LINEHAN: Welcome to the Revenue Committee's public hearing. My name is Lou Ann Linehan, and I serve as Chair of this committee. I'm from Elkhorn, Nebraska, and represent Legislative District 39. The committee will take up the bills in the order that are posted outside of the hearing room. Our hearing today is part of your legislative process. This is your opportunity to express your position on proposed legislation before us today. If you are unable to attend a public hearing and would like your position stated for the record, you may submit your position and any comments using the Legislature's website, by 8 a.m. on the day of the hearing. Letters emailed to a senator or staff member will not be part of the permanent record. If you are unable to attend and testify at a public hearing due to a disability, you may use Nebraska's Legislature's website to submit written testimony in lieu of in-person testimony. To better facilitate today's proceedings, I ask that you follow these procedures. Please turn off your cell phones and other electronic devices. The order of testimony is introducer, proponents, opponents, neutrals, and closing remarks. If you will be testifying-- excuse me. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the page to distribute. We need 10 copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you. When you begin to testify, please state and spell both your first and last name for the record. Please be concise. It's my request that you limit your testimony to 3 minutes, and we will use the light system. You'll have 2 minutes on green, 45 seconds on yellow, and then it will turn red for 15 seconds. And if you go much beyond that, I will ask you to wrap up. If your remarks are reflected in previous testimony or you would like your position to be known but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. I would like to introduce committee staff. To my immediate left is legal counsel, Charles Hamilton. To my left at the end of the table is committee clerk, Tomas Weekly. Now, I would like committee members with us today to introduce themselves, starting at my far right.

KAUTH: Kathleen Kauth, LD 31, the Millard area of Omaha.

von GILLERN: Brad von Gillern, District 4, west Omaha.

ALBRECHT: Hi. Joni Albrecht, District 17, northeast Nebraska.

DUNGAN: George Dungan, District 26, northeast Lincoln.

MEYER: Fred Meyer, District 41, central Nebraska.

LINEHAN: Are pages here?

DUNGAN: We have one.

LINEHAN: Oh, Collin. Can you please stand up? Collin is our page today. He's at UNL, studying criminal justice. Please remember that senators may come and go during our hearing as they may have bills to introduce in other committees. Please refrain from applause or other indications of support or opposition. For our audience, the microphones in the room are not for amplification, but for recording purposes only. Lastly, we use electronic devices to distribute information. Therefore, you may see committee members reference information on their electronic devices. Please be assured that your presence here today and your testimony are important to us and is a critical part of our state government. So we will open with Senator Halloran's, Halloran's LB1279. Welcome, Senator Halloran. Good afternoon.

HALLORAN: Good aft-- good afternoon, Chairwoman Linehan and members of the Revenue Committee. I want to thank you for this hearing. For the record, my name is Senator Steve Halloran. S-t-e-v-e H-a-l-l-o-r-a-n, and I represent the 33rd Legislative District. LB1279 imposes an income tax of 12% on unrealized capital gains acquired by a corporation, fiduciary, or individual for tax years beginning on and after January 1, 2024. What exactly is an unrealized gain? Unrealized gains are "on paper" investment gains rather than the actual profit from the sale of an asset. An unrealized gain or loss occurs when the value of an asset has increased or decreased, but has not yet been sold in unrealized gain or loss is considered unrealized because it only exists on paper and, historically, has not been subject to taxation. How would unrealized gains be calculated? If a corporation, fiduciary, or individual experiences a positive gain in the value of their stock portfolio, say, say your stock portfolio gains $10,000, and they have not liquidated their position but are holding their stock, they would be subject to a 12% tax on that unrealized gain or a $1,200 tax liability. So why am I proposing this tax on an unrealized gain? Bad idea, right? I'm proposing this tax because I believe it is essential that Nebraska treats all classes of taxpayers equitably and uniformly. Currently, there exists a disparity, has for some time. We already impose a tax on unrealized gains in Nebraska in the form of property taxes. Annually, Nebraska property owners receive a property tax statement, which commonly reflects an increase in valuation. This last year, we heard instances of 30%, be it their home, their commercial property farm or the ranch. They have not sold their property. They have not realized a financial gain. But because of this increased unrealized gain in valuation, they're required to pay a higher property tax. And they're not just paying property tax on the gain. They're paying property tax on the whole appraised value or assessed value, year after year after year. I do not expect to be followed by any proponents who would be in favor of subjecting investors in stocks, bonds and other intangibles to, to the same way we treat property taxpayers-- or property tax owners-- property owners-- excuse me-- by taxing unrealized gains. I expect a significant number of opponents. Here are good questions to ask. And I gave you a handout. You can use your own judgment if you want to ask some of the testifiers those questions. The first question would be do you believe we should treat investors in stocks, bonds and other intangibles to the same tax scheme we treat property owners, by charging tax on unrealized gains? And a second question might be, should we allow property taxes in Nebraska because of the fundamental unfairness of taxing property for unrealized gains? Thank you, Chairwoman Linehan and members of the committee. I'll be glad to answer any questions that you may have.

LINEHAN: Thank you, Senator Halloran. Are there any questions from the committee? Senator Albrecht.

ALBRECHT: I don't think we got the handout. Is that--

HALLORAN: My bad.

LINEHAN: Collin.

ALBRECHT: Generally, we don't have questions.

HALLORAN: OK. Well, I'll do my testimony all over again.

MEYER: We'll waive, we'll waive that requirement.

HALLORAN: I apologize for that.

LINEHAN: No. That's OK. It's all right. Are there any other questions from the committee? Thank you for catching that, Senator Albrect. You will stay to close?

HALLORAN: Yes.

LINEHAN: OK. Thank you very much. Are there proponents?

REBECCA FIRESTONE: Good afternoon.

LINEHAN: Good afternoon.

REBECCA FIRESTONE: Chairwoman Linehan, members of the Revenue Committee. I'm Doctor Rebecca Firestone, R-e-b-e-c-c-a F-i-r-e-s-t-o-n-e. We're here today to testify in support of LB1279. In 2022, just 2.5% of U.S. house-- households had a net worth of greater than $30 million. These households held more than 1 in $4 of wealth. Meanwhile, 43% of that wealth takes the form of unrealized capital gains. Unrealized capital gains, what this bill would tax, is income that has yet to be recognized. And in many instances, will never be taxed under current law because of stepped up basis. This provision of federal law deems capital gains taxable only if the asset is sold during the owner's lifetime. If held until death, all of the asset's appreciation is reset to the level at which the heir inherits the asset, eliminating a possibility of taxing the gains. Nebraska has a significantly high share of wealth, in excess of, of individuals with wealth more than $30 million, of which 0.3% of households meet that threshold. Significantly, the same amount of households held more than $10 million in unrealized capital gains. Multiple studies indicate taxing these unrealized gains can contribute to increased economic growth. Further, the concept of wealth taxes is not new, as the existing property tax levied by local governments on real property is widely recognized as a wealth tax since they're set as a percentage of the value of the property, and the historical general property tax applied to almost all property include-- included intangibles like stocks, bonds, cash on hand. And prior to 1967, Nebraska's property tax included intangibles. Property is where 90% of U.S. families hold more than half their wealth, and they pay annual taxes that reflect the full value of that property, including any growth over the prior year. The wealthiest 1%, on the other hand, have just 13% of their wealth in real estate, leaving a significant portion of that wealth not, not taxed. We appreciate this issue being raised and are grateful for the chance to participate in this conversation. I'm happy to answer any questions.

LINEHAN: Thank you. Are there any questions from the committee? Seeing none, thank you very much.

REBECCA FIRESTONE: Thank you.

LINEHAN: Next proponent. Are there any other proponents? Are there any opponents?

CARTER THIELE: Thank you very much, Chairman Linehan, members of the Revenue Committee. My name is Carter Thiele. That's C-a-r-t-e-r T-h-i-e-l-e, and I am the policy and research coordinator for the Lincoln Independent Business Association. As Senator Halloran made pretty clear, this bill is a political statement. And so, the testimony that I provide is just sort of an explanation why comparing unrealized capital gains to property tax increases to exemplify the need for property tax relief is somewhat misguided. Because property taxes are, as Rebecca mentioned, a wealth tax. It is a tax on the asset. When you buy property, you're buy-- you're buying a real tangible asset that you can use for a variety of different reasons. You can live there, you can hunt there, you can fish there, you can farm, ranch, and you can start a business. OK. So, being able to use it for a variety of reasons, as well as the fact that you don't always want to sell it, theoretically, even though there are many examples across the state that indicate we need property tax relief, theoretically, it does make sense as the market rate value of that asset increases over time, with inflation, to tax it incrementally a little bit more. On the other hand, with an unrealized capital gains tax, that is an income tax. It is filed in your income taxes. And you're only buying a capital-- a stock or whatever. You're only buying that for one reason and one reason only. That's to make money, under the expectation that someday you will pull out your investment and yield a significant return. The problem with an unrealized capital gain tax is that it's an income tax that is actually taxed in the form of a wealth tax or a tax on the asset, despite the fact that you haven't gotten anything out of it while you've held it. You haven't lived in it, you haven't hunted on it, you haven't done any of those sorts of things that you can do by owning property. So there is a clear difference between unrealized capital gains and property taxes. That doesn't take away from the fact that Nebraska needs property tax reform. And with that, I thank you and will answer any questions.

LINEHAN: Thank you, Carter. Yes, Senator Meyer and then Senator Dungan.

MEYER: OK. Thank you, Chairman Linehan. So would it be more fair if we had, say, a lower tax rate, say, 1% on the entire value of that asset, starting from dollar 1 to dollar 100%, like we do land, or--

CARTER THIELE: When, when you say asset, you're referring to the stat?

MEYER: Forget, forget, forget the capital gains. That-- that's not a very good idea. But what if we just start with dollar 1 and do the whole thing, like we do real estate?

CARTER THIELE: I need you to be more specific, because I'm, I'm having trouble understanding-- dollar 1 on what? Dollar one--

MEYER: On, on, on, on whatever the amount is. If, if, if you have $500,000 in your IRA account, SEP account, whatever it is, rather than capital gains, we tax the entire amount every year, like we do real estate.

CARTER THIELE: Like taxing a net worth.

MEYER: Like, like, like half of 1% or-- you know, 12 is way too high. What if we had a half or 1% of that entire amount every year? And that would sure help with the state budget, I would think.

CARTER THIELE: I would imagine it would. However, I would just go back to only upon when it is realized.

MEYER: Well, I'm not selling my farm, or Dave Murman is not selling his farm. So it's not realized either, but we pay tax every year.

CARTER THIELE: But, but you still have use out of it.

MEYER: Pardon?

CARTER THIELE: But it's a tax on the asset because you still have use of the asset, sort of.

MEYER: Well, if you have half a million dollars in a-- stocks, you can use that for whatever reason you want. You can buy a boat with that. You can--

CARTER THIELE: When you pull it out. And I understand there is the-- there is that exception, you know, when you're buying enough of a stock so that you can have majority ownership or that sort of thing. But for the vast majority of investments in the stock market or, or likewise, you know, you're just doing it for your own personal portfolio. So.

MEYER: OK. Thank you.

CARTER THIELE: Thank you.

LINEHAN: Thank you, Senator Meyer. Senator Dungan.

DUNGAN: Thank you, Chairman Linehan. Thank you for being here. I know, from Senator Halloran, this is-- we're making a point, I think, with this bill. And I appreciate that conversation. But when I open it up and I see the fiscal note is $3.8 billion, I find myself intrigued. We are currently looking for a lot of money. So I understand the concern with the unrealized versus realized capital gains, but I want to make sure I'm understanding this proposal. This is not a tax necessarily, on the unrealized capital gains. This is a required adjustment of your federal gross income, based on 12% of your unrealized gains. So this is saying your income tax will essentially increase by virtue of the amount of unrealized gains that you have for that year. Is that fair to say?

CARTER THIELE: I don't know if I read the bill the same way that you are. I, I interpreted this as 12% of the increase in the, in the gain.

DUNGAN: Because the way that I read it, federal taxable income would be increased by an amount equal to 12% of the unrealized capital gains of a corporation, fiduciary, fiduciary, or individual. So it seems like to me that by virtue of that, what we're essentially saying is if you have this massive amount of unrealized capital gains, we are going to take that into consideration when determining what your income is.

CARTER THIELE: OK.

DUNGAN: Does that make sense?

CARTER THIELE: Yes. No, I, I understand what you mean. And so I would just kind of go back-- actually, I should probably bring this up. In the original testimony that I had for this, I was mentioning that there are questions over the constitutionality of this. There's currently a Supreme Court case pending, Moore v. U.S., so using an unrealized capital gains tax that-- on the tax itself as well as, as adjusted for the corporation, in that instance, is still under debate. So either, either way you decide, we could just-- we could make a decision on that, or we could let the Supreme Court handle it and then go from there.

DUNGAN: And I did have a chance to at least briefly peruse Moore v. United States. And it's interesting, right, because the Biden tax proposal that has to do with the unrealized capital gains seems like a slightly different proposal from what Senator Halloran has, where I think the federal proposal is an actual tax on the unrealized gain to a certain percentage, similar to a capital gains tax, whereas this is an adjustment of your income. And so I guess what I'm getting at here, in a world where we acknowledge, as a state, that income tax should be progressive, insofar as the amount of money that you have affects how much income tax you pay. It seems to me that at the heart of this bill, which is why I find it intriguing, it's saying if you have access to a massive amount of unrealized capital gains, hypothetically speaking, that means you actually are wealthier-- because you could access that tomorrow if you wanted to-- than people who don't have that. And so it seems like what this bill is trying to do is say we're trying to account for the ability that you would have to reach into your proverbial pocket and pull out this extra money. So it seems to be capturing an actually more accurate reflection of somebody's net worth in a determination of their income. And in that sense, it seems to me like it might actually make sense to factor that in, with regards to a progressive income tax structure. Does that make sense?

CARTER THIELE: Absolutely, it makes sense. And I think you make a very good point. What my response would be is that it is an accurate assessment, but it's also subject to change, as well, with market fluctuations. You know, if you get assess-- or you, as a person, get assessed, but you know, your, your portfolio can look a lot different week to week based on how the market changed. So that's, that's another consideration.

DUNGAN: And, and that was one of my readings when I first-- or my concerns when I first read this was, yeah. How does that reporting work? Is it a year of the average? Is it where you're at on a certain day at the end of the year? Because that could fluctuate considerably, and it would be very unfortunate if your income was sort of subject to that change. But I just-- I think based on the conversation we've had, it just-- it seems like at least an interesting idea to try to account for those unrealized gains, given that that can be indicative of somebody's overall net worth. And again, when I see $3.8 billion, my ears perk up. So I appreciate you answering those questions.

CARTER THIELE: No, thank you very much for the questions. It's been like a week and a half since I've got some questions. So I'm really, I'm really happy about this. Thank you.

DUNGAN: Thank you.

LINEHAN: Thank you, Senator Dungan. Are there any other questions from the committee? Do you know if any state does this?

CARTER THIELE: No. There are certain states that are waiting for the Supreme Court case to be decided so that they can look into it more, but none as of right now.

LINEHAN: OK. Thank you very much for being here. Appreciate it.

CARTER THIELE: Thank you.

LINEHAN: Are there other opponents? Good afternoon.

THOMAS MOHNING: Thomas Mohning, T-o-- T-h-o-m-a-s M-o-h-n-i-n-g. I want to thank you, Chairman Linehan, and the committee for allowing me to address this. I'll be honest with you, I was totally unprepared for this. I have not read the legislation. But when you start talking about taxing people's potential gains on a, a stock portfolio, (a) you cannot-- if you're going to include IRAs and 401(k)s, now you're penalizing people who are retiring or-- financing their retirement. Second of all, they-- if they're not over 59, they have to pay a penalty to take that money out to cover it. OK. So what are you going to do about capital losses? I'm currently carrying $145,000 in capital losses on my private stock account. Are you going to let me write some of-- 10% of that off every year? I mean, those are the questions. I haven't read the bill, so I honestly do not know. And I apologize to the committee if those were in the bill and I didn't know it. But it just seems like when you start taxing people's potential gains when they don't liquidate, I mean, you're-- watch the stock market. The value of Tesla stock dropped from $250 a share to $180 in 4 weeks-- or 5 weeks, I guess, give or take, or a couple months. But-- so, I'm saying is that potential can disappear in a hurry. And yet, at the end of last year, I would have had to pay taxes on that $250 a share. And now I'd have to pay-- consider it at $183 a share. Those are the things that-- taxing individual wealth. Now, if this is designed for-- and my numbers aren't even close enough to meeting your-- maybe you have income limits on there that I-- was in the bill and I didn't read. I do not know. OK. And I apologize for that. But that is my general consensus, is when you start talking about taxing people's potential wealth when they haven't liquidated it, it's kind of like the old adage of the inheritance tax on a farm, where you force the private-- the small farmers to sell their land because they couldn't pay the inheritance tax on it. That's kind of what this is headed for, in my opinion. So thank you very much, and we'll talk to you again soon.

LINEHAN: Thank you. Wait, wait. Does anybody have any questions?

THOMAS MOHNING: Any questions? I mean, it was just I--

LINEHAN: Seeing none, thank you very much for being here.

THOMAS MOHNING: Thank you.

LINEHAN: Appreciate it. Are there other opponents? Any other opponents? Anyone wanting to testify in the neutral position? Anyone testifying in the neutral position? Do we have letters? We do. We had 1 proponent, 3 opponents. And Senator Halloran, would you like to close?

HALLORAN: Well, that's almost a consent calendar bill. Well, I'm a little bit disappointed that there weren't more opponents, but apparently people caught onto my scheme that I was trying to make a point about the inequities surrounding our current property tax scheme. The first testifier really had to massage the argument a little bit, to-- whether it's income tax over here or it's property tax over here, a tax is a tax. And more specifically, for farmers, for farmers, people in agriculture, their land is their 401(k). It's their 401(k), and we tax you for it, right? The value goes up every year. We tax you on that. We not only tax you on the value going up, we tax you on our assessed value of the farm. So obviously, my point was to point out the inequities in our current tax scheme. We either should adopt something along the lines of taxing, which I think are totally unfair. My proposal is more than tongue-in-cheek, it's a stupid idea. All right. I did it on purpose. I think you understand that. I did it on purpose to add some clarity to the fact that what we're doing with property taxes is a stupid idea. But we don't seem to have the heart to really deal with it. So what are the options here? Well, the options, as I proposed in my opening, was we either do the same unfair thing to intangibles and securities and stocks as we do with property, or we do away with doing the wrong thing, with property taxes. So $3.8 billion, Senator Dungan. I showed that to Senator Clements, Chair of

Appropriation, and he just about got more excited than I've ever seen. No. Anyway, it's, it's, it's-- I was hoping to get more opponents up here to say how unethical it is, how unfair it is to tax, whether it's-- whether, whether we call it unrealized gains or unrealized value. OK. Unrealized gains was appropriate to talk about for income tax. Right. So for property tax, it's unrealized values. Unless you-- until you sell it, you haven't realized the value of what you're being taxed on. So with that, I'll open it up to questions. And I hope this is part of the Governor's tax plan.

LINEHAN: Thank you. Are there any questions from the committee?

HALLORAN: Oh, come on.

DUNGAN: I can ask one.

LINEHAN: Yes. Go ahead, Senator Dungan.

DUNGAN: Thank you, Chair Linehan. Thank you, Senator Halloran. I guess it's-- I could try to ask it in the form of a question.

HALLORAN: Well, you got so excited about the fiscal note. I mean--

DUNGAN: I did. I think what's really funny about this is the challenge in the U.S. Supreme Court-.

HALLORAN: War.

DUNGAN: --on the Biden tax plan. The main argument is that you can't tax this because it's not income. And I think that your bill has actually done a really good job of circumventing the problems, by virtue of adjusting your income based on what the unrealized are, but not actually taxing the unrealized gain itself. And I think that-- I, I just want to congratulate you on writing, I think, a really good workaround, of what the issue was in the U.S. Supreme Court.

HALLORAN: I appreciate that, Senator Dungan. And you can try to massage this any way you want to, but it's-- it-- it's clearly to make a point. It's, it's not only unsellable in the Legislature-- clearly, I have gotten personal emails from my friends, who know me very well as a conservative, and say, what the heck are you doing? Right? But sometimes, you have to point out the absurdity to point out the absurdity.

DUNGAN: Yeah. Well, I, I do genuinely appreciate the conversation, so thank you.

HALLORAN: Thank you.

LINEHAN: Thank you, Senator Dungan. Any other questions from the committee? Thank you, Senator Halloran.

HALLORAN: Thank you.

LINEHAN: Appreciate it. And with that, we'll close the hearing on LB1279, and open the hearing on LB1372, Senator Brandt. Oops. That's OK. Is it still working?

____________________: Yeah.

LINEHAN: OK.

KAUTH: You are, you are not to bring back next year.

LINEHAN: Good afternoon, Senator Brandt.

BRANDT: Good afternoon, Chair Linehan and members of the Revenue Committee. My name is Tom Brandt, T-o-m B-r-a-n-d-t. I represent Legislative District 32, Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties. Today I'm introducing LB1372, which would provide property tax relief without having to shift it onto state sales tax. Governor Pillen has been steadfast in his commitment to lowering property taxes by 40%, a goal that resonates deeply with the majority of Nebraskans. Recognizing the urgency of this issue, numerous proposals have been put forth this year to address it, and I firmly believe that LB1372 can serve as another valuable tool in our efforts to alleviate the property tax burden. The crux of this legislation lies in its provision to inject an additional $250 million per year into the Property Tax Credit Act. By bolstering this fund, we can significantly augment the relief available to property tax owners across the state. The projected trajectory of the fund showcases a tangible commitment to scaling up our efforts. In 2024, it'll be $645 million. 2025, $930. 2026, $1.195 billion. 2027, $1.46 billion. 2028, $1.725 billion. And in 2029, $2.005 billion, plus a percentage increase in the total assessed value of all real property in the state thereafter. In 2030, and each tax year after, the minimum amount in the fund would be the amount from the prior year, plus a percentage increase in the total assessed value of all real property in the state. In crafting the funding mechanism for this proposal, we deliberated on the most equitable and sustainable approach. Ultimately, we arrived at the decision to postpone the implementation of the individual and corporate income tax cuts passed last year. This delay, spanning a modest 3 years, ensures that our state's fiscal health remains robust, while prioritizing immediate relief for property owners grappling with excessive tax burdens. Importantly, this adjustment merely shifts the timeline without compromising the integrity or intent of the income tax relief measures. In essence, LB1372 represents a balanced and pragmatic approach to addressing Nebraska's property tax crisis. By fortifying the Property Tax Credit Act and responsibly managing our state's fiscal resources, we can deliver meaningful relief to our constituents while maintaining a steadfast commitment to fiscal responsibility. As the committee works through the property tax proposals for this year, I encourage you to take a good look at this legislation as a possible solution. Thank you.

LINEHAN: Thank you, Senator Brandt. Are there questions from the committee? So you're-- this is the first property tax credit you're putting in?

BRANDT: I-- hear you.

LINEHAN: The first-- on the committee we call it tier-- or at least the Chairman calls it tier 1 and tier 2.

BRANDT: Yes.

LINEHAN: We have 2 property--

BRANDT: Yeah.

LINEHAN: --tax credits. You're--

BRANDT: I call this the PTCRF, but yes.

LINEHAN: OK. So you're-- this is not LB1107. You're putting it in the first one?

BRANDT: Yes.

LINEHAN: What's your goal on state taking care of property taxes? Your total end goal, because you're leaving LB1107 alone. Right. You're not taking money from LB1107. You didn't stop the growth in LB1107. So if I-- my math is somewhat correct here, you're talking about $3 billion.

BRANDT: $2 billion.

LINEHAN: No, because you go-- you said in '29, it would be $2 billion, right? Yeah. $2 billion. But you left the LB1107 there, which is going to be almost a billion, too.

BRANDT: Oh, shoot. Yeah, the fiscal note is not much help here. The-- by delaying this for the 3 years, you generate enough income to cover this cost.

LINEHAN: Right. But then you're way out of whack-- well, let me see if other people have questions. Are there other questions from the committee?

BRANDT: There, there will be some behind me that--

LINEHAN: OK.

BRANDT: --can probably answer this better than me.

LINEHAN: All right. All right.

BRANDT: Fair enough?

LINEHAN: Fair enough.

BRANDT: All right. Thank you.

LINEHAN: Thank you very much for being here. Proponents? Good afternoon.

MARK McHARGUE: Good afternoon, Senator Linehan and members of the Revenue Committee. My name is Mark McHargue, M-a-r-k M-c-H-a-r-g-u-e. I'm the president of Nebraska Farm Bureau, and I'm here today on supporting-- on behalf of our organization, as well as the ag leaders in Nebraska in support of LB1372. As much as we appreciate the work that's been done by reducing Nebraska's property tax burden from this committee, there's clearly still more work to be done. LB1372, we believe, is a good bill. Fundamentally, because it's very straightforward. It's very simple. It has 2 move-- moving parts, as Senator Brandt alluded to. First, it adds $250 million a year to the Property Tax Credit Fund, which is the tier 1, for each year for 6 years. After that amount and the property tax credit fund grows and it-- it grows that allowable growth rate currently in statute. Secondly, it delays the implementation of the income tax cuts enacted in 2023 session. It does not reduce the income tax reduction. It simply delays it for 3 years to help pay for the property tax relief needed to balance the state's tax burden between income, sales, and property taxes. We continue to support the income tax cuts. However, we believe that need to be implemented on a similar timeframe and trajectory with the necessary property tax reductions. Admittedly, this measure provides the relief property owners need, but it does not control the sustained growth of property taxes year after year. To do that, we have to have capping in the property tax equation, and that's-- that still needs to be a component of the final package. Delivering property tax relief through a frontloaded mechanism, such as a property tax credit fund, is the only proven way to ensure that the money that the state puts into property tax relief results in property tax relief. A recent experience has clearly demonstrated giving hundreds of millions of dollars to political subdivisions does not result in hundreds of millions of dollars in property tax relief. With LB1372, we believe that all the necessary pieces to resolve the state's overreliance on property taxes will now be on the table. Throughout the meetings with the Governor's Property Tax Working Group hearings-- and the hearings this month, we have discussed how much relief there needs to be to bring in-- bring things into line. And we've talked about property tax caps. We've talked about ways to preserve local control. We've talked about requiring [INAUDIBLE] to be voted by the people. At the end of the day, we believe that this is a necessary part to round out the discussion and your ability of this committee to reduce our property taxes in Nebraska. I'll be happy to answer any questions.

LINEHAN: Thank you. Are there any questions from the committee? Senator von Gillern.

von GILLERN: Thank you, Mr. McHargue, for being here today, for your testimony. As you well know, Senator Brandt was on this committee last year, and, and he worked very hard on both the property tax reduction bills and the income tax reduction bills. And, and when we got those all wrapped up and got them to the floor, it was his repeated testimony-- he said several things repeatedly. One was respect the package, which we all kind of got a charge out of, but the other was that he worked very, very hard for dollar-for-dollar tax relief.

MARK McHARGUE: Right.

von GILLERN: And I've had a couple of conversations with him recently about that. I know he was-- he and, and the, the groups that he represented and others were very-- felt very good about the balance that was achieved last year with dollar-for-dollar tax relief. What's changed in the last 12 months, other than the fact that Senator Brandt's no longer on the committee, to defend the work that he did? Or-- I'm sorry.

LINEHAN: He wasn't on the committee.

von GILLERN: He wasn't on the committee? Oh. I'm sorry.

MARK McHARGUE: Well, I'd have-- I'd be happy to answer that question, though. When we look at-- when you add up what we did in LB754 and LB243, when you add those together, and you look at what we did on community colleges and taking that out, and also the dollars that we, that we gave to the schools, they actually don't add up dollar-- dollar-for-dollar. We're actually about $242 million different to start with. So that's, that's just kind of on the baseline. We, we did not get quite dollar-for-dollar there. There's $247 million left out. But what I alluded to in the fact that we also realized that we were functioning on the assumption that all the dollars that we gave to the schools, that that would be dollar-for-dollar. When you add that up, that's-- over a 6-year period, that's almost $2 million just on the school side, let alone the community college side. On the school side, last year, there wasn't virtually any of that that was dollar for dollar. I mean, they blew through the $300 and some million dollars, plus they tax it another $84 million worth. So now we have a discrepancy. We were short about 242 to start with. Now you add what we've lost in the school-- the dollars we gave to the school that did not come back in property tax relief. You add that together, we're close to almost $600 million apart from a year ago. And so that's-- that-- that's part of the--

von GILLERN: Thank you. First of all, Senator Briese, obviously, is who I was referencing.

MARK McHARGUE: OK.

von GILLERN: My-- I apologize. I'm looking at Senator Brandt and I got Brandt in my head. I'm sorry. I think most of the room knew what I was trying to say. So again, I-- it's the-- it, it sounds like the challenge-- it sounds like, if I hear what you're saying correctly, the math that was done last year was not inaccurate but the people or the entities that received those funds were bad actors in how they received them and what they did. So, is it the tax policy that's at question, or is it the, the, the taxing entity-- you said the schools. I don't want to paraphrase for you, but the schools did not receive those funds or did not make use of those funds in a way that resulted in property tax relief. So is that, is that the fault of the legislation or is that the fault of the taxing entities?

MARK McHARGUE: I think from the legislation, if you just add the numbers up. We-- they weren't, they weren't identical. We weren't dollar-for-dollar, on, on, on--

von GILLERN: So Senator Briese was wrong in what he said last--

LINEHAN: [INAUDIBLE] don't do that.

MARK McHARGUE: Well on, on income, income tax versus property tax relief, we were not 50/50.

LINEHAN: Can I take over?

von GILLERN: Yeah. I'm done.

LINEHAN: Thank you. Thank you, Senator von Gillern. I'm going to be even harder than he was.

MARK McHARGUE: OK. Go for it.

LINEHAN: So do you remember how much we were doing in property tax relief as a state, in 2018?

MARK McHARGUE: Sure.

LINEHAN: How much was it?

MARK McHARGUE: In 2018?

LINEHAN: In 2018.

MARK McHARGUE: Like, total dollars?

LINEHAN: In total dollars.

MARK McHARGUE: I, I couldn't tell you.

LINEHAN: We only had one. It was the first one.

MARK McHARGUE: On tier 1?

LINEHAN: On tier 1. I think it was-- I've done these numbers so many times, but I want to say it was $125 million.

MARK McHARGUE: OK.

LINEHAN: And we added $50 million.

MARK McHARGUE: Which is where we're at. At-- we're like $500 million on tier 1 now. Is that right?

LINEHAN: Yeah, we are. And on tier 2, we're at-- anyhow. It's-- but-- and the-- by the- -it's a, a lot.

MARK McHARGUE: Yeah.

LINEHAN: We have done a lot. You know. I know. This has no chance. You cannot do one without the other. You can't do property taxes unless you do income taxes. We, we worked on that for 4 years, right?

MARK McHARGUE: Right.

LINEHAN: How did we ever get to anything? We had to work together, right?

MARK McHARGUE: Right. Absolutely.

LINEHAN: So why would you all ag-- I'm proud of Senator Brandt. He gets asked to do something and he serves his constituents. But why would all these ag groups think that this was a good idea?

MARK McHARGUE: Yeah.

LINEHAN: This-- your-- what are your opt-- what are your chances of this getting out of committee, let alone passing on the floor?

MARK McHARGUE: Well, I think, I think the important conversation that we're trying to bring, bring forward is that we did agree that we would, we would do this game 50/50. But when you chart this out and you look at it, income tax goes up. We have the relief, but it goes up way faster and higher than property tax. I mean, it's, it's strictly a math problem. We're just saying that we need to bring those 2 graphs together. We both want to go to the same direction. We both want to lower our, our taxing structure in Nebraska. And that's the reason that this doesn't-- this, this doesn't change our desire to, to lower income tax. We're just, we're just balancing out because at-- well, the way it worked out is that income tax relief is a much higher, quicker relief. And it ends up higher than property tax at the end of the day, by $242 million. And, and once you graph that out, the farther out you go, there's still that, still that spread there. Then, when ultimately, you know, 6 years down the road, if property tax keeps go-- keeps going up, that spread keeps getting worse. We're not fixing that, that spread.

LINEHAN: I would agree. So, let me ask you this question. Do you think the sponsor of this bill will support a hard cap?

MARK McHARGUE: I don't know. We sure do. I mean, I mean, that's very clear and that's the reason we put it in the testimony. Because this doesn't work without a hard cap, either.

LINEHAN: Well, you're going to have to find 30--

MARK McHARGUE: I mean, we're acknowledging that.

LINEHAN: Ag and business are going to have to find 33 votes for a hard cap.

MARK McHARGUE: We will--

LINEHAN: Because I'm pretty tired of putting money in a bucket with a hole in the bottom.

MARK McHARGUE: I-- we 100% agree. We, we would do everything we can to, to work together on that. And again, we've worked on a lot of components. There's a lot of equations that we've had in this conversation. I've sat in this chair and we brought a lot of ideas to the table. It's, it's up, it's up to you guys to put this package together. And we hope that you can do that. I think all the components are there. I think this is another piece of conversation as you work to put a package together. And we will absolutely work with you to end up with, which I feel that the Governor put out a pretty strong proposal, that we need to find $1 billion somewhere, at the end of the day. We want to reduce our property tax burden. And we want to reduce the tax burden of Nebraska taxpayers, period. And we're, we're 100% behind that.

LINEHAN: This bill says you're more for shifting it onto income taxes than you are on sales taxes.

MARK McHARGUE: No, it doesn't say that at all. That's the reason we're very clear in the testimony that we were delaying it. We're not saying that we want to back it up. We're not saying that we want to, we want to not get it down to a 399. All we're saying is delaying it 3 years, on the implementation.

LINEHAN: OK. Any other questions from the committee? Senator Kauth.

KAUTH: Thank you Chair Linehan. Just real quick. So, so all of these ag groups supported bills last year. Correct?

MARK McHARGUE: I don't have a record of exactly--

KAUTH: OK.

MARK McHARGUE: --which bills were supported or not supported.

KAUTH: OK. All right. Thank you.

LINEHAN: Thank you, Senator Kauth. Any other questions? Seeing none, thank you very much for being here.

MARK McHARGUE: Thank you.

LINEHAN: Other proponents? Other proponents? Anyone wanting to test opponents? Do we have any opponents? Good afternoon.

BRYAN SLONE: Good afternoon. Chair Linehan and members of the Revenue Committee, my name is Bryan Slone, B-r-y-a-n S-l-o-n-e. And on behalf of the Nebraska Chamber, the Lincoln Chamber, and the Greater Omaha Chamber of Commerce, the National Federation of Independent Businesses, and the Nebraska Bankers Association, I would like to testify in opposition to this legislation. It's always been stated-- our organization, along with other groups, supported the Legislature's efforts last year for comprehensive tax reform and will continue to do so. The model for comprehensive tax reform has been and will continue to be growing the economy and using, using the related growth in revenues, paired with state spending restraint to produce results for Nebraska, both on the property tax and the income tax side. Our organizations were among the broad-based coalition that supported the legislation last year, and we don't see any reason to reverse the course of the historic tax reform that occurred last year, which was, in fact, the largest tax reform bill in the history of the state. For decades, Nebraska was uncompetitive as a tax outlier compared to peer states. However, in recent years, this Legislature has worked hard to change that. Governor Pillen championed this effort last year with last year's legislation that described the, the tax package as a dire need for Nebraska. And a big genesis of that was that Iowa was reducing its rate to 3.9%. As we sit here today and talk about potential for $3 billion of new revenues, the Iowa legislature is debating whether to reduce their rate from 3.9 to 3.45. Over a dozen states nationally have or will be taking steps to achieve very low-- much lower income tax rates, and some trying to get to zero. Several of our, of our nearby states, including Iowa, Illinois and Colorado, have all moved to a more competitive income tax rate. South Dakota has no income tax rate. Wyoming has no income tax rate. South Dakota is reducing its sales tax rate. This re-- reform that was-- occurred last year was historic, both in terms of property tax and income taxes. For the businesses across the state that have made business decisions, decisions based on last year's legislation, this would come as a huge surprise that Nebraska was suddenly going to increase its income taxes again and create another gap between us and Iowa by 2-3%. Increase-- increasing taxes would also have a detrimental effect for our larger comper-- corporations that are on the accrual basis, because they're forced to account for future tax liabilities based on state tax increases. On the day that this would pass, several of our companies would have very substantial changes in their balance sheet, solely because of this bill. With that, I'd be happy to answer any questions.

LINEHAN: Thank you. Are there any questions from the committee? Senator Murman.

MURMAN: Yeah. Thanks for testifying. Because the local units of governments last year did not, I guess, live up to the-- what was planned with the tax package passed last year, do you think the property tax relief and income tax relief are equal at this time, as compared to last year? Has it been about the same?

BRYAN SLONE: I would say 2 thing-- several things about that. One, over a number of years we've been working hand in hand with ag groups to ensure parity between what we're doing. In many years, property tax was an excess of income. And, and last year, income may have been slightly-- $200 million in excess of, of property tax. But in the total, there's probably much more property tax than income tax. That was never the issue. It was a methodology of using growth revenues to do that. I, I do think, to the earlier questions that were asked, the, the problem we have with taxes in Nebraska, and good property taxes, is not that we tax our taxpayers too little in Nebraska. We tax them plenty compared to other states. The issue is spending. And the earlier question was a good one, which was to the extent that there were spending issues that, that created any sort of gap-- there was also another piece of the gap was there was an original piece of the property tax bill last year that was related to a valuation cap that got pulled during the course of the legislation. But that being what it is, and I, I think the spending issue is the problem. Some of it was related to the fact that schools actually had to create some budget commitments before the legislation was passed. And some of it was just bad behavior. And so-- to the earlier question, the answer is-- and there's a great deal of legislation in this session around dealing with those spending issues, some of which the Chair has referred to, that we need to deal with, finding another group of people-- tax payers in Nebraska, to tax more to fix this problem, it's simply shifting excessive tax burdens from one group to another. And in this case, would make the state uncompetitive. And 3 years of having a rate that was 2 or 3% above our neighboring states would have a dramatic economic effect on this state that would not be good, in terms of our ability for our communities to grow. So in, in, in, in answer to your question, I think over time, clearly, if we get spending under control, the $1,500 per student and other provisions of last year will have their effect. But we've, we've got to fix the spending side, not the tax side.

MURMAN: Sure. I totally agree with you on that. And just one more question. Would--

BRYAN SLONE: Yeah.

MURMAN: --would you agree that our property tax-- taxes in Nebraska are more out of line with the rest of the country, as, as compared to our, our income tax being out of line?

BRYAN SLONE: Yeah. I would, I would have said that. And I've said that, I think-- I've been here 6 years. Every year I've said that, which is when I first came, property taxes, we were in the top 10 highest, but income taxes, we were in the top 15 highest. And even sales taxes, we were in the top 25 highest. We are not a low tax-- we're not a low-tax state. Last year's bill changed that. To go backwards on last year's bill after all these years of effort is, is unconscionable.

MURMAN: Thank you.

LINEHAN: Thank you, Senator Murman. Senator Dungan.

DUNGAN: Thank you, Chair Linehan. And thank you for being here.

BRYAN SLONE: Yeah.

DUNGAN: These are obviously very complicated issues. And there is no silver bullet--

BRYAN SLONE: No,.

DUNGAN: --I think. Otherwise, we would have done it by now. But taking a step back and looking at this from the 30,000 foot-- 70,000 foot--

BRYAN SLONE: Yep.

DUNGAN: --right, we're talking about lowering property taxes, lowering income taxes, which we've already done, and corporate tax rates. We don't-- I believe you don't, based on the testimony we've heard, want to raise sales taxes. And so if we reduce one, we reduce the other, we reduce the other, a) and the-- I'm asking the question that I think we-- everybody's been talking about all summer. But where does that money come from?

BRYAN SLONE: Great question.

DUNGAN: And b) if you say spending is the issue, is your point that we have to cut services? Because I don't know of any county or school district that's collecting money and then hoarding it. Right. I think a lot of it's being spent or collected and then utilized. I mean, I-- maybe I'm wrong about that. But if you go talk to the county officials or the school boards, when they talk about raising these rates, it's because they have to spend it on something. And whether that's salaries for police or firefighters or teacher salaries or capital projects, whatever it may be, right, I-- everybody will at least come in here and say, we're raising that rate or we're collecting more money because we're spending it. And so if spending is the problem, is the answer, then just cutting services, or where do we find the additional revenue to do the things that we're talking about? Because we all agree that property taxes need to be cut. And we're all just trying to figure out how to pay for it. And it feels like there's not a lot of answers when the answer is everything has to go down: sales, income, corporate property. Because then, where does the money come from? That's a very broad question, but I'm just curious.

BRYAN SLONE: No, Senator, it's-- it is the question. So it's, it's a very good question to ask.

DUNGAN: Because we're dancing around it, so I feel like I should just ask it.

BRYAN SLONE: Which is-- yeah. No, I-- at no point in this process have we been talking actually about spending cuts. We've just been talking about putting some control around the growth of spending. And, and ultimately, that becomes the issue, which is-- economically, there is no way for a state, regardless of which tax you want to cut-- property tax, income tax, sales tax. I don't care which tax you want to cut. There is no way for us to reduce the overall taxpayers' burdens unless we grow spending at a rate lower than we're growing the economy. And, and that's, that's the magic formula. So if the economy is growing at 4%, then we can only grow our spending at 3.5. If we're growing at 6, then we can do it at 5.5. Where we get into trouble is where we have spending growth faster than economic growth. Last year, this body had $2 billion to spend. So let's talk about where that came from. Well, some of it was federal money. I'll be the first to admit some of that was federal money. But a great deal of that was the fact that this Legislature, for a period of years, over 8 years, had controlled spending. And there was very substantial growth in our economy. If you go back and look at the, the Forecasting Board's revenue estimates and then the results for the last 5 or 6 years, what you will find is corporate tax revenues, income tax revenues were driving a lot of our excesses, because we were growing our economy really, really fast, creating that excess. And that's what funded tax relief. That will always be what's-- funds any actual tax relief, is growing our economy. We have to continue to have a pro-growth economy, and then have the discipline to keep our spending within those growth numbers. So we're not talking about cutting. We're just saying, can we live on 4 and 5% spending growth, or 3 or 4 or 5% spending growth? In, in areas where there's declining needs, can we at least hold it to, to lower numbers? We're not talking about massive spending cuts.

DUNGAN: Thank you.

BRYAN SLONE: OK. Thank you.

LINEHAN: Thank you, Senator Dungan. Any other questions from the committee? Senator Murman.

MURMAN: I know this isn't your area, area of expertise, but when we talk about, you know, local spending, teacher salaries was mentioned. I just want to emphasize that that's teachers and administration salaries.

BRYAN SLONE: Well--

MURMAN: I just thought I'd throw that in.

BRYAN SLONE: --I have to, I have to expose my conflict here, Senator Murman. My father was a school superintendent. My mother was a teacher. So, I'm-- I am not suggesting that, that we don't want good teachers and we don't want to pay good teachers. I'd be the first to say that's exactly what we want to do. My father is no longer alive, so I won't, I won't share his sentiments on superintendents' salaries.

LINEHAN: Please do.

BRYAN SLONE: But I, I, I do think that we're a state that prides ourselves in our schools. What I'm not-- I'm not talking about that we should have bad teachers or pay teachers or-- just, just the discipline and the growth of what we spend. And that's true in local government and that's true in this legislative body. And, and, and kudos to this Legislature and to the governors that we've had recently, that really have done some pretty dramatic things to, to control spending, which created the type of, of funds that, that allowed this, this body to do what it did last year. It was historic. And, and this body and the Governor should be credited.

MURMAN: Thank you. You had, you had more ideas there than I realized, I guess.

BRYAN SLONE: Yeah.

MURMAN: Thanks for that.

BRYAN SLONE: I think if you asked me a dairy farming question, I'm, I'm totally out of luck, Senator.

LINEHAN: Thank you, Senator Murman. Are there any other questions from the committee? We want to stay even on this property tax, income tax thing. I mean, we do want to do that.

BRYAN SLONE: Yes.

LINEHAN: So I--

BRYAN SLONE: I-- go ahead, Senator. I'm sorry.

LINEHAN: No, I just-- it's, it's-- I think people fail-- not people. That's the wrong way to say it. It's hard to kind of, over 5 or 6 years and billions of dollars, being off $245 million is, is problematic. But it's, it's not-- a percentage off is not quite as-- there's a way to do it without doing away with income tax cuts.

BRYAN SLONE: Yeah. So I guess, in a nutshell, I would say we don't need to fix $240 million problems with billions--

LINEHAN: Right.

BRYAN SLONE: --would be the easiest, easiest way to put it. I would say in the last 6 years that I've been with the Chamber, every year, we never got exactly the number on the income tax side or exactly the number on the property tax side that the Legislature-- that, that never occurs because you just don't know what's going to happen. And sales tax revenues tend to be much more volatile because they move with the economy much faster. It will never be an exact science. And what we need is good faith among everybody that's working on these issues. And I do believe everybody is trying to work on these issues in good faith. We absolutely have to reduce property tax burdens. We have to keep income taxes and sales taxes competitive. But we can't be in the business of, of taxing one group and then writing that money out in checks to another group and saying we solved anything.

LINEHAN: Thank you very much for being here. Appreciate it.

BRYAN SLONE: Thank you very much.

LINEHAN: Thank you. Are there other opponents? Are there any other opponents, anyone wanting to testify in the neutral position? OK. We have letters. We had 0 proponents, 2 opponents, and 1 neutral.

BRANDT: I guess I would just like to correct something that Mr. Slone said, that this would be a tax increase. That is incorrect. It would be a tax freeze on where the income tax is at today. This would not increase anyone's taxes with this idea. And the reason this idea got brought forth was the resistance that we saw to the sales tax increases, to finance the property tax reductions. This is simply a tool out here as an option, to use what we have on the table before us to achieve our goals of greater property tax relief for everybody across the state. I don't see these as 3 separate groups. I don't see this as a sales tax group, a property tax group, and an income tax group. When I look at people in the state, most of us are paying all 3 of these taxes. And I can tell you, my constituents-- and granted, I'm from a rural district out here, but it is vastly and only property tax relief that, that my people are asking for out here. And yes, we have done a great job in this state on income tax last year. But if there is a way to use that in tandem to reduce our property tax, I think that's something we ought to look at.

LINEHAN: OK. Thank you very much. Are there any questions from the committee? Seeing none, thank you for being here.

BRYAN SLONE: Yep. Thank you.

LINEHAN: And with that, we'll have the hearing on LB1372 come to a close. And we will open the hearing on LB1032, Senator Bostelman. Good afternoon.

BOSTELMAN: Good afternoon, Chairwoman Linehan, members of the Revenue Committee. My name is Bruce Bostelman, spelled B-r-u-c-e B-o-s-t-e-l-m-a-n, and I represent Legislative District 23. I'm here today to introduce LB1032. The bill amends the First Responder Recruitment and Retention Act to include game and-- game conservation officers employed by Game and Parks and their legal dependents as an eligible-- as an eligible recipient of a tuition waiver for 100% of the resident tuition charges of any state university, state college, or community college. Over the interim, myself and my office have been contacted by several game conservation officers and more specifically, Gaming Parks Commissioner and former Senator Dan Hughes, regarding the need to amend the statute. Specifically, several game conservation officers applied for a tuition waiver but were denied by the Department of Revenue. Department-- the department explained that even though they were law enforcement officers and have the power to enforce game, criminal, and traffic laws, the First Responder Recruitment and Retention Act is too restrictive, as they are not employed by a munic-- municipality, county, or the Nebraska State Patrol. This bill clarifies and includes the game conservation officer-- officers in this act. These officers play a vital role in enforcing all of Nebraska's laws to include protecting Nebraska's natural resources. They are routinely called upon by other law enforcement agencies to assist in a variety of situations. This recognizes the important role they have in our state. Finally, this change will help Nebraska Game and Parks recruit and retain conservation officers and afford them the same opportunities other law enforcement officer-- law enforcement officers have under the First

Responder Recruitment and Retention Act. I ask for the committee's support on LB1032 and advance to General File. Thank you.

LINEHAN: Thank you very much. Are there questions from the committee, Senator Kauth.

KAUTH: Thank you, Chair Linehan. Senator Bostelman, do you know how many potential dependents this might cover?

BOSTELMAN: There will be a person behind that will-- could tell you.

KAUTH: Thank you.

LINEHAN: Thank you, Senator Kauth. Any other questions from the committee? Seeing none, thank you. Are you going to stay to close?

BOSTELMAN: I'm-- I hope I can make my closing over there, so I don't know yet.

LINEHAN: OK. All right. All right. Thank you. First proponent. Good afternoon.

DAN HUGHES: Chairman Linehan, members of the Revenue, Revenue Committee, my name is Dan Hughes, D-a-n H-u-g-h-e-s. I am from Venango, Nebraska, and I'm here today representing myself. Although I am a member of the Game and Parks Commission, the only reason I bring that up is that does give me some insight into why this bill is very necessary. I do want to thank Senator Bostelman for bringing LB1032. He and I had a few conversations about the opportunity that was missed last year to include conservation officers in the tuition waiver that several other first responders got. I do want to applaud Senator Bostar for his efforts last year, of recognizing the sacrifices and the risk that our first responders do put themselves into, and a way to reward them in a way that doesn't cost the state a whole lot of money. And Senator Bostar has got another bill this year, LB1093, I believe, that does address that issue. A couple of things that I do want to touch on. The reason why conservation officers should be included in this opportunity is there are a lot of things that you never hear about or see in the paper of what conservation officers are involved in. Just a couple of examples of, of my time on the Game and Parks Commission. In 2023, so a year ago, we had tremendous amount of, of water coming down the South Platte River. There were kayakers who were out there, against the warnings of Game and Parks and law enforcement. And of course, there was a couple that got stranded. So-- and we have drone footage of the rescue of conservation officers on an airboat in the middle of the raging South Platte, getting onto a sandbar to rescue these people. And the, the thermal image that we had, it was very evident of the conservation officers, that they were fairly warm. But the people they were rescuing, it was quite evident that they were very close to hypothermia. So another example, 5 or 6 years ago, Lake McConaughy during the 4th of July weekend, the first responders, ambulance crew, paramedics would not respond to a call on the beach unless they have either conservation, conservation officers with them or other law enforcement-- county or State Patrol. So the conservation officers that we have at Game and Parks are truly law enforcement. They're dealing with a separate group of violators, but that does not put them in any less danger. I see my light's on. I'd be happy to answer any questions.

LINEHAN: Thank you, Senator Hughes. Are there questions from the committee? Yeah, Senator Kauth.

KAUTH: Thank you, Chair LInehan. OK, so 2 questions. First, how many potential dependents are there? And the second, are conservation officers armed?

DAN HUGHES: There will be someone behind me to give you a, a firm answer on the number of officers and dependents. And yes, they are armed. You know, in, in thinking about my, my testimony driving in the morning-- and I left pretty early to get here. And, and I'm going to go ahead and say it, because, what the heck? So the conservation officers probably have a-- as high or close to as high a percentage of dealing with individuals who are armed as Omaha Police Department. And that's nothing against Omaha, but there are a lot of guns in Omaha. And-- but virtually everyone that comes in contact with a conservation officer is armed in one way or another. And generally, it's with some sort of firearm. So they, they have a very dangerous job. And we certainly need to offer them the opportunity for advanced education, and certainly for their kids, to provide them some sort of benefit for the service that they provide us.

KAUTH: Thank you.

DAN HUGHES: Um-hum.

LINEHAN: Thank you, Senator Kauth. Are there other questions from the committee? Because they're, they're-- hopefully-- how do I ask this question? A lot of the people they interact with are sportsmen, right?

So by the very nature of being-- if they're their hunting, they're going to have a gun. Got it?

DAN HUGHES: There are--

LINEHAN: Others.

DAN HUGHES: --most-- probably more encounters with campers. But most campers do have protection. And they get out in the wild and somehow, they think the rules don't apply to them on certain instances. So it is imperative that we have well-trained, well-armed, quality individuals and conservation officers. And the Game and Parks Commission has that in spades, right now. And I would certainly hope that we can continue that and provide another incentive to make sure that we've got top quality people protecting our wildlife and the citizens of the state of Nebraska.

KAUTH: Thank you.

LINEHAN: Any other questions? Seeing none, thank you very much.

DAN HUGHES: Thank you.

LINEHAN: Other proponents?

ALEX HASENEUER: Thank you, Senators. My name is Alex Haseneuer. It's A-l-e-x H-a-s-e-n-e-u-e-r, and I represent the Conservation Officers Association of Nebraska. I am a conservation officer for the state of Nebraska. And as it's been brought up, our officers, we are sworn law enforcement officers. We attend the Law Enforcement Training Academy, just as every other sheriff's department, city police department. We go through the exact same training that they do. We also go on even further, to have further specialized training for the fish and game. However, we also do enforce the laws, traffic, criminal. It is very different things that we run into. It's not just the fish and game. There are multiple scenarios that we've had. But we've had-- myself, working McConaughy, because I'm from North Platte, is where I'm based out of so I spend a lot of time at Lake McConaughey. Recently we had to deal with terroristic threats, kidnapping, DUI, drunk driving. We deal with narcotics a lot. Also, we are a smaller agency. We currently have 60 officers. We have 8 vacancies, so we have a total force of 68 officers, is what we have. We are small, but we are very specialized in what we do, and we are very good at what we do. If there's any questions, I'd be willing to answer those.

LINEHAN: Thank you very much. Are there questions from the committee? Senator Bostar.

BOSTAR: Thank you, Chair Linehan. Thank you, sir, for being here. Well, first I just want to say that, you know, as the person who pushed the bill last year, it was our intent to get everybody in that's-- was a-- by using the language "certified law enforcement officer," we thought that that was broad enough. And then only to find out that there were a significant number of gaps in there. And just-- so that I think there's understanding around, so you're classified as a deputy state sheriff. Is that correct?

ALEX HASENEUER: That is correct.

BOSTAR: And so, the deputy state sheriffs don't exist in the same set of statutes as the other certified law enforcement officers do. And that's why, that's why you were omitted. Is that your understanding, as well?

ALEX HASENEUER: Yes-- within that, yes.

BOSTAR: But as far as your qualifications, your training, your, your policing powers and everything else, there is no function difference?

ALEX HASENEUER: No. There is not.

BOSTAR: Thank you very much.

ALEX HASENEUER: Yes.

LINEHAN: Thank you, Senator Bostar. Are there other questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair Linehan. Do you know how many dependents there are? I'm ready to keep asking until I find the person.

ALEX HASENEUER: We have 60-- currently, we have 60 officers. Some of them, we're having a recruitment. We have younger officers. So there are some singles, but we don't know how that will go. So, yeah. I mean, if we have 60, I would just-- I, I don't know exactly. There's some, have other-- more children. I don't know an exact number, but it's.

KAUTH: OK.

ALEX HASENEUER: --not much. Because-- I don't know. 100? 150? I, I don't know, between the children-- I don't remember exactly how many kids everybody's got right off the top of my head.

KAUTH: OK.

ALEX HASENEUER: But like I said, we have 60 officers, so you can do the math, kind of, of what the average would be, from there.

LINEHAN: 2.5.

ALEX HASENEUER: Yeah. Yeah.

LINEHAN: Any other-- yes. Senator Dungan.

DUNGAN: Thank you, Chair Linehan. It just-- again, I don't mean to not phrase this as a question. But just to put it in the record, the fiscal note does talk about how many qualifying individuals there would be. And it says their estimate is 71 total qualifying individuals, so maybe that's estimating more than you currently have. But of that, there is an assumption in the fiscal note that 2% of those will go to college. So it's 2 people.

ALEX HASENEUER: Um-hum.

DUNGAN: And then, they also go further to estimate the amount of children, which I think is at like 28, and then they break that down by age. Ultimately, the fiscal note says, I think there's 3 people--

ALEX HASENEUER: OK.

DUNGAN: --that this ultimately will affect. So we're talking about--

KAUTH: Thank you, Senator.

DUNGAN: --2 potential officers and 1 dependent.

ALEX HASENEUER: OK.

DUNGAN: Does that sound like a reasonable number?

ALEX HASENEUER: I'd say within, within reason, yes.

DUNGAN: OK.

ALEX HASENEUER: Yes, yes.

DUNGAN: So just to make sure it's cleared up.

KAUTH: Thank you.

DUNGAN: It's very, very small number I think we're talking about.

ALEX HASENEUER: Yes.

DUNGAN: So, thank you.

LINEHAN: Thank you Senator Dungan. Any other questions from the committee? Thank you very much for being here.

ALEX HASENEUER: Thank you.

LINEHAN: Appreciate it. Are there other proponents? Good afternoon.

TIMOTHY McCOY: Good afternoon, Chairman Linehan and members of the Revenue Committee. My name is Timothy McCoy, T-i-m-o-t-h-y M-c-C-o-y, and I'm the director of the Nebraska Game and Parks Commission at our agency headquarters here in Lincoln, Nebraska. I'm here testifying on behalf of the entire-- for the Game and Parks Commission on LB1032, in support. We'd like to thank Senator Bostelman for introducing this bill. Our understanding, the understanding of our law enforcement chief who just recently retired in December, was this was a misunderstanding and this was a mistake. And we, we really appreciate Senator Hughes and Senator Bostelman-- Commissioner Hughes, sorry, and Senator Bostelman working on this. In terms of numbers, I did actually have my current acting chief-- mentioned-- I asked him how many, how many, how many of our officers right now probably had kids that could be eligible for this. And he said, I think there's 2 officers right now that have college age students, that would potentially be available for this. Because we have a wide range of officers, and many of them that this won't impact because their kids are out of college. But we do have this as a potential recruitment tool. It would also be very helpful for them-- for some of the morale for our conservation officers, which is really important because they do very important work.

LINEHAN: Thank you. Are there questions from the committee? Seeing none, thank you very much. Good afternoon.

KORBY GILBERTSON: Good afternoon, Chairman Linehan, members of the committee. For the record, my name is Korby Gilbertson. It's K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm appearing today on my own, my own behalf.

[INAUDIBLE]] never used to saying that. I currently sit on the board of the Nebraska Wildlife Protectors Association, which also helps operate Crimestoppers for Wildlife [SIC]. And it's an organization that my father started-- I helped start like 40 years ago. And I grew up around game wardens is what we always called them-- and conservation officers. And I think it is very important for all of you to realize that they don't just check hunting licenses and fishing licenses. And they are the backups and get called on to do a lot of things that we don't even depend on-- we don't even ask police officers to do alone. These ladies and gentlemen spend most of their time alone doing their patrols. They don't have partners to call for backup. They are faced with issues that most of us would never want to be faced with, and they deal with them. So I think it's always easy to say, well, these are conservation officers. They're kind of a different group. But they aren't. They, they aren't. They deal with some very scary situations, and then they also enforce all of our game laws. And so I just wanted to make that point, so you all understand how important they are to the state. As far as I'm concerned, I've never understood why they're classified the way they are. They should be classified the same as a State Patrol officer. They don't get paid as much as state troopers, they don't get the same retirement benefits, and they work their tails off just as much as any other law enforcement officer. So there's my line, and I'll stick to it. I'll be happy to answer any questions.

LINEHAN: Thank you very much. Are there any questions from the committee? Seeing none. Thank you very much--

KORBY GILBERTSON: Thank you.

LINEHAN: --for being here. Are there other proponents? Any other proponents? Are there any opponents? Anyone wanting to testify in the neutral position? Good afternoon.

DAVID SCHMEHL: Senator Linehan and the committee, David Schmehl, D-a-v-i-d S-c-h-m-e-h-l. I'm a deputy state sheriff for the Department of Revenue, but I'm representing myself here today. I support the proponents here wholeheartedly. But just to give you some background, as a special deputy state sheriff, for my particular role, I, as well as many of my, my fellow officers here were denied, based on one basis and one basis only, which is that my agency is not the State Patrol, but I do work for the state. I have the same exact credentials as does all of the state deputies of the state of Nebraska. We're state deputy sheriffs. We have to be certified. We have to attend the same training. And much like our conservation officers, all of the state deputies have what we call specialized training. Mine is in revenue, gaming and lottery. You have the motor vehicles, you've got insurance. You've got various committees or various commissions around the state. They all have these special deputies. And while I support this, the biggest flaw in this particular bill that just needs corrected or possibly redirected to support Senator Bostar's bill, is the section referring to 85-2602, Section 4 [SIC]. In this bill, it just simply adds conservation officers, but then continues to exclude all of the other law enforcement officers that you're state employees to do all these specialized tasks. All of us have the same authorities, same duties, we're just specialized in our each areas. Whereas Senator Bostar's bill, LB1093, actually goes to the general title of what we define as law enforcement in Nebraska, which is defined in 81-1401. Again, why reinvent the wheel when we've already defined it in the state of Nebraska? I'd follow up just with the fact that what most of us were rejected on was 85-2602, Section 5, which is the definition of an agency. And I just simply suggest that we strike that item, as Bostar has placed in his bill.

LINEHAN: Thank you. Are there questions from the committee? Seeing none, thank you for being here. Anyone else wanting to testify in the neutral position? I did have letters for the record: 2 proponents, no opponents, no one in the neutral position. And I think he said he wasn't coming. Oh, he is here. Senator Bostelman, would you like to close?

BOSTELMAN: Thank you. A little rushed today, back and forth, but I did get to closing over there. So I get to close over here, too. What a deal. One thing I'll say is the cons-- our game wardens, our conservation officers wear the badge, wear the uniform, wear the bullet proof vests. They're in the field every day. Every day, they're out there. My neighbor's here, Mark Sullivan. He's a game warden. I've known him for a long time. He was a firefighter before that. They're out in the field every day, talking to people one on one, a little bit different than some of these other-- maybe, some of the others. And I just take that into consideration. A couple of years ago, I was driving up Highway 77, and where the Ceresco road-- not the Ceresco road, the Ashland Road and 77 meet. Came over the hill, and there's a T-bone accident there. Serious accident. There's a loss of life there. I came up on it. The person who came over the hill, that directed traffic, that stopped traffic, that rendered aid, guess who that was? Conservation officer. They're out in the field, dealing with us one on one every single day. So I just ask for your green vote and your support on LB1032. Thank you.

LINEHAN: Thank you, Senator Bostelman. Any questions from the committee? You don't have a-- do you have a priority or way to get this--

BOSTELMAN: No.

LINEHAN: --on the schedule? OK. All right. Well, we can work on that.

BOSTELMAN: Thank you.

LINEHAN: OK. Thank you very much for being here. With that, we'll close the hearing on LB1032, and open the hearing on Senator Bostar's LB1218. Good afternoon.

BOSTAR: Hello. Good afternoon, Chair Linehan, fellow members of the Revenue Committee. For the record, my name is Eliot Bostar. That's E-l-i-o-t B-o-s-t-a-r, representing Legislative District 29. I'm here today to present LB1218, legislation to establish, to establish an excise tax on electric energy used at commercial electric vehicle charging stations, make federal dollars accessible to the state of Nebraska for electric vehicle infrastructure through the National Electric Vehicle Infrastructure Formula Program, and establish regulations for the construction and operation of commercial electric vehicle charging stations. As more drivers switch from traditional fuel vehicles, such as gasoline and diesel, to plug-in hybrids and electric vehicles, the revenue collected by the state from the fuel tax continues to decline. This shift has led to decreased funds available for road maintenance and transportation infrastructure. Electric vehicle owners create normal wear and tear on our roads like any other driver, but currently only contribute to road infrastructure funding through vehicle registration fees. LB1218 levies an excise tax of $0.03 per kilowatt hour on the electric energy used to charge the battery of a motor vehicle at a commercial electric vehicle charging station. This change means that drivers of electric vehicles will contribute to infrastructure funding based on the amount of energy they consume, similar to drivers of traditional fuel vehicles. LB1218 also establishes that electricity may be sold specifically for the purpose of charging electric vehicles on the basis of kilowatt hours consumed. Under this legislation, gas stations and other private providers of vehicle fuel would be able to sell electricity for the purpose of powering electric vehicles. This is an essential change, as it brings Nebraska statute in line with federal requirements to receive federal dollars from the National Electric Vehicle Infrastructure Formula Program, commonly referred to as the NEVI Formula. Through the NEVI Formula, the federal government has made available $5 billion to states from fiscal year 2022 through fiscal year 2026. These dollars are to be utilized to deploy electric vehicle charging infrastructure and to establish an interconnected national network to facilitate station data collection, access, and reliability. NEVI funds can be used for the acquisition, installation, network connection, operation, and maintenance of electric vehicle charging stations, as well as long-term electric vehicle charging station data sharing. The U.S. Federal Highway Administration estimates that Nebraska is eligible for approximately $30,214,832 in NEVI funding. Without the passage of LB1218, this money will not be available to the state of Nebraska and our state will not enjoy the opportunity to enhance our transportation infrastructure. LB1218 stipulates that the public-- that a public entity electric supplier, such as a public power district, prior to beginning construction of a direct current fast-charging station, shall provide the private sector the opportunity to a right of first refusal to construct and operate a direct current fast-charging station. At least 90 days prior to beginning construction of a direct current fast-charging station, the public entity shall publish notice in a newspaper of general circulation in the county where the charging station will be located, as well as on its website. The notice shall contain the construction date, the location, the electric supplier's mailing address and email address, and the method by which a private direct current fast-charging station operator may notify the public entity that they plan to provide a charging station within 15 miles of the proposed construction location. If a private sector supplier asserts their right of first refusal, the public entity should not construct the charging station. If no right of first refusal is asserted or if a private supplier asserts their right but no charging station is constructed within 18 months, the public entity may proceed with construction of the direct current fast-charging station at the proposed location. This allows both public and private entities the opportunity to own and operate direct current fast-charging stations in order to expedite development. This legislation also includes a requirement that any commercial electric vehicle charging station, funded in whole or in part by state or federal funds, shall only be installed by an installer who has obtained certification from the Electric Vehicle Infrastructure Training Program. The Electric Vehicle Infrastructure Training Program is a brand neutral, nonprofit organization that trains electricians in the maintenance and installation of electric vehicle infrastructure in the United States and Canada. Training includes site assessment, load calculations, national electric code, jobsite safety, and other installation and maintenance best practices. The Electric Vehicle Infrastructure Training Program curriculum was developed in collaboration with industry partners across the automotive, utility and electric vehicle supply equipment manufacturing sectors, as well as industry-related professional associations and educational institutions. These partners include General Motors, General Electric, the National Fire Protection Association, the National Electric [SIC] Contractors Association, Kansas City Power and Light, and Schneider Electric, which operates right here in Lincoln, Nebraska. The Electric Vehicle Infrastructure Training Program certification is the best way to ensure that taxpayer dollars are used to install and maintain electric vehicle infrastructure for delivering safe and quality results across our state. LB1218 changes the tax code so drivers of electric vehicles will contribute to infrastructure funding based on the amount of energy they consume, similar to traditional-- similar to drivers of traditional fuel vehicles. This legislation opens up access to federal dollars that will better-- that will bolster the transportation infrastructure of our state, establishes a framework for both public and private entities to own and operate direct current fast-charging stations, and creates training requirements that will increase quality and safety, any time a state-- anytime state and federal funds are being used to support these projects. With that, I thank you for your time and consideration. I would appreciate your support for legislation, keeping in mind that passage of this legislation is required in order to access any of the federal funds, and this is the session it would need to be passed. I'm happy to answer any questions.

LINEHAN: Thank you, Senator Bostar. Do you have any-- do we have any questions from the committee? Seeing none, you'll be here to close, I assume?

BOSTAR: Why would I leave?

LINEHAN: Proponents. Do we have proponents for LB1218? Good afternoon.

VICKI KRAMER: Good afternoon, Chair Linehan, and members of the Revenue Committee. My name is Vicki Kramer, V-i-c-k-i K-r-a-m-e-r, and I'm the director of the Nebraska Department of Transportation. We come before you today to testify in support of LB1218. Specifically, NDOT supports the portion of this bill found on page 11. That would allow electric vehicle charging operators to sell electricity to consumers, consumers on the basis of the amount of kilowatts per hour they draw from the charging station. The kilowatt, by our provision, represents a shift in the way electric vehicle charging is currently sold in Nebraska, which is by unit of time or how long the vehicle is receiving electricity from the charger. This is problematic for the consumer since different electric vehicle batteries charge at different rates. For example, if one EV car charges faster than another, it would end up paying less in those kilowatts, even if both cars ended up drawing the same amount of kilowatts from the charging station. This problem would be remedied by allowing consumers to be charged according to the actual amount of electricity the consumer consumes. However, Nebraska statute currently only allows public power to charge consumers by unit power. This bill would expand the allowance to operators of commercial electric vehicle chargers. This rea-- the reason the DOT supports this change, is it has to do with, with NEVI, which is what Senator Bostar was speaking of. This program was established by the 2021 Infrastructure Investment and Jobs Act, or IIJA, or Bill, as we call it. It allocates the $5 million-- $5 billion to the states through the EV Electric Vehicle Charging Act, or NEVI. Nebraska has been assigned $30 million in federal fund-- federal formula funding under NEVI, but we're only able to receive this money if we are able to construct the stations compliant with federal laws and regulations. We feel it is important to testify in support of this bill to allow us to unlock those much needed federal funds to build out the NEVI corridors. In February 2023, the Federal Highway Administration announced a requirement that charters funded through the NEVI program must sell electricity to consumers by unit power or kilowatt per hour. As a result, most of the intended recipients of the NEVI funds in Nebraska, such as fuel centers, car dealerships, local governments, etcetera, are unable to receive the funds under current law. We are seeking this change to align Nebraska law with the federal regulation to ensure that operators of electric charging stations can access the NEVI funds. Over the past year, the NDOT has participated in multiple conversations with stakeholders and ultimately, we are neutral towards many of the concepts in LB1218. These issues do not directly impact the NEVI program, which has certain requirements for locations of charging stations. NDOT has also reviewed Senator Erdman's amendment, which was introduced yesterday, and I'd like to briefly comment on it. This amendment would require charging stations and all components funded by the NEVI program to be produced in America. This provision, this provision is already part of the federal Buy America requirements of the NEVI program. We do not believe it is necessary to duplicate federal law with this language, which would cause confusion with 2 overlapping sets of regulations. Additionally, the federal government has some waivers and exemptions of Buy America requirements. We believe these waivers are needed for operators to source all of the components needed to deliver the chargers under the NEVI program and makes sure the use of these federal funds. And as such, would recommend following the existing federal regulations rather than adopting the amendment. NDOT is dedicated to enhancing the quality of life for all Nebraskans through a safe and efficient transportation system. The NEVI program provides federal funds dedicated to the build out of electric vehicle charging stations. The kilowatt by hour technical change, allows NDOT to partner to provide the infrastructure, making the most out of those federal funds and programs available. Thank you for your time, and I'd be happy to answer any questions.

LINEHAN: Thank you very much. Are there questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair Linehan. Can-- OK. Ms. Kramer, can you tell me how much will we be kicking in for that program? We're going to get $30 million, but how much will it cost us?

VICKI KRAMER: It's 80-- it's 80/20.

KAUTH: So they're paying 80% and we're paying 20 or we're paying 80?

VICKI KRAMER: It's 80. It's, it's the same as a formula fund that we typically have for transportation. So the federal component is going to be the 80%. We pay the 20%. So we'll receive over the $30 million in federal funds, and then we'll match it with that 20% of the--

KAUTH: Thank you.

VICKI KRAMER: Um-hum.

LINEHAN: Thank you, Senator Kauth. Other questions from the committee? Seeing none. Thanks very much for being here. Other proponents? Good afternoon.

KATIE WILSON: Hello. Chairwoman Linehan and members of the Revenue Committee, my name is Katie Wilson, K-i-- K-a-t-i-e- W-i-l-s-o-n, and I'm the executive director of the Associated General Contractors of America, Nebraska Chapter, here to testify in support of LB1218 today. I want to thank Senator Bostar for introducing this important bill that prepares Nebraska for the up-- on-coming world where more and more of our vehicles are electric. Electric vehicles are basically freeloaders today when it comes to funding our city and state road needs. They pay no state and federal gas tax and only a minimal increased registration fee. This is why Senators Ricketts and Fischer introduced the federal Stop EV Freeloading Act last year. It is also why we are supporting this bill. Nebraska should be capturing user fee revenue from electric cars 2 two ways. First, for out-of-state vehicles that are traveling on Interstate 80 or other roads traveling through Nebraska, we should be capturing an excise tax much like we capture gas taxes today from gas-powered drivers. Section 5(2) in the bill provides for such an excise tax that would be similar in amount to what the average driver would pay in gas tax. We would also urge the committee to consider adding a provision to the bill that would increase the registration fee that electric vehicles pay. This would ensure that Nebraska residents who charge from home would also be contributing fairly to our infrastructure needs. This is an important bill for the future of our infrastructure in Nebraska, and we would urge the committee to advance it to the floor. I'll take any questions if you have them.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you very much for being here.

KATIE WILSON: Thanks.

LINEHAN: Next proponent.

RANDY GARD: Good afternoon, Chairwoman Linehan and members of the committee. My name is Randy Gard, R-a-n-d-y G-a-r-d, and I am here to testify in support of LB1218, on behalf of the Nebraska Petroleum Marketers and Convenience Store Association and Bosselman Enterprises in Grand Island, Nebraska, where I work as the chief operations officer. Our business is actively exploring electric vehicle fast-charging investment opportunities at our existing fueling locations in Nebraska. I want to thank Senator Bostar for his leadership on this issue. It's been a long process to get to this point, and I have participated in many of the discussions with various stakeholders. EV charging issues are complex and it has been very difficult to balance all the competing interests of all the stakeholders. However, I feel that this bill before you represents a reasonable compromise that clearly defines the guardrails for Nebraska's growing EV charging market. I believe these guardrails will ensure that Nebraska's EV charging market develops with the same robust competition that is defined in the traditional refueling markets for decades. The retail fueling industry is one of the most competitive commodity markets in the country. Retailers fiercely compete, setting their prices to be a penny less than the competition right across the street. This type of competition will be similarly beneficial for the EV charging market. Allowing private businesses to adapt and innovate to offer the best charging experience will lead to the greatest product at the lowest price for our consumers. LB1218 will facilitate this robust competition by addressing key barriers for private investment. One such bar-- barrier that this legislation addresses is a threat of electric utilities passing on costs of installing and operating EV fast chargers broadly to all ratepayers, regardless if they drive an EV. Few retailers simply can't compete with the electric utilities that have access to free capital through captive ratepayers. My business and other fuel retailers see electric utilities as an invaluable partnership for implementing EV charging across the state, and we feel the best way to implement this partner-- partnership is by each group focusing on their core competence-- competencies, in doing what they do best. With electric utilities generating power, delivering that power to end users and fuel retailers focusing on a positive customer experience for recharging. LB1218 will promote this type of partnership while maintaining the ability for utilities to own and operate public EV chargers in the areas that the private market no longer can reach or, or do not plan to serve. The, the legislation also, that you've heard before, includes a first right of refusal for a 90-day period, establishing a level playing field to ensure Nebraska's EV charging market in a way that doesn't place a cost burden on utility ratepayers, many of them who do not even own an EV. So on behalf of Bosselman Enterprises and the NPCA, I urge you to support private investment and free competition and vote yes for LB1218. Thank you--

LINEHAN: Thank you very much.

RANDY GARD: --and I'd be happy to answer any questions.

LINEHAN: Thank you. Are there questions from the committee? Seeing none, thank you very much for being here. Next proponent. Good afternoon.

NICK STEINGART: Good afternoon, Chair Linehan and members of the Revenue Committee. My name is Nick Steingart, N-i-c-k S-t-e-i-n-g-a-r-t. I'm here on behalf of the Alliance for Automotive Innovation, in support of LB18 [SIC], with 1 suggestion for a technical amendment. Our association's engagement on this bill has largely been on this piece of, you know, figuring out how much EV drivers should pay and contribute to fund, you know, their road usage here in Nebraska. I know there's been a lot of discussion previously about, you know, raising the EV fee that's already in place, though that's not in the bill so I'm largely focusing my comments on the kilowatt hour tax. A common refrain that we've heard in Nebraska and in other states is, you know, OK, we have an EV fee. That captures, you know, drivers who are registered here in the state. But how do we capture people who are traveling through or visiting from out of state? And while it's not a perfect system, we think that a kilowatt hour tax limited to DC fast chargers is the best way to do this. This ensures, again, that the tax collection is, is largely limited, although you will have in-state drivers who certainly charge up at a DC fast-charging station as well, but it makes sure it's really focused on, on out-of-state travelers and, and those traveling through the state, as well as, of course, delivering the benefit of raising additional revenue for the state. Our concern is on of-- you know, we just want to avoid the situation where you have someone who has an EV. They charge at home. They-- or they don't charge at home. They don't have an access to a home charger, you know, so-- which forces them to maybe charge at a workplace or a grocery store while they're around town, which is most likely to be a level 2-- 2 charger. Which brings me to our suggested amendment. We had a good conversation with Senator Bostar this morning about this, as well as previously, about his intent, intent to limit this to DC fast chargers. So I-- hopefully, it won't be too controversial. But, this is on page 8, line 27, with the application of the kilowatt hour tax, and just tightening the definition around EV charging stations. And again, the main purpose of this is to make sure that those drivers already paying the EV fee are not paying significantly more, unless they're traveling across the state or they elect to, to have the convenience of filling up quickly, at a DC fast-charging station. And of course, they are already paying the EV fee, so it's not like, you know, they're getting away with something for free, as well. So I will wrap up my testimony there. Appreciate the, the deliberation of this committee and Senator Bostar for taking our minor suggestion into consideration, and happy to take any questions.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you for being here.

NICK STEINGART: Thank you very much.

LINEHAN: Are there other proponents? Good afternoon.

MARY VAGGALIS: Good afternoon, Chair Linehan and members of the Revenue Committee. My name is Mary Vaggalis, M-a-r-y V as in Victor, a-g-g-a-l-i-s, and I'm here today in support of LB1218, as a registered lobbyist for Tesla. Last year, Tesla sold over 1.8 million electric vehicles, or EVs, and installed over 50,000 superchargers globally, to date. Tesla has 8 supercharger sites in Nebraska with a total of 67 charging stalls, and has plans to expand to 21 sites with 171 stalls. In recent months, Tesla has also been working with other automotive manufacturers to increase access to its charging network for other EV owners. LB1218 does a few important things. First, Section 7 of the bill allows charging providers to bill customers on a kilowatt per hour basis, which will allow private entities like Tesla to access the NEVI funding program to continue expanding Nebraska's charging network. Access to charging is an important component of EV ownership, particularly outside of large urban areas. Second, Section 5 of the bill delays implementation of the commercial charging excise tax until 2028. It is important that the state be equipped to ensure proper tax assessments. Gas pumps are required to include [INAUDIBLE] technology, which is periodically checked by the Department of Agriculture's Weights and Measures program, as a consumer protection matter. However, DC fast-charging metering standards are still under development nationally. In July 2022, the National Conference of Weights and Measures voted to exempt DC fast-charging from various code provisions until '28, given field testing is not yet scalable and is technically extremely challenging. Delaying implementation of Nebraska's tax will ensure a fair assessment when the time is right. On the topic of commercial charging excise tax, Tesla offers the same recommendation as the Alliance, to limit the excise tax to only DC fast-charging and exclude level 1 and level 2 charging stations. Many level 1 and 2 charging operators, such as hotels and restaurants, offer charging as an ancillary to-- but-- amenity for an otherwise unrelated business. These businesses may not be in a position to navigate the metering and accounting requirements for the commercial charging tax, which could cause them to remove their charging stations, which of course, harms the network. Finally, LB1218 allows EV charging providers to pair charging stations with battery storage, which should help mitigate the impact of increasing energy demands that can hit during peak periods. Allowing batteries to capture and store energy during periods of low use can decrease costs for charging customers as well as broader utility rates, and will also reduce the need for public power to expand capacity as EV adoption grows, and we appreciate public power working with us on this issue. Lastly, I'd like to briefly express Tesla's concerns with Senator Erdman's amendment, which was filed yesterday. Requiring all components of a charging station to be produced and manufactured in the US does not align with the Buy America requirements of the NEVI program. The amendment's broad requirement is likely to exclude all current U.S manufacturers, including Tesla, which proudly manufactures their supercharger equipment at their Gigafactory in Buffalo, New York. In closing, I'd just like to thank Senator Bostar for his work, as well as all the various stakeholders that have been part of the discussion. We look forward to be continuing to be part of the solution.

LINEHAN: Thank you. Are there questions from the committee? Seeing none, thank you very much for being here.

MARY VAGGALIS: Thank you.

LINEHAN: Proponents? Good afternoon.

ANSLEY FELLERS: Good afternoon. Thank you, Chairwoman and members of the Revenue Committee. My name is Ansley Fellers, A-n-s-l-e-y F-e-l-l-e-r-s, and I'm here on behalf of the Nebraska Grocery Industry Association as well as the Nebraska Retail Federation, testifying in support of LB1218, and thank Senator Bostar for getting this bill where it is today. Senator Bostar has addressed many of our concerns, primarily related to competition from public power when it comes to retailing electricity as fuel. We wanted to get to a point where the private sector has some amount of certainty that the public power will not utilize its obvious advantages to unfairly compete against the private sector for fast charging. While opponents might not agree, from our perspective, no one around the negotiating table got everything they wanted. For instance, in a perfect world, this bill would also require that a utility recover its investment cost, create EV-specific rates, and expedite the interconnection of charging stations, entry and investments in the utility side, like a transformer and line extension, as distribution infrastructure funded by the utility. However, providing language related to a right of refusal is a step in the right direction, and allowing electricity to be sold by the kilowatt hour is vital. For those reasons, it's worth advancing LB1218 as written and allowing Nebraska to accept and deploy NEVI funds. Thank you for your time. I'd be happy to answer any questions.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you very much. Next proponent. Don't argue, just--

JOHN NEBEL: Good afternoon.

LINEHAN: --good afternoon.

JOHN NEBEL: John Nebel, J-o-h-n N-e-b-e-l. I'm president of the Nebraska State Council of Electrical Workers, representing over 5,000 electricians and their families in Nebraska. Our part in this bill is, basically, I just wanted to talk about the EVITP certifications. Senator Bostar did a great job of laying out what that program is all about. And I just want to talk about a little bit of the importance of it and how it's got continuing education requirements in it. The certifications only last 3 years. And I think everybody in here would know that they'd rather wait for 4 minutes at a gas pump than 40 minutes at a charging station. So I think the industry is going to change pretty rapidly as we start to build out all of this infrastructure, and it's in our best interests to make sure that the electricians installing all this have the most up-to-date training possible. So that's why I think EVITP is the most critical portion of, of that certification for that build out. And I do know that there were some questions on is this the standard, the federally, federally recognized standard? On the back of the handout, it is the section I-- section that I cropped from the final rule last March, from NEVI, stating that this would be the federally recognized program in the industry, so it would bring us in compliance with any federal funds that would go to the build out. So with that, any questions, I'd be happy to answer.

LINEHAN: Thank you very much. Are there any questions from the committee? Senator von Gillern.

von GILLERN: Yeah. Thank you for being here today, for your testimony.

JOHN NEBEL: You bet.

von GILLERN: The-- and this is a program I'm not familiar with, so just some questions as I'm trying to get caught up here. Who provides the EVITP training and certifications?

JOHN NEBEL: It's a-- EVITP is the, is the-- is a program that was developed. It's something-- it's a voluntary thing that we kind of-- if you have the ability to train people on it, you can, you can get the standards and the program and train people.

von GILLERN: So what organizations provide that training?

JOHN NEBEL: Right now, IBEW does, and I'm not sure who else does in the state, but it's, it's open to everybody. I do know that.

von GILLERN: OK. Do any of the-- none of the community colleges or the ABC or anybody provides that training that you know of?

JOHN NEBEL: I'm not sure of that. No.

von GILLERN: OK. All right. Thank you.

JOHN NEBEL: Um-hum.

LINEHAN: Thank you, Senator von Gillern. Other questions from the committee? Seeing none, thank you very much for being here.

JOHN NEBEL: You're welcome.

LINEHAN: Good afternoon.

MICK MINES: Senator Linehan, good afternoon. My name is Mick Mines, M-i-c-k M-i-n-e-s. I'm a registered lobbyist representing Renewable Fuels Nebraska. We're going to think about charging vehicles a little differently. We do support LB1218. And, and the, the bill deems commercial vehicle charging stations as equipment designed to provide electricity for a fee for charging an electric vehicle or a plug-in hybrid electric vehicle, including an electric vehicle direct current charger or a super fast charger, or any successor technologies and all components thereof. Renewable Fuels Nebraska's 24 plants produce nearly 2.2 billion gallons of gas-- of ethanol each year. I'm here because of that successor technology and all components thereof. We all see the increased deployment of commercially powered EV charging stations, though we may not see the deployment of EV charging stations powered by ethanol. Think of it as ethanol to electrons as a means of ethanol participating in the future of electric vehicles. For an EV future to work, there are 2 significant issues: Deployment or the buildout of charging stations and hard-wired infrastructure. Today's technology util-- utilizing ethanol-powered mobile or temporary fast-charging stations that charge by the kilowatt hour and can be dropped anywhere alongside the road. They're either on or they're off. When someone needs to charge and that electric charger is being operated, using ethanol as the energy source, we think this is a much faster and better approach. We urge you to support ethanol to electrons and advance LB1218. Thank you. I'm pleased to answer any questions.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none. Thank you very much for being here. Are there other proponents?

THOMAS MOHNING: Good afternoon, Senator Linehan, again, and the committee, I want to talk to you. And actually, all the people that have come here, haven't said one thing that I'm going to tell you, I'm an EV owner.

LINEHAN: You just need to tell me your name again, for the record.

THOMAS MOHNING: I'm sorry. Thomas Mohning, T-h-o-m-a-s, Mohning, M-o-h-n-i-n-g.

Go ahead.

And as a NEVI owner, I've heard a lot of comments here that are going to change a few things of what I have to say. I had this speech written out, but now I'm going to change it. First of all, I agree with the excise tax. I, I think it's the right thing to do. Yesterday, in Omaha, I plugged in, took me 30 minutes. I got 25 kilowatts of energy. I watched a gentleman from Oregon plug in his great big Hummer EV. He put in 130 kilowatts of energy in 30 minutes. So changing how we bill versus time-- so he paid the same as I did. So changing the bill to where they can-- Electrify America, ChargePoint and these other committees [SIC] can actually charge kilowatt hours-- will generate the revenue for the state. Now I'm in favor of that, but I have an exemption. Nebraska taxpayers shouldn't pay it. And here's why. Everybody here thinks that the only registration fee that Nebraska EV players pay is the $75 fee, which is true. But, let me get to my notes now. People will agree that gas-- comparable gasoline vehicles are cheaper than EVs. When I bought my-- my dealer told me that a comparable gasoline vehicle compared to my EV would cost 10-- would cost $13,000 less. For what the numbers I'm going to quote you, I just use the number $10,000, OK, as a reference. Now, I understand that some cars will be different than that, but that's what I have. OK. So let's break it down. When I registered my EV, that means I paid $700 more in sales tax. OK, now add $550 to the state and $150 to our city. My EV was a 51-- about $52,000. A $10,000 less EV-- so in addition, I'm going to pay $1,290 in motor vehicle tax in the next 10 years. So if you take that into account, the sales tax, the EV registration fee, and the vehicle tax, I'm going to pay an average of $274 a year for the next 10 years, just because I chose to drove an EV-- drive an EV. [INAUDIBLE] fees that I collect. OK, that's fees that the cities, states, and all get. Now, what I propose is maybe this committee looks at taking a percentage of that revenue from the E-- from all those fees and giving it to the roads department. That would reflect the true cost of what EV owners are doing. Now I've heard lots of people-- the excise tax for your large chargers, 90% of the EV people charge at home. Where are you going to get that revenue? By using this portion of it, you're not penalizing EV people by raising the fees, but you're "recoupering" some of the costs to pay for the roads, which is, in general, what we want to do with this bill, is it not, is actually get the revenues up. And I agree. We should be paying more. We should be paying-- EV owners. If you take the $75 fee only, I made out last year. I drove over 15,000 miles with my EV and that doesn't come out the same, compared to a 30-mile-per-gallon vehicle.

LINEHAN: Thank you. Thank you. Are there any questions from the committee? Seeing none, thank you for being here. Appreciate it.

THOMAS MOHNING: Thank you.

LINEHAN: Are there other proponents? Are there any other proponents? Are there any opponents? Good afternoon.

EMEKA ANYANWU: Good afternoon. Chair Linehan and members of the committee, good afternoon. Thank you for having me here today. My name is Emeka Anyanwu, E-m-e-k-a A-n-y-a-n-w-u. I am the chief executive officer at Lincoln Electric System, and here today testifying on behalf of our utility. And I want to start by thanking Senator Bostar and the committee for taking up this important conversation, obviously, that relates to our industry, to LES and the communities we serve. I have nearly 22 years in utility operations, have spent most of the last 6 years working closely with and around electric transportation policy at another utility in one of the fastest growing markets in the United States, in Seattle. So very familiar with electric transportation and the transition and the policy around it. And including-- included in that was a lot of partnership with the priv-- private sector, private sector providers. So, LES-- at LES, we've determined that this bill and specifically Section 8, that provides for the right of first refusal, interferes with our service mission to our customers, and unfairly and unnecessarily carves out an advantage for 2 for-profit EV charging providers. So we are proposed

[SIC] to, specifically, to LB1218 and that, that provision of it. To start, public power is based on a model of service to our communities. We have an obligation to serve, which means we work to ensure everybody has access to affordable, reliable, and safe electricity. Not-for-profit also means that we focus on providing electricity services our communities need without needing profit upside as a motivation. As such, our focus is on affordable and safe and equitable provision of service to our customers, without the complication of the, sort of, overhead costs of profit margins. Providing electric energy service is our business. Provision of EV charging is aligned with the services we currently provide. We have skilled staff processes and procedures that make us more than well-equipped to handle this kind of service to our customers. You know, DC fast chargers are not particularly special in that way. We reject the idea that the private sector can do it better than we can. We are trusted energy providers for our communities that we serve, and we have relationships with customers that give them confidence in our services. And we're also subject to public scrutiny, which, certainly none of the private sector providers are subject to, in terms of their-- the quality of their service. Right of first refusal compromises timely and equitable access to electric charging facilities. We have a responsibility to communities that we serve to shape the form of our services to reflect the changing needs of our customers in our communities. And as electric vehicle adoption increases, that conveys to us a responsibility to meet that, that need. Finally, the 90-day period and the 18-month sort of delay represent an unnecessary administrative cost and burden, in terms of the notification, as well as delay in service to our customers. So, in closing, LES is proud to have been a community asset for-- and we want to continue that tradition, which is obviously a long tradition in the state of Nebraska. This bill restricts our ability to leverage our community asset, which is our utility, in service to our communities, and does so to the unearned economic advantage of private operators. So we support sensible and community-focused EV charging access and believe this bill represents a needless obstruction of our cities and our utilities' efforts to achieve this outcome. And with that, I'll answer any questions you may have.

LINEHAN: Thank you very much. Are there any questions from the committee? Seeing none, thank you very much for being here.

EMEKA ANYANWU: Thank you.

LINEHAN: Are there other pro-- opponents? Good afternoon.

JAMES DUKESHERER: Good afternoon, Chairwoman, committee members. My name is James Dukesherer, J-a-m-e-s D-u-k-e-s-h-e-r-e-r. I'm the director of government relations for the Nebraska Rural Electric Association. I'm testifying on behalf of our 34 rural public power districts and electric cooperatives. I'm also testifying on behalf of the Nebraska Power Association. The NPA represents all of Nebraska's electric utilities, more than 165 of them. Our opposition today is not entire-- to the entirety of LB1218, but specifically to Section 8 of the bill, starting on page 12. Last year, prior to the 2023 legislative session, Public Power was approached and asked if we would help draft language to allow our electric vehicle charging station operators to sell electricity in our state by the kilowatt hour. Currently, only public power is authorized to sell electricity by the kilowatt hour in the state of Nebraska. When asked, we didn't dig in, we didn't become protectionists of our industry, and we didn't say no. We entered into a process with good faith and we produced the language you see in the bill in, in Section 7 right now. It allows these operators to resell electricity at EV charging stations in Nebraska. As soon as the bill was introduced last year, we instantly heard of proposed amendments from the very same entities that have been working with us to draft the original bill. Section 8 says that public power districts can't own and operate one of these fast-charging stations without first obtaining a right of first refusal from any private operator within 15 miles of the proposed charger site, and that has plans to construct a fast-charging station within the next 18 months. We heard testimony about the importance of this bill, about the need for the NEVI funding. What, what we didn't hear was a single instance where a public power utility built an EV charging station across the street from an existing station and undercut their business. This section is a solution in search of a problem. Public power can't-- public power can be a good partner on these projects. We're more than happy to sell these companies the electricity they will need to power these chargers. What we can't do is support a statute that says public power is not allowed to sell electricity in Nebraska without first obtaining permission to do so. Selling electricity is what we do, and it's what we do best. A right of first refusal usually gives the incumbent provider the first right to refuse a project. If anyone should have a right of first refusal, it should be public power providers. We're-- we currently have the right to sell electricity by the kilowatt hour in the state of Nebraska. We're currently eligible for the NEVI funds. There are 256 level 2 DC fast-chargers in Nebraska. These were all successfully installed without a right of first refusal provision that you see in Section 8. We know of no project where public power has somehow undercut a private charging station operator. Quite the opposite. These very same companies that often seek out pub-- often seek out public power to partner with us on these projects. We know no evidence of any problem that would justify this clause in the bill. Removing Section 8 in the bill allows private companies to sell electricity at these charging stations by the kilowatt hour, and they can therefore qualify for the NEVI funds that they desire. It is for these reasons that we ask you to remove Section 8 of the bill before advancing it to the floor. Thank you.

LINEHAN: Thank you. Are there questions from the committee? Seeing none, thank you very much--.

JAMES DUKESHERER: Thank you.

LINEHAN: --for being here. Are there other opponents? Are there any other opponents? Anyone wanting to testify in the neutral position?

DAVID RICH: Good afternoon. I'm David Rich, D-a-v-i-d R-i-c-h, Columbus, Nebraska. Chairman [INAUDIBLE] and members of the committee, thank you for allowing me to testify, Senator Bostar, for introducing this bill. I applaud the excise tax. I test-- testified last year. I was concerned about the raising of the registration fee. I've had an EV for almost 7 years, and I've paid more for a registration tax than I have taxes on my 2 fossil fuel vehicles. It also provides value in collecting revenues from those who travel through the state. I, I would like also, to maybe clarify what I understand under the NEVI bill. The federal pays 80% of that. I believe the owner of that charging station would pay 20%. I don't believe the state has any funds directed towards that. I would also like to suggest 1 small amendment. On page 11, line 13, where it currently states a commercial electric vehicle charging station operator may receive electric energy solely from an electric supplier. Since we do not have retail choice in the state, I think it should be changed to read, the charging station operators shall receive electric energy from the electric supplier with the right to serve. Small details, but there is a difference. There is no retail choice. The electric charging station will take electricity from the utility that has that service territory. I-- that's my testimony. I'd be happy to answer any questions.

LINEHAN: Thank you. Senator von Gillern.

von GILLERN: Thank you for your testimony today. Could you tell us that-- you say you have 2 EVs and your registration fees are higher than your fossil fuel vehicles?

DAVID RICH: I have 1 EV and then 2 fossil fuel.

von GILLERN: Oh, I'm sorry. I, I mis-- misheard you.

DAVID RICH: And so I've--

von GILLERN: And, and remind me, what is the registration fee on the EV?

DAVID RICH: The EV is $75 extra per year for that. I have driven not quite 40,000 miles in that 7 years. So $525 extra for that 40,000 miles works out to be more than what I would be paying for the state tax on the gasoline.

von GILLERN: Oh, OK. So you're on a per mile basis.

DAVID RICH: On a per mile basis. Yes.

von GILLERN: OK. All right. That helps me understand that. Thank you.

LINEHAN: Thank you, Senator von Gillern. Other questions from the committee? Seeing none, thank you very much for being here.

DAVID RICH: Thank you.

LINEHAN: Appreciate it. Others wishing to testify in the neutral position?

TIM TEXEL: Chair Linehan, members of the committee, my name is Tim Texel, T-i-m, last name's T-e-x-e-l, and I'm the executive director and general counsel for the Nebraska Power Review Board. The board is the agency with primary jurisdiction over electric suppliers in Nebraska, and the agency is responsible for protecting the service area rights of electric utilities. The board is neutral on the main provisions of LB1218, but the board does wish to express that it believes it would be good for the Legislature to provide clarity regarding the provision of electricity by private entities through electric vehicle charging stations. Under current law, any person or entity that sells electricity to third parties at wholesale or retail becomes an electric supplier under Neb. Rev. Stat. Section 70-1001.01. Electric suppliers are prohibited from selling electricity inside the retail service area of another electric supplier. And all territory in Nebraska is part of some utility service territory, so it is prohibited for a private entity to sell electricity to third parties. So that was what the PRB was-- the Power Review Board was faced with, with this issue with electric vehicles by third parties selling electricity to charge this-- the cars. And by the-- what we did is we kind of cobbled together something so that they could charge by time instead of by kilowatt hours. So we came up with a way that kind of split the baby and allowed them, private entities to do it. It's not perfect. And as you've heard, this is cumbersome and unwieldy, unwieldy for the private entities. And as Senator Bostar mentioned, it creates problems with the federal funding of this NEVI system. Since it's the board's understanding that most electric utilities are not interested in, by and large, operating EV chargers as, as their main business, it makes sense for the Legislature to clarify some of the rules on this. Three points I want to make very quickly, is 1, there's a potential conflict in 2 definitions. The term commercial electric vehicle charging station operator, on page 9 of the introduced bills, says it's-- that such operators can be political subdivisions of the state. Most electric suppliers in Nebraska are. They are the municipals or public power districts. But LB1218 adds an exception to the definition of the term, electric supplier or supplier of electricity, on page 9. The exception states that electric supplier does not include a commercial electric vehicle charging station operator. So it appears this was designed to exempt private companies. But technically, the definitions, when read together, say that if an electric utility that's operating an EV charging station, it's not an electric supplier. Obviously contradictory. I'll, I'll--

LINEHAN: You can go ahead.

TIM TEXEL: OK. The, the--

LINEHAN: You've got 2, 2 more things, right?

TIM TEXEL: --yes. On the right of first refusal, Section 8 on page 12 of the bill, says an electric supplier can own and operate an EV charger only under certain conditions, but it's not clear how that works when the term electric supplier is defined to not include a commercial electric vehicle charging station operator. So the last point is, there's no specified enforcement entity over this. So by default, the courts would have to be the entity to enforce any provision, right of first refusal or anything else under here. If that's what the committee would prefer, then you don't need to make any change. It's usually cheaper and faster for entities to come to an administrative agency. I'm not here to lobby for more work, but it makes sense, a lot of times, to assign an administrative agency to do that and have the appeals go to the courts, as opposed to take the court's time to do this. And we're more the subject-matter experts, so I wanted to raise those 3 issues. And that's what I had. Thank you.

LINEHAN: Thank you.

TIM TEXEL: And thank you for the additional time, Chairwoman.

LINEHAN: Are there questions from the committee? Seeing none, thank you very much for being here.

TIM TEXEL: Thank you.

LINEHAN: Are there others wanting to testify in the neutral position? We have levers-- letters. We did have letters. We had 2 proponents, 2 opponents and 1 neutral.

BOSTAR: Thank you, Chair Linehan, fellow members of the committee. Been working on this bill a long time.

LINEHAN: Other than last year.

BOSTAR: For those of you who don't recall and for Senator Meyer, who wasn't here last year, we brought an iteration of this bill. And to the committee hearing, I brought an amendment and had it distributed to the committee, that struck all sections of the bill. That's how I was feeling that day about it. There was no agreement that could be reached last year. Things are closer than they were last year now. That's true. But I-- and we committed last year that we would continue to work on it to find something that would work for everybody. That, having now spent another year on this, that's impossible. So we are at the point where we're at the deadline for when we would have to do this in order to effectively have access to the funds, federally. And I don't particularly see a path where everybody is going to be happy. That's, that's just where it is. Yeah. That's the situation. I am glad that we're at the deadline so I don't have to do this again next year. And with that, I'd be happy to answer any further questions.

LINEHAN: Thank you. Are there any questions? Senator von Gillern.

von GILLERN: Yep. Thank you, Senator Bostar, for the work that you've put in on this and clearly, this-- you, you have gained some ground.

So we want to acknowledge that. Thank you. It was entertaining when you struck your own bill last year, but that was interesting as a freshman, trying to figure out how that was all working. But anyway, I, I would-- and, and you can see this comment coming. I would ask you to consider the fact that Nebraska is a right-to-work state.

BOSTAR: Sure.

von GILLERN: And I would want to make sure that anything you do in this bill does not violate that or even imply that favoritism would be given to certain segments of the work population. And particularly, your paragraph 3 of Section 7, which refers to the EVITP training requirement. I would ask and we can have-- certainly have conversations offline. I would ask you to consider striking that from the bill. It's certainly not pertinent to--

BOSTAR: So I, I will--

von GILLERN: --to what you're trying to do.

BOSTAR: There's, there's a number of things in here that aren't strictly pertinent to what's required for us to accomplish this. So I'll say 2 things. One is, it's a little bit of a miracle that things are as put together as they are. It's in a precarious place. The things that are in the bill are in it for reasons. I'll leave that there. But it-- there's a lot in here that doesn't have to be in here to accomplish the, the, the function of just getting NEVI funding, right? I mean, that is a 1-sentence bill. Everything else in here is to try to get to the point where we can pass that 1 sentence. So there's, there's 1 reason. Second is, you know, Schneider Electric, who worked on creating that program, has a, a, a full industrial operation in Legislative District 29, and I'm very proud of having them in my district. And so for that reason as well, it's personally important to me.

von GILLERN: Sure. Yeah. And Schneider has a terrific reputation. I'm sure the training program is terrific. They are signatory to the IBEW. Correct?

BOSTAR: I don't, I don't understand the question.

von GILLERN: I'll withdraw the question.

BOSTAR: OK.

von GILLERN: We'll chat later.

BOSTAR: Sure.

von GILLERN: And as always, I would offer that you certainly could amend my LB205 into the bill, if you'd so prefer, since Senator McDonnell has turned me down on every opportunity. Thank you.

BOSTAR: Thank you.

LINEHAN: Thank you, Senator von Gillern. Senator Albrecht.

ALBRECHT: Thank you, Chair. My apologies for not being here at the beginning. I had other things to attend to, but--

BOSTAR: If you heard the hearing last year, this was roughly similar.

ALBRECHT: I [INAUDIBLE]canceled out, so I'm trying to figure out how much of this is back in and, and-- OK. So the last gentleman, Tim Texel, with the Nebraska Power Review Board, his 3 subject matters--

BOSTAR: Um-hum.

ALBRECHT: --completely not interested in looking at putting a enforcement clause in there, if somebody-- instead of them taking it to court?

BOSTAR: Oh, I don't, I don't know. I, I-- like I said, very little, little pieces of duct tape are holding this together. So, I am certainly willing and, and will go to all the stakeholders, all million stakeholders, apparently, that there are on this issue, and go through what the recommendations were that came out of the hearing. And if there's general agreement on them, great. If it blows up the entire bill, well--

ALBRECHT: Just do it next year?

BOSTAR: Well we can't do it-- I mean, next year is sort of too late.

ALBRECHT: So tell me about-- tell me about this funding. How much is it? And you said we're, we're at the point that we might not be able to receive it because we're not getting this done. How much is it and how would it be distributed? Or is it money that just comes back to the state? Does it go into the project here? What, what [INAUDIBLE] with the money?

BOSTAR: Yeah. So it's, so it's $30 million.

ALBRECHT: OK.

BOSTAR: Part of a federal-- the federal infrastructure program. It involves a match. It's like an 80/20 program. So we, you know, the, the program owner-- well, the, the infrastructure owner, so in this case, electric vehicle charging infrastructure would, would have to put up the 20% to the 80% match. So, it's, it's a, it's a lot of federal funds that Nebraskans have already paid for. You know, we talk a lot about how Nebraska contributes more into federal funding than we get back. Right. And so, this is another example of-- if we're-- if we are unable to figure out how to get this piece done, it'll be $30 million more dollars that we won't see.

ALBRECHT: But again, what it-- 20% comes from those who are putting the [INAUDIBLE]?

BOSTAR: Yeah, that's, that's my understanding of how that--

ALBRECHT: But, but what happens to that other 80%? I mean--

BOSTAR: Comes from the federal government.

ALBRECHT: To do what with?

BOSTAR: To-- sorry. I had that all in my opening-- to, to build out, basically--

ALBRECHT: More stations or--

BOSTAR: --the transportation infrastructure. Yeah.

ALBRECHT: OK. So-- but it doesn't go to our transportation to help with our roads. It simply goes to the EV--

BOSTAR: The Department of Transportation was the first testifier on the bill, talking about why it was important for us to get this, this-- these resources. So they, they, they absolutely have a, a vested interest in seeing us acquire this funding to expand our-- this infrastructure we're talking about.

ALBRECHT: OK. Thank you.

LINEHAN: Thank you, Senator Albrecht. Are there other questions from the committee? I just want to be clear for the record. There's no state funding. We don't have to come up with 20% of the money to get 80% of the money?

BOSTAR: Correct.

LINEHAN: That money comes from private industry or the electric-- it's not state funding.

BOSTAR: It's not the-- it's not the state.

LINEHAN: And the reason the Department of Revenue, Department of Revenue-- Department of Roads supported it is because this is a way we can generate funding through these charging vehicles. Your point is to generate funding for roads because they're not paying gas taxes, therefore, using the roads without paying the excise tax.

BOSTAR: Yep. We're doing a lot of-- a lot of things are being solved in the bill and that's how it has come together, mostly with people on board. Obviously, Public Power is not. But, but every one of those components has contributed to-- there's no excess in the bill. Right. There-- we are where we are.

LINEHAN: And Public Power doesn't like it because of the first right of refusal.

BOSTAR: That's correct.

LINEHAN: OK. Any other questions from the committee? Seeing none, that we'll bring our hearing to a close--

BOSTAR: Thank you very much.

LINEHAN: --on LB1218. And we will open the hearing on LB853, Senator Jacobson.

von GILLERN: Yeah, it was just doing that math myself.

LINEHAN: Good afternoon.

JACOBSON: Hey. Good afternoon, Chair Linehan and members of the Revenue Committee. My name is Mike Jacobson, M-i-k-e J-a-c-o-b-s-o-n. I'm District 42 state senator. I'm happy to be here today to introduce LB853. I think as all of us know, property taxes are a problem. And I know this committee is focused on what we can do there, along with another-- a huge package of tax issues, spending the last summer working with the Governor. Clearly, the Governor is focused on how do we reduce property taxes. You've got a daunting task in terms of coming up with right answers. What I want to focus on today and what LB853 focuses on is a start. It's a start to how do we reduce property taxes for the most vulnerable population in Nebraska, who are in danger of losing their homes because of the escalation in values and consequently, the challenges of property taxes going higher. And that-- those populations are the retirees, many of whom are living on one Social Security income and potentially some savings, and veterans, disabled veterans in particular. So that's what the bill is really about. I could read you the testimony, but I'm going to just give you the highlights, because I know you've been here a long time today and you'd be anxious to get out of here. So-- and I always know that Senator Linehan always appreciates brevity. So what this bill does is really, it does a couple of things. It eliminates the brackets for income, which is complicated for people to understand. And it comes up with one single income level for either households or individuals, and that-- for those that are over age 65. The numbers that we'd selected was, it would be for those over 65 and veterans, it would be $75,000 or an income of $60,000 per individual. So household income, 75, 60,000 per individual. To put this in perspective, the latest data from the Census Bureau shows that the average inflation adjusted household income in Nebraska is $95,547, and median inflation adjusted household income is $71,000-- $720,000. I'd also say that according to the latest data from the St. Louis Federal Reserve Bank, per capita personal inflation adjusted income in Nebraska is $64,268. This is they-- that they-- so this, basically what we're trying to do is focus on those people that are under the average, under the median income, that are over 65, in that particular segment. We're also looking at valuations. Valuations are a problem because right now, the valuation essentially is 2.5 times the average home value in the county. In Lincoln and Omaha, that's not a big problem. But you get out west and you're getting, getting into the rural areas, that number can be fairly low. I'm going to give you an example of a, of a, of a, of a retired individual. She lost her husband. The two of them were on their social-- living off of Social Security and some other savings. She bought a home or they bought a home that's been their home for several decades, out at Lake Maloney, south of the-- south of North Platte. They're on the water, but it-- their home is assessed at $82,000. However, because of the demand for lots at Lake Maloney, the tax-assessed value of the land, which, by the way, is owned by NPPD and leased to the homeowners, is $350,000, according to the last valuation. Needless to say, she no longer qualifies for a homestead exemption, where she had a full homestead exemption now-- or before. She lost her husband, so now she's living off of her income. She can't afford it. This is the home that they've lived in most of their adult lives, married lives. And she's going to have to sell the house if she can't see some changes in the homestead exemption. So what we're-- what, what I'm proposing in the bill is to move the home-- maximum home value to 3.5 times, or 350-- $350,000, whichever is greater- or excuse me, $300,000, whichever is greater. The other thing I'm proposing to do in this bill is to, to direct toward-- be directed towards veterans. Currently, you must be 100% disabled as a veteran to qualify as a standalone as a veteran. What this bill would do would be to graduate that to where you would be receiving a homestead exemption equal to the percentage of disability. So if you're 50% disabled, you get a 50% exemption, 25%, 70%. Your, your, your exemption would be equal to that percentage of disability. You have to qualify for one or the other. There are several other exemptions that are out there. But basically, what we're doing is we're cleaning up the maximum income, the maximum home value, and we're graduating the scale for veterans. And with that, I'll just end my opening, and stand for any questions.

LINEHAN: Thank you very much. Senator Kauth.

KAUTH: Thank you, Chair LInehan. Senator Jacobson, when you talk about veteran disability, that's based on the military's definition of dis-- disability, correct?

JACOBSON: That's correct.

KAUTH: OK. Thank you.

LINEHAN: Thank you, Senator Kauth. Senator von Gillern.

von GILLERN: Thank you, Senator Jacobson. To the same-- a little bit the same point, the-- I lost track of where is going here. On the, on the military--

JACOBSON: It will come to you.

von GILLERN: On the military exemption, the-- to Senator Kauth's point, the military exemption for disability-- and I've got a family member that's partially disabled. It's, it's, it's a different terminology than what we understand as, as disabled. Because I think for-- and, and I'll probably paraphrase this wrong, but it, it means their inability to perform their duties as-- that they had in the military. And we're grateful for their service. And again, I've got a family member that fits this description. The-- for the purposes of the exemption, however, my, my question goes back to-- Senator Raybould had a bill that was similar in nature to this, and, and I was just looking, trying to find it. And that's part of why I'm a little bit confused on my question here. Do you know, do you remember, are your numbers or were her numbers the same as what you're proposing? Have you had any conversation--

JACOBSON: That, that I'm not sure of.

von GILLERN: -- you had any conversations with her about that?

JACOBSON: I have not. And, and I-- frankly, there's no pride of authorship there. My view is no matter what definition we want to use-- the concern that I have is that right now you must be 100% disabled. There are a number of veterans that are 80% disabled. They don't qualify for anything. And, and otherwise, you've got to be over 65. So, so the key here is how do we get those individuals who really can't really go out and get that second job or get-- go get another job, to be able to help make ends meet? So this is a way we reduce it--

von GILLERN: OK.

JACOBSON: --through their homestead exemption.

von GILLERN: And again, I-- forgive me for being a little bit fractured. I'd had some conversations with, with-- I'm-- and it wasn't Senator Raybould. It was Senator Day, now that I think about it. Senator Day,

JACOBSON: Yes. Yes. That would be correct.

von GILLERN: Man, I'm way off on who had authored bills today.

JACOBSON: I think there's 3 bills.

von GILLERN: Getting close to time to go home here.

JACOBSON: That's, that's what I figured.

von GILLERN: Anyway, I had some conversations with her about that and what that dis-- what those disability figures actually look like. So, we'll catch up later on that. Thank you.

JACOBSON: Great. Thank you.

LINEHAN: Other questions from the committee? The fiscal note is kind of high.

JACOBSON: It's a little high. I saw that. I got that fiscal note yesterday. Thank you very much. And then called Fiscal and said you give me the breakdown of what constitutes that number. And no, we don't have that readily available, but we can go find it. So I'm thinking, OK. What's driving the number? Is it the, is it the, the veteran's number? Is it the home value number? Is it, you know-- give me the number that's driving it so that we can make adjustments, and that's not available. So, I'm hoping to get additional numbers. I can certainly provide that to you. Again, there's no pride of authorship. It just-- I just feel like that if we're going to be doing meaningful property tax reduction, being able to do something for the homestead exemption for those more vulnerable people is critically important. And, and that's where I think we need to start. And when you got to figure out a number that works and a number that we can afford, I, I get that. And also keep in mind that for the counties out there, you know, homestead exemption is-- the county will pass that exemption through. And then the state comes in and makes the county whole. So this is a-- it's an appropriation at the state level, because the state is making the counties whole.

LINEHAN: OK. Thank you very much. And you will stay to close?

JACOBSON: I will. Yeah. We'll see how this-- hearings go and if you need the close, but I am mindful of your time. So thank you very much.

LINEHAN: Thank you very much. Proponents. Good afternoon.

DOUG KAGAN: Good afternoon. Doug Kagan, D-o-u-g K-a-g-a-n, Omaha, representing Nebraska Taxpayers for Freedom. We believe that LB853 will stabilize the homestead exemption system. The notion that all retirees have fixed incomes or limited incomes is false. Annual incomes for retirees vary from year to year, as do valuation increases. As retire-- retiree annual incomes vary, a homeowner may qualify one year for a 100% exemption, 60% the next year, and actually zero the following year. This happened to me. One may have an income boost one year plus an inflation spike in home valuation, thereby disallowing a needed homestead exemption. Also, a spike in valuation will erode the property tax credits allowed the senior homeowner. Valuation spikes may prevent such home-- homeowner from making needed repairs or renovations, thereby decreasing home value. Also note that retirees incur higher expenses for health and medical care and insurance. Seniors face financial hardship from inflationary pressures and debilitating illnesses. These circumstances wreak havoc with those attempting to plan finances for the future and plans to remain in their residences. Under the current homestead exemption system, too many retirees lose their beloved homes because of crippling high property valuations and taxes for which they did not plan. The subsequent outmigration of our senior citizens deprives our state economy of their disposable income and continued expertise post-retirement. LB853, with its annual CPI increases, elimination of progressive income brackets, which never were enough, and its neutralizing of valuation disqualifications will allow additional Nebraskans the opportunity to remain homeowners. I want to add this note. Last night I had a call from one of our members. She told me that she is selling her home she's lived in for 56.5 years because she's no longer to get-- eligible for getting her homestead exemption. Thank you.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you very much for being here. Other proponents? Thank you.

DENNIS SCHLEIS: My name is Dennis Schleis, it's D-e-n-n-i-s, Schleis is spelled S-c-h-l-e-i-s. I and my family has lived in our house for 47 years. My wife and I worked all our working lives to maintain our home in good shape. But as retired folks, we feel like our high property taxes make us feel like we are only renting our house from the local property taxing governments. The recent spike in inflation has really put a dent in our savings, and we are living on leaner budgets these days. This proposed bill would definitely help us with a homestead exemption that will allow us to age comfortably in our house without our savings being evaporated. Thank you.

LINEHAN: Thank you very much, Mr. Schleis. Are there questions from the committee? Seeing none, thank you for being here. Are there other proponents? Good afternoon.

JON CANNON: Good afternoon. Chair Linehan, distinguished members of the Revenue Committee, my name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO, which is the Nebraska Association of County Officials. We represent all 93 county governments in Nebraska. I want to thank Senator Jacobson for bringing this bill. We are big fans of the homestead exemption. It-- as Regina Andrijeski, the

Frontier County Assessor, has frequently said, it is the only time people come in the assessor's office and they're happy. It's obviously a very popular program, and I want to talk a little bit about how it works. It's-- the program itself is, is targeted property tax relief for people on a fixed income. That's how it was originally introduced back in the '70s. And so because of that, that's why we have value limits, we have income limits, to make sure that, you know, it really is the, the kind of people that are on that fixed income that, that are, are no longer able to earn as much but now have, you know, the spike in valuations, much like Mr. Kagan said. By the way, this is the fourth bill that he and I are on the same position on, this, this session. And because of that, what, what those income limits should be and what those value limits should be really is within the purview of the Legislature. It's a policy decision that, that you all get to make. Whatever those numbers are, you know, the counties are, are-- we just review what-- whether or not the property is owned and occupied. The Department of Revenue, they're the ones that are going to look at income, as whether or not they qualify on the in-- income basis, as well as on the valuation side. There's a reason that we've had that graduated approach to income limits over time, mostly because of-- I think you see that in the fiscal note. When you have a, a high, high cap on that, that really, you know, sweeps a lot of people up into the net. I'm not advocating for a graduated approach or, or a nongraduated approach, just noting why, why it happens to be there. One thing I will note, though, is that one of the features that we have about the value limits is something that we do not do on the income side. And we, we say that the value limit is a percentage of the average assessed value of single family residential in that county, because we recognize that, that values are going to vary all the way across the state. A-- we used to have-- it used to be a straight $40,000 exemption, and $40,000 of value in Douglas County is slightly different than it is in McPherson. So that's the reason that we have that, that that different approach as far as what we do with valuations. It might not be a bad idea to do the same thing with income limits, because incomes are certainly different when you go across the state. If I am-- if I'm going to, as an employer, I'm going to pay somebody in, in McPherson County, they're going to require less. The market demands less than someone that lives in Douglas County. And that's just-- everyone knows that that's, that's how that works. And so that's just a-- one, one little suggestion. The other thing I want to mention about the homestead exemption that I, I think makes this unique and a very useful tool, as far as what we do with property tax, particularly targeted property tax relief-- I'm out of time. I'll just stop right there.

LINEHAN: Go ahead and finish that--

JON CANNON: All right.

LINEHAN: --that thought

JON CANNON: Yes, ma'am. Thank you. The thing that we appreciate the most about the approach that we have with the homestead exemption is by virtue of the fact that it is a-- it's a reimbursed expense. I mean, obviously, we like the fact that the state pays for it. But what it really does is it is-- the function of it is that it holds down the levy. Whereas ordinarily if you exempt something, the levy goes up to account for the fact that there's a whole bunch of, of value that's been taken off the rolls. What this does, by virtue of the fact that we have to account for the whole levy, that holds the-- and you know, obviously, we're not talking about large swaths of the population, but that holds the levy down. The levy rate does not increase to make up for the exemption. And that's, I, I think, one of the hidden features of the homestead exemption that, that we, we think is, is also a valuable tool when it comes to tax pol-- tax policy. So, happy to take any questions you may have. Thank you very much for your indulgence, ma'am.

LINEHAN: Thank you. Are there any questions from the committee? Senator Meyer.

MEYER: Yes. Thank you. One, one question and I'm not, I'm not sure quite how to frame it, but does the homestead exemption, in your opinion, limit the number of houses that are available in a rural community or in Omaha or Lincoln? Because people who would normally, in, in the life cycle of, of all of us, we move to a different living arrangement. But if some of those people are paying no property tax on whatever the value of the house is, that means there's a, a lower-priced house there, there-- house there that is unavailable, then for a younger couple who need a starter house. So you have this big, kind of build up of no starter homes available, because everybody is staying in their home because they don't have to pay any real estate tax.

JON CANNON: Sure. One of the features that we actually do have written into the homestead exemption program, sir, is that it is-- it can be portable if you transfer, you know, if you transfer residence within the, the taxing year, you can transfer your homestead exemption. Now, if, if I'm living in a $150,000 house and I, I go, you know, purchase a, a mansion, yeah, probably-- I'm probably not gonna have nearly as much value that's going to be transferred with me, but there is a portability aspect to it, sir.

MEYER: I would just say there's a-- unintended consequences all the time for things that we do with good ideas, but there's always unintended consequences. And I think that's one, as we've talked about rural housing.

JON CANNON: Yes, sir. That, that-- certainly a good point.

LINEHAN: Thank you, Senator Meyer. Other questions from the committee? Is there, is there a ideal number that one should pay in property taxes compared to their-- OK, so housing is supposed to be no more than 30% of your income. Isn't that what they usually say? With more than 30%, you've got a, a problem. So is there, is there a number that property taxes on a home shouldn't be more than X percentage of your income?

JON CANNON: I, I, I don't know the answer. I, I-- that's a great question. I, I wish I had an answer. I apologize.

LINEHAN: It would be-- I did-- because I'm sure you're in a lot of associations, right? I think it would be helpful for the committee if we had-- I mean, obviously, if 30%-- no more than 30% of your income should go to housing, the property tax has to be in that, that 30%.

JON CANNON: Sure.

LINEHAN: So-- OK.

JON CANNON: Yeah. No, that-- that's a great question as to what, what portion of the load the property tax should bear on your, on your--

LINEHAN: Income.

JON CANNON: --housing. Yes, ma'am.

LINEHAN: Yeah. OK. Any other questions? Seeing none, thank you for being here.

JON CANNON: Thank you very much.

LINEHAN: Other proponents?

KORBY GILBERTSON: Good afternoon, again, Chairwoman Linehan, members of the committee. For the record, my name is Korby Gilbertson. It's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm appearing today as a registered lobbyist on behalf of the Nebraska Realtors Association in support of LB853. The Nebraska Realtors were very fortunate to be able to have a seat at the table on the Governor's property valuation working group. And I had the great fortune of sitting next to Senator Jacobson at several of those meetings, but I know a number of you were also there. And I think the opening comment that I remember almost every meeting, from the Governor, was I do not want to see one more person have to leave their house because of property taxes. And it was interesting because a number of us kept going homestead exemption, homestead exemption, fix home-- because even if we do a lot of property tax relief through other avenues, there are still people that are going to be tax-- technically taxed out of their homes because of their income varying or different things that happen in your life cycle. So that's why we think this is a good approach and support this piece of legislation. I'll try to answer a couple of questions. Senator Meyer, interesting you say that because that is-- the comment about we need people to move out of their homes so that the young families can have their homes and continue the process of so you downsize and then somebody else can move into your house. Unfortunately, we don't have the housing situations out-- well, anywhere in the state. You all probably got another notice yesterday about yet another long-term care facility closing in Nebraska. There aren't assisted living facilities and nursing homes for people to move into because they're closing. We have a huge care issue out there. So we have a crisis, not only just with housing availability, but then with the-- what normally, we would think of people moving into different types of living situations. And then the question about the-- what percentage would property taxes be of your, of your home, of the cost. And 30% is always the number, but you can't-- it's hard to factor in the number of people that don't necessarily buy within their means. And it's not necessarily the fact-- the fault of the taxes, but perhaps they might have bought a house that was more than what they should have been able to buy, and are now, because of other things, debt and other things that come up, it starts causing a problem. So I think it's-- while it would be nice to have that number, I think that's a hard one to pin down.

LINEHAN: Thank you. Are there questions from the committee? I, I agree with everything that's been said here, but the reality is anybody over

65, maybe they got a really nice house and their income is $100,000. They still have to look at selling their house.

KORBY GILBERTSON: Yeah.

LINEHAN: Because it is such a huge amount of money. So I, I just-- anyway, that was my question, I guess. Any other questions? Thank you very much for being here.

KORBY GILBERTSON: Thank you.

CARTER THIELE: Thank you very much, Chairwoman Linehan, Vice Chairman von Gillern and members of the Revenue Committee. My name is Carter Thiele. That's C-a-r-t-e-r T-h-i-e-l-e, and I am the policy and research coordinator for the Lincoln Independent Business Association. Being very frank, enhancing the homestead exemption is the cornerstone for delivering transformative property tax relief. Nebraska's property tax burden negatively impacts those on fixed incomes and with disabilities. The homestead exemption, a vital instrument for tax relief within these vulnerable groups, is currently underutilized and requires enhancement. LB853 accomplishes this goal. It simplifies the income brackets for those over 65 and veterans, establishing 2 rates, one for married individuals and one for singles. This change ensures that everyone in these groups below the rate will qualify for the full homestead exemption, providing substantial tax relief. Furthermore, LB853 introduces a new formula for valuation limitations which expands the homestead exemption's reach, by setting the limitation as the greater of the 350% of the average home valuation in the county where the property owner resides or a valuation of $300,000. We mitigate, we mitigate the risk of valuation spikes that prevent people from participating in the homestead exemption. It also assists more citizens in smaller counties with lower average valuations to qualify for the homestead exemption. And finally, LB853 recognizes the unique challenges faced by partially disabled veterans by creating a new category for them to receive a homestead exemption based on the percentage of their disability. We at LIBA believe that these improvements to the homestead exemption are the key to providing transformative property tax relief. We urge the Revenue Committee to consider the proposals in LB853, and to collaborate in making Nebraska a more affordable place to live and do business. Thank you for your consideration, and I would be happy to answer any questions.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, thank you very much for being here.

CARTER THIELE: Thank you.

LINEHAN: Are there other proponents? Are there any other proponents? Are there any opponents? Anyone wanting to testify in the neutral position? We did have letters. We had 10 proponents, no opponents, and 1 neutral.

JACOBSON: I'll be very brief on the close. I just want to answer a couple of questions that got raised. Senator von Gillern, I, I did get the answer to your question. VA disability ratings are determined to, quote, reflect the degree to which the condition impairs the veteran's ability to work and function in daily life.

von GILLERN: Thank you.

JACOBSON: And Senator Meyer, I think to your point, one of the real keys that I find and I've seen a lot, really, in, in my involvement on hospital board, is the number of people who are nearing the end of life. And where do they want to be? They want to be in the home that they've been living in for the last decades. And that's the worst part of what we're dealing with today. And this is why I feel so bad for this lady in North Platte, who lost her husband, live in an $82,000 home, but it just happens to be on some expensive property, and she may have to sell it. And yeah, she'll get a chunk of cash, but she's not going to want to move anywhere else. And I'd also tell you that when you start looking at what else is out there, not only is it nursing homes and assisted living, but we also have the federally government-subsidized housing projects, and most of those are income-based. And so, you pay rent based upon a percentage of income, Senator LInehan, as you've alluded, alluded to. I would like to tell you that the percent for homes-- that people are spending on homes for their mortgage payment is 30%, but it's, it's approaching 35 to 40. And right now, the knockouts are if you're hitting 45 on total payments, monthly payments, you're getting knocked out. Those numbers are high, very high. I-- I'm not thrilled about seeing what the, the-- those rates are, but that's, that's what you're starting to see more and more in the industry. But, but, but for whatever it's worth, those, those are some numbers for reference. And I know it's been a long day for you guys. And Senator Dungan, I could start all over and give you my open, but I'm going to work with you one on one. So.

LINEHAN: I-- are there questions from the committee? Because I-- I just have one. I'm trying to figure out the numbers here. But is the $75,000, is that adjusted gross income?

JACOBSON: That's adjusted gross family, family income.

LINEHAN: Family income. And for the 60, it's individual.

JACOBSON: Is an individual.

LINEHAN: OK. I think-- just-- I'm going to ask you to think about this. So people who are retired usually have a-- an ability to adjust their income. Like, they don't take money out of their IRA, or they do take money out of their IRA. I do get to a situation where we've got-- you're pretty financially secure. You've raised the value of the home significantly.

JACOBSON: Right.

LINEHAN: I think that might be why your fiscal-- I don't even know the fiscal note is high enough, frankly, because if you got a-- if I'm-- let's say Mr. Smith is making $85,000 a year. But Mr. Smith can stop taking $10,000 out of his IRA. He's-- so it's-- or $20,000 out.

JACOBSON: Sure.

LINEHAN: And all of a sudden, he's not paying $10,000 in-- a lot of people do that. I mean--

JACOBSON: And I would tell you, Senator Linehan, that, that I tried to stick with what the parameters were out there on the existing homestead exemption, but I'm certainly not opposed to reopening that in terms of other assets. As you well know, when it comes to going into government assistance, you're looking at all assets and other revenue sources. And so we I'm certainly would be open to cleaning up that language in terms of--

LINEHAN: I think there has to be some asset involved.

JACOBSON: --yes. And I don't know that that's a problem. And we could certainly look at that as well. Any asset value outside of the home, might be a good way to look at it. There's a limitation there. It would be something new to the, to the statute, but I think it would, it would be probably well-served to be able to, to confirm that. Then, it would just be a matter for the counties to try to figure out how they're going to confirm that.

LINEHAN: OK.

MEYER: I, I have one more question, if I could.

LINEHAN: Yes.

MEYER: Is there any lookback for assets that people would have, as far as when they've dispersed of them before they claim a homestead exemption? Do you know-- I, I know for a fact there's all kinds of legal gyrations. But since Chairman Linehan brought that up, I guess I'm going to take another step down that road because--

JACOBSON: Yeah.

MEYER: -- you and I both know--

JACOBSON: Yeah.

MEYER: --that that happens, and then the rest of us pay the bill.

JACOBSON: Right. I, I don't disagree with that. Again, I would say to my knowledge, there is no lookback. And again, the-- this bill is really dealing with the parameters that are within the homestead exemption today. But I, I certainly wouldn't be opposed to that consideration, as well. And I'm in full agreement with you. We're not looking for people to game it. We're really trying to work with the people that truly have this need, whether it be veterans or whether it be those over age 65 who are struggling to be able to keep up.

MEYER: OK. Thank you.

LINEHAN: Thank you, Senator Meyer. Any other questions from the committee? Seeing none, thank you very much for being here.

JACOBSON: Thank you.

LINEHAN: With that, we'll open the hearing on LB1050, Senator Wayne. LB1058, I'm sorry. You're cutting taxes.

WAYNE: Thank you, Chairwoman Linehan and members of the Revenue Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. This bill is very simple. LB1058 will remove income taxes from pensions and annuities for those who are 55 years and older. I have introduced similar bills in the past around retirement, such as Social Security, military benefits, and I still push for this idea today. I think personally, maybe the bill should be bigger and include all forms of retirement income, but we'll leave that for another discussion. We are taking it, right now, according to the fiscal note, about $88 million out of our economy. And it's not just anyone we're taking this from, but oftentimes, our retirees. The fiscal note is big, but at the end of the day, you know, we need to shoot big and let's figure out how to solve problems. And one of our problems is we have too many retirees living-- leaving the state. We tax people's incomes, their Social Security, their pensions and annuities. We tax about everything, but who we don't tax as many times is corporations. We have a lot of exemptions in the banking and insurance industry-- is clearly headquartered here for a reason because we don't tax them. But we sure do tax people. Whether it's their property or their income, we tax them, and even their retirement income. To me, this isn't about morality. This is about how do we compete with other states. I said this the other day in Education, the only way we're truly going to provide real property tax relief and real tax relief in general is either to grow this state or figure out how to artificially inflate such things as sales tax. And if you look at the EPIC tax, all it is is us trying to back into a number of what we got to get to remove taxes. And I'm not opposed to that. But if you look at other states like Iowa, the reason their sales tax and their income tax and their property taxes are lower is because they have more people. The question is, how do we grow this state? Well, one of the things we can do is first, by keeping people here. And by keeping people here, we have to look no further than South Dakota and Wyoming who don't have any income tax, but Iowa, South Dakota, Illinois, Oklahoma also don't tax people's Social Security. Iowa and Illinois also don't tax pensions and other retirements like we are doing. So I think there's something that has to be done. And it seems that we have been pushing a lot this year for property tax relief. And I'm a part of that conversation and been before this committee and before other committees talking about property tax relief. But the one thing I will agree with Senator Erdman on, is that we are just talking about a decrease in the increase. And that's just fundamentally true. So maybe property tax relief isn't the best way to grow this state. Maybe it's about investing in people and saving individuals' tax rate. And so I agreed last year with the income tax reduction. And I'm taking it one step further this year by saying maybe we should figure out how to reduce the income on pensions and annuities to keep people who are already here from leaving this state to go somewhere else during their retirement. It's easy to keep family here, keep grandkids here when their grandparents are here. When they're not here, people start looking at maybe we should go live closer to Grandma and Grandpa, who retired in Florida or Texas or Oklahoma, so our kids not only can stay with or have interaction with their grandparents, but that weird, expensive thing called childcare, where maybe grandma and grandpa can help with the kids a little bit here and there. Well, if we push out Grandma and Grandpa because of retirement, then we're also losing that family underneath that level of grandparents. And so I'm saying a part of the conversation, we have to look everywhere, including pensions and annuities. And so, again, this is part of what I've always introduced. In 2017, I introduced to eliminate the Social Security-- tax on Social Security, because-- primarily, because my mom said that's the one thing I have to do if I get down here. So I thank Senator Lindstrom and Senator Linehan for pushing that through, to--least at-- I kind of delivered to my mom on the promise. But other than that, I think we should just look at the whole picture and that's what this bill does, is gives this committee the, the whole picture. So with that, I'll, I'll answer any questions.

LINEHAN: Thank you, Senator Wayne. Are there any questions from the committee? Senator von Gillern.

von GILLERN: Senator Wayne, thanks. I, I appreciate you bringing this. And I think it's in alignment with, as you said, some of the things we've already done regarding Social Security and veterans benefits and so on. I do have-- I do want to ask for one clar-- or make one clarification, and that is that corporations do pay taxes. And when I was running my business, we allowed 30 to 40% every year to pay corporate taxes. And I think the-- if I heard you right, the comment you made is that businesses don't pay taxes, but we sure tax the daylights out of people. So just wanted to clarify there. And if you look at the revenue, the, the income from businesses on-- from a statewide basis, it appears low because most of those are C corps. But most businesses are S corp, which end up getting taxed as an individual, which, I know you already know, but I just wanted to state out loud. So, again, thank you for bringing this.

WAYNE: I didn't hear a question in there, but if I may respond, I'll just, I'll just, I'll just simply--

von GILLERN: Would you like to respond? There's your question.

WAYNE: Yeah. I'll just simply say that at the end of the day, we exempt more than we bring in. So if we exempt more than we bring in, then we're-- those exemptions are for corporations. So we put corporations above people.

von GILLERN: We'll have-- we'll discuss that further over a beer.

LINEHAN: There's-- you're both right.

WAYNE: And that's why we need grandmas and, and parents to stay here, because they make sure-- she's my-- she's the mother of me in the Legislature. She's yelled at, she's yelled at me plenty of times, if you don't know.

von GILLERN: 100% in agreement.

LINEHAN: Senator Meyer.

MEYER: So, so I, I, I could really get behind this if, if-- my farmland is my 401(k), so can I exempt my income-- my rent that I get off of that as income? Would that qualify, you think?

WAYNE: If you can bring an amendment on the floor and I'm happy to support it.

MEYER: It's the same-- it's the same thing. It's just a different form of property.

WAYNE: We'll fig-- I'm, I'm I'm--

MEYER: And my, my kids are all-- they're not going anywhere, so I can't go anywhere.

WAYNE: Understood. This was actually brought to me by a, a, a constituent who was thinking about moving back to Iowa because of this particular issue. And this is the one thing that my parents-- my mom is from Iowa-- brought up over the years, too, is her retire-- Social Security and her retirement, that she can go back to Roth, Iowa and, and save a lot of money.

LINEHAN: Other questions? OK. Does Iowa-- OK, so I am very familiar-- I get called frequently about how Colorado does this. And I think it's something we should look at. Colorado exempts the first $37,000, regardless of where it comes from, of retirement income. So, I think we've probably become unbalanced now because-- and I have military in my family. And, and now we're exempting military and we're exempting Social Security, and then when I-- hopefully, we're fixing the people that we left out of the federal retirement. But that would mean that some people are getting a big exemption and others aren't getting hardly anything. So would you, would you agree that maybe we should go back and just say, here's the number and we don't care where the retirement comes from?

WAYNE: I'd be a-- yes. I'd be OK with that. And even with the military, we exempt one military, but if they're, you know, if they're married and they're working and-- or, or retired, then they're not exempt if they weren't military. So even in the family it causes tax problems. So to answer your question, yes. I think it's simpler, it's cleaner, and it makes accountants probably a little happier.

LINEHAN: That would be one-- once in my life, I hear that I made the accountants happy. They're usually not. Any other questions? OK. You going to stay to close? Well, yeah, because you got the next bill.

WAYNE: I'll waive closing though, unless there's some really important questions for my bill.

LINEHAN: Proponents. Do we have any proponents?

ROBERT M. BELL: Good afternoon, Chairperson Linehan and members of the bank-- of the-- excuse me. Wrong committee-- Revenue committee. My name is Robert M. Bell, last name is spelled B-e-l-l. I'm an executive director and registered lobbyist for the Nebraska Insurance Federation, and I am appearing today in support of LB1058. As a refresher, the Nebraska Insurance Federation is the primary trade association of insurance companies in Nebraska. Currently, the federation consists of 50 member companies and 9 associate members. Member companies write all lines of insurance, including annuities. In fact, Nebraska is a-- has a number of domestic insurers who write annuities, including Pacific Life, Mutual of Omaha, Ameritas, WoodmanLife, MetLife, Midwest Holdings, among others. Financial security for Nebraskans during retirement, it's an important goal and one that the insurance products play an important role in. Annuity products have the ability to provide guarantee, guarantee of lifetime income for retirees. There are many types of annuities available in Nebraska, providing Nebraskans with a variety of options depending on their individual appetite for risk. The Nebraska insurers definitely recommend that Nebraskans visit with a licensed financial advisor and/or insurance agent to determine the best products to meet their needs. The taxation of income payments of an annuity are going to be-- going to depend on many different factors, depending on the consumer's circumstances, the type of annuity, and how the annuity is funded. The members of the federation are currently supportive of any efforts, such as LB1058, that provide tax incentives for Nebraskans to-- so that they can make sound, long-term, and prudent decisions related to financial security, such as purchase of annuities. For this reason, the Nebraska Insurance Federation supports LB1058. Do appreciate the opportunity to provide this perspective, talk about annuities, and appreciate Senator Wayne bringing this bill. I, I don't think I've ever testified in support of Senator Wayne's bill before. So I want-- so I wanted to check that one off the box before he's term-limited out of here. So, happy to answer any questions. Thank you very much.

LINEHAN: Thank you, Mr. Bell. Are there any questions from the committee? Seeing none, thank you very much.

ROBERT M. BELL: You're welcome.

LINEHAN: Are there any other proponents? Are there any opponents? Anyone wants to testify in the neutral position? We do have letters. We have 3 proponents, 2 opponents and no one neutral. OpenSky is against you.

WAYNE: OpenSky is against us? Oh, that's one more reason to vote for it. I didn't say that, but I know it's my last year. I just want to say real quick, the Insurance Federations is for one of my bills. It has to be a great bill because they've never supported anything that I've done in 7 years. So for that reason alone, you should kick it out. There's no other reason needed.

LINEHAN: Is there a reason you picked 55? Fifty-five is kind of young in today's world.

WAYNE: It is. We can go 65. I'm amenable to anything.

LINEHAN: OK. That's good you are. All right. Any other questions from the committee? Seeing none, thank you very much. And now we'll open the hearing on LB1341.

WAYNE: Thank you, Chairwoman Linehan and members of the Revenue Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. This bill is really simple. It adds a sales tax increase to hemp products in Nebraska. This sales tax would add an extra 2%. I think for this committee, we should go 10%. That way, another 2% can go in the General Fund. And then the 2% that I've outlined should go to where I've outlined it to go to, which is for PTSD. Last year, I brought a bill on PTSD that costs roughly $10-15 million. And part of it was the funding wasn't there, so I sat out and looked at a creative way to come up with one. And one of them is using consumable hemp products, which currently do not have a special tax. And they should. When you-- there's been a bill already here on vaping, which is similar, but hemp is completely different. And so when I think when we talk about hemp products in general, I think a 10% if-- which is an additional 2% or additional 2.5% of what I've already said, is OK. So 2% being siphoned off the top is not even close enough to what we would need to do with PTSD. In America, roughly 1 in 13 Americans develop some type of PTSD during their life. And that means around 12 million people right now in this country is suffering from PTSD-- usually goes largely undetected and largely unnoticed until they are often involved with law enforcement. So what that means is 1 in-- 1 in 2 rape victims have PTSD. 1 in 3 people who are physically assaulted develop PTSD. 17% of the people involved in serious accidents have PTSD. 15% of those who are stabbed or shot have PTSD, 14% of those who experience a sudden death or a violent death of a loved one have PTSD. 10% of all parents with children with life-threatening diseases have PTSD. 8% of people who witnessed a murder or a serious crime have PTSD. Again, this is not just about north Omaha. This is about the entire state. This is not a rural versus urban issue. This is an issue that deals with everybody. For example, in Pilger, as you recall, there was a-- as I say you, I mean the people reading this won't know who "you" is. So Senator Albrecht recalls that there was an F-4 tornado that hit there. And it was floodings for years. And 4 out of 100, 100 people living up there is believed to have-- who have suffered through that-- is to have PTSD. This affects thousands of people. And so this was just one way for us to come up with an alternative to fund a program that is definitely needed to resolve some of our PTSD, PTSD issues. So it is a pilot program. But as I introduced this bill and I kept thinking about it, I think a 10% sales tax increase, flat, is-- not 10%, but overall 10 cent on a dollar on the sales tax is fine for hemp products. And that would bring in roughly $1.2 million for the general funds. The other $1.2 would go to PTSD. My only concern about the fiscal note is I don't understand how it takes $395,000 to start a, a tax collection. What I offer to this committee is I will drive around the state for $100,000 and just go collect it myself. I'll have just a baseball bat and a bulletproof vest, and I think I'll be OK. And it will save money that way. So, I'll answer any questions.

LINEHAN: OK. I-- are there any questions from the committee? Senator Kauth.

KAUTH: Thank you, Chair LInehan. Senator Wayne, how-- first , how is PTSD defined? Would you use just a standard--

WAYNE: We would use the medical diagnosis in the DSM--

KAUTH: Whatever. 4. OK.

WAYNE: Yes. Yes.

KAUTH: So that-- so you-- there would have to be a medical diagnosis of it. And then, so you want this to create a fund--

WAYNE: Correct.

KAUTH: --to give to therapists or to give to--

WAYNE: So DHHS can grant out-- do grants in the community, to-- for PTS treatment. And the, the theory is to create a training-- train--trainer that-- trainer--

KAUTH: Train the trainer?

WAYNE: --train the trainer program for-- particularly, people in the community to develop the first signs of PTSD, so they can refer out.

KAUTH: OK.

WAYNE: So, like, if a teacher or pastor notices some people struggling that may have went through something, that they could refer somewhere. So it would be a train the trainer-- train the trainer model, too.

KAUTH: Thank you.

LINEHAN: Senator von-- Senator-- thank you, Senator Kauth. Senator von Gillern.

von GILLERN: Thank you, Senator Linehan. Senator Wayne, a couple of questions. In, in addition to Senator Kauth's question, last year, last year, last year, your bill on PTSD was pretty specific, about the programs and who was going to implement that. And I think Charles Drew had a program that they were going to-- that was a good fit for your bill. That's-- I don't see that in the bill here.

WAYNE: No.

von GILLERN: And you're-- you've intentionally left that, left that open?

WAYNE: Well, Charles Drew got $20 million last year to build a facility, so, I wasn't sure if they had the capacity over the next couple of years to do that. So we're just leaving it open to--

von GILLERN: OK. That's great.

WAYNE: --to everybody.

von GILLERN: And then my other question, and I know so little about this it's scary. You say Delta 9 in the bill. There's also-- is Delta 8 synthetic? Is that what-- does it deal with synthetics, also?

WAYNE: So that bill will be coming to the floor and we'll spend plenty of time talking about that. But so, there are multiple-- there's Delta 9, Delta 11, Delta 8. There's a lot of things. What I'm trying to do in Judiciary right now is to come up with a true definition of a finished hemp product. Right now, we, we don't. And so, part of the reason the fiscal note is-- note is low is we don't have a true definition of a finished hemp product. So, unless we change the Delta 11s, Delta 9s and we exclude them, they would all be included in a, a hemp finished product, so we would have a better idea of what that, what that is taxed.

von GILLERN: OK. Thank you.

LINEHAN: OK, I know even less. Are there other questions? What is Delta 8, 9, 11?

WAYNE: So there's, there's different THCs. That's what arguably gets you high. And then there's CBDs, and there's other, other chemicals in a marijuana plant or a hemp plant. Marijuana and hemp are 2 different things from the same family. So hemp, which is regulated by the feds, which will come out of Ag this year to give the regulations back to the feds. So when I passed it years ago, there were no regulations. So how we grow it will now be turned over, if it passes, to the feds. The finished product is still-- they're still trying to figure it out. So what's really happening in the market is because we don't have the legalization of marijuana, the industry-- private industry is figuring out how to do other THCs. So whether it's Delta 9, Delta 11, Delta 12, and because they are derived from hemp, they are considered legal. There is a Arkansas case that says because the Hemp Act passed federally by Congress, any regulation of hemp cannot happen at the state level. Attorney General is taking a slight different-- Hilgers is taking a slight, different opinion, thinks that we still can. So all the different Deltas are a way for people to use a THC that is currently regulated by hemp. All those other Deltas are not in markets where marijuana is legal, just so you-- I mean, just to be very blunt about it, it's just not. If you can get the real THC Delta 8, you, you get that. All the other stuff is synthetically made through-- not-- it's not a synthetic compound. It's made through a synthetic process to extract those, those chemicals.

LINEHAN: So the ads I hear on the radio about-- I can't even remember the names of them. It's next to your mom's whatever-- those little shops that are popping up all over, we're not taxing--

KAUTH: 42 Degrees.

LINEHAN: 42 degrees. Thank you.

WAYNE: We, we are taxing them at the 7%. This-- the

LINEHAN: In the city. So it's 5.5 for [INAUDIBLE].

WAYNE: 5.5 here. Yes. Correct.

LINEHAN: But we could, like other sin taxes, tax them more, is what you're saying?

WAYNE: Yes.

LINEHAN: OK.

WAYNE: I mean, everybody's got to put their share in. I mean, until-- yes. So now to put it in perspective for the overall marijuana, Missouri, last year-- well, 2 years ago, legalized marijuana there. And they have over $1 billion in revenue. And they have a-- almost a 15% tax, so they're, they're bringing in significant dollars. You mentioned Colorado earlier. Part of the reason Colorado has so much flexibility to offer tax breaks is they have over $1 billion in revenue-- I mean, in sales tax coming from marijuana. So, I mean, if we wanted to solve our taxing issues, that's probably a way to go, but I don't think our Legislature will go there. So that's why we're looking at a, a hemp product, which, right now, according to estimates, is about a $200 million industry in Nebraska. I've heard everything from $168 to $200, and why this fiscal note is so low is beyond me. But that is the-- that is what approp-- you talk to a

Appropriations person, they will tell you that is what they have used. And I can tell you, in Judiciary, LB999, which is the hemp bill, that is the same number the entire industry keeps using. Anywhere from $168 to $200 million of revenue that we're already selling in these hemp. So I don't-- I really don't understand the fiscal note being that low.

LINEHAN: OK. All right. Any other questions from the committee? OK. That was the opening, right? So do you have any proponents or opponent? We should ask.

WAYNE: You know I don't do--

LINEHAN: I know you don't do that, which I appreciate much.

WAYNE: --I don't call anybody. It's a, it's a good bill. It's going to live or die on its own.

LINEHAN: Do we have any proponents? Any opponents? Anyone wanting to testify the neutral? Oh, we do have a neutral. Good afternoon.

BILL HAWKINS: Members of the Revenue Committee, Chairman LInehan, my name is Bill Hawkins, B-i-l-l H-a-w-k-i-n-s. I'm with the Nebraska Hemp Company, and I greatly appreciate Senator Wayne and his staff continuing to work on some of the issues that our state has, including our overcrowded prison system and other issues in the state. Post-traumatic stress. Even though I haven't been to war, I haven't been under bomb attack, I still have lived for 50 years with the war on drugs, being chased by armed, militarized police forces at times. So I can relate to it. In the rural Nebraska, Senator Wayne didn't mention the for-- the raging fires that swept through our communities in the last few years. And you talk about post-traumatic stress, or the stress of ranchers and farmers trying to make a living in this day and age. So having to direct those funds to a post-traumatic stress issue is a very good way to direct these funds. But I'm here not to waste paper, so a hearing or 2 ago, I gave you these projections of cannabis tax reform that is taking place all over this country. When I started here 10 years ago, Colorado was legalized. Washington, Oregon, California, Nevada, Arizona, New Mexico have legalized. Illinois has legalized. Minnesota just legalized. Michigan just hit $3.1 billion in 1 year of recreational/medicinal cannabis use. Statistically, they've always been a huge cannabis producer. So I would really recommend that this committee pull Senator McKinney's tax and regulate bill out of the Judiciary and put it into a Revenue tax relief bill, because it's here. Everybody in Nebraska, 300,000 people, are consuming cannabis products. Real cannabis products. I don't consume hemp products. When we passed the hemp bill-- this is a hemp textile suit. That's what we-- when we tax-- when we legalized hemp, that was what we were looking at, a food product and stuff. So I'd highly recommend looking at that, because it's here. Taxes. So thank you. And I really appreciate Senator Wayne and his time. So.

LINEHAN: Thank you very much for being here. Appreciate it.

BILL HAWKINS: I'll certainly sit here and you know--

LINEHAN: All right. OK.

BILL HAWKINS: --the, the Deltas and anything, I'd certainly ask any questions on that. So.

LINEHAN: Are there any questions from the committee?

BILL HAWKINS: No. No.

LINEHAN: Seeing none, thank you very much.

BILL HAWKINS: Thank you so very much.

LINEHAN: Thank you very much. Are there any other individuals wanting to testify in the neutral position? Seeing none, Senator Wayne, do you want to close?

WAYNE: Yeah. I'll just-- so there is a bill in Judiciary. It's a, it's a, it's a stamp-- marijuana tax bill that Senator McKinney has. So there is actually a tax on, on marijuana. So if you get pulled over and you have marijuana, they charge you with possession and then they charge you with failure to pay this-- the, the tax. So, so what they do is if you're from out of town, oftentimes, in Douglas County, they won't charge you with the actual marijuana because they don't want you sitting in Lincoln or in the pen for 4, 4 years. So they take the 20 grand and say, that's for the tax, to pay the tax. And then, that goes to the public schools. So it's never actually collected by, well, that some of the tax is collected by us. But for the most part at the court level, it goes, it goes to the school. There are actual people who pay a marijuana tax. Senator McKinney's bill had about $300,000 to $500,000 in it. I don't know who legally pay-- pays the marijuana tax, because it's kind of like telling on yourself. Like, I got marijuana and I'm selling it. Here goes the tax. So I don't know who does it, but somebody does.

LINEHAN: What do they do, take it back to Colorado and sell it? You can't buy it here.

MEYER: See nothing, hear nothing.

WAYNE: I, I don't know. I haven't rep-- I haven't represented any of them. And if I did, I couldn't tell you what they did with it. So. But yes, there are people who actually pay the marijuana tax. I don't know who. That seems kind of weird.

MEYER: [INAUDIBLE].

LINEHAN: One more word about drugs today [INAUDIBLE[.

MEYER: Is that a question or an admission? I don't know.

LINEHAN: Senator Bostar.

BOSTAR: Thank you, Chair Linehan. Thank you, Senator Wayne. How does one pay the-- like, how do you demonstrate-- so if you're pulled over, right, and you're, you're caught with marijuana--

WAYNE: Yes.

BOSTAR: But let's say you're one of these people who has decided to pay this tax. How would you demonstrate that you have satisfied the tax obligations of your illicit marijuana transaction?

WAYNE: So you would take the value of the quarter pound of weed you have, and let's say a, a pound sells for $1,000, and you would tax yourself 5.5% and send that in.

BOSTAR: To the state?

WAYNE: To the state.

BOSTAR: And the state would give you a receipt for that, or how--

WAYNE: Yes. I, I don't know anybody who keeps the receipt, nor do I know anybody who pays the tax until they're arrested. So I"m not--

BOSTAR: Is the-- do you--

WAYNE: Well, let's just say that Senator McKinney and I were very unsure of the fiscal note of, like, who-- but there is a fiscal note for about $300,000. Yeah.

BOSTAR: Do you, do you pay the tax like, prospectively, or is it after the transaction?

WAYNE: I don't know. Quarterly. [LAUGHTER]

DUNGAN: I'm fascinated.

KAUTH: We may have a new bill.

LINEHAN: No. You can't-- you can tell us later.

WAYNE: Yeah. We, we pay-- we, we, we check the sales and back pay quarterly. We did a good job this month and we're going to-- I don't know.

BOSTAR: Thank you.

LINEHAN: OK. All right. I think we should [INAUDIBLE].

WAYNE: Clearly, this went off the rails.

DUNGAN: I have more questions, too, but I'm going to wait.

LINEHAN: I don't think we need to do them. OK. Do we have-- we did have-- wait a minute. We had a letter, didn't we? Yeah, I bet you did. I've lost it. I'm sorry. I think it was one.

von GILLERN: Don't forget your mug.

WAYNE: I'm not.

LINEHAN: LB1341. Yes. One proponent.

KAUTH: So is the state complicit in a crime?

LINEHAN: Thank you, Senator Wayne.

WAYNE: I would, I would-- yes. That's a great question. Is our tax commissioner complicit when they take drug money?

KAUTH: OK. Wow.

LINEHAN: So it's not quite 5:00, but--