank you, Senator Blood. Senator Aguilar has some guests in the north balcony, 55 fourth graders from Gates Elementary in Grand Island. Please stand and be recognized by your Nebraska Legislature. Senator Machaela Cavanaugh, you're recognized to speak and this is your last time before your close.

**M. CAVANAUGH:** Thank you, Mr. President. Colleagues, OK, so I was talking about the LB1107 bill and the, and the-- the pay, how much we're paying people and, and that's really why I was not in support ultimately of LB1107. If we had come to an agreement to require wages that made employees not income eligible for public assistance like SNAP and TANF and childcare subsidies, then I was amenable to the tax incentives. But the way I viewed it is that we were double subsidizing employers by not doing that, and not only double subsidizing them, but in allowing them to get the tax incentives but not pay their employees a livable wage, we were really increasing the burden on government and

taxpayers, more so than just the tax incentives. And what I mean by increasing the burden, if we have more people who qualify for public assistance, then we have more people who are really in economic crisis. And that is-- that's going to cost us all more money in a lot of different ways, some of them being increased population of incarceration, increased instability in the home, which might lead to an increase in our, our children involved in child, child welfare. So it just to me wasn't strong policy. And I think if you could say one thing about me, you probably could say a lot of things. But one thing is that I really like strong, well-thought-out public policy. So I, I didn't support it. And I still wish we would have done something about the wages. And then there's the issue of, of the Property Tax Credit Fund and how much money we're putting in there and how we're funding government. I, I will say that Senator Linehan and I have many disagreements on policies, but one that we have always agreed on is that property taxes are a terrible way to fund public education. And so I appreciate, even though I don't agree with the LB1107 mechanism, I have always appreciated her willingness to make that happen. And also, she might not remember this, but she taught me how that all worked. So the tutorials that I have given you on how to get your property tax income tax credit are because Senator Linehan actually educated me on what all of that was because it made no sense to me. And that was, like, three years ago. So thank you for that, Senator Linehan. And someday I'm going to try and get you in trouble with foundation tax [INAUDIBLE]. So just little tax jokes. Anyways, OK, so LB243, it has a lot of things in it. So I was-- on my last time I was talking about LB309 and the change in interest rate relating to property taxes. I was going to ask Senator Bostar a question about it. OK. Well, I think-- I think-- I don't-- hopefully I'm not misrepresenting it, but I think LB309 is basically incentivizing local taxing authorities to pay the taxpayer back their refunds in a more timely manner by increasing the amount of interest that they would have to pay if they didn't do it in a timely manner. That's my interpretation of it.

**KELLY:** One minute.

**M. CAVANAUGH:** I, of course, always am willing to stand for correction on that, but that is my interpretation on it. So OK. What other bills are in LB243? And so-- and then LB243 itself is increasing the amount of money that's going into the Property Tax Credit Fund. And again, like I said previously, I don't-- I'm not a big fan of tax credits and tax incentives, but I'm also not a fool. Like, when I do my own taxes, I am going to apply for them and I have applied for the Property Tax



Credit Fund because I own my home. And so obviously I'm not going to just not apply for it. So I do encourage people to make sure and check your taxes. You can always do an amendment if you filed them and didn't collect on this, but check your taxes and make sure that you have applied for the Property Tax Credit Fund on your income taxes this year. The first year, the amount--

**KELLY:** That's your time,--

**M. CAVANAUGH:** Thank you.

**KELLY:** Senator Cavanaugh. Thank you. Senator John Cavanaugh, you're recognized to speak.

**J. CAVANAUGH:** Thank you, Mr. President. Good morning, colleagues. It's the last day of a long week. I know everybody's in a good mood because it's a four-day weekend coming up. I, too, am looking forward to a little bit of a break from this place. So last night I was talking about the elections and overrides and things like that. And I continue to have that problem with this bill. But I was-- pushed my light because when Senator Blood was talking about community colleges, and so I appreciate Senator Blood's comments about that conversation. And I hadn't talked about community colleges up to this point. And when this bill, the bill that is part of this bill, I don't remember what the bill number is, actually LB783 I think. When that bill was first proposed, I thought it was a real nonstarter to take away the levy authority of our community colleges. And I appreciate the committee working with the community colleges to get-- to eliminate their opposition and get the bill in, in a shape that they're comfortable with and feel like that they will still have their own autonomy. And my original problem with that was in part that, you know, we have a great community college in Omaha. I know other people have feelings about their community colleges, but Metro Community College is a fantastic community partner with all the businesses, the schools, the high schools, and, you know, our community in general in Omaha. And it's really helped with the job market, you know, preparing people for the jobs that we need. I talked about the community college scholarship grant in the bill two nights ago, I think it was, and how important that is because it helps people who are taking certificate programs and things that are maybe not otherwise eligible for Pell, Pell eligible or other financial aid, and that people are much more likely to graduate if they can access that financial aid. And it helps people get, you know, access to some tuition assistance for needed jobs like welding or computer science or new energy fields. But the

reason I'm talking about that now is why it's important that community colleges are able to have, as this bill adjusts, have their own levying authority for capital improvements and things, because we've seen in the last decade or more, at least, Metro Community College has added these programs, improved, you know, the Culinary Institute, the construction program, the welding program, the CDL program, things that are really needed and bring great value to our community. And they're able to do that because of their ability to be dynamic and respond and make changes. And if we put too much pressure on them to have to come to the Legislature and have us control everything that they do, it will stifle their ability to make those quicker improvements and changes. And so I really do think that this will-- this particular part will have an impact on people's property tax bill because they will see that line item go down. And-- but it will also, the way it's crafted, will allow our community colleges to continue to be the great asset they are to our community in Omaha. So I appreciate that about this. I don't want to leave out the other community colleges. I'm just not as familiar. But I do know that I think is it Southeast Community College, that the one here in Lincoln, Southeast Community College, they have the diesel mechanic repair program, which I know is an essential one for this-- for the state. And then in north, north central [SIC] is the one in Norfolk has-- I've driven by their campus there. And if anybody from a community college is listening, I would of course love to come visit your facilities and see what they-- what other offerings you have in those other community colleges. But, you know, I think it is really important that those specific ones in, in each of these communities--

**KELLY:** One minute.

**J. CAVANAUGH:** Thank you, Mr. President. --are able to take the feedback from the community and offer new programs, new certificates, new ways of getting people prepared for the workforce that that community needs. If we bring in a new employer into, say, Norfolk and they don't have enough people who are trained in whatever that field is, the community college there could stand up a program more quickly, certificate, get people trained up so that we have enough people to work there so that the business can grow and move forward. And so that's what one of the great things about community colleges, the services they provide to our communities and our businesses and why they do need this, still that ability to act independently and be dynamic. So I appreciate the changes to LB783 that are included in this bill. Thank you, Mr. President.

**KELLY:** Thank you, Senator Cavanaugh. Senator Dungan, you're recognized to speak.

**DUNGAN:** Thank you, Mr. President. Good morning, colleagues. I rise today again, just to express, I think, some of my questions and concerns with LB243. I do rise opposed to the motion to reconsider by Senator Machaela Cavanaugh. But earlier off the mic, I was speaking with my colleague, Senator Blood, and she was mentioning my present not voting on, on part of this package, on the package in its entirety. And I just wanted to speak to that for a moment to maybe further articulate that. As I said yesterday, for those who weren't watching at home late at night, I'll reiterate it. There are a number of things in this package that I think are really well thought out and I think very beneficial to Nebraska. It's clear that property tax is something we're going to talk about for a long remainder of this session. I think we're going to continue talking about it. But this bill does really, I think, seek to address part of the underlying problem of property taxes and provide actual property tax relief for a number of Nebraskans. So I do applaud my fellow colleagues on the Revenue Committee for addressing these issues. I do again want to thank Senator Briese for his hard work, reaching across to a number of stakeholders and bringing folks to the table. And I did see in this package a number of things that he did that demonstrated actual desire to reach compromise. And so I genuinely want to thank him for his work on that, because I know this has been a passion project of his for quite some time. That being said, you know, obviously you don't have to like everything in the package, and particularly there was one part in here that I was troubled by and that was LB589 as amended with into this by AM977. And that's what we've been talking about with regard to the tax asking authority. Again, this is a soft cap, I think is what it's being called, on schools, on their raising of their tax asking authority. And it essentially creates a tiered approach where schools can all have 3 percent growth. And then if they want to go above that 3 percent growth, they can have a set amount they're allowed to go above that if they get I believe it's 70 percent of their school board or 60 percent of a vote of the public. Now, the issues that I had with that I outlined a little bit yesterday, but I wanted to articulate it again, given that Senator Blood was asking about my reason for being present, not voting. One is just that I have a fundamental disagreement with the idea that we should be creating these caps at all. My concern is that when we begin to create these caps, we place our schools in situations where at times of extraordinary need or in times of growth that they're going to need, they're going to be placed

in a bad situation. I understand these caps are relatively large for at least some school districts, and they provide some wiggle room. But given the fact that we don't know the nuance that's going to go into every single situation, it just concerns me when the structure gets put in place. And even if these caps in and of themselves are appropriate with regards to the amount of growth that is allowed, my concern would be that once this structure is in place, future legislatures could very easily come back and start to reduce the size of these caps and start to limit that even more. And so creating the structure in the first place is something that I just have a fundamental disagreement with that policy. And so that was part of my hesitation about that. In addition to that, as many of us have expressed, I generally just have a concern when we place the vote of the public that's necessary to override that at 60 percent. We have a long and robust history of democratic elections needing something over, excuse me, 50 percent. And I think that that number just makes sense. Having that set at 60 percent kind of flies in the face of the general democratic notion that we have in place, both here in Nebraska and elsewhere. And I think that if a majority of the people in a school district want to go over that asking authority, they should allow that. And so that was part of my other issue. A third problem that I have with this is with this structure being put in place and essentially making this a function of the school board and requiring a vote of 70 percent of the school board to override that tax asking authority or exceed it past that original 3 percent,--

**KELLY:** One minute.

**DUNGAN:** Thank you, Mr. President. --I am concerned that that is going to be the entire thing that every school board election is about from now on. And I think school boards handle a number of important issues. People running for school board have to answer a number of questions. But if from now into perpetuity school board elections are fundamentally predicated on whether or not somebody is going to vote to override that tax asking authority or not, I think it's going to be doing a disservice to others in the district when they might want to be hearing about other issues on the school board. So to Senator Blood's question, those are some of the concerns that I had. Again, I did see Senator Briese work very hard on this to reach some compromise. And so that's why I was not opposed to it. But my present not voting was due to some of those questions and concerns that I had moving forward. And I think it's important to continue having that conversation. So thank you, Mr. President.

**KELLY:** Thank you, Senator Dungan. Senator John Cavanaugh, you're recognized to speak.

**J. CAVANAUGH:** Thank you, Mr. President. I was just sitting here reading some more of the bill. And of course, I thought after talking about the community college, I thought it might be illustrative to folks just to know how much we're kind of talking about. So in Douglas County, just pulled up my property levy information for Tax District 100, which I guess is where I live. And our total consolidated levy is 2.24121 per \$100 of assessed value. So basically, if your house is assessed at, what, \$1,000, you pay \$22.40 or something like that. Or if it's assessed at \$100, it would be \$2.24 would be your taxes. Is that right? Is it per \$100? Did I say that right? Well, anyway, so here, but for, you know, you have the city of Omaha is 46 cents, which is 20 percent of the total levy. We have to pay for the city county building, which has a separate line item, which is about 1.5 cents. We have county itself is 29.5 cents. The ESU, which is about a penny and a half; the Learning Community, which is another 1.6 cents; MUD, which does not list as amount here. Then we have Metro Area Transit, which is our-- the bus service is about 6.5 cents. And then you have the NRD, Natural Resource District, 3.5 cents; the Omaha Public School, which is the single-largest line item, 1.23109 is its total levy, dollar-- basically almost a dollar and a quarter. And then you have Metro Community College is 9.5 cents. So that is 4.238 percent of my total property tax bill. And it would be basically anybody in that areas, give or take. I mean, if you're in one of the other school districts or maybe outside the city of Omaha, it might be a little bit different. But if you're in city of Omaha in OPS, it should be about the same. So 4.5 percent decrease in property taxes would be a pretty significant one. As I said earlier, the amendment does preserve some of the taxing authority for the community colleges in situations of capital improvement funds. And of course, if the state fails, if we fail to meet our obligation to those community colleges to make sure that we're funding them, that they would get some of their funding authority back. So I thought that was at least relevant information as we're having this conversation. I could look up other people's community colleges to see what their percentages are. Maybe they're higher in places that don't have as much other property taxes layered on top of that. I don't know if Lincoln has a separate taxing authority for their Lincoln bus or if Norfolk, which I always like to use as an example, has a separate taxing authority for their transit, which I don't know if anybody knows this, is called ForkLift, which I think is the-- one of the best names for a transit authority or

transit in the state. I don't see-- Senator Dover is not right there right now. But I was in Norfolk not that long ago, and it was right after they'd announced the name of it and it was on the cover of their paper. And I was so excited because I thought, this is-- I just love a good, clever name, such a-- it makes it more enjoyable. And again, you know, not to be the Norfolk Tourism Authority for you, but they have a really cool Main Street in Norfolk that-- and Senator Dover brought a bill that would help change the, I don't know what you call it, entertainment district so--

**KELLY:** One minute.

**J. CAVANAUGH:** --that Norfolk can expand their entertainment district. But anyway, I'm digressing because I like to talk about things like that. But anyway, like I said, the, the, this particular direct state aid to community colleges I think will-- people will notice. You know, we've done these other types of property tax relief, you know, like Senator Briese and Senator Linehan have done a lot on that particular work. Some of it people don't notice on their actual property tax bill. But I think this one in particular, people will be able to notice. You can look at your bill, you can see-- I will see a 4.2 percent decrease on the actual bill because of that. So I think that is important that people will be able to see it. The property tax credit fund and those sorts of things people get off on their property-- on their income taxes are a little bit harder just to see. But when you get your tax bill, you look at your levies, you will see a decrease in that. So I think that is a significant thing. So thank you, Mr. President.

**KELLY:** Thank you, Senator Cavanaugh. Seeing no one else in the queue, Senator Machaela Cavanaugh, you're recognized to close on the motion. Senator Machaela Cavanaugh waives closing on the motion to reconsider. There is 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:** 14 ayes, 2 nays to go under call.

**KELLY:** 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. Senators Conrad, Vargas, BoStar, Ibach, Moser, Clements, Erdman, Murman, Arch, von Gillern, please record your presence. The house is under call. Senator

Cavanaugh, we have three senators, Vargas, Bostar, Arch, who are not here. How do you wish to proceed? Thank you, Senator Cavanaugh. We will proceed with the vote. Senators, the question is the-- is motion-- the motion to reconsider. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**ASSISTANT CLERK:** 1 aye, 35 nays on the motion to reconsider, Mr. President.

**KELLY:** The motion fails. Mr. Clerk for items. And I raise the call.

**ASSISTANT CLERK:** Mr. President, the next item, Senator Machaela Cavanaugh would move to recommit the bill to committee.

**KELLY:** Senator Machaela Cavanaugh, you're recognized to open.

**M. CAVANAUGH:** Thank you, Mr. President. I'd like to yield my opening to Senator John Cavanaugh.

**KELLY:** Senator John Cavanaugh, you have 9:53.

**J. CAVANAUGH:** Oh. Thank you, Mr. President. Thank you, Senator Machaela Cavanaugh. I guess I just, you know, I of course, I would love to talk more about transit authorities and things like that, which I do find very interesting. And, you know, sometimes you start on a digression and then it leads to another digression. And actually this made me think, looking at the taxing authority of the Metro Area Transit, before I was in the Legislature, I was interested in a lot of things. I mean, still interested in a lot of things. But one thing I researched was the funding of our Metro Area Transit Authority. And I was interested in it because we have a nice bus system in Omaha. We've added the Bus Rapid Transit to that, which we call the ORBT. And-- but they funded that through, you know, federal what was at the time called TIGER grants. I don't know what they're called now, but federal funds for transit funded it through money from the MUD, Metro, you know, the Utility District. They helped pay for the natural gas buses and money from the city and other sort of-- and I think maybe even some money from the Environmental Trust. But anyway, they got all this extra funds to be able to add a service. And the reason that's relevant is the Metro Area Transit, as I pointed out earlier, has a levy authority of-- their levy taxing authority is 6, 6.5 cents, 6.743 cents. And that-- they have that-- I think their statutory taxing authority is up to 10 cents, but they have a cap. And this is one of the reasons that I was-- I've always been suspicious of caps because



they have a cap in, in growth where they can only grow their total dollar amount of tax asking, which is the style of cap that we've proposed here, a certain amount every year. And they actually are technically a subdivision of the city. So they have to go to the city council and ask them to-- you know, so their board votes. Then it goes to the city council and that-- the city council votes. And then that sets their tax asking. But they can only-- they can only go up a certain amount and then they could only go over it a certain amount with a supermajority like we're talking about here. But what has in effect has happened is their tax, their levy has dropped from 10 cents to the 6.5 cents over years of growth in valuations by adding more to the city and things like that. But their-- so their total dollar amount that they have to serve the community has not gone up. And the reason that's a problem for them is and for the city of Omaha is they-- they're not able to expand the services that they offer. They can't add new bus routes. If they add a new bus on a route, so if they go from every half hour to every 15 minutes, they essentially have to take that bus that runs in between from another route. So they can't actually provide more services. And, and then the problem we have is we're attempting in Omaha, we've got-- you change some zoning requirements to allow for transit oriented development, which increases density. And those things go hand in hand with the reason you'd have more density is you need-- we have fewer parking spots so more people can live there. And the reason you can have fewer parking spots is because people can ride mass transit, which is how big cities like New York, Chicago, Washington, D.C., they all have more density because they have robust transit systems. And of course, like I said, I, I like, I love our Metro Area Transit. I like the ORBT. I ride the number 11 bus, which I always think is great if the 11 bus runs on Leavenworth Street. So 11 on Leavenworth runs right by my house. I can take it to downtown. I can take it right to the courthouse. I can take it from my house to Aksarben, which I have done with my kids. I mean, I could walk to Aksarben. It's only about a mile and a half, but it picks up a block from my house and goes to downtown. But it doesn't run all that frequently. I'd like, you know, the ability for a more regular bus. But the reason they can't expand the services is because they don't have the ability to be dynamic, like I talked about with community colleges, and increase their tax asking up to their authority and provide more services. And of course, we all say, well, we shouldn't be-- we're trying to get taxes down. We don't want to, you know, put more burden on people. But the question of taxes is fundamentally, you know, what do you get for it? Right? It's not-- we're not just taxing people just for the sake of taxing people. We

want to get something for it. And the idea of transit is more people can be moved around the city with fewer cars on the road. We put less wear and tear on our roads, more access to jobs. People can use their money some other way other than buying car fuel, things like that. You know, all of the other-- the reason we invest in mass transit is it gets us a more efficient society that will, in the long run, save us money and increase the overall value to our communities. So that's why we do it. That's why Norfolk's got the ForkLift, right, is to help people get to jobs, help people get to entertainment, to spend their dollars in other ways. So that is a-- that-- that's a question of return on investment and why we would allow for that sort of thing. But it is a great example of where a tax cap has caused a, you know, slow, slowed ability to be dynamic and to grow something that is bringing value to our community. And we, of course, we're having a bigger discussion about transit in the city of Omaha with the streetcar and those sorts of things. I would say the other part that maybe people don't know about is our Metro Transit is going to become a regional transit authority thanks to a bill passed by this Legislature before I got here, brought by Senator Wayne, which will allow the Metro Area Transit to expand beyond the borders of the city of Omaha. We'll have an elected board so more oversight, more accountability. They'll be able to set their own taxing levy and they will be able to-- the city of Ralston would be able to join if they want or Bellevue, Papillion, La Vista, Gretna, Bennington would be able to join as part of the Regional transing-- Transit Authority. And we could have broader services, bigger base, providing for, you know, more people to get around in a more modern way, hopefully maybe expand our Bus Rapid Transit, currently goes from Westroads Mall to downtown, and it is great. It's very fast. You can get from Westroads to downtown in about 15 minutes I think when I rode it. And they have those elevated platforms. You walk right on. It's fantastic. That's another-- I can walk to the Bus Rapid Transit. But really, if I, honestly if I'm really going downtown, I'm going to take the 11 bus because it's right by my house. But anyway, so that's one of the reasons I have historically had a problem with caps, is because I've seen how it has restricted the growth of our Transit Authority. So with that, I would encourage your green vote on a motion to recommit. And thank you, Mr. President.

**KELLY:** Thank you, Senator Cavanaugh. Senator Dungan, you're recognized to speak.

**DUNGAN:** Thank you, Mr. President. Colleagues, I'm rising again just to continue the conversation on LB243. Excuse me, I haven't had enough

water yet this morning. I apologize to keep coughing into the microphone. It's been a long week and a late night. I see some pages here that were here with us late, late last night as well. So welcome back. I appreciate you all volunteering to be here late nights and coming in, in the morning. One of the things I wanted to touch on with regards to property tax is a conversation that we actually started during the General File debate. And it's something that has sort of been percolating in my brain ever since I started hearing about the property tax issue. And I, I think it fundamentally comes down to who do these property taxes help. And one thing I said yesterday that I think is fundamentally true is that property taxes obviously help urban and rural areas. And I think it's an incredibly important issue across the entire state. And property taxes do hit, I think a lot of our agricultural folks a lot harder than maybe some of the urban people like myself realize, just given the fact that we don't own that kind of farmland or ag land and we don't see how much those taxes can affect you. But one of the people or populations of people that I think sometimes gets left behind in a conversation with regard to taxes are people who don't own property. I think we had a conversation that Senator Hunt and others brought up during the General File debate on this, which is, you know, the property tax relief we talk about all the time is great, but there's an entire swath of people here in Nebraska who are not property owners, who don't benefit from property tax credits, who don't benefit from either direct or indirect aid when it comes to property tax reduction. And I understand that there's other programs that we have in place to help folks. But I do think that it's important that sometimes we take a step outside of what is normal to us here in the Legislature and understand that there's a whole other swath of folks that we need to consider and think about as well. Not everybody is a property owner. And the fact that we only it seems like oftentimes talk about property taxes because that's what we assume everybody cares about. It does feel like oftentimes we forget our friends who are renters and don't really think about how these pieces of legislation or these bills could help them or really don't provide any benefit to them at all. I have a number of friends who still rent on a regular basis. They rent apartments. They rent entire houses. And these are people in all sorts of different financial situations. These are people with kids. These are people who are, you know, young professionals, older professionals, people in the service industry. And so I think we just oftentimes get a little bit myopic in our views in here with regards to what the majority of people actually need. I don't know how many people in the Legislature don't own their home. I don't know how many of our 49 senators rent. But I do think

that when you talk to your friends who are not property owners about the amount of time and effort we put into property taxes, it kind of makes their eyes glaze over a little bit because it doesn't affect them. And so that is not to say that property tax reduction or property tax relief isn't important. It is. But I just think it's really vital that we remember there's a whole group of people that this doesn't have an effect on. And I know that there was a conversation as well on General File about whether or not property tax reduction or property tax relief trickles down to benefit renters. And I can tell you, as somebody who rented for a very long time until recently, your rent always goes up no matter what, no matter what property tax reductions happen, no matter what property tax relief is granted, your rent goes up every single year. Now, maybe it's arguable that your rent would go up more if there was not property tax relief. And I don't have the numbers on that and I don't have the statistics on that. I'm not a landlord. I don't-- I don't deal with that. But I can tell you, as somebody who's rented multiple times that--

**KELLY:** One minute.

**DUNGAN:** Thank you, Mr. President. --your rent does increase every single year. And so the reason I say that is I think as we continue this conversation with regards to property tax relief and property tax reduction, we're going to talk about it again next year, I'm sure. We're going to talking about it again in future legislative sessions past next year. I would just like us to have a little bit of focus on how we can give maybe some assistance financially to renters, whether that is through some sort of financial aid or some sort of property tax-adjacent reduction. But I just think it's going to be imperative that we look out for all Nebraskans and we remember the people who don't own their homes or own property as well. Thank you, Mr. President.

**KELLY:** Thank you, Senator Dungan. Senator Day, you're recognized to speak.

**DAY:** Thank you, Mr. President. I am just getting here this morning after a late morning with my kids. And quite frankly, I do not like the underlying bill itself, not because I'm not in favor of property tax relief, but because it once again directly pits our schools against our taxpayers and putting a cap on the growth on school districts. And attempting to apply a one-size-fits-all solution to property tax relief is not a realistic solution in a state where school districts vary greatly, particularly in the amount of growth

that they are currently experiencing and the amount of growth that they will experience in the future. I don't like the underlying bill, but I do appreciate Senator Briese's efforts to find an amendment to create somewhat of an exception for school districts like Gretna, Elkhorn and Bennington, who are growing very quickly. I do have part of the Gretna school district in my current district, my current legislative district. And Gretna has seen a growth of anywhere between 10 to 15 percent in the last several years. So capping that at what I think, I'm not sure what the percentage is, I apologize. I'm, like I said, I'm just getting here and frustrated by the fact that we haven't gotten to the amendment yet. But I appreciate the attempt to find a solution for very quickly growing school districts like Gretna, Bennington and Elkhorn. And I hope that at some point we can get to the amendment because I, I would like to be able to support the underlying bill. But my concern is that it will cause too much damage for districts, school districts like those that are in my district. And so it would be my wish that we could maybe move beyond what we're doing. I don't know how much time we have left. We probably have maybe an hour or so before cloture. I would like to get to the amendment, and I will hopefully be discussing this with my colleagues in the hopes that we can maybe pull some of these motions and get to the amendment so we can get to a vote on the amendment before we get to cloture. I will look into a little bit more on the details of this, because, again, I'm surprised that we haven't gotten to the amendment yet this morning. And I will yield the rest of my time. Thank you, Mr. President.

**KELLY:** Thank you, Senator Day. Senator Hunt, you're recognized to speak.

**HUNT:** Thank you, Mr. President. I am going to be against LB243 with or without the amendment, because I'm opposed to AM977 that was adopted. I feel like this is-- there's a portion of this amendment that I feel like we have blocked for many years in a row that came through this year, the part about 60 percent of voters needing to approve an increase beyond any kind of arbitrary limit. You know, any, any limit that's provided in this proposal. So special elections are really expensive. And if a school wanted to increase their spending, they'd have to call for one every single year, which is the point. I mean, they don't want them to increase the spending at all. But it makes no sense to me that we would have an election where 60 percent of voters have to, you know, agree on something for it to even pass. And then we have further dumb language in here calling it "legal voters." "Legal voters" is the most redundant phrase. We don't have to say that voters

are legal or illegal. You would never say "illegal voters" in a state statute. We don't need to define if they're legal or not. If they're voting, if they're voters, they're legal. If they're not eligible to vote, then we already have language defined in statute to prevent them from doing that. But this portion of the amendment says "A school district's property tax request may exceed its property tax request authority by an amount approved by a 60 percent majority of legal voters voting on the issue at a special election called for such purpose upon the recommendation of the school board of such school district or upon the receipt by the county clerk or election commissioner of a petition requesting an election signed by at least 5 percent of the legal voters of the school district." The, the part of it is line 10, page 3, where it says they may exceed the property tax request authority by a 60 percent majority of legal voters. Imagine if we changed all of our election statutes to say we elect the Legislature, we elect the Governor, we elect the school board by a 60 percent majority of legal voters. Well, guess what? Now, there's precedent to do that. Now we have that in statute. We no longer can just have a vote where 50.1 percent of the voters can decide how something goes. This is not-- no longer a majority. Why not change it to two-thirds of the voters like we do here in the Legislature and we have to get 33 votes for something? This isn't the way elections should work. And for that reason, I'm against this whole thing. And in past years, this, this didn't fly either. So it's really a testament to the lack of independence of this body. And even listening to you guys speak with your choreographed questions to each other, question and answer, talking about this on the record, the script that you're reading says things like "The Governor's budget proposal," "As stated by the Governor in this proposal," "We can thank the Governor for this proposal." You guys have no mind of your own at all. You trust the Governor, you believe what he says. That's fine. You know, if one of my friends from the coffee klatch in Columbus was elected to be governor, too, I'd probably believe him. But again, it's really beneath the dignity of the work that we get to do here. Talk about why you support it. Don't just say: the Governor said. I would be mortified if my friend was the governor and I said, Well, my friend said it's OK to do. Like, I would make up some reason at least of why I support it or opposed it that made it sound--

**KELLY:** One minute.

**HUNT:** --like I at least came to it independently. But we aren't even bothering to do that here. I'm against LB243 writ large because I don't like the limit on school-- local school authorities to raise the

limit. And I don't like putting into state statute that something takes 60 percent of voters to pass something, let alone that it takes 60 percent of legal voters to pass something. I think every time we talk about a Nebraskan or, or a voter or anything, maybe we should start using redundant language like that in statute and see how that goes as a precedent. Thank you, Mr. President.

**KELLY:** Thank you, Senator Hunt. Senator John Cavanaugh, you're recognized to speak.

**J. CAVANAUGH:** Thank you, Mr. President. Thank you, Senator Hunt, for that jumping-off point. So I have actually looked at this issue before because this, when this bill came up last year and it had the phrase "legal voters" in there, kind of I had the same reaction Senator Hunt did. So I looked into it a little bit and I would, just for an example, Article III, Section 3 of the Constitution, Second power reserved by referendum. It says the second power reserved is a referendum which may be invoked by petition against any act or part of the Legislature except those making appropriations, blah, blah. So but then it goes. It's basically says petition revoke-- invoking referendum shall be signed by no less than 5 percent of registered voters of the state, distributed as required by the initiative and filed with the Secretary of State. So this is registered voters. So the reason I put that up is-- say that is that Senator Hunt was referencing the use of the word "legal voters." So there's-- this is an addendum. This is a book that, if you all don't have this or haven't read it, it's the Nebraska State Constitution Referencing Guide Second Edition. It's fantastic. I love it. It's great read because it has the Constitution, but then it has some explanation of case law and things like that that come along with it. And so the reason I'm pointing that out is the commentary in here talks about by referendum process, the people can circulate a petition calling for a vote on acts passed by the Legislature. The convention of 1920 lowered the requirement first adopted in 1912 from 10 percent of legal voters to 5 percent of electors. So the Constitutional Convention specifically chose to go away from defining those who can vote or those who can petition from legal voters to electors. The 1988 amendment change those eligible to sign the petition to registered voters. So we've had this conversation before in Nebraska about how we're going to describe who, who can participate. So the quantum of registered voters has been interpreted to mean all registered voters as of the deadline of the petition filing. So the quantum, I assume, I guess, is probably the number. In 1997 commission recommended-- so the 1997 commission would be like a commission about the Constitution--



that the one act or portion of the act language and amendment and was added in 1988. Same amendment placing single-subject rule in this Section 2, Article III of the Constitution. So but Senator Hunt is right about the fact that I would say the word "legal" is superfluous in that. So that we have historically have had this conversation. We went back, we moved away from defining legal voters to electors, and then we moved from electors to registered voters. And that's for how we define people for the petition process. We're talking about a petition process here. I've talked a little bit previously. Same issue that I have that Senator Hunt just raised in changing the threshold for who can be-- what is a successful referendum to more than 50 percent. Well, changing it to 60 percent as opposed to what the Constitution says, which is 50 percent plus 1. And actually, should we look at that section and see how it defines-- I think it's just of ballots cast. Let's see. What was that section? Section-- let's see. I think it's Section 5, isn't that right? Those of you constitutional scholars out there, is this Article III, Section 5? Nope, that's legislative. I read this the other day. But anyway. Section 4.

**KELLY:** One minute.

**J. CAVANAUGH:** Thank you, Mr. President. Oh yeah, here we go. A measure initiated shall become law or part of the Constitution, as the case may be, when the majority, when the majority of the votes cast thereon and not less than 35 percent of the total vote cast in the election should be the same-- in which of the same shall be submitted. So we have a registered voter requirement in the Constitution. We have a threshold requirement based off the number of votes cast. We don't characterize who is voting. But of course, in any election, only registered Nebraska voters can vote in a Nebraska election. So, yeah, I, I appreciate Senator Hunt flagging that issue for us. And it has been addressed by Constitutional Convention in the state of Nebraska before and we have settled on registered voter previously. So thank you, Mr. President.

**KELLY:** Thank you, Senator Cavanaugh. Senator Conrad, you're recognized to speak.

**CONRAD:** Thank you, Mr. President. Good morning, colleagues. I rise in opposition to the motion to recommit, and I have greatly appreciated the thoughtful dialogue in regards to the property tax measure, LB243, that Senator Briese and the Revenue Committee have put forward for us this session to take a look at. I wanted to just reiterate a couple of key components or ideas or thinking in regards to where we are with

our overall fiscal health and prosperity. And just kind of note for the record some of the strategies that Nebraska has had to utilize in the past when we have faced painful recessions or economic downturns. So in my prior service as a member of the Appropriations Committee, we in the-- we had to take up some very, very challenging decisions in the Great Recession that included deep, deep cuts in the budget. And it included even special sessions to enact further deep cuts in the budget. And definitely it impacted every state agency and every program. But of course, you have to cut where you have the most ability to really make up the difference for the bottom line. So even though there's 80, 90 state agencies that are out there, many of them are smaller, many of them are cash-funded. Some of those cash funds could be rated, some could not. But really, the, the biggest items on the chopping block in a time of economic downturn are education and human services and infrastructure, to a lesser degree. So just again, knowing where we are today, when we had that challenging period, and I know when some senators in this body faced a \$1 billion shortfall, not that, not that long ago, they had to make similar challenging issues. But things were so bad during that Great Recession that if we hadn't had a robust cash reserve to draw upon as a Band-Aid to kind of help us weather that storm, that, that rainy day fund came into handy because indeed it was raining. But we also took a variety of other pretty drastic actions that we're not going to have the ability to go back to again from that period and then also where we are in terms of this budget. Senator Raybould talked a little bit about this during her times on the mic because of her past service as a member of the county board and the, the city council. But as we were scrambling to try and meet our obligations to balance the budget without increasing taxes during those really challenging times, we had deep, deep cuts to health and human services and education, which has been hard to recover from. We also stopped important property tax relief programs like aid to cities and counties and some other programs that help to ensure our partners on the local level could meet their critical governmental obligations, but also wouldn't have so much pressure on their need to enact higher property taxes on the local level to meet those obligations if we were providing some, some state support to them. So those programs went away and have never returned and won't. We also, you know, in this very budget, in this very year, are putting a lot of pressure on the cash reserve. We're raiding a lot of cash funds. And things are rosy now and I appreciate Senator Briese's--

**KELLY:** One minute.

**CONRAD:** --optimism. Thank him. Mr. President. I like to bring in an optimist-- optimistic lens to my life and my work. But I, I am concerned that when and if we have a downturn and it's uncertain at best how deep that will be or when that will be, that it will be challenging for us to meet core obligations of government, to keep our great education systems strong now and for generations to come. And to ensure a strong safety net and appropriate investments in things like economic development, natural resources and infrastructure if we're having-- if we're utilizing tools to balance the budget, that, that we're not going to have in the downturn: a strong cash reserve, a shored-up safety net, ensuring things like our unemployment program is sound and in place. There's a host of different strategies states can take in addition to ensuring a robust cash reserve that we really should start to look at just--

**KELLY:** That's your time, Senator.

**CONRAD:** --to ensure we are prepared for the future. Thank you, Mr. President.

**KELLY:** Thank you, Senator Conrad. Senator John Cavanaugh, you're recognized to speak.

**J. CAVANAUGH:** Thank you, Mr. President. I agree with Senator Conrad that we need to be looking towards the future, be conservative in our approach to spending commitments, obligations, ensuring that we are doing what's smart for future Nebraska. I did want to continue a little bit about the conversation I was on the last time on the mic. I did read a little bit more of the book I was referencing for you all. A Reference Guide, Second Edition of Nebraska State Constitution, which again is a great read everybody around here should read it. Gives you a lot of good insight into the Constitution, explains sections of it and gives you some case law and analysis. So I read, was reading to you part about Section 4, Initiative or referendum; signatures required. And there's a part where this-- this is the part that I thought was interesting. Implicit repealer. So this section again, first sentence of Section 4 was implicitly repealed in 1988 by the 1988 amendment of Section 2 and 3. So this is Section 4, though, which the 1988 amendment changing "electors" to "registered voters." So saying we changed to-- from electors to registered voters. And if you recall, I said in 1920, we changed from "legal voters" to "electors." So we moved away from of legal voters in 1920, we moved to electors and then we moved to registered voters. But so then there's a Supreme Court case in Dungan-- Duggan, Duggan v. Beermann, which

Beermann was the Secretary of State, the court concluded that the number of signatures needed to invoke the power of initiative had to be computed based upon the total number of registered voters rather than upon the number of votes cast in the last gubernatorial election. The standard for implicit repeal of constitutional provisions is stated in Duggan, and it says, this is quoting the court: The Nebraska constitution may be amended by implication only where the language adopted by the voters conflicts with existing constitutional provisions. The Nebraska Constitution, as amended, must be read as a whole. A constitutional amendment becomes an integral part of the instrument-- of the instrument and must be construed and harmonized if possible, with all other provisions so as to give effect to every section and clause as well as the whole instrument. A clause in a constitutional amendment will prevail over a provision in the original instrument inconsistent with the amendment only when the-- they relate to the same subject, are adopted for the same purpose and cannot be enforced without substantial conflict. So what it's saying there is there was a Constitution amendment in 1988 that amended Sections 2 and 3, but not Section 4. Section 4 also applies or covers the second power reserved to the people, which is referendum. And the amendment didn't change the language in Section 4. But if you read Section 4 with the new language in Section 2 and 3, there would be a conflict. And because the language existed in Section 4, when the new language was adopted in Section 2 and 3, Section 2 and 3's new language controls because of the conflict and the as-- implication that the voters voted for those changes, understanding the whole Constitution as it existed at the time, and that they intended to change the procedure in the manner they did in the amendment. So that's what we've talked about. This is kind of like a rules of construction that we've talked about and a few other things and where we've talked about how the courts in this example will read the entire document together and they will read in the new language with the existing language under the-- with the-- from the view that whoever adopted the new language, being the voters of the Legislature, understood and knew the existing language, adopted the new language in the context of that existing language.

**KELLY:** One minute.

**J. CAVANAUGH:** And they adopted it with the intent that the new language would control. And the new language does control, because obviously it's the-- it was adopted in the context of understanding all those things. So that applies to a lot of other places that we've talked about. We've talked about on say, when we talked about the

abortion bill, adopting new language has to be read in context with all of the remainder of the statute, that it does not explicitly repeal or exclude interpretation of. So that's the same thing that the Supreme Court did here, where they interpreted the other constitutional amendments sections to control over an existing constitutional section which it did not explicitly touch upon. But that, that section had to be read together with the new language. So that's just a little lesson for you on, I guess, courts interpreting statute and Constitution. And again, we use the term registered voter, not elector or legal voter. Thank you, Ms.. President.

**KELLY:** Thank you, Senator Cavanaugh. Senator Dungan, you're recognized to speak.

**DUNGAN:** Thank you, Mr. President. I do appreciate that history lesson from my rowmate, Senator John Cavanaugh. You can always rely on him for a touch of history, and even sometimes at late night, a touch of poetry. I would hope that sometime we can get some more of that memorized poetry from him during some of these discussions. But I did want to just rise again and talk a little bit more about things that are contained in this bill. I know that a lot of times these packages are a little bit hard to dissect and I think that a number of folks have been speaking about what's been-- what's contained in LB243. But a lot of that can get kind of lost in the weeds as we're having conversations about various particular portions. And so just to, to clarify a couple of other parts of this, one of the main aspects of LB243 here is the money that the state commits to direct credits to property taxpayers is going to grow from \$275 million annually to \$475 million by 2028. The later increases of that are going to be linked to the annual growth of assessed evaluations, evaluations. I know one of the concerns that has been raised regarding that, the direct credits to property taxpayers, is that a majority of that is going to be-- it's going to end up hypothetically going to the 20 percent of Nebraska's top wage earners. So the top 20 percent of wage earners. And this is one of the conversations I think that we've been having as a body overall about taxes, is who benefits the most from tax reductions. I think that there's multiple reasons that oftentimes we see tax reductions benefiting maybe the more wealthy folks. Part of that is structural, right? Part of that is the way that these tax programs are created and how tax brackets work. But I think one of the other parts and one of the other reasons that tax reduction efforts tend to benefit wealthier individuals is a larger societal problem. And what I mean by that is the kind of people who have access to the means in order to even know about property tax credits or, you know,

for example, have accountants or be able to work with accountants when they're looking at their taxes at the end of the year, the people who have means are more likely to benefit from the things that we're putting in place to better-- to actually give them reductions. A good example of this is the amount of friends I do have who have never even heard of or claimed this property tax credit that we keep talking about. Now, part of that is, I think on some folks who don't do their research, and I know that the Revenue Committee has worked hard this year to find ways to ensure that people do know about property tax credits and how to claim them. But by and large, I think that in the Legislature we sometimes live in a bubble and we sometimes live in this tunnel where we talk about these things so much, we anticipate or believe that A, everybody knows about them, or B, everybody can benefit from them. And so I just think it's important to highlight yet again some of the structural inequity and societal oppression that we see leads to folks in lower income brackets being unable to access, excuse me, some of the help and some of the benefits that we're trying to, to give taxpayers here. And so I just want to make sure I highlight that point. We need to work on that as well. In addition to that, obviously, the state-- back on what's in, in LB243, the state would remove a cap on growth within a program that allows property owners to claim income tax credits for taxes paid to K-12 schools and community colleges. The credits estimated at \$560 million next year, which are currently capped at a 5 percent annual growth, the stabilizer, could expand rapidly as assessed valuations continue to grow. Ag land values across Nebraska alone grew 14 percent last year, as reported by the Omaha World-Herald. So this is why people have talked about the need for some sort of stabilizer cap, whatever you want to call it, on the growth of that income tax credit that you can claim.

**KELLY:** One minute.

**DUNGAN:** Thank you, Mr. President. I know that Senator DeBoer, I think, had introduced an amendment at some point to talk about a 7 percent cap. I know there's been discussions about an 8 percent, 9 percent, 10 percent cap something. And the reason I think that's so important is if this amount of tax credits continues to grow exponentially with no inhibitor on it, it could ultimately be a huge detriment to our state with regards to how much money is going to be lost through that tax credit. I think it's a great program. I think it helps taxpayers. It helps put a little bit more money back in people's pockets. But I think we have to be responsible and fiscally responsible with how we

are treating that. And so that's why I believe that a cap or a lid is going to be beneficial. Thank you, Mr. President.

**KELLY:** Thank you, Senator Dungan. Yeah. Senator Raybould, you're recognized to speak.

**RAYBOULD:** Thank you, Mr. President. You know, I, I stand in support of LB243 and the upcoming proposed amendment. So this morning, I handed out something that Senator Linehan had passed up before that I thought was, was interesting. I mean, the first time that Senator Linehan had passed it out, I flagged it right away. Let me grab it. So when Senator Linehan passed it out, and it's the General Fund financial status, and you can see that on that page we are throwing in all the amazing transformative things that we have been talking about for probably the last three days. And the problem is they're unsustainable. I know that many have talked to that point directly, but the one thing that I'm, I'm really ecstatic about, that I think is really transformative, is the fact that we are actually shifting the cost-burden of public education, which is so important and so vital in our state to the state right now. We all know, we've heard this talked about before. All the senators have shared their comments as they walk and knock their constituents' door, property taxes. This is a big deal. This is truly transformative. This is something I have not seen in my 12 years of public service. This is something that I am really, really excited about. And but, you know, there, there definitely is a price tag to this, a pretty big one, \$1 billion we're setting up in a fund and then \$250 million going forward. That in itself is a big challenge that we're taking on. It's also a big commitment. It's a big fiscal obligation to continue to fund it. And not, you know, I've heard some talk, well, you know, we might have to get into the Education Future Fund. Well, that's scary talk right, right from the get go. That type of conversation should have no place if we are realistic and we're committed to making this transformational shift from our property taxes paying for public education to the state of Nebraska funding public education, that's a big deal. But the other things that we're throwing into that, and also the community college making sure that the state of Nebraska is the funder of that rather than, again, on our property taxes, those are big deals. Those are big commitments and I'd like to see that happen. But when you throw in all the other things that we're talking about, Social Security and then, of course, the individual income tax cuts and the corporate tax cuts, these are things that cannot be sustained or funded. I don't-- you know, I, I really appreciate our Fiscal Office and their forecasting capabilities. But again, there are so many unknowns lurking out there,



not least of which is the huge debt ceiling. Is that going to get passed or not? I mean, that could have cataclysmic consequences not only for our entire United States, but the state of Nebraska as well. So these are-- [RECORDER MALFUNCTION]. I wanted to share with you. And on the back side, you have page 21 from our green Martian finance booklet that was provided to us. And, you know, it's, it's common to have downturns, but, you know, this came right from--

**KELLY:** One minute.

**RAYBOULD:** --thank you, Mr. President. This came right from the Forecast Office. And yes, it is common, customary, normal to have those dips. But this is a big dip. And that indicates that, you know, we are probably committing to things that we should not be committing to. Certainly, the Perkins Canal, do we need to fully fund it to that level? No. We could save \$174 million in that endeavor. Do we need to build a new jail? No. No. If we even gave \$100 million out of the \$340 million projected for that cost of a new jail, say we gave just \$100 million towards some of the criminal justice reforms that have been listed in the report, that would be transformative and we wouldn't need to build a brand new jail, costing the taxpayers all that money. I think we need to be smarter, I think we need to do smart fiscal policies and that's, that's why I, I think we need to be more reflective.

**KELLY:** That's your time, Senator.

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

**KELLY:** Thank you, Senator Raybould. Senator John Cavanaugh, you're recognized to speak and this is your final time on the recommit.

**J. CAVANAUGH:** Thank you, Mr. President. I thought you were going to introduce these kids before you got to me. So I don't know what school you're all from, but welcome. You'll get announced in a minute. So we are-- I'm sitting here, I'm reading my constitution, but then I pulled out my idioms book. And I thought this one was appropriate, "in the offing." Likely, likely to happen soon; imminent. So we-- I know cloture is in the offing or likely to happen soon and imminent. In the offing is a nautical expression, which, I'm sure Senator Holdcroft would be able to tell us more about. There's a few other nautical expressions in here, because, as we all know, today is a good navy day or is it a great navy day? Great navy day. Today is a great navy day, which is another expression that I appreciate. In the offing is a



nautical expression originating in the early 1600s that came into widespread usage by the late 1700s. The offing is that part of the sea that is visible from or off the shore; the area between the shore and the horizon. In other words, a ship that was in the offing was within sight. A lookout, who was watching for a ship to arrive, would see it approaching when it was in the offing and, and would know that it would be docking fairly short-- shortly. So that's a good one. I didn't know that one. Just learned it. But in terms of what we've been talking about-- I've been talking about, the-- my biggest issue with this bill has been, well, the caps, the-- this off caps, as Senator Briese calls them, but the, the caps nonetheless, the, the inserting ourselves into local control and the concern about changing the threshold for voting. And I was-- Senator Hunt started the conversation and I've continued on about changing the you-- the-- not just the dot-- the number of votes required, but the threshold-- for the threshold, but also just the definitions of, of who is voting. And I read an excerpt from Duggan v. Beermann, it's D-u-g-g-a-n, not to be confused with D-u-n-g-a-n. And I read that section and then I kind of talked a little bit. But-- so here's a little further explainer from the book. To, to the court, the first two elements were satisfied because both Section 2 and 4 dealt with the initiative petition. So this is saying the consistency of those sections or why-- how they applied to the same thing. So saying that the constitutional part, you know, implicitly repeals Section 4, because Section 2 and 4 both deal with initiative petition and the number of signatures sufficient for a measure to reach the ballot. However, because the term registered voter from Section 2 could not be read to require further definition in terms of those who had voted in the last gubernatorial election, unlike the pre-amendment term, electors, the terms of Section 4 substantially conflicted with the registered voter language of Section 2. The amendment therefore implicitly repealed Section 4's first sentence. So that is a little bit more on that. So I think that's enough history for the moment. Thank you, Mr. President.

**KELLY:** Thank you, Senator Cavanaugh. Seeing no one else in the queue, Senator Machaela Cavanaugh, you're recognized to close on your motion to recommit.

**M. CAVANAUGH:** Thank you, Mr. President. I would withdraw my motion and any pending motions or amendments.

**KELLY:** They are withdrawn. Mr. Clerk.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Floor Debate May 11, 2023

Rough Draft

**CLERK:** Mr. President, in that case, the next amendment-- first of all, Senator, there are E&R amendments.

**KELLY:** Senator Ballard, for a motion.

**BALLARD:** Mr. President, I move that-- I move LB243-- Mr. President, I move the E&R amendments to LB243 be adopted.

**KELLY:** Senators, you've heard the motion. All those in favor say aye; all those opposed, nay. It is adopted.

**CLERK:** Mr. President, Senator Briese would move to amend with AM1743.

**KELLY:** Senator Briese, you're recognized to open.

**BRIESE:** Thank you, Mr. President. And good morning again, colleagues. We have LB243 up there. And if you recall what LB243 does, it increases the statutory minimum in the Property Tax Credit Fund and puts in an escalator. It's direct property tax relief to everyday Nebraskans. It removes the 5 percent cap on the allowable growth rate of the LB1107 credit and it helps to keep our property taxpayers whole by doing so. It puts in place a revenue cap on schools to protect our taxpayers. There are several exceptions there to ensure that the concerns of the education community have been accommodated. Removes the taxing authority of community colleges, replaces that revenue with state revenue, increases the interest rate on property tax refunds and it provides some needed changes to the TERC Commission. And so, what does AM1743 do? It's a very important amendment here. I indicated earlier that it's important, critical-- arguably critical to what we're doing here. And I appreciate the opportunity to get this up. AM1743, at the suggestion of Bryce Wilson with the Department of Education, the amendment expands the definition of non-property tax revenue in the cap portion of the bill to include, quote, all revenue from activity funds, cooperative funds, depreciation funds, employee benefit funds, nutrition funds and so on. Mr. Wilson suggested that that language is very important to ensure that the cap operates in the proper manner. Also, at his suggestion, it also excludes the previous year's investment income from special building funds in calculating the prior year's revenue. The current language in LB243 or the E&R amendment provides that for any category of non-property tax revenue for which there was insufficient data by August 1, it will be deemed to be equal to the prior year's amount. At the suggestion of Bryce Wilson at NDE, AM1743 changes this date to June 1, just giving everyone a little more time. And again, at his suggestion, the

amendment also changes the date by which school districts should submit documents to assist the department in calculating the district's property tax request authority to September 30 instead of September 20. AM1743 further moves ahead, by one year, the implementation of the Property Tax Credit Fund increase. That initially was an oversight on my part. This tweak makes it consistent with what the Governor initially proposed in his budget. AM1743 further pushes back, by one year, the increase in the community college credit percentage to 100 percent. And that, again, was an oversight on our part. Again, that helps it line up with what we're trying to do here. Finally, the amendment tweaks the language relative to our fast growing districts and increases the factor for student enrollment growth. And that's going back to the cap language. And this really is an effort to ensure that our fastest growing urban districts, for example, Bennington, Elkhorn, Gretna, are not handicapped by the cap proposal here. Currently, the 3 percent cap is increased by 15 percent of the percentage increase in poverty or LEP students and 40 percent times the percentage increase in enrollment. And currently, for schools growing at an average rate of over 3 percent per year, it allows the cap to be exceeded by 70 percent times the percentage enrollment increase. To accommodate the concerns of these extremely fast growing districts, the ones I just mentioned, in particular, we increased the .7 factor to a factor of 1.0, and that is only for those schools averaging an enrollment increase of 3 percent per year and a student growth increase of 150 students per year. And finally, the amendment adjusts the amount of property tax relief for everyday Nebraskans. Note that the understanding always has been that the amount of property tax relief and the amount of income tax relief was supposed to be about equal. We wanted to, to have some parity between the two programs. And so to accomplish this, we did have to reduce the income tax relief. And Senator Linehan will describe that when we get to the amendment on LB754, had-- how we had to pare some things back there. And with AM1743 here, we are going to reduce, by a small percent, the overall property tax relief through the Property Tax Credit Fund. But note that we also will have some additional relief in year seven to help compensate for that. So at the end of the day, we, we spend a lot of time on this. And hats off to my LA, Edward Boone. We-- he did a lot of work on this. And we had several iterations of this amendment, really, in an effort to accommodate the concerns of the competing interests, the education community, suggestions that Mr. Wilson had, tweaking the numbers, things of that sort. And we got that done. And so, we listened to Education, we listened to the department, we adjusted many items and it is a good

amendment. And finally, I would add, relative to Senator Erdman's provision in, in LB243, we did also pull out the one provision that some folks suggested was constitutionally suspect. So we, we-- I think we accomplished everything we needed to with AM1743. I would urge your green vote on that amendment. Thank you, Mr. President.

**KELLY:** Thank you, Senator Briese. Senator Aguilar had guests up in the north balcony, fourth graders from West Lawn Elementary in Grand Island. And they're gone. And Senator Hughes has some guests in the south balcony, fourth graders from Cross Country School in Stromsburg, Nebraska. Please stand and be recognized by your Nebraska Legislature. Mr.Clerk, for items.

**CLERK:** Mr. President. Senator Briese, I have FA28, FA18, motion 1040, motion 176 and motion 1042, with notes you wish to withdraw. In that case, Mr. President, nothing further.

**KELLY:** Mr.Clerk, you have motion on the desk?

**CLERK:** I do, Mr. President. Senator Briese would move to invoke cloture on LB243 pursuant to Rule 7, Section 10.

**KELLY:** Senator Briese, for what purpose do you rise?

**BRIESE:** I would like a call of the house. And let's do a roll call vote, regular order, please.

**KELLY:** 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.

**CLERK:** 33 ayes, 3 nays to place the house under call.

**KELLY:** 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. Senators Bostar and Riepe, could you please return to the Chamber and record your presence? The house is under call. All unexcused members are now present. Members, the first vote is the motion to invoke cloture. All those in favor vote aye; all those opposed vote nay. Roll call vote requested. Mr.Clerk.

**CLERK:** Senator Aguilar voting yes. Senator Albrecht. Senator Arch voting yes. Senator Armendariz voting yes. Senator Ballard voting yes.

Senator Blood voting yes. Senator Bosn voting yes. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator Briese voting yes. Senator John Cavanaugh not voting. Senator Machaela Cavanaugh not voting. Senator Clements voting yes. Senator Conrad voting yes. Senator Day voting yes. Senator DeBoer voting yes. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting yes. Senator Erdman voting yes. Senator Fredrickson voting yes. Senator Halloran voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting yes. Senator Hughes voting yes. Senator Hunt voting no. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe voting yes. Senator McDonnell voting yes. Senator McKinney not voting. Senator Moser voting yes. Senator Murman voting yes. Senator Raybould voting yes. Senator Riepe voting yes. Senator Sanders voting yes. Senator Slama voting yes. Senator Vargas voting yes. Senator von Gillern voting yes. Senator Walz voting yes. Senator Wayne voting yes. Senator Wishart voting yes. Vote is 44 ayes, 1 nay, Mr. President, on the motion to invoke cloture.

**KELLY:** Cloture is invoked. The first vote is on the adoption of AM1743. All those in favor vote aye; all those opposed vote nay. Record, Mr.Clerk.

**CLERK:** 45 ayes, 0 nays on adoption of the amendment.

**KELLY:** The amendment is adopted. Senator Ballard, for a motion.

**BALLARD:** Mr. President, I move that LB243 be advanced to E&R for engrossing.

**KELLY:** There's been a request for a machine vote. All those in favor vote aye; all those opposed vote nay, to the advancement of LB243 to E&R for engrossment. Mr.Clerk.

**CLERK:** 41 ayes, 0 nays on advancement of the bill, Mr. President.

**KELLY:** It is advanced. I raise the call. Mr. Clerk, for items.

**CLERK:** Mr. President, your Committee on Enrollment and Review reports LB813 is correctly engrossed and placed on Final Reading. Motions to be printed from Senator Linehan to LB727. New LR, Senator Erdman, LR144. That will be referred to the Executive Board. Amendment to be printed, Senator Briese to LB243. Senator Conrad, new LR, LR145 and

LR146. Those will both be referred to the Executive Board. New LR from Senator Murman, LR147 and LR148. Those were both-- excuse me, and LR149. Those will all three be referred to the Executive Board. New A bill, LB705A, introduced by Senator Murman. It's a bill for an act relating to appropriations; appropriates funds to aid in the carrying out of the provisions of LB705; and declares an emergency. Mr. President, next item on the agenda, LB754. First of all, Senator, I have E&R amendments.

**KELLY:** Senator Ballard, you're recognized for a motion.

**BALLARD:** Mr. President, I move the E&R amendments to seven-- to LB754 be adopted.

**KELLY:** It is a debatable motion. Senator Raybould, you're in the queue.

**RAYBOULD:** Thank you, Mr. President. I do support ER19 in-- for Enrollment and Review. And then I wanted to make some additional comments going forward on LB754. I think you've heard me talk about my handouts, so I'm not going to go back to that. I think what we're facing here is LB754, which is a corporate and income tax that is, is truly unsustainable, I think, in light of all the transformative things that we're trying to do with property taxes and public education. What I would have rather have seen, on LB70-- LB754, is an increase in the child care tax credits. You know, we're talking about a workforce shortage. This is something the Nebraska Chamber of Commerce has spoken about for quite some time, in addition to affordable housing. But their third item that they have talked about is child care, child care. We know that this is such a burden to our young families in our state of Nebraska. And so, one of the things that I have talked about, if we really wanted to be transformative, instead of the individual income tax credits, an accelerated version of the income tax credits and the corporate tax cuts-- I'm sorry-- corporate tax cuts and individual tax cuts, we really should be focusing on child care tax credits. Why? Why would we want to redirect our attention to that? Currently in LB754, they only have \$30 million. \$30 million, now that sounds like a large number. But we know that the need for child care and the affordability and accessibility to child care is so essential. Why? Why is that essential? Because we want both parents, who, right now, have to work outside the home in order to meet their other financial obligations. But we want them to get some real, real relief. We know, from analysis, that when you help middle class families, our young families, they're more likely to pour that

money right back into our economy. You've heard me talk about the economic multiplier effect. We have seen that from past corporate tax cuts. Moody's Analytics talked about the \$1.7 trillion corporate tax cut. It only generated \$0.32, \$0.32 out of every dollar spent. But when we gave SNAP benefits, Supplemental Nutrition Assistance Program or food stamps, out during the pandemic, we know that that multiplier effect was \$1.70. When we provided the, the unemployment assistance during the pandemic, that had a multiplier effect per-- out of a dollar, it was even more. It was \$1.40. We know that these type of programming and assistance-- with rental assistance, those help our economy, while we're still doing great things in supporting our families. So these are the things that are important that we should stay focused on. In LB754, we do an accelerated version of the corporate and income tax cuts. That's the wrong place for our focus. My fellow Nebraskans out there watching that, you know that if you have two kids, the cost of--

**KELLY:** One minute.

**RAYBOULD:** --thank you, Mr. President. The cost of childcare is extraordinarily high. And so you're making really difficult decisions on how are you going to be able to afford your rent, how are you going to be able to, to buy food? And if you have a mortgage, that's an added stressor onto it and making sure that, that everybody stays well, your children stay well and that you stay well, so that you can be gainfully employed and go to work each and every day. So for all of these reasons, I have concerns about LB754. And I heard rumblings that there might be a further reduction in the child care tax credit. And that is truly alarming. That's, that's not the right direction we need to go as a state, to be able to help our Nebraska families. Thank you, Mr. President.

**KELLY:** Thank you, Senator Raybould. Senator Conrad has some guests in the north balcony, the 45 ninth graders from North Star High School in Lincoln. Please stand and be recognized by your Nebraska Legislature. Mr.Clerk, for items.

**CLERK:** Mr. President, a series of withdrawals from Senator Machaela Cavanaugh, motions 139, 138, 137, 134, 135, 136 and AM1720, AM1721 and AM111. Mr. President--

**KELLY:** Those are withdrawn, those are withdrawn.



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Rough Draft

**CLERK:** Mr. President, additional withdrawals from Senator Bostar and Senator Linehan, both with notes to withdraw. In that case, Mr. President, next amendment, Senator Linehan would move to amend with AM1760.

**KELLY:** Senator Linehan, you're recognized to open.

**LINEHAN:** OK. So as I said when we were on this on general funding, when all the numbers get added up, we are going to have to pull some money back on tax cuts. So what remains-- what will remain in the bill after this amendment is we keep, we keep moving the top rate to 3.99 by 2027. So it will go from where it is now to 3.99. We're keeping-- because it doesn't cost very much, Senator Blood. So we're keeping the deduction for income earned by federal retirees from federal retirement pensions. So that's for the people who were never on Social Security. They had to be working for the federal government. I think the decision was made in '80-- '82. They could go to the new system or stay on the old system. So it's not a lot of people. I even question whether the fiscal note is-- I think it's probably too high, but that's good planning. So keep that part. We keep the child tax credit part. We may have to go back and do-- Senator Bostar, could you yield for a question? I'm sorry, I didn't give you a heads up.

**KELLY:** Senator Bostar, would you yield to some questions?

**BOSTAR:** Yes.

**LINEHAN:** We may have to do some adjustments to this, but right now, it's going-- can you tell what adjustments we're doing in this amendment?

**BOSTAR:** Yes. So in the amendment, regarding the child care tax credit provisions, the text of the provisions is the same, but we are, we are changing the allocation of total funds. We had \$35 million for all the provisions, collectively. That's going down to \$25 million. We are keeping the \$15 million for the direct child care tax credits to families. We are reducing the tax credits that were going to the incentivization of, of the development of child care facilities, from \$10 million to \$2.5 million. And then, the, the final provisions, which were related to tax credits for the employees of, of child care facilities-- child-- you know, child educators, that is going from \$10 million to \$7.5 million.

**LINEHAN:** Thank you, Senator Bostar. The other changes we're making, we're losing SALT, so we're not going to-- it costs too much. We don't have the money for it this year, so that means-- that's the \$10,000 maximum deduction you can take, regardless of how much you paid in property taxes and income taxes. That goes away. We're also taking out the allowable income tax deductions for costs of certain property and certain research, which was LB492. And also, I've talked to the administration. They're going to work with the Department of Revenue on the taxation of people who are just here for a conference or here for training for less than two weeks. I think that can be figured out, regulatory. I don't think we actually have to do a bill, but if we do, we can come back and do that next year. So with that, what we're basically doing here is taking the bill back to what the Governor proposed, plus the child tax credits, plus Blood's federal retirees. So I would appreciate your green vote. Thank you very much.

**KELLY:** Thank you, Senator Linehan. Senator Kauth, you're recognized to speak. Senator Linehan, you're recognized to speak.

**LINEHAN:** I'll waive my time.

**KELLY:** Senator Conrad, you're recognized to speak.

**CONRAD:** Thank you so much, Mr. President. And good morning, colleagues. I want to thank Senator Linehan for her leadership in regards to these issues and thank the Revenue Committee, as well, for their hard work in putting forward this package of ideas and making appropriate adjustments from General to Select File, to ensure that it's better designed in terms of our present fiscal situation and taking into account some measures that might be unaffordable in the short term. I definitely retain significant concerns about the overall equity and sustainability, particularly with the tax cuts for the wealthiest Nebraskans and corporate citizens that make up the vast majority of this measure. That being said, I am very grateful to see the components in regards to quickening the Social Security exemptions and relief. I am very grateful to see the first of its kind child tax credit be adopted in Nebraska. This was an issue that I brought forward this year and that was my priority bill. So it's definitely not the same in terms of overall scope and design and extent, but I do appreciate that Senator Bostar had a similar idea. And a portion of that has been adopted or has been added into LB754. So just to put a couple of things in context and then I wanted to flag an E&R amendment that I filed this morning, as well. If you look at the child tax credit that I introduced earlier this year and prioritized this year,

for a fraction of the price tag on this overall bill, we could provide a tax credit to over 81 percent of Nebraska families and kids that would provide \$1,000 on a sliding scale based on their income, to help, to help families meet their bottom line and to figure out what the best path might be for their families. So families could utilize that tax credit for school tuition. They could utilize that for child care. They could utilize that for a host of different family expenses that come before them. So the program was designed based upon our experiences and learning from COVID relief, where we were providing direct support to many families, to help address economic concerns during the, the pandemic. And it was a widely popular program with wide bipartisan support. We have seen child tax credits based on the federal model and program start to be adopted in our sister states, including ones have a very similar political geography to ours, deep red states, blue states, purple and in between. So I do appreciate that there is a very, very modest first step in regards to this measure to adopt a child care and a child tax credit. But, I think, when you look at the, the overall price tag, we could have done a significant amount to do more for families to help them meet the rising costs of child care, by putting that thousand dollar per child tax credit out there. These have-- these programs have very wide support across Democrats, Independents and Republicans.

**ARCH:** One minute.

**CONRAD:** And I, I really do hope that we'll continue to see some work on that measure-- thank you, Mr. President-- into the future. The other issue I want to flag for folks is an E&R amendment that I filed that would slightly modify the program design of the child tax credit, without impacting the bottom line by one penny. It would move the component that would provide additional corporate tax credits directly to people. And I think that's the least we can do, considering there's a 3.99 significant corporate tax cut, inherent in the bill. Thank you, Mr. President.

**ARCH:** Senator Slama, you're recognized to speak.

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

**ARCH:** Senator Wayne, 4:50.

**LINEHAN:** Linehan.

**ARCH:** I'm sorry. Senator Linehan, 4:50.

**LINEHAN:** Unless Senator Wayne wants it. He is dressed up today. There he is. So I'm getting very legitimate questions and I'm sorry if I'm sure-- if you look at the fiscal note, page 3. So you got computers or staff-- I have staff over here that can help. The fiscal note, it lays out clearly what each part costs. So-- and Chairman of Appropriations, of course, is very interested in that. So the itemized deduction in the first year, because-- I won't go why-- itemized deduction in the first year, so '23-24, would have cost \$40 million. So that goes away. The business and asset research expenditures cost \$29 million, goes away. Nonresident costs \$11 million, goes away. And then, in the '24-25, itemized costs \$17.3 million, goes away. \$45 million on business research and expenditures goes away, \$27 million in nonresident. And I have to tell you, I never bought-- I think there's something very wrong with the nonresident number anyway. But we can work on that, again, through the administration. Then you take \$10 million out of the '24-25, on the child tax credit. So that is an explanation. If you want the numbers, they're on page 3 of the fiscal note. And it's the bottom three that we are taking out and the top one, we take out \$10 million. So, it's a lot of money. Now, I'm going to talk about the whole, kind of, big picture here. I, I realize, because I have children-- their-- they have-- I have children, grand-- I, I have children and they have children, so I have grandchildren. And three of them are in daycare, four of them are in elementary school. I'm forgetting one. Oh, no. Five are in elementary school-- kindergartner-- so I, I understand how tough it is. The kindergartner and the three-year-old have a baby, so there's diapers to buy and daycare to pay for. I understand that. So I, I-- maybe we can do more, more. But I also understand-- and I know, that \$1,000 per kid or \$1,500 or \$500 per kid that got set out for the federal government was wildly popular. It was wildly popular, but it was not at all targeted. It went to people that didn't need it. You couldn't buy a lawnmower-- a riding lawnmower. You couldn't buy an above-ground swimming pool. It was not-- it was good, but we didn't have a deep recession. But there was some craziness to it and now, we have high inflation. So I, I don't-- I wouldn't use that as a model for how we want to go forward in Nebraska. This tax cut takes the top rate down to 3.99. That is not just for the rich, folks. It's for very middle-class Nebraskans, with children, who are trying to figure out how they're going to save for college, pay for the house they're living in, which we're also taking down property taxes on. This plan, by the Governor, is huge and it will touch every Nebraskan. I, I-- we can sit here all day and say that it's only for the rich. That's just not true. And do the people

who pay more taxes in dollars, do they get a bigger cut in dollars? Right. Because if you pay more, you get-- your-- it--

**ARCH:** One minute.

**LINEHAN:** It's a percentage thing. And I know, we can talk about we didn't adjust the lower rates. We adjusted the lower rates in 2012. The only rate we didn't adjust in 2012 was the highest rate. When we started this process, three years ago or four years ago, our highest rate for individuals was 6.84, folks. That is ridiculous. You have two teachers, who are paying 6.84. A nurse married to a policeman would have been in the top bracket. It's important we do this. Thank you, Mr. President.

**ARCH:** Senator Briese, you're recognized.

**BRIESE:** Thank you, thank you, Mr. President. Good morning, colleagues. First, I want to thank Chairman Linehan and members of the Revenue Committee for their work, tireless efforts on the part of this package that's being put together, especially Senator Linehan, for her leadership on this and property taxes, income taxes. And also, Senator Sanders, her work on education funding, along with Chairman Murman and members of the Education Committee. We really have a package here that's going to be transformative in nature, in delivering to everyday Nebraskans the, the tax relief that they truly deserve. It's going to help our economy, going to help stimulate our economy. It's going to be good for Nebraska. And that's for the individual rate that we're discussing here, as of January 3, our marginal rate was higher than all of our neighbors and it begins at a ridiculously low level. So what does this proposal do for us? It puts, puts more dollars back in the hands of everyday Nebraskans. And the vast majority of who we're talking about here are everyday, middle-class Nebraskans and giving these dollars back is good for Nebraskans, it's good for families. LB754 improves our rankings on individual income taxes and that's important, in our efforts to attract, attract businesses, employees, workers to our state. LB754 can also stimulate economic activity in our state. In a 2018 Department of Revenue study, they looked at the impact of a \$100 million income tax cut. In the executive summary, the Department of Revenue concluded that such a cut would increase disposable income by \$111 million, would create over 1,000 new jobs and would generate \$27 million in new investment. And because of that stimulation in economic activity, it would generate an additional \$5 million in state investment. I'm going to talk briefly here, about Senator Bostar's provisions of this bill, the early childhood

contribution provisions, in particular. And within those provisions are incentive-- incentives to invest in early childhood facilities. And why are those incentives necessary? We talk all the time about growing our state, creating opportunities for folks to live and work and raise their families in Nebraska. And growing our state should always drive policy in this body. You know-- and how do we grow our state? How we stimulate-- how do we stimulate economic activity, population growth and employment? There's a lot of things we can look at. We can look at taxes, we can look at schools, we can look at infrastructure. We can look at rec-- recreation, broadband. But I would submit to you that high-quality early childhood programs are critical to workforce development and to the future growth of our state. And as we try to attract a skilled workforce to our communities, the presence of quality early childhood is crucial. Young parents, the way-- they want to locate where their children have access to early childhood. If your community doesn't have early childhood programs, early child care programs available, families are going to look elsewhere. And businesses looking to locate in our state, expand in our state, also understand the importance of early child care to their company's success. They realize it'll be easier to attract employees if childcare is available. And businesses will also believe that the foundation established in a quality early childcare environment enables a young person to enter the workforce with a wider array of marketable skills. And so, I would submit that access to child care, early childhood, is critical in growing our state and our efforts to expand our economy. And I want to thank Senator Bostar for bringing these provisions--

**ARCH:** One minute.

**BRIESE:** --in LB754. Thank you, Mr. President. And I will wholeheartedly support AM1760 and LB754. Thank you, Mr. President.

**ARCH:** Senator von Gillern, you are recognized.

**von GILLERN:** Thank you, Mr. President. I rise in support of LB754 and AM1760. I just want to share or repeat some of the comments that have already been shared, particularly by Senator Linehan, about the emphasis and the, and the hard work that went in on modifying the, the current tax situation in Nebraska. We talked a lot in the last two days about property taxes and how important that is to all Nebraskans. But actually, property taxes only affect those that own property, by definition. Income taxes affects everyone in the state of Nebraska. There was a very concerted effort to make sure that the income tax

cuts impacted all Nebraskans and they benefited from that. And I believe that this is a plan that gets us to that point. I did go back and check to-- I was looking at the tax rates and in fact, I was a little surprised. I looked up to see I was next on the mike. I was doing a little bit of additional homework before I got up, just to look at what the actual breaks on the brackets were. And these tax cuts go down to the, to the point where a individual filer is making \$28,000. So when you add that in concert with the child care tax credits, which are specifically focused towards families and individuals, typically of lower income, I believe that we are impacting just about every Nebraskan with these tax cuts. I've, I've stated on the mike numerous times in the past and there's been plenty of data and information shared back and forth, to talk about why people move to a state and why people move away from other states. And I've shared some information on that. I've got some that I'll share on the floor here, possibly next time, if I have another opportunity to speak. But people do vote with their feet. And quite often, when they vote with their feet, they're, they're taking the tax situation in mind. There's been a study that was done that I've got on my pile of paper here on my desk, that was done around the, the companies that handle cross-country moves. And it illustrates, very clearly, that people are moving from states that have high tax burdens to states that have low tax burdens. In particular, we're seeing quite an exodus out of states like California to-- and quite an influx in states such as Florida. Unfortunately, we've seen some Nebraskans that have moved from our home state to Florida and to other states that-- Florida and Texas and other states that have no income tax. So we know this is a, this is a very real thing. In fact, there was a legislator, my predecessor in District 4 moved to Florida last year. And, and I know, for quality of life issues, I'm sure. But the tax burden-- tax situation was certainly a factor in that conversation. So we know that it's real. We want to do everything that we can. We talk in this body and, and on both sides of the aisle. It's often spoken that we want to retain families in Nebraska. We want to retain people here, to, to live and grow and, and build their families here, build their businesses here. And one of the ways that we can do that is to create a tax environment that's, that's conducive to that. A small piece of this does impact corporate tax rates and, and obviously, doing homework on that. I was a little bit surprised when I joined the Revenue Committee and got to looking at the numbers that-- corporate tax really only represents, I believe, 7 percent of the total tax income to the state. So while corporate tax cuts are a popular thing to banty about and to bad mouth and, and to pick on, it really does



not represent a large part of our revenue. It's-- certainly, 6-7 percent is significant, but it's not the most significant part of our revenue. Per--

**ARCH:** One minute.

**von GILLERN:** Thank you, Mr. President. Personal income taxes represent about five times that amount. So it's significant what we're trying to do here and I think it'll be impacting for families in Nebraska. I think it's impacting for all families from all bases, from, from just about every income level. And I'm pleased to be a part of supporting the-- LB754 and AM1760. And when it comes up for a vote, I encourage your green vote on those. Thank you.

**ARCH:** Senator Raybould, you're recognized.

**RAYBOULD:** Thank you, Mr. President. I'd like to continue to delve into some of the economic news and it should be a reality check for all of us in this Chamber. We, we know that our forecasts are less optimistic, because it continues with the uncertainty with our national economy, certainly with inflation, increase in interest rates. You know, even when we're increasing the interest rates, it has not slowed down the rate of inflation. Because we know that job growth is strong, which is a, a good indicator, but it's not slowing down the inflation rate as much as we would like it to be. We know last year, the inflation rate was 6.5 percent. And as of the results that came out yesterday, it's now at 4.9 percent. That is somewhat good news. You heard me say before that Nebraska is failing in four economic indicators compared to the rest of the midwest, as well as the United States. And this is one where you would think that some of the tax credits that were triggered from LB873, for both corporate and individual, you would see an increase. But it says, business formation within the last four quarters were down 3.6 percent, whereas in the midwest, they're actually up 0.1-- 1.2%. These are from the US Census business formation statistics, by state, that are updated in real time. One interesting economic news is as of yesterday, our job openings in our state are 48,000. You know, we were, at one point, had 80,000 job openings. I guess that is one glimmer of hope. But the truth is we are not performing as well as we should be. How do we know that? Because of some of the economic indicators I've shared with you. But you know what we did yesterday? We had 17-- \$715 million left to spend, that would go towards some of the innovative programs that we're looking at. But yesterday, what we had to do is we had to bump-- we had to take \$170 million from the Cash Reserve to pump it up even

more. That is so ironic. Here we are, so flush with cash, yet we have to take from the Cash Reserve, already. That should give everyone a little bit of a pause, because we know-- we thought \$715 million is a large sum of money, but it's still not enough to pay for the income tax cuts proposed in LB754, nor the property tax cuts proposed in LB243. Here's another reason why Nebraska's economy is performing worse, relative to other states, which has prompted an increase in the federal Medicaid funds, which the Legislature is leveraging for other purposes. So what they found out, when, when a state has lower growth rates and also a lower ratio of personal income has gone down, the federal government triggers additional Medicaid funding. So we hope those numbers can be turned around, but they're already baked in-- into this budget, showing that we're committed to paying this. But next year, that ratio will increase, hopefully, which means that that means we have to contribute our matching funds. Where are we going to get the money from, to do something like that? And I know Senator Linehan doesn't like when I talk about this piece from former Senators Curt Friesen and former Senator Paul Schumacher. For full disclosure, Senator Paul Schumacher is my cousin. He's way, he's way smarter than I will ever be. And he is way better at budgets than I will ever be. But this is what they said and I think it deserves a point of taking time to read it. While we were cutting programs and services, so--

**ARCH:** One minute.

**RAYBOULD:** --we've been cutting-- thank you, Mr. President. We've been cutting taxes, income tax and personal taxes since 2020. But we were cutting programs and services. We were also cutting taxes. From 2011 to 2021, we reduced state revenues to the tune of \$1 billion a year, by the end of the decade. And that doesn't include 2022, when the Legislature lowered personal and corporate income tax rates, phased in a full exemption for Social Security income and expanded a refundable income tax on property taxes paid. The Legislature is now poised to do in a single year what took us a decade: cut taxes by more than \$1 billion. If they follow through with also providing dollar for dollar property tax relief, the state will end up foregoing another \$2 billion a year, by 2029. The entire General Fund budget is over-- just over \$5 billion, so how can this level of revenue loss be sustainable?

**ARCH:** Time, Senator.

**RAYBOULD:** Thank you.

**ARCH:** Senator Dungan, you are recognized.

**DUNGAN:** Thank you, Mr. President. Colleagues, I do rise in favor of AM1760. And I, I still have some concerns about LB754, but I do want to urge my colleagues for their green vote on AM1760 here. I do think that it's a measured approach to sort of finding ways to reduce the overall cost of what we're talking about with LB754. I'm unsure if I think this brings it back down to a level where all of this is still affordable. I still have some concerns that I'll get to in a second, but I do want to take a minute to thank Senator Linehan and the other members of the Revenue Committee, for working on this to try to find a way to get this path forward. I know we talked a lot about Senator Briese working with folks and getting them to the table. And Senator Linehan absolutely has done the same thing with regards to LB754 and talking to stakeholders and trying to find ways to make this package ultimately, one that can, I think, benefit Nebraska as a whole. As I stated on General File, we all agree that taxes are not fun to pay. We all agree that taxes likely feel too high for everybody. And I think that what we should be focusing on and I think what the effort of all of us here should be, is finding ways to help everyday Nebraskans get money back into their pockets. And when I'm knocking doors and talking to constituents in LD26, what I know is people just want to make things a little bit easier. People are looking to make their life just a little bit easier, with regard to a little bit of money back in their pocket. And that's what I think we can all work together on here. My concern, however, about LB754, remains the long-term sustainability of the reduction of the top two brackets down to 3.99 percent. And part of my concern about that is that every year, since 2020, this Legislature has reduced taxes. And every year, there's been conversations about what the long-term forecast of that's going to be. And I understand that we've enjoyed, I think, for a period of time, some unprecedented economic growth. And I think we've seen some, some money in our pockets here, in Nebraska, that we weren't expecting as a state. But when we look at the long-term sustainability of what we're talking about here, I do have some pretty grave concerns. As we discussed yesterday, the Cash Reserve is systemically going to be reducing. And what we look at on the green sheet, is we do see some nominal or moderate growth of the General Fund between the next couple of bienniums, into the out years. But what, what I want to make very, very clear to my colleagues, is that that green sheet and the General Fund growth that we're seeing there is predicated or based on an analysis of current law. So the effects of the tax reduction that were previously passed, which, by 2027, reduces the top income bracket down to 5.84 percent. With that data, it looks as though we are currently sustainable. So what my suggestion was, I believe on General File,

when we were talking about the reduction to either 4.99 or 5.84, was to allow the tax cuts that had previously been approved to go into effect, which is still a tax cut and a significant tax cut, but allow it to go into effect immediately. And then, we have that reduction down to the 5.84 for the top bracket and then take a pause. And take a pause to look and see what the long-term effect is of that reduction. If things are continuing to be good and we continue to see growth and we actually do see people coming to Nebraska for reduced taxes and we do see corporations taking advantage of a reduced corporate tax rate, then I think we can continue that conversation. But my fear is that the reduction of the top bracket down to 3.99, as well as the corporate tax down to 3.99, is going to ultimately put us in a position where our revenues are going to be so reduced that we're going to find ourselves in a situation six, seven, eight years down the line, where we're going to be saying to ourselves, do we need to cut services, do we need to raise taxes? And that's a no-win situation that I don't think any of us want to find ourselves in. And so, that's a concern that I do have. And when you specifically look at the way that this tax--

**ARCH:** One minute.

**DUNGAN:** --thank you, Mr. President-- tax package is designed-- I do understand Senator Linehan and others talking about how this does benefit everybody, given that everybody has some reduction if they make over a certain point. But the proportional effect of this tax reduction does tend to benefit top-income earners. You know, under LB74-- LB754, what we know is that three-fourths of the tax savings are expected to flow to the top 20 percent of income earners in Nebraska. And that's folks who have an annual income greater than \$138,000. A family with an annual income of \$70,000 could expect to see a \$370 tax cut, while the family in the top 20 percent, who makes \$365,000 a year, would expect to see a savings of about \$6,000. I understand the notion that if you pay more taxes, you're going to see a larger number decrease with regard to the cash that you're actually saving. But as a proportional outcome, I do think that this does have some--

**ARCH:** Time, Senator.

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

**ARCH:** Senator Linehan, you are recognized to speak.

**LINEHAN:** Thank you. Thank you, Mr. President. Thank you, Senator Jacobson. Our forecasts are not less optimistic. They just move the money forward a little bit in the forecast. But they'd happen in the forecast-- and Senator Clements, would you help me with this? Just-- would you yield to a question?

**ARCH:** Senator Clements, will you yield to a question?

**CLEMENTS:** Yes.

**LINEHAN:** I. I want-- I'm not questioning you so much as I'm going to say something and then, tell me if I'm wrong. What happened to the Forecasting Board, is they took \$80 million out of '21-- excuse me, '22-23.

**CLEMENTS:** Yes.

**LINEHAN:** And then, they put \$50 million into '23-24.

**CLEMENTS:** No, they put-- they added \$25 million to 20-- fiscal year '24 and added another \$55 million in '25.

**LINEHAN:** So as far as revenues going forward, they didn't-- it moved years, but the revenue is all still there, according to the Forecasting Board.

**CLEMENTS:** Their-- yes. They increased the revenue forecast for the next two fiscal years.

**LINEHAN:** Thank you, Senator Clements. So there is no downturn in revenue from the Forecasting Board. And inflation is coming down. It's, it's a big drop from 6.5 to 4.9. So-- and the other thing about inflation and I want it to come down, but inflation actually increases revenues, guys. If people have inflation and they get increases in their wages and things cost more, revenues go up, not down, which makes our 3 percent revenue growth kind of silly, because our historical revenue growth is, I think, 5.5. So our projections are based on three. So, I would be a lot better off if I did my life as a Fiscal Office does the state budget, because I've always been kind of like, it'll be OK. I mean, I'll survive. I won't die broke, hopefully, maybe. But I don't know of anybody that is as conservative as our Fiscal Office has been. But again, our historical growth-- Senator Briese, would you yield for question? Because I don't want to make a mistake here.

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**ARCH:** Senator Briese, will you yield?

**BRIESE:** Yes.

**LINEHAN:** Isn't our historical growth over 5 percent now?

**BRIESE:** Yeah. I think it's 5.4 percent for the last 40 years.

**LINEHAN:** Five point four percent for the last 40 years. And when we look at our-- the Fiscal Office and we-- the Revenue Committee and the Appropriations Committee met. And we agreed to use what for the out years?

**BRIESE:** Well, we-- on the unadjusted numbers, we use 3 percent.

**LINEHAN:** So didn't we both agree that that was very, very fiscally conservative?

**BRIESE:** Yes, very much so.

**LINEHAN:** Right. So the whole idea that this isn't sustainable is just wrong. Thank you, Senator Briese. It's just wrong. It's sustainable. And again, we have lots of money in the rainy day fund and we have set aside the billion, plus \$250 million, plus \$250 million, plus \$250 million for the Education Future Fund. We have no business holding onto money and keeping our tax rates where they are when we are floating in money and Nebraskans are facing inflation, they are facing high property taxes. We have high property taxes on the middle income. Guys, we have--

**ARCH:** One minute.

**LINEHAN:** --no business having more money than we need. That's not what we're here for. We're here to have enough money to take care of the things we need to take care of. And we do, with plenty and a reserve, in case there's a downturn. Thank you, Mr. President.

**ARCH:** Senator Conrad, you're recognized.

**CONRAD:** Thank you, Mr. President. Good afternoon, colleagues. I wanted to share just a little bit more information about my thinking in regards to slight adjustments to the child care component of this measure that is before us and will be subject to a vote, hopefully, on the E&R amendment that I filed. So just as a refresher, I think everybody knows this from their lived experiences and feedback from

their constituents, but child care is one of the key issues that many families face, in Nebraska. And in fact, Nebraska has been ranked the ninth highest, most expensive state in terms of child care for two-parent families and the fourth highest state, in terms of expense for child care for single parents. We know that there are unique considerations in terms of accessing high-quality child care that, perhaps, are different in greater Nebraska than in our metro areas, as well. And I think one thing that's really important to remember is-- well, two things that I think are really important to remember in regard to the program design for the child care tax credit proposal component, is that in Greater Nebraska, in many instances, there's perhaps a higher reliance on in-home care. So by diverting additional tax credits to corporations to stand up child care programs, it really actually inhibits the ability of many working families or farm families in greater and rural Nebraska from being able to benefit from that child care benefit. So by a slight adjustment, in diverting that \$2.5 million tax credit to corporations for child care access and opportunities, you could help, maybe about-- I think-- I'm trying to get updated numbers on it-- about 4,000 more kids or families utilize that money, with that \$2.5 million, to access in-home child care, which many of them already rely upon. And I just wanted to reiterate and hopefully this will be a broader focus for our session together next year, but we're going to need to continue a North Star approach to addressing our workforce challenges. And one of the key solutions to doing that is child care. And I want to give shout outs and credit where credit is due, to leaders in the Nebraska business community, the Chambers of Commerce, who have come forward, who have identified child, who have identified child care as a key priority and who have been working in support of measures like this, like mine, like Senator DeBoer's child care subsidy program. I also want to acknowledge and commend groups like the Farm Bureau, for elevating the need to ensure that we have access to high-quality child care for, for their members and to benefit our ag economy, as well. So again, we, perhaps, might have slightly different approaches for how we address those issues, to ensure high-quality access to child care and to help alleviate the pressure on families' bottom lines. But there, there is a, there is a consensus point, in terms of the need to do more. And I think that this is a very exciting first start. I think that we can and we should tweak it today, on Select File, without one additional penny on the bottom line, just to put \$2.5 million in addition to what is already carved out for child care workers and for families back in the pockets of, of families that are struggling to pay with these costs instead of



corporations. The last piece that I will add in that regard is there are small business programs--

**ARCH:** One minute.

**CONRAD:** --available. Thank you, Mr. President. And if you look at some of the research in recent reporting on this, there are existing programs in place that are helping child care centers open in rural Nebraska. So there's really no need for a redundancy, in terms of the corporate tax credit component of this. And those, those dollars should and, and those dollars should be directed to families in need. Thank you, Mr. President.

**ARCH:** Senator Erdman, you're recognized to speak.

**ERDMAN:** Thank you, Mr. President. And good afternoon. We've been talking about how to lower our tax rates so we can be, be competitive. So I asked Senator Wayne a question. I asked him if zero was a number and he said it was. So I asked him if he thought zero was lower than 3.99. He said it was. So what we're doing in the Legislature is what we've done for 50-some years, is we're trying to put a Band-Aid on an amputation. So the EPIC option, folks, had a dynamic study done by the Beacon Hill Institute, and I'm going to read you a couple of their conclusions as to what the EPIC option would do for the state. It would grow the state's population in '26 by 1.9 percent and 2.3 percent in 2000, and-- by 2030. Personal consumption would increase by 3.8 percent and 7.2 percent, respectively. Net employment, in '26, it would create 47,154 jobs. And in the year '30, 58,065 jobs. Investment increase would be 8.6 and 10.2, respectively. Real inflation adjusted income increased by \$9.6 billion and \$12.7 billion. Now, here's one that should get your attention. State real inflation adjusted gross domestic product would increase by \$23.3 billion in '26 and \$32.2 billion in '30. That's as much contribution to the economy as agriculture does today. And the rate would be 7.23 percent and the income tax rate would be zero. The property tax rate would be zero. But do we talk about those things here? No, no. What we talk about and what we spend thousands of hours doing is doing bills like LB754, that supposedly is going to move us lower in the overtaxed states. So let me read some of the things in the conclusion of what EPIC will do. Tax policies matter significantly for their effects on the state's ability to provide environment of conducive economic growth. Public finance economists recognize that taxes impose an excess burden or deadweight loss on the economy. Any move toward a tax reform must consider the fact that higher tax rates reduce the tax base and increase the dead

loss. The goal of a viable tax system should be to ensure not only fairness, but also efficiency. The argument that a consumption tax is superior to an income tax has long-- has a long history. The reason it is, because income tax, it taxes savings twice, once when you earn the income and saved and again, when the taxpayer gets the return from the savings. The state can eliminate this discrimination by taxing households on what they consume rather than what they earn. The consumption tax is pro-savings, pro-investment. Therefore, it is pro-growth. Replacing all state taxes or income taxes, including inheritance tax and the state sales tax and use tax and all local, state-- and all local property tax with a revenue neutral consumption tax would generate billions of dollars in investment--

**ARCH:** One minute.

**ERDMAN:** --real disposable incomes and a state domestic product and growth of the state domestic product. Moreover, the consumption tax rate creates thousands of jobs. This is a very important statement, the last one that I will make. The consumption tax exception, exception on used goods, additional economic-- is an additional economic boost to low-income and middle-income citizens who purchase a significant amount of goods as used items. But we don't have a discussion about fixing the problem. We have a discussion about how we can put a Band-Aid on it, so we can come back next year and talk about it again. So go to the website, [epicoption.org](http://epicoption.org), look at the information I just shared with you. And if you don't think that's the real solution, I will be shocked, because what we're doing here is the definition of stupidity-- keep doing the same, same--

**ARCH:** Time, Senator.

**ERDMAN:** --things over and over.

**ARCH:** Senator Raybould, you are recognized to speak.

**RAYBOULD:** Thank you, Mr. President. You know, we, we always look at our rankings as business leaders. How do we compare with other states on a whole array of taxes? It's not just property taxes. It's corporate taxes. It's individual income taxes. And how do we rate? And, you know, the sad truth is Nebraska doesn't rate very well. And the Achilles heel in that ranking has to do with our property taxes. That really just sinks our ranking, even though the state of Nebraska comes in at-- in the-- in like the top five, when it comes to our public education. These are things that we're truly proud of. But I

think, when all the Chambers talk about that, like, oh, gosh, you know, we got to, we got to be more competitive. We got to increase-- you know, we've got to do better on our property taxes or income taxes, corporate taxes. Well, yeah, they're, they're right. But I think what they miss the mark on and why it skews it to make us look so bad is our property taxes. How do we know that? We know that because Nebraska ranks 49th in all the states in the United States, because our property taxes go towards our public education. And we're trying to correct that in this budget. The Governor's initiatives are trying to do just that. And that's a good thing. That is a good thing, to-- and hopefully, that's going to, that's going to make us win. That is going to boost us up. What we know for a fact is lowering our corporate income taxes in LB873, 2022, how many, how many business-- how many new businesses have come to our state? I've asked that of all my colleagues. Can you show me a state where that one-- once they start cutting the corporate taxes, then just corporations are just drawn there. And, you know, you kind of have to beat-- you're overrun by all the corporations that want to come to your state. Not true. Not true. I read you that one statistic, business formations within the four quarters-- the last four quarters are down 3.6 percent. Now, we're comparing that to the other colleagues in the midwest, that have done that race to the bottom of lowering their corporate income taxes and their individual income taxes. Well, they're up 1.2 percent. But we're down, even though we have lowered our corporate income taxes. That, that should give us pause. You know, what, what are we doing? And I wanted to continue to read from the article. It says, while it's true the revenue picture over the past couple of years has been very different-- we are so flush with CARES money, ARPA funds, it has been different than when we started in the Legislature. It is such an anomaly that we are reluctant to accept it as our new normal. Maybe we're signal-- cynical-- this is Senator Schumacher and Friesen-- maybe we're cynical, but we don't consider it a solid basis for ongoing spending decisions. I don't think that should be our case, either. And I'm trying to-- if you pull up my handout that I, I gave to everyone, you look on the back side and it shows what our, our General Fund balance has been, over the last 20 years. It's been right around 3-- 3.5 percent. And that's-- and you can see from the graph, as well, that we're not hitting that mark in 2023, 2024, 2025, 2026. And so for those reasons, I think we should be a little bit more cautious on moving forward. We know that the-- LB754 has provisions from seven different bills, that they all significantly impact our state's--

**ARCH:** One minute.

**RAYBOULD:** --income. Thank you, Mr. President. And for that reason, we should proceed more cautiously. Going back to the article from Senator Schumacher and Friesen, they say, so not only is the Legislature spending down the rainy day fund on a sunny day, but it is also reducing future tax revenue. And we just saw that yesterday. We just went into the rainy day fund, our cash reserves and transferred over \$170 million. Boom. Right there. And this is a sunny day. We are flush with cash, yet we are going down that rabbit hole, knowing full well that these additional tax cuts, corporate, individual, are not sustainable. We're going in the wrong direction. I know Senator Conrad had spoken very eloquently, about making sure that we do things that attract young families. And that's focusing on, on child care, child care tax credits. That's what the Nebraska Chamber of Commerce has come to the conclusion, as well.

**ARCH:** Time, Senator.

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

**ARCH:** Senator Dungan, you are recognized.

**DUNGAN:** Thank you, Mr. President. And colleagues, I rise again in support of AM1760, still with some concerns about LB70-- LB754. I don't plan on talking much more after this. I understand that we've had a long and robust conversation about this on General File and we're going to continue to have conversations. But I did want to finish a couple of my thoughts that I had earlier, just to make sure that those things were clear in the record, because I do think it's important to discuss some of these, some of these numbers. And so, what I just talked about is based on some analysis that's been done, is that a family with an annual income of \$70,000 could expect to see about a \$370 tax cut, while a family in the top 20 percent, earning \$365,000 per year, would expect to see a savings of nearly \$6,000. That's a tax cut of more than three times greater for the family in the top 20 percent, as a percentage of their annual income. And it's that as a percent-- as a percentage of their annual income that I think is so important. Obviously, I understand that if you pay more in taxes, you're going to see a larger tax break, just given by how much money you are spending. But what we should be analyzing and looking at is the percentage of the income and whether or not that is equitable and that is being appropriately distributed amongst the income brackets. And so, at least based on some of the preliminary numbers

I've seen, I do have concerns that have been, I think, echoed by other folks, both in the committee hearings who were testifying, as well as here on the floor, that there might be some issues with the way that's being distributed. And I just think it's important that we take that into consideration, when we try to make sure that everyday Nebraskans, like the folks that I represent in northeast Lincoln, are going to see a good portion of that tax cut. And so that's generally my concern. In addition to that, the lowest paid 20 percent of Nebraskans, with an average annual income of \$17,000, could expect to see a cut of about five bucks. And I think that's an important number. We talk a lot about how our tax brackets do encompass a large portion of Nebraska, but the lowest paid 20 percent of Nebraskans have an average annual income of \$17,000. And so I think that's a really important thing for us to keep in mind. Again, sometimes we get into a bubble and we're somewhat myopic when we think about the people that these are helping or hurting. But there is a large portion of people out there who really don't make as much money as I think we think. And so when we talk about who these tax cuts help and who they're going to benefit, it's important to know that there's a 20 percent chunk of our state that's going to see a \$5 reduction in taxes here. So I just want to make sure I highlight that. One of the other things that I know has been discussed at least a little bit, by Senator Raybould, and I just wanted to touch on it briefly, is the corporate income tax reduction. I do agree, having looked at the numbers with Senator von Gillern, that I was surprised at the chunk of our total revenues that are derived from corporate income tax. It's less than I maybe anticipated, but that doesn't mean it's insignificant. And I think that when we're looking at reductions for corporate tax rates, we need to look at two major components. We need to look at A, is this benefiting Nebraskans? And B, is this going to affect our long-term sustainability overall? According to some of the studies I've also looked at, it's estimated that at least 83 percent of the state revenue cut, as a result of the corporate income tax cuts, go to nonresidents. And that's because Nebraska, the way that we do corporate tax here, we're a single sales factor state, essentially meaning that corporations who do business in the state only pay taxes on the portion of sales made in the state. And so, if you do business here, you pay, you pay taxes here. But that doesn't mean you have to be headquartered here to pay corporate taxes. Right. So a corporation could be headquartered in Delaware. They could be-- they could have their physical location in California, but if they do business in Nebraska, they're going to see a reduction in their corporate income tax based on this. But that doesn't mean that money is going to flow to Nebraskans. It doesn't mean that money is

going to flow back into the state, nor does it necessarily mean that it's going to stimulate the economy any further, which I believe is the intent of this.

**ARCH:** One minute.

**DUNGAN:** Thank you, Mr. President. I, I also believe that it's been generally agreed upon, the Congressional Budget Office and even the co-founder of Moody's have found that corporate income tax cuts are not an effective way of stimulating the economy. They found that during the Great Recession, cuts to the corporate income tax rate created just 32-- .32-- \$0.32 in economic activity for every dollar spent. They found, on the other hand, that spending on SNAP has an economic multiplier of a buck 71. So we know there are more effective ways to stimulate the economy than reducing the corporate tax rates. Again, colleagues, I just have some concerns about the long-term sustainability. I know there's others who disagree with that, but I do think we should be looking at how this affects our bottom line as a whole, in the future. And we need to be fiscally responsible with our economic situation. Thank you, Mr. President.

**ARCH:** Senator Raybould, you are recognized. This is your last opportunity.

**RAYBOULD:** Thank you, Mr. President. You know, I concur with a lot of the things that Senator Dungan has been saying. I don't believe it's sustainable and, and I don't believe it's equitable, either. I know that in earlier conversations, when it was on the first round, I had discussions with Senator Linehan. And I said, how about we just like, pause the tax cuts for those top brackets? Let's focus on the, the middle brackets, lower-income brackets. They're the ones, I keep talking about, they're the ones that actually pour that money back in our economy. And Senator Linehan said, yes, we can do that, but then, we have to take away the child care tax credit. Well, we should be doing both. We should be giving the tax credits to those who are more likely to pour that money back in our economy, for the families that need that child care tax credit so that they can not be struggling so much. And so those are, those are some of the things that I think we're, we're kind of missing the mark on, as a state that tries to be focused on what is going to benefit our Nebraska families. And, and those are the elements. We've heard the business Chambers of Commerce talk about that, from Lincoln to Omaha to greater Nebraska, etcetera. So I know that I'll probably have a chance to talk about this, but I know with my colleagues, they're just bullish on that forecast. That

forecast is rosy. It's, it's robust. We're going to be able to do everything we planned. Well, if that's the case, then why, why are you all afraid of putting in some triggers? Let's put some triggers. And I have a couple-- well, actually three amendments, talking about brakes and triggers, because any reasonable-minded person would like to do that. Why do we want to kick the can down the road and make sure that future senators are going to have their hands tied in going back to their constituents, which are large corporations and some of the highest donors, maybe to their campaign and say, you know what? We cannot give you that tax cut that we have scheduled. We're sorry about that. We just don't have the, the revenue to sustain it. I know that's wildly unpopular to be able to do that, but I think if we make it more of an objective decision-making process, make it a good fiscal policy decision going forward, that's what we should be doing. We should be looking at the triggers, good economic indicators in good times or in bad, that will help us make better decisions. And I didn't want to go down this rabbit hole, but I think I shall. Because I probably only have a minute, but I don't want to belabor it too much. But I know that we think what we're doing is great corporate policy, but we've heard, from several businesses, that they are concerned about some of the other bills that we're proposing. And Tim Burke, who is the president of the Omaha Chamber of Commerce, spoke and he issued that broad statement on Wednesday, calling on state lawmakers to pursue legislation that is supportive and inclusive and not harmful, in efforts to recruit and retain our needed workers. Exclusivity is the right thing to do, said the statement, citing recommendations from statewide economic development report from 2021, which is my favorite. It's called Blueprint Nebraska. They targeted inclusivity and diversity. Burke said this Chamber statement came after business leaders expressed concerns about bills viewed as sexist, racist or homophobic, working their way through the Legislature this year. And initially, the, the Chamber had chosen not to partake-- participate in this discussion. But they realized that they couldn't stand back any longer, because they've already had calls about conventions and other company commitments that they're going to be backing out. So what we do has consequences. If, if we're thinking that--

**ARCH:** One minute.

**RAYBOULD:** --thank you, Mr. President. If we think that what we're doing is going to be the right thing and by lowering corporate taxes, we've already done that. We're still 3.7 percent below what we've done in previous years, of, of, of company formations. So I want to just talk, again, about the upcoming amendments, on three opportunities for



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us to, to make good, conservative fiscal policy. The first is a break. It's a break where, after two years, 2023 and 2024, we stop on any further income tax cuts or corporate tax cuts. We stop and we reassess. Are we where we need to be in our economic forecast? Are we where we need to be with our general funds? Are we where we need to be with our cash receipts, our cash reserves? Thank you, Mr. President.

**ARCH:** Seeing no one left in the queue, Senator Linehan, you are recognized to close on AM1760.

**LINEHAN:** Thank you, Mr. President. So, we have to vote for this amendment. I-- I'm-- it's actually lowering the amount of tax cuts. So I can't imagine-- I mean, so I'd ask your green vote on the amendment. And I want a call of the house and roll call vote in regular order.

**KELLY:** Thank you, Senator. 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.

**CLERK:** 16 ayes, 3 nays to place the house under call, Mr. President.

**KELLY:** 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. Senators Dorn, Wishart, McKinney, Vargas, Walz, McDonnell, Ibach and Brewer, please return to the Chamber and record your presence. The house is under call. Senators Dorn, Wishart, Vargas and Brewer, please return to the Chamber and record your presence. The house is under call. All unexcused members are now present. Members, the question is the adoption of AM1760. And there was a request for a roll call vote. Mr. Clerk.

**CLERK:** Senator Aguilar voting yes. Senator Albrecht. Senator Arch voting yes. Senator Armendariz voting yes. Senator Ballard voting yes. Senator Blood voting yes. Senator Bosn. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator Briese voting yes. Senator John Cavanaugh not voting. Senator Machaela Cavanaugh not voting. Senator Clements voting yes. Senator Conrad voting yes. Senator Day voting yes. Senator DeBoer voting yes. Senator DeKay voting yes. Senator Dorn voting yes. Senator Dover. Senator Dungan voting yes. Senator Erdman voting yes. Senator Fredrickson voting yes. Senator Halloran voting yes. Senator Hansen voting yes. Senator Hardin voting yes. Senator Holdcroft voting

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yes. Senator Hughes voting yes. Senator Hunt not voting. Senator Ibach voting yes. Senator Jacobson voting yes. Senator Kauth voting yes. Senator Linehan voting yes. Senator Lippincott voting yes. Senator Lowe voting yes. Senator McDonnell voting yes. Senator McKinney voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Raybould not voting. Senator Riepe voting yes. Senator Sanders voting yes. Senator Slama. Senator Vargas voting yes. Senator von Gillern voting yes. Senator Walz voting yes. Senator Wayne voting yes. Senator Wishart voting yes. Vote is 41 ayes, 0 nays, Mr. President, on adoption of the amendment.

**KELLY:** AM1760 is adopted. Mr. Clerk, for items. And I raise the call.

**CLERK:** Mr. President, some items quickly. Amendments to be printed, from Senator Linehan to LB754. Motion to be printed, from Senator Hunt to LB574. Additionally, new LR, LR150, from Senator DeBoer. That will be referred to the Executive Board. And LR51 [SIC-LB151], from Senator DeBoer, as well, also referred to the Executive Board. Concerning LB754, Mr. President, Senator Conrad would move to amend with AM1762.

**KELLY:** Senator Conrad, you're recognized to open on the amendment.

**CONRAD:** Thank you, Mr. President. Good afternoon, colleagues. I don't plan to belabor the point, but I do want to provide an opportunity for the body to vote on a very straightforward amendment. Let me state at the outset, this amendment does not change the bottom line by one penny, in terms of the tax implications for this, for this measure. So this is a, a zero dollar amendment. What the amendment does is it directs \$2.5 million that we have dedicated to corporations to incentivize child care directly to families. So under the child tax credit proponent-- component that was recently revised due to fiscal constraints and these are general estimates as people are trying to get the best number, that might help about 10,000-15,000 families, perhaps, get that, that child care credit. With my amendment, for zero dollars on the bottom line, we could help another 1,000-2,000 children access that benefit. It would go directly to families. It doesn't impact the bottom line. And it would help them to meet the ever-increasing costs of child care. We have heard that we need to adopt this package to ensure that we're competitive in terms of our overall tax structure. I understand that perspective. But I also want to note that we should also be looking at an expanded child care, child care tax credit or a child tax credit, and an EITC to do the same. For example-- and I have measures on both of these pending before the Revenue Committee. In Nebraska, our current EITC is only 10

percent of the federal credit. Our neighboring states of Kansas have a 17 percent EITC, Iowa has a 15 percent EITC, Missouri's runs about 10-20 percent and Colorado at 20 percent. So when we're talking about competitiveness, we also need to ensure equity and we need to ensure updates for low-income working families. The EITC is a well-established bipartisan solution that has support from the business community and poverty advocates, because it rewards work and helps families meet their bottom lines. We could address and make competitive our EITC for less than \$20 million, to meet where our sister states are at. That has not been advanced as part of this revenue package. I pledge to continue working with the Revenue Committee to address that next year. But all I'm asking, in terms of this simple, technical amendment, is to divert \$2.5 million, that is going to corporations, directly to families. In recognition and in light of the fact that the corpus of LB754, a significant part, a significant part of this price tag and program design is a con-- probably, a historic, I think it's fair to say, a historic corporate tax cut. So the Nebraska Legislature has been exceedingly generous in terms of its bestowing corporate tax benefits on our corporate citizens in this measure. And that should be sufficient. We shouldn't also have to steal \$2.5 million away from families for child care. I am happy to answer any questions and would appreciate your green vote and look forward to the debate. Thank you, Mr. President.

**KELLY:** Thank you, Senator Conrad. Senator Bostar, you're recognized to speak.

**BOSTAR:** Thank you, Mr. President. And thank you, Senator Conrad, for your amendment and, and, and talking about your motivations behind it, because, because I, I broadly agree with them. However, I, I won't be voting on AM1762 for the really, pretty simple reason that getting this bill to where it is today and, and frankly, protecting it-- protecting the funding in it to such an extent that we even have the \$25 million currently to work with, has been a collective effort. There are a lot of stakeholders involved and there are a lot of, of views about what this legislation should look like. And, and, and this is where we've landed. I have my favorite parts of the bill and, and to be honest, I think they're in line with what Senator Conrad's are. But we did a lot of work to get here. We worked with a lot of people to get here. And so, for that reason, I, I will not be voting on AM1762. And I just wanted to get up and, and, and kind of provide that explanation. But I do. I, I appreciate Senator Conrad's passion for this issue. It's extremely important. I share that with her. And, and I look forward to working with Senator Conrad going forward, because,

in my view, this is the beginning. This is the start of legislation like this that we need to be doing, to make sure that Nebraska is a place where, frankly, it's easier to raise a family. Because right now, it's hard. It's hard. It's expensive. If you're someone-- if, if you're in a position where you need child care, you often can't find it. And if you can find it, you often can't afford it. So this doesn't, this doesn't solve every problem. This is one step, I think, in the right direction. And I look forward to taking many more steps with all of you. With that, thank you all very much.

**KELLY:** Thank you, Senator Bostar. Seeing no one else in the queue, Senator Conrad, you're recognized to close.

**CONRAD:** Thank you so much, Mr. President. And thank you to Senator Bostar for his remarks. I just wanted to also remind folks that, again, more and more states are adopting child care tax credits and child tax credits, including California, Colorado, Idaho, Maine, Maryland, Massachusetts, New Mexico, New York and Oklahoma. Montana's Republican governor also proposed a child tax credit for the youngest of children in his state. So this is an area of growing bipartisan support and I'm pleased to see a starting place, in Nebraska law and in our tax structure, to recognize this important need. The amendment before you is very, very simple. In light of the fact that we have provided historic tax relief to corporate citizens, I'm asking you to divert \$2.5 million, that is an additional sweetener to our corporate citizens, directly to families in need. This doesn't change the bottom line by a penny and it would help 1,000-2,000 more children and families access to quality child care. When I talk to Nebraskans in my district and a court-- and across the state, they speak with a resounding voice and say, we need to make sure somebody in Lincoln is fighting for families, not just big-moneyed interests. This is a very simple way to do that and to show them that we're go-- that we're earnest in hearing their concerns and delivering for families and for kitchen tables. This doesn't change the bottom line. It could easily help 1,000-2,000 more children and families access child care. I urge your con-- favorable consideration and green vote. Thank you, Mr. President. I'd like a call of the house and a roll call vote, please.

**KELLY:** Thank you, Senator. The-- OK. There's been a request for-- 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.

**CLERK:** 22 ayes, 2 nays to place the house under call.

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**KELLY:** 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. Senators DeKay, Wishart, Armendariz, Walz, Halloran, Hughes, Riepe and Hansen, please return to the Chamber and record your presence. The house is under call. Senator Wishart, please return to the Chamber and record your presence. The house is under call. All unexcused members are now present. Senators, the question is the adoption of AM1762. There's been a request for a roll call vote. Mr. Clerk.

**CLERK:** Senator Aguilar voting no. Senator Albrecht. Senator Arch not voting. Senator Armendariz voting no. Senator Ballard voting no. Senator Blood voting yes. Senator Bosn. Senator Bostar not voting. Senator Bostelman. Senator Brandt not voting. Senator Brewer voting no. Senator Briese not voting. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements. Senator Conrad voting yes. Senator Day voting yes. Senator DeBoer voting yes. Senator DeKay voting no. Senator Dorn. Senator Dover. Senator Dungan voting yes. Senator Erdman voting no. Senator Frederickson voting yes. Senator Halloran voting no. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes voting no. Senator Hunt voting yes. Senator Ibach voting no. Senator Jacobson voting no. Senator Kauth voting no. Senator Linehan voting no. Senator Lippincott voting no. Senator Lowe voting no. Senator McDonnell voting yes. Senator McKinney voting yes. Senator Moser voting no. Senator Murman voting no. Senator Raybould voting yes. Senator Riepe not voting. Senator Sanders not voting. Senator Slama. Senator Vargas voting yes. Senator von Gillern not voting. Senator Walz voting yes. Senator Wayne voting no. Senator Wishart voting yes. Senator Wayne voting yes. Vote is 16 ayes, 19 nays, Mr. President, on adoption of the amendment.

**KELLY:** The amendment is not adopted. I raise the call, Mr. Clerk, for items.

**CLERK:** Mr. President, single item, LR152, introduced by Senator Hughes. That will be referred to the Executive Board. Concerning LB754, a series of withdraws: Senator Linehan, FA12 with a note to withdraw; Senator Hunt, AM1039, AM1036, and AM1038, all with notes that she wishes to withdraw; Senator Raybould, AM1099 and AM1517, both with notes that she wishes to withdraw.

**KELLY:** They are withdrawn.

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**CLERK:** Mr. President, next item. On LB754, Senator DeBoer would move to amend with AM1092.

**KELLY:** Senator DeBoer, you're recognized to open.

**DeBOER:** Thank you, Mr. President. Good morning. Good afternoon. Sorry, colleagues. This is, you may recall, what I referred to as the boop amendment. This is the one that at the end of the time in which we ushered in the tax cuts, at the end of that time, under the current bill, the highest tax bracket and the second-to-highest tax bracket would end at the same rate. Under my amendment, the second-to-highest tax bracket would go down, then 0.25 percent. If you will recall, I said I think it is a fundamental bad policy to have the top bracket and the middle bracket the same and to flatten our tax code to that extent. Therefore, I asked you and will again ask you, colleagues, to reduce, at the end of our sort of gearing up period, at the end of the, the time, to then lower the second tax bracket 0.25 percent. It's not a huge percent, but it would make it so that we did not end up with a flat tax. The cost, I am told, is in the first year that it actually affects anything, which is several years out, \$12-12.5 million and then \$30 or so million after that. So it is not a huge amount of money, but it would give every single person in this state more of a tax cut on their income taxes. And it would ensure that there is a difference between the tax rate, that someone who makes \$40,000 a year is taxed at and somebody who makes \$1,000,000 a year. Senator Linehan, in the past, asked, what do you say is rich? I think somebody who makes \$1,000,000 in income a year is rich and that person would be in the top tax bracket. And someone who makes significantly less than that-- than that would also be in the top tax bracket. But then, somebody who makes, let's say, \$65,000 a year, would be in that second tax bracket. So there you go. The second to the top tax bracket is that largely middle class area. It doesn't cover the entire middle class, but it does-- the people who are in it are in the middle class. So just as the top tax bracket has more people than just the wealthiest Nebraskans, it does also have the wealthiest-- all of the wealthiest Nebraskans in it. So as a shorthand, we talk about how the wealthiest Nebraskans are getting all of this income tax cut, from the current rate all the way down to 3.99. The second, which encompasses middle class taxpayers, is currently at 5.01, I believe. Somehow, my brain just took a little leave of itself. Five point oh one, Senator Linehan? Five point oh one percent for the second?

Yes.

Yes, she says-- and would go down to 3.99. So the difference from going-- from where the top one does to 3.99 and the middle one, which is at 5.01, 3.99. You get more of a tax cut if you are a very wealthy Nebraskan than you will if you are a less wealthy Nebraskan. That is my fundamental problem. I think that we ought to give more commensurate. This amendment will not do that. It, it will do that. It will give more commiserate. It will not make it the same percentage cut for everyone in Nebraska. We will still be giving the wealthiest folks in Nebraska a greater tax cut than others, but it will get closer. That is my amendment. It is here for your opportunity to discuss. It's fundamentally important to me that we do not end up with a flat tax in Nebraska, as that is a regressive tax, which, regressive tax means that the impact of the tax cut is greater on those in the lower incomes than in the higher incomes. That means that, although you might have the same percentage, someone who has \$100 and is asked to give 10 percent, would give \$10. Someone who has \$10 and is asked to give 10 percent, gives \$1. That \$1 is more valuable to the person who only has \$10 with which to do everything that they need to do as a family, than the \$10 is to the person who has \$100. And that is the justification for not having a regressive tax. And that is why I do not believe in the regressive tax. And that is why I would ask you, even though it is only a tiny little adjustment at the end of a very long period of ushering in these tax breaks, I would ask for your green vote to allow us to take that middle class group down 0.25 percent more. Thank you, Mr. President.

**KELLY:** Thank you, Senator. Senator Linehan, you're recognized to speak.

**LINEHAN:** Thank you, Mr. President. And I appreciate very much, Senator DeBoer's focus on this. I think every time we've talked about income taxes, she has brought this to my attention. And I have empathy for what she's talking about. However, we already took a whole bunch of money out of the tax bill this morning, because we couldn't afford it. So the problem with-- problem-- the challenge, the challenge with doing this is when you lower that rate, you lower it for-- [RECORDER MALFUNCTION]. It costs more than one would, just like drive by looking at it, think it would cost. Because if we go from 3.99 to 3.74? 3.75, 3.75, then everybody pays at that lower rate, even the people in the top bracket. So I would-- it's actually it's not my favorite thing to do. I do not want to accept Senator DeBoer's amendment, though I understand where she's coming from. And if we have more money next year, we can talk about it. So thank you.



**KELLY:** Thank you, Senator. Senator Erdman, you're recognized to speak.

**ERDMAN:** Thank you, Mr. President. So I, for one, I am not concerned about having everybody's bracket being the same. In fact, I would encourage, I would encourage it, they all be the same. And that number 0. I don't think we have an argument with anybody that 0 would be an advantageous number compared to 2.9, 3.9, .01, you name the numbers. 0 is better than all of those. And we talk about regressive tax. The system we currently have is a regressive. Very much so. The EPIC option is not regressive. It actually is an advantage to low income and medium income people. It is estimated that the average family of four would save about \$3,000 in taxes on an annual basis. And I've spoken several times about this today, and there's only 6 people in here and 3 are listening. But the people at home may be listening. And if you are, and you would like your tax rate to be 0, there is an option for you to do that. You sign the petition, you put it on the ballot in '24 and you vote for it. So there are a lot of challenges, and Senator Linehan said there are challenges with what Senator Bor-- DeBoer wants to do. I contend there are challenges with what we've been doing for the last 54 years, but we have several issues. One of them is it wasn't their idea to have the solution that I'm proposing. That's one problem. The other one is it doesn't allow those who collect taxes to be able to tax you to the amount that they want to without your permission. They tell you when to pay your property tax and how much, they tell you when to pay your income tax and how much, irregardless whether you can afford to pay either one. So what we've done is we have those people who collect and spend the taxes be the focus of our legislation, and we should change that so that the focus of our tax policy is on the taxpayer. The taxpayer decides how much taxes to pay and when to pay them. But I've been here seven years, and I understand there is no, no interest by this body or anyone that was before me or anyone that will come after me that has the intestinal fortitude to make a change. And the only way we will make a change is as we did in 1966, when the voters voted to eliminate property tax for the state. And so I have concluded that the only way we're going to change this broken tax system is not through legislation here on this floor, or any hearing that we may have to convince senators. But you, the voters, the second house will have to make that decision. So the ball is in your court. Sign the petition, put it on the ballot in '24, and then you get to choose, you get to decide how much taxes you pay and when you pay them. I don't know of a better way to make a state like Nebraska number 1 when it comes to taxation.

**KELLY:** One minute.

**ERDMAN:** Number one, considering a place to live, start a business, and raise a family. No state can compete with 0. And those states who do not have income tax do far better when times are good, and they do extremely well compared to states who have income tax when times are bad. And if Senator Raybould is correct and the economy is heading south. We would be better off if we had the consumption tax proposal in place instead of the current system. But like I said, I'm not naive to think this body will ever get enough intestinal fortitude to advance anything like that. Thank you.

**KELLY:** Thank you, Senator Erdman. Seeing no one else in the queue. Senator DeBoer, you're recognized to close on the amendment.

**DeBOER:** Thank you, Mr. President. Well, I don't have a lot of illusions about how this is going to go today. I do mourn it because this is the better policy in my opinion. And I think probably everyone in this room understands that there is merit to it. Maybe not everyone, sorry, I don't want to say everyone. Senator Erdman has suggested he does not see the merit. But the hope that I have is that because these tax cuts will take so long to put into place, to to sort of get all the way brought into fruition, that there will be time again, and I will come back again, and I will come back every year that I'm here, and I will ask for this tax cut and hopefully we will get it. It'd be great if we did today. This is something we should do. We are giving an extraordinarily large tax cut to the wealthiest Nebraskans, and we are giving a much smaller tax cut to the middle class Nebraskans that find themselves in this tax bracket. And even if you just reach out into the next tax bracket a little bit, you will only get the large cut on that portion of your income which reaches into that bracket. So even if you get a little bit of the benefit of this wealthy tax bracket cut, you will not get very much. But the people who have the most income in Nebraska will get an extraordinarily large tax cut. And that's where we're at. We've been throwing money around like crazy trying to get all the tax cuts done. And it's sort of sad to me that we can't do an extra \$12 million or \$30 million. And I understand why Senator Linehan doesn't want to do it, because she wants to make sure that the top tax bracket is down to 3.99. I get that, but I mourn this one. This one's hard for me. So Nebraskans who are in these middle class, in this middle class tax bracket, know that I will come back next year and I will come back the next year after that. And I will come back the next year after that. As long as I'm in the body three more times and I will try to get this done. You could all save me that time because it won't affect anything

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until several years out. We could just vote for it now. Thank you, Mr. President.

**KELLY:** Thank you, Senator de Boer. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor say aye; all those opposed say nay. Record.

**CLERK:** 19 ayes, 3 nays to place hou-- house under call.

**KELLY:** 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 houses is under call. Senators Machaela Cavanaugh, Day, Armendariz, McKinney, Hughes and Riepe, please return to the Chamber and record your presence. The house is under call. All unexcused members are present. The question is the adoption of AM1092. There's been a request for a roll call vote. Mr. Clerk.

**CLERK:** Senator Aguilar voting no. Senator Albrecht. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard voting no. Senator Blood voting yes. Senator Bosn voting no. Senator Bostar not voting. Senator Bostelman voting no. Senator Brandt not voting. Senator Brewer voting no. Senator Briese voting no. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements. Senator Conrad voting yes. Senator Day voting yes. Senator DeBoer voting yes. Senator DeKay voting no. Senator Dorn. Senator Dover. Senator Dungan not voting. Senator Erdman voting no. Senator Fredrickson voting yes. Senator Halloran voting no. Senator Hansen voting no. Senator Hardin voting no. Senior Holdcroft voting no. Senator Hughes voting no. Senator Hunt voting yes. Senator Ibach voting no. Senator Jacobson not voting. Senator Kauth voting no. Senator Linehan voting no. Senator Lippincott voting no. Senator Lowe voting no. Senator McDonnell voting no. Senator McKinney voting yes. Senator Moser voting no. Senator Murman voting no. Senator Raybould voting yes. Senator Riepe voting no. Senator Sanders not voting. Senator Slama. Senator Vargas voting yes. Senator von Gillern voting no. Senator Walz voting yes. Senator Wayne voting yes. Senator Wishart not voting. Vote is 13 ayes, 25 nays. Mr. President, on adoption of the amendment.

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

**CLERK:** Mr. President, some items quickly. New LRs. From Senator McDonnell, LR153. That will be referred to the Executive Board. 2 LRs

from Senator Day, LR154 and LR155. Those will both be referred to the Executive Board. And then an additional LR from Senator McDonnell, LR156. That will be referred to the Executive Board, as well as LR157, LR158, LR159, LR160 and LR161 from McDonnell, all referred to the Executive Board. I have nothing further at this time, Mr. President.

**KELLY:** Senator Ballard, you have a motion?

**BALLARD:** Mr. President, I move that LB754 be advanced to E&R for engrossing

**KELLY:** Senators, you have heard the motion. Excuse me, Senator, I-- the motion was already made. Then we had a speaker in the queue. Seeing no one in the queue and hearing the motion to adopt the E&R amendments, all those in favor say aye. All those opposed nay. They are adopted. Mr. Clerk.

**CLERK:** Mr. President. Senator Raybould would move to amend with AM1405.

**KELLY:** Senator Raybould, you're recognized to open.

**RAYBOULD:** Thank you, Mr. President. I think I, I appreciate all the conversations that we've had on trying to improve the economy of our state of Nebraska. But I just want to review what we just voted against, so that our Nebraska viewers understand that. We voted against adding more money to the child care tax credit, which we know is so impactful for our young Nebraska families. But we just did. We voted no to adjusting a bracket that would allow our middle income tax earners to get a, a greater reduction. So that's, that's where we're at on that. So I guess doing what we're doing is, is this really winning for our state of Nebraska? Do we have companies flocking to our state with our previous individual and corporate tax cuts? Will this stop families and physicians and other professionals from leaving our state? So what I propose with AM1405 is pretty simple. It is really straightforward. It's not-- it's a very simple amendment. It doesn't change any of the tax cuts being proposed for 2023 or 2024. It just stops them from going on to 2025, 2026, 2027, and 2028. Now, why would I do that? I stand to truly benefit from the individual income tax credits, and of course, the corporate tax cuts. But it's not right for our state. We know that the current tax cuts are going to truly benefit the top income earners. We also know that very little of the package is targeted to low and middle income Nebraskans, and the average tax cut for the majority of Nebraskans is tiny when compared

to the tax savings that higher paid Nebraskans would receive. ITEP, which is the Institute on Taxation and Economic Policy, in their policy dated March of 2023, estimates that the average tax savings for the bottom 80 percent from the child care tax credit specifically is less than \$50, \$50 annually. And by the way, we just cut that in half too. However, the tax cut for the top 1 percent would be, on average, nearly \$26,000 annually. So we took the child care tax cut that would help those families at \$50, 50, \$50 annually, and we just cut it to \$25. And the tax cut for the top 1 percent would be on average \$26,000. So for that reason, I'm asking my colleagues to demonstrate real fiscal conservatism. And I find it so ironic that I, as a Democrat standing before you, is asking you to be fiscally conservative. I mean, the irony is certainly not lost on me because I've-- I mean, I've been a fiscal conservative my entire 12 years of public service. And I feel that that has benefited not only our county, but my city of Lincoln that I represent, being a fiscal conservative. So I asked my colleagues, please stop, reflect, take a pause, and I ask your support and green button for AM1405. Why do you want to handcuff future senators of going forward with these tax cuts that are not beneficial to our state of Nebraska? We haven't demonstrated that we're going to get a flood of companies coming to our state because we're doing this. I said it before, it's kind of a race to the bottom. We can't compete with all the other states that have already lowered their income tax rates, and I don't think they're faring any better than we are. So for that reason, this is very simple. It asks you to please vote in support of just moving forward with the tax cuts for 2023 and 2024. And then we stop. Thank you, Mr. President.

**KELLY:** Thank you, Senator Raybould. Seeing no one else in the queue, you're recognized to close.

**RAYBOULD:** I ask my colleagues to, to please vote for this. I, like Senator DeBoer, don't have any hope that you will. But I do know that people out there that are watching us on TV understand that this package, LB754, is not going to benefit them. It's not going to help them. It's going to help the wealthiest individuals in our state of Nebraska, who, by the way, a good portion of them no longer live in our state of Nebraska. It's going to help the corporations in our state of Nebraska. Hopefully, it will keep those in our state of Nebraska. We need them because we're going to be racing to the bottom. And if we lose any one of those companies, if they choose to go out of our state of Nebraska for some of the other policies that we might be passing, that's detrimental to this. That defeats this plan if we lose

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any companies or corporations from our state. So, colleagues, I please ask you to take a pause. Don't handcuff future senators from going forward with these tax cuts that we have said over and over again are not sustainable. Thank you, Mr. President.

**KELLY:** Thank you, Senator Raybould. Members, the question is the adoption of AM1405. Request for a machine vote. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 12 ayes, 20 nays on the adoption of the amendment.

**KELLY:** The amendment is not adopted. Mr. Clerk, for items.

**CLERK:** Mr. President, next amendment. Senator Wayne would move to amend with AM1410.

**KELLY:** Senator Wayne, you're recognized to open on your amendment.

**WAYNE:** Thank you, Mr. President. Colleagues, this bill was LB350 heard in the Revenue Committee. It had no opposition, a small fiscal note. I was going to bring another amendment to kick it out to the next biennium and then lower the cap from \$50 million to \$5 million or \$10 million. But honest truth is, I have a meeting at 2:00 that is weighing on me all day. And so I need to make sure I prepare for that. But if nobody pushes their button, I'm going to probably withdraw this. But here's-- I'll tell you what it is. Last year, in LB50 [SIC] [LB450], Senator McKinney's bill, we created a iHUB. If you recall, Senator Geist attached some dollars to the iHUB, but we also set aside a part of LB1024, \$30 million out of that.-- The money we set aside, we set aside \$30 million within that money we set aside to fund the Omaha iHUB. Since then, we've been in conversations with numerous people in rural Nebraska who want to figure out a mechanism how to fund iHUBs in the rest of the state. So this was an attempt to do that. I think we can wait till next year to probably do it. But one thing we haven't done in this state, we talk about growing the state, is talked about innovation. And we haven't done it very well, not just in Omaha or Lincoln, but we haven't done it in rural Nebraska. So we looked across the country and we found Alabama had a Grow Alabama, and it was a pioneer tax credit that-- we called it a pioneer because it kind of fits the Nebraska motto. And what it does is set aside-- or you can donate to a iHUB and get a 50 percent tax credit, particularly for innovation areas, agro businesses, startup companies. And it's a way to keep growing innovation and keep young people here. We just don't do a very good job of it. And so it was an interesting hearing.

We had a lot of conversations about iHUBs and what it could be, and we were just thinking about how do we fund that across the state? And we knew that as money started becoming tight in December, January, we went to this tax credit to figure out how to fund iHUBs across the state. So if you look at Alabama, they just had another \$24 million investment. They had a \$12 million investment that was spurred by a \$5 million tax credit through their Grow Alabama innovation act, we'll call it. And that's what this is, it's pretty way-- a pretty much a way for us to do it. So that's what it was about, the fiscal note isn't very high because honestly, when you look at innovation, we don't know how to calculate it here, because we don't do a whole lot of it. And so that's why the fiscal note was so low. They were like, we don't even know if this will actually work. But I can point to Alabama, Colorado, California, Tennessee, Texas, Florida. They all have some type of innovation fund within their state. Wisconsin was the last one to start a Badger Fund where they actually raised about \$100 million through a tax credit to spur innovation. And if you look at innovation and how states and cities and communities grow, that's how it happens. It's getting these young entrepreneurs to understand how to be an entrepreneur and have a culture around entrepreneurship to help them grow. We have sparsels [PHONETIC] of that. I know Senator Bostelman always talks about the small nuclear reactors and how innovation, that should-- I said Bostelman, if I said Boston, sorry, Boston, sorry. She looked around like, I never said that. I know, I misspoke. But that kind of innovation, we're not doing enough of. And so I've always supported his bills around trying to do that, because we got to spur some more innovation. And right now, agribusiness, to be very blunt, Nebraska is being left behind. There are a lot of startup companies that I've seen dealing with soils and water and technology that are leaving Nebraska after they get their first round, and their first round is usually their seed money or pre-seed money, and going somewhere else, to another state that is investing in them. So that's what this bill was attempting to do. I know it's Thursday and people are looking to get out of here, so I'm going to give an opportunity to see if anybody wants to have a conversation today about that. If they don't, I understand that everybody wants to go home, so I'll leave it there. Thank you, Mr. President.

**KELLY:** Senator Conrad, you're recognized to speak.

**CONRAD:** Thank you, Mr. President. Good afternoon, colleagues. I want to thank Senator Wayne for opening up this conversation this afternoon. I think that we can and we should be working together to figure out ways that we can modernize our regulatory framework and our



statutory framework to be more nimble when it comes to business development, particularly for small businesses, innovators, and entrepreneurs. I think that this tax proposal is perhaps one piece of that puzzle, but I know that there are also some very exciting developments happening in our sister states in removing barriers to entree for entrepreneurs to help them start and expand businesses. I Chaired the Business and Innovation Task Force during my last term in the Legislature, and that was really rewarding to be able to figure out how to update and modernize some of our tools to help small businesses succeed. And I think we have a lot of work to do to continually stay ahead of the curve, to make sure that we're doing things both great and small, to remove barriers to innovation and entrepreneurship, and that can pay great dividends for our citizenry and our state. So I'll look forward to working with Senator Wayne and others on some of those ideas in the interim and through next year. Thank you, Mr. President.

**KELLY:** Thank you, Senator Conrad. Senator Riepe announces some guests in the north balcony, 70 4th graders from Sandoz Elementary in Omaha. Please stand and be recognized by your Nebraska Legislature. Seeing no one else in the queue, Senator Wayne, you're recognized to close on your amendment.

**WAYNE:** For those who are watching at home, it's not that people aren't engaged. People are thinking about we need a break and a rest from this place. This is a magical kingdom. Sometimes it's real and sometimes it just disappears. And this is one of those moments where it just disappears. So, again, I will withdraw this amendment and we will work on this through the, through the biennium and figure out how to make this a little better legislation for next year. Thank you, Mr. President.

**KELLY:** Thank you, Senator Wayne. The amendment is withdrawn. Mr. Clerk, for items.

**CLERK:** Mr. President, next item, Senator Raybould would move to amend with AM1650.

**KELLY:** Senator Raybould, you're recognized to open on your amendment.

**RAYBOULD:** Thank you, Mr. President. AM1650 is one of the first triggers I'm proposing. And I really can't take credit for this. I'd like to. But, you know, it probably came from Senator John Stinner on coming up with a mechanism that is really more objective so that state

senators don't need to really think too hard about where we're going. This sets parameters on when we can continue the tax cut. So I just want to just refresh with those that are watching that what we've done today is we voted against adding more to the child care tax credit. And also we also voted today to reduce the amount of the child care tax credit. All the senators know full well that the Nebraska Chamber of Commerce of our business leaders in our state of Nebraska are recommending that we as a state need to be more progressive and forward thinking on workforce issues that we're facing, the shortages that we're facing. Number 2, affordable housing. And number 3, child care tax credits. Child care, child care. What we-- can we do both on the corporate level and the individual level to increase the number of daycare facilities, early childhood facilities, and the affordability of that. So looking at this, AM1650, this is a more complex trigger and I will give, probably. Senator Stinner all the credit for doing something like this. But, you know, if we're so bullish, what have we got to lose for putting this trigger in? If you think that we're going to just blow past all the the General Fund forecasting, and if you think we're going to maintain our Cash Reserve level, like, what have you got to lose? This is, this is pretty common sense economic practices and policies. It does no harm. Could we please have a gavel? Thank you, Mr. President. You know, this, this does no harm. It really is a does no harm bill, doesn't change any of the forecasting or anything like that. But what it does, it's a trigger. And I'm going to explain this. It's pretty simple. So if you look at your green sheet and the General Fund net receipts, it's saying, and already the forecasting is showing that we're going to blow past the General Fund receipts for the next year, and the next year, and the next year. So that doesn't change it. But this trigger says for the General Fund receipts, if you want that next year's, that next year's tax cut to be realized, then it has to be the General Fund receipts plus the inflation rate. We've already established that the inflation rate has-- last year was 6.5 percent. It has come down to, effective at the end of April, 4.9 percent. So really you're just having General Funds have to stay flat, plus that 4.9 percent. That's not a big deal according to all the forecasting and projections here. We shouldn't be afraid of implementing something like that. You might want to be afraid of this next component of AM1650 because this is a pretty important trigger. They're both together. It says the Cash Reserve must have at least 16 percent of General Fund expenditures for the prior year. So that is something that was passed under Senator John Stinner as well. This is something the body agreed to, that they want to maintain that 16 percent of the General Fund expenditures in the

Cash, Cash Reserve. This gets a little more complicated, but it would require the prior two years, the most recently completed fiscal year, to not have decreased from the prior year by more than 2 percent. So it's saying that those Cash Reserves that have to be 16 percent of your General Fund cannot go down by 2 percent. That seems pretty reasonable to me. That's a great trigger. If we are so bullish and so gosh darn certain that we are going to hit all these forecasting projections. You have absolutely nothing to lose by supporting this. Thank you, Mr. President.

**KELLY:** Thank you, Senator Raybould. Senator Conrad, you recognized to speak.

**CONRAD:** Thank you, Mr. President. Good afternoon, colleagues. I want to rise in support of Senator Rayboulds' amendment, and really want to compliment her for her thoughtful leadership in regards to putting some appropriate guardrails on this tax package that is before us. It is sound fiscal policy. It does not do anything to hurt the underlying program design. It does not do anything to drive up the price tag, but it does ensure that we have appropriate safeguards in place just in case our projections are not as rosy as we might want them to be. It's undeniable that there's a significant amount of economic uncertainty coming out of the pandemic. It's unclear exactly what the long term impacts of this one time infusion of pandemic relief is, is going to be after we utilize that and use that all up. And we have some cautionary tales out there from our sister state that shows cutting too deep, too fast has had negative impacts to their state's quality of life, and ability to provide critical services. So this is really, I think, a, a thoughtful approach to just ensuring that we're a bit more careful. And if those rosy fiscal projections don't come to fruition, it just provides a clear signal to all stakeholders that these are some of the the mechanisms that we will utilize to ensure that we can have a high quality of life and a balanced budget, and will ensure that we're not moving too fast, too deep, and are unable to pull back from that if we do have any downturns in our economy. So I really appreciate Senator Raybould bringing forward the idea, and fighting hard right up until the last minute before a long break that everybody is very, very eager to get to. It shows her seriousness as a policymaker, and I am eternally grateful that Senator Raybould brings her business brain with her everywhere she goes. I've had the chance to know Senator Raybould for a long time and serve with her on the Government Committee, and, and she reminds us of her business background very, very frequently. And I think this is part of that prudent conservative approach that a businesswoman like Senator

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Raybould would bring forward. And that is good business, is good fiscal policy. That should be a part of this historic and massive tax package at the very least. So I'm grateful to her and I would encourage everybody to vote for this measure. Thank you, Mr. President.

**KELLY:** Thank you, Senator Conrad. Senator Linehan, you're recognized to speak.

**LINEHAN:** Thank you, Mr. President. And I agree with Senator Conrad, and I-- Senator Raybould has worked very hard on this. And she's talked to me about it. And I understand where she's coming from. I just simply disagree. What Chairman Stinner did way back when we did LB1107 is part of the agreement was we would-- anything over 3.5 percent growth would automatically go into the rainy day fund until we get to 16 percent. And I said this again, but it's important for us to understand this, that ends-- I think it ends this year. So that thing is going away. And if you go back and read the LB1107 fiscal note, you will see when we tried to-- excuse me, when you try to control the future, and try and tell the Legislature what's going to happen, it doesn't go-- it didn't go the direction anybody anticipated it to. Turned out to be a good direction, but not what anybody thought we were doing. We also have to remember, and somebody mentioned this on the floor, that we have 6, 16, or a goal of 16 percent in the rainy day fund, which we rarely have ever had. But we also had 3 percent minimum reserve. So we really have 19 percent setting aside. Plus, again, we got the Education Future Fund. Triggers are a bad idea for this reason. When businesses look, or individuals look where they're going to invest money and what their future is going to be, what's tax rates going to be? They don't want a but for. They don't want a-- they don't want to say, OK, Nebraska is headed to 3.99, except maybe they'll have changed their mind, or maybe they'll have a bad year and they'll stop it all. That, that's not what we're trying to do here. What we're trying to do is give certainty into the future. And the trigger, we have a trigger. If something goes very opposite of what everything is telling us this is going to go, there'll be a Legislature. The Legislature has a responsibility every year to look at this. So I'm not-- we don't need a trigger if something goes awry. We just-- you could, you could posit the next Legislature could come back and raise taxes. This is not-- it's just a bad idea because the goal we're trying to do is say we're going to be competitive with every other state, but we don't need that goal to say, unless we're not. Thank you, Mr. President.

**KELLY:** Thank you, Senator Linehan. Seeing no one else in the queue. Senator Raybould, you're recognized to close.

**RAYBOULD:** Thank you, Mr. President. Thank you, colleagues, for sticking around for another half an hour as we talk about this. Triggers are a fundamental practical tool to use in government. It makes sure that we're true to our commitment on working within guardrails that keep our state moving forward. I have reservations. I have concerns. We're doing something that we've never done before in this state in Nebraska. The Legislature is now poised to do in a single year of tax cuts and transformative measures than has never been done before. There are amazing things that we're doing as a state that I commend Governor Pillen, that we're definitely going to see a win on. We are going to win when it comes to shifting the burden on public education from our property taxes to the state of Nebraska, where it should belong. We're hopefully-- we're not we're not going to be number 49 anymore. We're going to be maybe 45. That's great. We're winning on that one because that's a big deal. Maybe, maybe this is going to take us to the middle of the pack so that we're not at the bottom of the pack. That's how transformative shifting the funding for public education that we're very proud of, and that our state of Nebraska has demonstrated that we already excel in. Nebraska is in the top five of all of the states in the United States for the quality of our public education. We should be very proud of that. What takes us down in all the tax rate things is our property taxes, the burden that it puts on our hard working middle class families and businesses. So I ask my colleagues, really, what are we doing here? We don't have to be a race to the bottom in terms of being competitive. We are already competitive. What do the site selectors work for-- look at when they look to locate to a state like Nebraska? Ideally, we're right in the center of the United States. You can't beat that. We're near all the infrastructure that they need and supply lines and make it very ideal to be in Nebraska. We have a top notch public education. We have an educated workforce. But what we have that are-- to our detriment, decreasing workforce. Lots of our young people want to get the heck out of our state. Senator Dungan and I were at the Lincoln Chamber of Commerce meeting a couple of weeks ago, the first part of May. And one of the CEOs asked me and he asked me, are your colleagues aware of some of the harmful, hurtful legislation that are that they're passing that are a detriment to our state, that are causing our young people, our physicians, our young families to want to leave our state? And I said to the CEO, I said, no, I don't think they're really aware of the harm that that legislation is doing in the short term and in the long

term. And those families are important to our economic well-being. Those families are important to our economic growth. They're important to our growing our state of Nebraska, growing our tax base and our General Funds. So for that reason, it's certainly reasonable and practical. My colleagues feel 100 percent certain--.

**KELLY:** One minute.

**RAYBOULD:** Thank you, Mr. President, that their forecasting numbers are sound. I disagree. Why? Because I look at numbers every single day of my life and make really important decisions on the numbers I see, and future indicators as well. I am bullish on our state. I love our state. There's every reason why we should be optimistic. And if we're optimistic, we should be doing fiscally conservative practices and using all the economic tools that keep our state safe, that keep our economy moving forward. And that's why I ask you to please vote for AM1650, reasonable, responsible, conservative fiscal policy. Thank you, Mr. President.

**KELLY:** Thank you, Senator Raybould. Members, the question is the adoption of AM1650. There's been a request for a roll call vote. Oh, call of the house, excuse me, Senator. 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.

**CLERK:** 15 ayes, 2-- 12 nays to place the house under call.

**KELLY:** 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. Senators Armendariz, DeBoer, Ibach, Riepe and Hughes, please return to the Chamber and record your presence. The House is under call. All unexcused members are now present. Members, the question is the adoption of AM1650. All those in favor vote aye; all those opposed vote nay. Record Mr. Clerk.

**CLERK:** 14 ayes, 29 nays on the adoption of the amendment.

**KELLY:** The amendment is not adopted. Mr. Clerk.

**CLERK:** Mr. President. Senator-- excuse me, new LRs. Se--

**KELLY:** I raise the call.

**CLERK:** Senator Bostelman, LR162. That will be referred to the Executive Board. New-- next amendment. Mr. President. Senator Raybould moved to amend with AM1651.

**KELLY:** Senator Raybould, you're recognized to open on the amendment.

**RAYBOULD:** Thank you, Mr. President. And I ask my colleagues if they could stick around. This won't take very long at all, I promise you. But I just want to refresh what we've done so far. We voted against adding more to the child care tax credit. We voted to cut the child care, child care tax credit in half. We voted no to adjusting a bracket to allow the middle, middle income earners so that they could see a tax credit. So AM1651 is very easy, very, very simple. The other version was much more complicated. This one is very, very easy. It talks about the General Fund net receipts. So it's asking that we focus on the General Fund net receipts and if they are less than the previous year's net receipts, increased by inflation-- so they have to stay flat, plus inflation. That's it. They have to stay flat plus inflation. So if you look at our green sheet, our forecasters and the Revenue Committee have worked so hard, it shows it. Our General Fund, they're going up substantially for next year, and the next year, and the next year. So we should be fine. We should be able to afford everything that we have put forward to our taxpayers and giving the enormous corporate tax cuts as well as the individual tax cuts. So basically, it just says we want to make sure that we're not going to go to any further tax cuts if the General Fund isn't flat, plus that rate of inflation. So let's review. The rate of inflation so far this year is at 4.9 percent. Last year it was at 6.5 percent, the average over 50 years, the average over 50 years of rate of inflation, CPI, is about 3.83 percent. So if we're realistically looking at it, we're saying that, OK, the, the most that we're asking is that it be General Fund stays the same as the, the current year plus 3.83 percent. That's being very conservative. That's not exceeding any-- it's actually probably below some of the forecasts. But that's another trigger before we can execute on the next tax cut for that year. So I ask my colleagues to support this. I have a feeling that it may not go my way today, but I'll be back next year, and we'll have revised forecasted numbers. And-- but I do ask you to support this. This one is easy. If we are so 100 percent confident that we're going to blow past the numbers we've forecasted, you have nothing to lose. So I ask that you kindly vote for AM1651. Thank you, Mr. President.

**KELLY:** Thank you, Senator Raybould. Seeing no one else in the queue, you would be recognized to close on the amendment.



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**RAYBOULD:** Thank you. I would like to waive any closing remarks.

**KELLY:** Thank you, Senator Raybould. Members, the question is the adoption of AM1651. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 10 ayes, 28 nays on adoption of the amendment.

**KELLY:** The amendment is not adopted. Mr. Clerk, for items.

**CLERK:** I have nothing further on the bill, Mr. President.

**KELLY:** Senator Ballard, you're recognized for a motion.

**BALLARD:** Mr. President, I move that LB754 be advanced to E&R for engrossing.

**KELLY:** Members, you have heard the motion to advance LB754 to E&R Engrossing. There's been a request for a record vote. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

**CLERK:** 37 ayes, 4 nays on advancement of the bill.

**KELLY:** The bill is advanced for E&R engrossment. Mr. Clerk, for items.

**CLERK:** Mr. President, new LR, LR163 from Senator Hughes. That will be referred to the Executive Board. Senator Moser would move to adjourn the body until Tuesday, May 16, 2023, at 9:00 AM.

**KELLY:** Members, You've heard the motion to adjourn. All those in favor say aye. Aye. All those opposed say nay. We are adjourned.