

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Revenue Committee February 23, 2024

**LINEHAN:** Are probably not strong enough, but. Welcome to the Revenue Committee public hearing. My name is Lou Ann, Linehan, I'm Chair of this committee. I'm from Elkhorn, Nebraska and represent Legislative District 39. The committee will take up the bills in the order they are posted outside of the hearing room. Our hearing today is your part of the legislative process. This is your opportunity to express your position on proposed legislation before us today. And we do ask that you limit handouts. If you are unable to attend a public hearing, and would like your position stated for the record, you may submit your position in any committee-- any comments using the Legislature's website by 8 a.m. the day of the hearing. Letters emailed to the 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 the Nebraska legislative-- Legislature's website to submit written testimony in lieu of in-person testimony. To better facilitate today's proceeding, I ask you follow the-- I ask that you follow these procedures. Please turn off your cell phones and other electronic devices. The order of testimony is the introducer, proponents, opponents, neutrals, and closing remarks. 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 ten copies for all committee members and staff. If you need additional copies, please ask a page to make the copies for you now. When you begin to testify, please state and spell both your last and first name for the record. Please be concise. It is my request that you limit your testimony to three minutes. We will use the light system. You will have two minutes on green, 45 seconds on yellow. And when it turns red, you need to wrap up. Excuse me. If your remarks were reflected in previous testimony, or if 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 microphones so our transcribers are able to hear your testimony clearly. I'd like to introduce committee staff. To my immediate left is legal counsel Charles Hamilton, and to my left, at the far end of the table, is committee clerk Tomas Weekly. Now I would like committee members to introduce themselves beginning at my far right.

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

**MURMAN:** Dave Murman, District 38, Glenvil. I represent eight counties, mostly along the southern tier in the middle part of the state.

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**BOSTAR:** Eliot Bostar, District 29.

**ALBRECHT:** Senator Joni Albrecht, District 17, northeast Nebraska.

**MEYER:** Fred Meyer, District 41, central Nebraska, Nebraska, north of Grand Island.

**LINEHAN:** And our pages today will please stand up. We have Mia, who's at UNL, a political science major, and Collin, who's at UNL, he's a criminal justice major. 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 referencing 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. And with that, we welcome Senator Bostar with LB1389.

**BOSTAR:** 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 introduce LB1389, legislation to create a personal property tax exemption for specific broadband infrastructure equipment. Under the bill, new broadband equipment investments made in accordance with the Federal Broadband Equity Access and Deployment, commonly known as BEAD, program, or made within a qualified census tract in the city of the metropolitan glass would be eligible for the exemption. The Broadband Equity Access and Deployment program provides \$42.45 billion to expand high-speed internet access by funding planning, infrastructure, deployment, and adoption programs. BEAD aims to get all Americans online by funding infrastructure where we need it most, and to increase adoption of high speed internet. BEAD prioritizes unserved locations that have no internet access or that only have access at lower speeds, defined at under 25/3 megabits per second, and underserved locations only having access under 120 megabits per second. Currently, all new broadband infrastructure, which includes fiber optic cable, conduit electronics, and most other materials are taxed on an ongoing basis as tangible personal property. In rural and sparsely populated parts of the state, this ongoing expense can make it difficult for companies to make the business case to extend and upgrade their networks, leaving some homes and businesses without access to adequate broadband internet service. This tax structure disincentivizes companies from participating in the BEAD program. The

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program is designed to ensure that broadband can reach areas where it is commonly difficult-- where it's currently difficult to provide or pay for service. LB1389 aims to help broadband companies to participate in the BEAD Program and leverage federal funds by adjusting our tax structure to make the business model work for the future. Nebraska is slated to receive \$405 million from the federal BEAD Program, which will be distributed by the Nebraska Broadband Office to connect unserved and underserved homes, businesses and community anchor institutions, which are primarily in rural areas. Providing this exemption will help BEAD grant recipients stretch this funding and provide service to more homes and businesses, as well as helping them operate and maintain, upgrade the networks over the long term, and provide high quality service for decades to come. Extending fiber deeper into rural Nebraska will also provide the connectivity to promote adoption and development of precision ag technology, as well as enhancing and adding redundancy to public safety networks. While very few urban areas will be eligible for BEAD funding, providing the same exemption to new broadband infrastructure deployed in qualified census tracts, many of which lack quality broadband options, will also encourage companies to invest in these areas. Similar personal property tax exemptions have been made for agricultural investments and other new investments in qualified census tracts. A similar treatment of broadband infrastructure will assist in developing these areas. Thank you for your time and consideration. Encourage your support of LB1389. Be happy to answer any questions you have.

**LINEHAN:** Thank you. Senator Bostar. Are there any questions from committee? Senator Kauth?

**KAUTH:** Just one. Senator Bostar, it says in the fiscal note that it might impact TEEOSA, but it doesn't say how, or that-- there's not much information fiscally. Is it a minimal--

**BOSTAR:** Yeah, I, I think that that's-- so if you look at the fiscal note. I, I think there's a couple of things to make clear off the bat. One is, this, this wouldn't provide an exemption on anything that already exists, right? So this would be prospective. So the idea is we would create this in order to ensure we can actually make the, the dollars and cents case for providing broadband service to places that already can't get it. The bill is targeted to ensuring that this could only be used in places that are currently not served, and are projected to be very difficult even under BEAD programing. So that being said, there is-- any-- the way to think about the impact on a property tax base is, this is not property taxes that are currently being collected, and won't be collected if we can't make the

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development. So yes, if we pass this bill and this infrastructure is developed, those taxes wouldn't be collected, but they aren't being collected now.

**KAUTH:** So we won't miss anything.

**BOSTAR:** So the argument that there's a formulary challenge with TEEOSA is not a position that I particularly agree with. And these are areas that after everything we're doing are still not being touched. And we just-- we got to get to them. There's-- we got to get all Nebraska covered. Anyway, happy to--

**KAUTH:** No, that's a perfect answer, thank you.

**LINEHAN:** Thank you, Senator Kauth. Senator Meyer.

**MEYER:** Just, just a quick question, but it says, program-- deployment program-- deployed in a qualified census tract within a metropolitan class city.

**BOSTAR:** Yeah.

**MEYER:** So with that, how, how would that benefit rural areas?

**BOSTAR:** Well, that particular component-- that's the only provision of the bill that would benefit urban areas. The vast majority of what's in here is, frankly, rural only. The BEAD Program-- so the, the, the tax exemption would cover you for these infrastructure investments in BEAD served areas, if you're, if you're going through that BEAD Program, which is exclusively rural, or qualified census tracts in a metropolitan class city, because we have acute challenges in those areas of Omaha where service-- even though there is a population density, those services are not being provided in those areas to an adequate level. It's an ongoing issue that we've been trying to deal with in the Legislature. So that was included to address that specific area of, in this case, Omaha.

**MEYER:** OK.

**BOSTAR:** Other than that, all of the BEAD money is going to rural areas.

**MEYER:** OK. Thank you.

**BOSTAR:** Yeah. Thank you.

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**LINEHAN:** Thank you, Senator Meyer. A couple of things. If I remember right, during Covid when they-- everybody had laptops, but there were areas of Omaha where there was no connectivity, so they had to use school busses to put in neighborhoods so there was connectivity. So that would be one of the areas you're talking about?

**BOSTAR:** Yes.

**LINEHAN:** And then on the TEEOSA, we're-- might have some tiny little thing if it was in Omaha, but most of the other tracts are in areas where they're probably not equalized schools anyway.

**BOSTAR:** That's absolutely correct.

**LINEHAN:** OK. All right. Thank you. Are there any other questions? Seeing none, thank you very much.

**BOSTAR:** Thank you.

**LINEHAN:** Our first proponent? Good afternoon.

**NATE BUHRMAN:** Good afternoon. Chair Linehan and members of the Revenue Committee, for the record, my name is Nate Buhrman, N-a-t-e B-u-h-r-m-a-n. I serve as the chief financial officer for ALLO Communications, and am here today to voice ALLO's support of LB1389. We want to thank Senator Bostar for introducing this important piece of legislation. LB1389 would provide a personal property tax exemption for investments in qualified broadband equipment. This will incentivize providers to build more fiber and improve service, as well as helping the state leverage federal funds, and promoting future-proof solutions to the state's broadband needs. As background, ALLO was founded 20 years ago in Imperial, Nebraska, and has grown to be the largest telecommunications company that is majority owned and managed in Nebraska. ALLO builds and operates citywide fiber-to-the-premises networks, and provides high speed broadband internet, phone and TV service to business and residential customers throughout the state. ALLO currently operates in more than 25 Nebraska communities, and has invested more than \$600 million in private capital in the state. Later this year, Nebraska will receive \$405 million from the federal Broadband Equity Access and Deployment (BEAD) program. This funding will be distributed as grants to fund broadband construction in unserved and underserved areas. BEAD will be structured as a one time network construction grants, but will not support the long term-- support operations, maintenance, and upgrades for these networks. In many rural areas, ongoing costs and sparse

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customer bases will make it difficult for providers such as ALLO to make a business case to extend networks, even with BEAD support. One of these costs is the ongoing personal property tax burden imposed on fiber and other network assets. The personal property tax exemption proposed in this legislation piece will remove this ongoing cost, which will incentivize providers to participate in the BEAD program, and help ensure the networks can be sustainable-- sustainably operated for decades to come. The BEAD program is a generational opportunity to get broadband to more Nebraskans. LB1389 will help the state leverage this funding, and promote long term benefits to Nebraskans. LB1389 would provide a similar exemption to provide that-- to providers that invest in qualified census tracts in Omaha, as you've heard. Most BEAD eligible areas in Nebraska will be rural. This provision will also incentivize broadband development in historically marginalized areas of Omaha. The tax exemption proposed in this-- in LB1389 would only apply to new investments and would not impact current personal property tax receipts. Additionally, expanding rural broadband will help drive economic growth and provide many other benefits, including enabling rural Nebraskans to enjoy the benefits of remote work, distance learning and telehealth, provide rural connectivity to promote the development and adoption of precision ag technology, and improve rural public safety communications. In closing, LB1389 will promote the development of broadband infrastructure in Nebraska, and help ensure federal funding is used to build permanent solutions. Thank you for your thoughtful consideration of this proposal. With that, I'm happy to answer any questions you may have.

**LINEHAN:** Thank you very much. Are there any-- Excuse me. Are there any questions from the committee? Senator Albrecht.

**ALBRECHT:** Thank you, Chair Linehan. Thank you for being here today to testify. I'm going to kind of piggyback off of what Senator Meyer was asking Senator Bostar. So this, this is going to people in Omaha, a met-- a metropolitan class, but yet the most underserved are in the rural area. So are you saying that you are asking for this to-- for all of your equipment to be tax exempt so you're able to provide the services in the rural areas?

**NATE BUHRMAN:** Yes. So this exemption of the personal property tax for new investments would allow us to make the business case primarily to serve rural Nebraskans. Others, again, I think, as have mentioned in the Omaha metro areas, those areas have been underinvested, and again, would allow-- you know, this, this would help allow the business case to upgrade those facilities as well. ALLO's intent and focus is primarily on the rural component of this.

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**ALBRECHT:** Because-- and you're doing a great job up in northeast Nebraska. But I have a particular company that has, has a box in front of my house for over a year. So we have these federal dollars being given to these companies and they are not connecting us. So it's one thing to put the box in the ground, but if you don't come up my driveway and put it onto my house, I mean, what's-- I-- but, but it doesn't make sense to me the way it was presented, that it's going to go to the metropolitan class so that you can-- because some people in the metropolitan areas don't serve in our areas. So--

**NATE BUHRMAN:** So, so I think--

**ALBRECHT:** --help me understand.

**NATE BUHRMAN:** Sure. Yeah. I think the investments that would be made in those areas that qualify would, would have that benefit in the Omaha metro. Again, our focus is to use the BEAD funding to build in rural Nebraska and take advantage of the property-- the personal property tax relief afforded by this, to ensure that we're able to maintain that level of service that we're accustomed to providing to our customers.

**ALBRECHT:** I guess I look at it like, hey, the federal government has given us a gift in getting this equipment to these companies. I mean, you already have that money coming from the federal government, and then you want a tax exemption on top of anything else that you provide to connect?

**NATE BUHRMAN:** It would only be in areas where the federal funds were used--

**ALBRECHT:** Yes.

**NATE BUHRMAN:** Would, would receive the tax exemption. Yeah. And, and the reason for is that the BEAD program dollars really help offset the construction cost, upfront cost. There's real ongoing additional expenses in serving rural Nebraskans, as I'm sure you're aware. To-- if you have a service issue and we have to roll a truck in Lincoln, for instance, that's maybe a ten, fifteen minute drive for a technician. In rural Nebraska, that could be an hour to two hours. And so the cost to provide that level of service and maintain the support is higher in rural Nebraska. And that's what, partially, this legislation would do, it would allow for some consideration for those increased costs to support those consumers long term.

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**ALBRECHT:** Well, we have counties to take care of that are, are wanting to make sure that they have the funds too. So it's a balancing act, but I'm not following this.

**NATE BUHRMAN:** Yeah. For, for us the decision would be, without this, we may choose not to make that investment. And that's, you know, I understand that point.

**LINEHAN:** Thank you, Senator Albrecht. Are there any other questions? Senator Murman.

**MURMAN:** My question's kind of related to Senator Albrecht's. Were-- the state's getting \$405 million to invest in broadband. This exemption, I think I might've heard you say that it would help, you know, after the equipment's install-- the broadband's installed, and after that, the tax credit, I think it's a credit, would be advantageous to maintaining equipment?

**NATE BUHRMAN:** That's, that's correct. So with the BEAD program, there's a requirement for providers to bring 25% of the capital to the table. So, you know, we'll have matching funds to help support the bill as a private entity. But, what this will care for, again, is the additional increased cost of serving those rural customers, and to help offset that from a long term perspective. And the last thing we want to do as a private company is to go build something that we can't support long term. That doesn't-- that's not a good use of federal dollars, or quite frankly, our, our capital either.

**MURMAN:** So you look at the credit as being more of a, a long term help for the maintenance--

**NATE BUHRMAN:** Yeah.

**MURMAN:** --after the \$405 million is used up.

**NATE BUHRMAN:** Correct. Yeah. Yeah. So that, that upfront cost in the BEAD dollars is really a construction grant, if you will, whereas this serves as kind of a support for the long term operations in the form of not having to pay the personal property tax.

**MURMAN:** Thank you.

**LINEHAN:** Thank you, Senator Murman. Are there any other questions from the committee? Let me see if I can help here. The reason there's places where there's no broadband is because it doesn't make financial



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sense, you would lose money, the company would lose money if, if the costs are more than the customer could possibly afford.

**NATE BUHRMAN:** Correct.

**LINEHAN:** So that's why we have these islands of no broadband, because-- and that's why the federal government has come in and said, we shouldn't have these islands, so we're going to give Nebraska \$405 million to shrink or try, try to do away with the islands. But that doesn't help you maintain that going forward. And it's not a credit, we're talking about an exemption, right?

**NATE BUHRMAN:** Correct.

**LINEHAN:** So it's an exemption from property taxes on that, so you can afford-- the money's to build it, but you're looking at how do we pay, how do we keep it up kept--

**NATE BUHRMAN:** Right.

**LINEHAN:** --going forward.

**NATE BUHRMAN:** Yeah. Essentially, we know that the cost to serve those constituents is already higher than in an urban setting. And so looking for some offset in the form of property tax relief.

**LINEHAN:** And who would decide-- is it the Public Service Commission? Who would decide where these funds go? Because in the Legislature we're always worried about taking care of all of Nebraska. So there's a concern all of it would go east of, you know, highway 80 or--

**NATE BUHRMAN:** Right. Yeah, so--

**LINEHAN:** Or west of-- Is there some system set up?

**NATE BUHRMAN:** Yeah. So the BEAD program is facilitated through the Governor's Office and the Broadband Office, and so we are in the process of waiting as a state, waiting for the NTIA to gain approval--

**LINEHAN:** Don't use acronyms.

**NATE BUHRMAN:** Oh, boy.

**LINEHAN:** OK, well maybe somebody else can explain it.

**NATE BUHRMAN:** Yeah. Yeah. So anyway, the, the rules are being finalized, we'd expect to hear back Q2, from the federal government on

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whether Nebraska's rules sort of have been adopted as proposed. We would make application Q3, and we'd expect funds to be maybe sort of awarded in Q4. It's kind of the, the rough-beat timeline.

**LINEHAN:** So the Governor's Office has submitted that, where the money would go.

**NATE BUHRMAN:** Providers will ultimately apply for funds in geographies that the, the Governor's Office sort of dictates or creates.

**LINEHAN:** OK. That's helpful, I think.

**NATE BUHRMAN:** Sorry.

**LINEHAN:** OK. No, no, that was good. Are there any other questions? Seeing none. Thank you very much for being here.

**NATE BUHRMAN:** Thank you for your time. Appreciate it.

**LINEHAN:** Other proponents?

**ALEX REUSS:** Chair Linehan, members of the Revenue Committee. My name is Alex Reuss, A-l-e-x R-e-u-s-s, and I serve as a registered lobbyist for the Nebraska Chamber of Commerce. I'm also here to speak on behalf of the Lincoln Chamber of Commerce, the Columbus Area Chamber of Commerce, and the Greater Omaha Chamber of Commerce, to express support for Senator Bostar's LB1389. Having a connected Nebraska is essential to driving economic growth in our state. As technology modernizes, so will our businesses across all sectors. As education options expand for our K-12 students and beyond, having access to high speed broadband is related-- or is needed for our students living in unserved and underserved areas. And as workforce patterns continue to change, having the ability to work in hybrid or remote capacities offer promise for employees to keep their families in their communities without having to choose between their hometown and certain career opportunities. With these impacts in mind, the chamber supports strong public-private partnerships to ensure our broadband gaps are closed, and all of Nebraska's communities are served. Using federal BEAD dollars is a piece of that effort. But as you've heard, for the industries accessing these funds, adding a personal property tax exemption would add a state incentive for them to continue the effort to connect all of Nebraska to broadband and allow them to maintain that connection. So with that, we support LB1389, we thank Senator Bostar for bringing this bill. We encourage the Revenue Committee to advance this legislation to the full floor for consideration.

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

**CARTER THIELE:** Hello. 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. I am the policy and research coordinator for the Lincoln Independent Business Association, who expresses its support for LB1389, which exempts broadband equipment from personal property tax in BEAD funded areas. This provision is a significant step forward towards fostering a more conducive environment for businesses in the broadband sector. By exempting broadband equipment from personal property taxes, the provision reduces the financial burden on these businesses, particularly beneficial for these areas funded by the Broadband Equity Access and Deployment Program. The provisions focus on improving internet access and speed aligns with our mission at LIBA to promote growth and prosperity of local businesses. Improved internet access and speeds can enhance the operational efficiency of businesses, facilitate remote work, and enable businesses to better serve their customers in today's digital age. Furthermore, the provision's clear definitions of broadband communication service and broadband equipment provide much needed clarity and reduce ambiguity. This will aid in the effective implementation of this provision, ensuring that its benefits are realized. We believe that this provision will not only benefit broadband service providers, but will also have a positive ripple effect on the wider business community and the public. Therefore, we urge the Revenue Committee to support LB1389 and the positive impact it promises for our local businesses and community. Thank you for your consideration and I would be happy to answer any questions.

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

**ANDREW VINTON:** Good afternoon, Chair Linehan, members of the Revenue Committee. For the record, my name is Andrew Vinton, spelled A-n-d-r-e-w V-i-n-t-o-n. I'm the in-house attorney and lobbyist for ALLO Communications. I really wanted to jump off and answer any outstanding questions you had. It's a complex topic, and I know this committee doesn't get into broadband funding very often, but, a couple points of clarification. Senator Albrecht, you asked about the city of the metro clash component. We're not advocating for the federal BEAD funding to be used in Omaha. Omaha is ineligible for BEAD funding because it's not technically unserved or underserved, per the federal definition. What we're asking for are qualified census tracts, which

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have been identified by the state as needy areas to be given a tax, a property tax exemption to allow companies to come and invest in those areas and incentivize them to continue to upgrade. That's really the, the Metro class component, and I think that, that may have not been clear in the initial testimony. The second point to make is, there's no guarantee that the BEAD money is actually administered, and these networks are actually built. So any property tax exemptions, with the resulting assets, are speculative at this point, and providing that forward looking property tax-- personal property tax exemption, that makes-- incentivizes the industry to, to look more seriously at BEAD dollars to try to connect these rural areas and gives the Nebraska Broadband Office a better chance of having robust participation and to be able to effectively and efficiently administer that, that \$405 million. Last point, I believe there will be opposition testimony, and they may raise a constitutional issue. Other classes of, of personal property have been exempted in the past, both in areas of Omaha that have been designated qualified census tracts, those areas on-- personal property tax investments in those areas are exempt, as well as programs like the Beginning Farmer Act. So we're open to making the bill better, tweaking language, and, with that, I'd be happy to answer any questions.

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

**ANDREW VINTON:** Thank you.

**LINEHAN:** Are there any other proponents? Are there opponents? 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 here to testify in respectful opposition to LB1389. I appreciate Senator Bostar bringing this bill. These are the sorts of conversations that I really actually enjoy having in, in the Revenue Committee. And, I'm, I'm, I'm-- I'll just leave it at that. The personal property tax exemption has a really long history in our state. We've, we've gone through this many times before. And it's one thing to nibble around the edges and say we're going to exempt a little bit of personal property here and a little bit of personal property there. There's a tipping point, though, where there are folks that are watching to make sure that, that they who are obligated to report every last widget that they have in, say, a railroad, or a trailer train, a car line company, that they want to be equalized across the state. And so we've gone through this before,

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we've seen this movie, and we know how it ends. Back in the '80s-- actually, pardon me, back in the '70s, President Carter signed what's called the 4R Act. And it says that states cannot discriminate against railroads as far as their tax treatment of those, those companies. It saw, really, it's kind of it's, it's blossoming in the late '80s, early '90s. There was a case called Trailer Train v. Leuenberger, which-- in which one of the car lines said, hey, we're we have to report to the Surface Transportation Board every last piece of equipment that we have, and we can prove that x percent of the personal property in Nebraska is, is just being exempted. We want to be equalized with them. We went through a whole long litigation process there. The pipelines got involved and Northern Natural Gas v. the State-- v. the State Board. And we ended up in, in-- with LB829, I think it was in 1991 or 1992. And the state ended up having to raise corporate occ--, corporate taxes, occupation taxes, to the tune of about \$120 million, so they could write a check to the counties and all the local political subdivisions to make up the property-- the personal property tax loss, because the other is part of LB829, is that we exempted all personal property for one year. And then what we did is, we got together and we decided that we're going to tax personal property in a different way, we were going to do it to a net book value system, and that was going to just kind of reset everything across the board. I, I, I first want to acknowledge, exemptions policy discussions are absolutely the province of the Legislature. That is-- that is not why we're here. The reason that we have opposition is because, again, we've seen this movie before, we know how it ends, and it creates a lot of rapport that we would just as soon avoid if we can help it. You know, there was a little bit of discussion about, about BEAD funding, that really is a conversation they're having over in Transportation and Telecommunications. But I'm running out of time. And so I'll just take any questions you may have.

**LINEHAN:** Thank you. Are there questions from the committee? Did you just say the state raised the occupation taxes?

**JON CANNON:** Yes. It was there was a number of taxes that they raised in LB829, occupation taxes, corporate income tax, there was another-- I think there was another tax--

**LINEHAN:** What occupation. Do we have occupation-- I know, I should know this, but I learn something new every day. Do we have occupation taxes on the books right now?

**JON CANNON:** Yes, ma'am. We do.

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**LINEHAN:** What, what do Nebraskans pay occupation taxes on?.

**JON CANNON:** I don't know that.

**LINEHAN:** Does it come to this General Fund?

**JON CANNON:** It depends on, on what kind of occupation tax. A lot of-- a lot of occupation taxes we have currently, I think, go to the cities, but I'm not entirely clear on that.

**LINEHAN:** That's why I'm confused, because I don't know-- I've never seen a number of occupation tax from the General Fund.

**JON CANNON:** Well, we had a-- a long time ago, we had an occupation tax that was levied against certain properties that I believe had-- it was-- it had something to do with either wind farms or [INAUDIBLE]. It all kind of gets lost in, in the shuffle. And there was a case, was Banks v. Heineman, I believe, in which that occupation tax was found to be discriminatory on-- for an entirely different ground-- on entirely different grounds. And again, it, it's one of those things where I get the, the importance of, of providing that sort of incentive to folks. And again, the, the tax policy, I-- it is absolutely up to the Legislature. But we just want to say we've seen this, and we've seen the kind of uproar that it has for counties.

**LINEHAN:** OK.

**JON CANNON:** Yes, ma'am.

**LINEHAN:** All right. Thank you. Any other questions from the committee? Seeing none, thank you for being here.

**JON CANNON:** Thank you very much.

**LINEHAN:** Are there other opponents? Are there any other opponents? Anyone wanting to testify in the neutral position? Do we have letters? We did. We had-- right, right. We had four proponents, one opponent, and one neutral.

**BOSTAR:** Thank you, Chair Linehan, fellow members of the committee. Give me-- I'm about to be up in Government, so I'll, I'll be brief. So you're welcome for that as well. I guess thank Chairman Brewer. So, yeah, just to clarify a few things. The bill doesn't require that it's in the city of metropolitan class, there's, there's sort of two components that would allow you to get this benefit. You would either be under BEAD program, which is all rural, or in a qualified census

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tract in a city of the metropolitan class. The vast majority of what would be covered under this would be rural. So as it is, it's not that they would get a break on rural-- on, on urban development, which would then incentivize them to develop in rural. The break would be in rural as well, mostly even. The BEAD program requires, at minimum, a 25% match. So it's not just free money, the, the company would have to put in some, at least 25%. And it's for the sort of the capital infrastructure development. As you heard a little bit about, there are a lot of ongoing costs to serve customers in general, but particularly in very sparsely populated areas. It costs a lot of money, even if you've got the wires built, so to speak, it costs a lot of money to keep those customers served and to keep them online. And so that's where you can have the BEAD program, which says, we'll pay for 75% of your poles, and your conduit, and your wires, and your glass, and everything else you need. But it still might not make financial sense, because you have all of those ongoing costs that in a lot of cases, in a lot of very rural areas of our state, can't be recouped by the, you know, just the, the service fees collected from your customers. And so that's where things like this are important to lower some of those ongoing costs that eat into that calculation, that make it impossible to serve these areas. And so that's, that's what we're trying to do here. I'm, I'm happy to kind of talk about any of the components here that people are interested in.

**LINEHAN:** Questions from the committee? I have one. So I don't know, but I know at one time we tried to get telephones to everybody, right? Ring, telephones. And there was a government subsidy for rural telephone service.

**BOSTAR:** Sure.

**LINEHAN:** Do-- does this have any subsidy attached to it? It says, OK, build it. And then obviously the cost, as you just explained, is there any-- is there going-- any federal subsidy after it's built?

**BOSTAR:** So there are--

**LINEHAN:** If you don't know, it's fine, just--

**BOSTAR:** Well, the answer is it's a little complicated right? So you have things like the USF fund, the USF program, and I've been on Telecom, I'm certainly well aware of that. But you know, companies like ALLO, for example, aren't eligible for USF funds. So in, in some places there may be some support out there, but it's, it's pretty

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dependent on a lot of other factors. And, and not everyone can do the development with those, those funds. So, not really is my answer.

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

**BOSTAR:** Thank you. And I'll be back shortly.

**LINEHAN:** OK. and With that, we'll close the hearing on LB1389, and open the hearing on-- Oh. Linehan.

**KAUTH:** Surprise.

**von GILLERN:** Welcome, Senator Linehan.

**LINEHAN:** Thank you. Good afternoon, Vice Chair von Gillern and members of the Revenue Committee. I'm Lou Ann Linehan, L-o-u A-n-n L-i-n-e-h-a-n. I'm from Legislative District 39 Elk-- Elkhorn and Waterloo, and I'm here today to introduce LB950. LB950 at its essence does one thing. It centralizes the collection of occupation taxes by the Department of Revenue to make the process for retailers easier and less complex. Currently, the process for collection is individualized by the different governing bodies who impose the occupation tax. The form for the tax is one the governing body creates, and the governing body has the authority to, and this is important to understand, to enforce or not enforce the collection of such occupation taxes. Due to this, if a retailer is voluntary, voluntarily complying with the tax, but his fellow retailers are not, the county chooses not to enforce on other participants. He is-- he or she is being unfairly subject to a tax that is being applied-- being applied inequitably amongst those businesses in the same occupation. The fiscal note shows approximately \$30 million in expenses over two years. This is due to the Department of Revenue's assertion that a new collection system would need to be developed, as the current collection systems do not have the capacity to handle the processing and collection of occupation tax at the state level. The revenue generated by a 3% administrative collection fee for the Department of Revenue will make up for this expense over time. As in the second year, the system is forecast to generate \$4,670,000 in income, and that amount is estimated to increase at a rate of approximately \$240,000 per year each year for the-- for at least the next two years and past fiscal '25-26. By centralizing the system, this would make collections fairer and-- fairer and more equitable across the board regarding retailers in like situations. I would ask the committee to approve LB950 and advance it to the floor. Thank you, and I'm happy to answer any questions.



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**VON GILLERN:** Thank you, Senator Linehan. Any questions from committee members? Senator Kauth.

**KAUTH:** Thank you, Vice Chair von Gillern. Senator Linehan, can you go through, how many cities are applying occupational taxes, or do you have an idea of the scope of this?

**LINEHAN:** I don't, to be very transparent. I know of one situation. It's in the western part of the state where one person is paying and nobody else is.

**KAUTH:** OK.

**VON GILLERN:** Any other questions? Thank you, Senator Linehan. We'll invite up the first proponent. Any proponents for LB950? Seeing none, are there any opponents that would like to speak regarding LB950? Good afternoon.

**RICH OTTO:** Good afternoon, von-- Vice Chair von Gillern and members of the Revenue Committee. My name is Rich Otto, R-i-c-h O-t-t-o, testifying in opposition to LB950 as a registered lobbyist on behalf of the Nebraska Hospitality Association, the Nebraska Retail Federation, and the Nebraska Grocery Industry Association. First off, I do want to let you know that streamlining the approach, as Senator Linehan talked about, is not the reason for our opposition. We actually, like, do think collecting and remitting occupation taxes would be easier that way. The big caveat is that we've worked with many of the municipalities to get a collection allowance, for collecting these occupation taxes. So, again, often those occupation taxes are considered simple pass through. However, they're not fully passed through due to swipe fees. I've brought this up many times, but retailers, restaurants pay big swipe fees on nearly 90% of our transactions. Again, associations have worked with the municipalities to get some sort of a collection allowance to help offset the, the cost of collection. LB950 would end all collection allowances on occupation taxes. In the quick handout, it talks about the Lincoln-- it's basically the form for the Lincoln restaurant tax, or prepared food tax, occupation tax that Lincoln has to help fund Pinnacle Bank Arena. If you look to line 7, you'll see if you pay-- you get a discount for paying on time, and in a monthly approach of 2%. That 2% that goes back to the retailer or restaurant or whoever, collection remits that occupation tax on prepared food would be eliminated in this bill. And for those reasons, we oppose it. Happy to answer any questions.

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**von GILLERN:** Thank you. Questions from the committee? Senator Kauth.

**KAUTH:** Thank you, Vice Chair von Gillern. Mr. Otto, what did you mean by swipe fees? When you swipe fees have to do with occupational taxes?

**RICH OTTO:** So the occupation tax gets added on at the end. We kind of discussed that. A restaurant, you may have it, so you have sales tax, then you add the occupation tax. Then you go into the restaurant, you pay with your credit card. If they aren't putting it on as an extra fee, they're-- typically it's around 3% that the restaurant or the business is losing to the bank, the credit card company. We remit that entire occupation back to the city so that, that cost of 3% of transacting the business is lost, but we have to remit the full 100%, if that makes sense.

**KAUTH:** No, so-- OK, I'll, I'll do some research on that.

**RICH OTTO:** OK. We-- I mean, it's-- again, we kind of had this when we were raising the sales tax, I talked about how it's going to cost us. And then you were mentioning how some restaurants do add that on, which is also true. That may not last forever. The Federal Trade Commission doesn't like that practice of putting those fees on. And so those are getting evaluated. And so we don't even really like that-- you know, consumers don't like seeing those fees based on bank card fees being put on, you know, I think mechanics have done it in the past and restaurants are starting to, but federally, they're looking at that whether or not that's a deceptive practice.

**KAUTH:** I think what's confusing me is swipe fees are completely different from occupational tax. Correct?

**RICH OTTO:** Well, you pay the-- so when you collect a remit, so say an analogy, say you had \$100 in occupation taxes over several transactions. You would still-- the retail or restaurant would get \$97 back of that and charged.

**KAUTH:** So the swipe fee has been charged on the occupational tax itself--

**RICH OTTO:** Exactly. And then you remit the--

**KAUTH:** --because they're, they're charging the occupational tax--

**RICH OTTO:** Exactly.

**KAUTH:** --to the consumer.

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**RICH OTTO:** Exactly, you--

**KAUTH:** That makes more sense. Thank you.

**von GILLERN:** Thank you. Any other questions from the committee? I just had one. The-- and maybe you said this. If you did, forgive me. The-- what is the audit process? I mean, does somebody go down the street and say, we got a form from you, and you, and you, but we didn't get one from you? What, what is the--

**RICH OTTO:** As this bill's been-- that's a great question to ask. I my understanding of the city of Lincoln and the cities with occupation taxes on restaurants and hotels is that they look at the licensing, double check that everyone with, you know, a food handler's permit or whatever else is in fact, remitting them. I was concerned that I heard certain, you know, businesses aren't, in fact, remitting occupation taxes to municipalities. And so we, we want that to be 100% compliance by all means, we don't. One of the instances that brought this up specifically is when we opened up the licensing for food trucks to be able to go into any municipality. And I pointed that out to the committee, are we seeing if these food trucks that come into a municipality for a week or a few days, are they, in fact, collecting and remitting the occupation tax that that municipality has? In that case? It may be doubtful, I don't know. But there are examples where I could see it could be avoided, and that cities may not be aware of those businesses. And, and so the bill probably is good to shine a light on municipalities' need to collect a remit for all businesses that are transacting.

**von GILLERN:** OK. And, yeah, so if they mean-- obviously that was a legitimate question that I asked. But in, in your--

**RICH OTTO:** I don't know the--

**von GILLERN:** --comments, it leads me to the conclusion that remittances could go up.

**RICH OTTO:** Yeah, so--

**von GILLERN:** Likely, likely would go up.

**RICH OTTO:** Right.

**von GILLERN:** OK.

**RICH OTTO:** Absolutely.

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**von GILLERN:** OK. All right. Thank you. Any other questions? Seeing none, thank you for testimony. Mr. Otto.

**BLAIR MacDONALD:** Good afternoon, Vice Chair von Gillern and members of the Revenue Committee. My name is Blair MacDonald, spelled B-l-a-i-r M-a-c-D-o-n-a-l-d, and I appear before you as the registered lobbyist for the Greater Nebraska Cities in opposition to LB950. The Greater Nebraska Cities is a municipal association representing the cities of Aurora, Grand Island, Hastings, Holdrege, Kearney, Lexington, and Minden. On the surface, LB950 reads as a one stop shop for business to submit once a month to the state for all of their outstanding taxes. LB950 also reads as a loss of local control, and consolidating power of tax collection within the state. The enforcement and relationships that our cities have established with its own citizens and businesses will be lost through this transition. The state does not have the same flexibility that our local municipalities currently have and utilize to work with businesses that are, perhaps, non-compliant. And these are relationships that we've cultivated with, with-- between the cities and local businesses. Our cities do not charge an administrative fee to collect these taxes. This is handed, handed-- handled fully internally by city staff. Passing this responsibility on to the state creates several concerns from a local perspective. Reduces-- it reduces transparency and delays funds received by the locality. It increases the amount of government involvement for a system that is currently working well. There are also concerns with staff time at the state level to follow up with the delinquent accounts and collect all of this revenue. This would also reduce the amount of tax dollars going towards the approved expenses versus govern-- funding government efforts. The city of Kearney, for example, has several active occupation taxes, including a restaurant tax, which was voted on and approved by the citizens of Kearney specifically to pay for a \$34 million bond to construct a new sportsplex. Kearney has two general business occupation taxes, which are utilized to pay for debt service on eligible expenses within an enhanced employment area. 100% of proceeds from the hotel and lodging occupation tax is given to the Kearney Area Visitors Bureau for the purposes of economic development and tourism. The city is responsible for informing an-- affected businesses, collecting monthly payments, following up with delinquent accounts, and utilizing occupation taxes for these specific purposes. Just in terms of general financial and negative impacts to a couple of our member cities. With the 3% administrative costs being taken by the state to administer this collection, the city, city of Grand Island would stand to lose about \$150,000 per year, and the City of Kearney would lose about \$92,000 per year. And we also track these

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metrics on how certain occupation taxes are performing as to-- and we would stand, stand to lose that sort of information on growth trends within our communities if it is passed on to the state. So for these reasons, we are here in opposition to LB950.

**von GILLERN:** Thank you for your testimony. Any questions from the committee members? I just have a quick question. The-- you mentioned, I think you said \$150,000 cost to Grand Island and \$92,000 to Kearney. Would they not also save some money from not having to-- presuming they've got somebody on their staff that receives these funds, processes them, is-- do those figures consider any of those offsets.

**BLAIR MacDONALD:** It does not, no.

**von GILLERN:** OK. All right. All right. Thank you. Any other, opponent testimony? Seeing none, anyone who would like to testify in a neutral position? Seeing none, Senator Linehan, would you like to close? And as you come forward, there were zero proponent letters, five opponent letters, and zero neutral letters received.

**LINEHAN:** So I didn't, as you can tell, I didn't work this bill or ask anybody to come today. And I don't know that this is exactly the right answer, but we need to figure out a way that if you're going to have an occupation tax, everybody pays it. It doesn't, you know, your cousin down the street. Slight joke. And it's-- you know, maybe I have no idea if this is a big problem or a little problem, but it needs to be looked at.

**von GILLERN:** Any questions from the committee? Seeing none, thank you, Senator Linehan. That'll close our hearing on LB950, and we will open on LB1019. Senator Holdcroft.

**HOLDCROFT:** Good afternoon, Chairman Linehan and members of the Revenue Committee. For the record, my name is Senator Rick Holdcroft, spelled R-i-c-k H-o-l-d-c-r-o-f-t. I represent Legislative District 36, which includes west and south Sarpy County. I am here today to discuss LB1019. LB1019 eliminates the need for a county board of equalization to vote on a final order from the Tax Equalization and Review Commission, or TERC, on the taxpayer's valuation appeal. Currently, after a final order has been made on the taxpayer's eval-- valuation appeal by TERC, county boards of equalization must hold a hearing wherein the board, by law, must reaffirm the decision of TERC. This current process of having the county board of equalization formalize TERC's decisions can be a source of frustration to the appealing taxpayer. The taxpayer may wait weeks for their case to be processed

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and sent to the county board of equalization, hoping their case can be heard by the board, only to find out at the hearing that the board cannot deviate from TERC's decision. Adopting LB19-- LB1019 would eliminate this confusion, clarifying the valuation appeal process for the appealing taxpayer and streamlining the process for the county board of equalization. There is no fiscal note associated with this bill. Chairman-- Chairwoman Linehan and members of the Revenue Committee, thank you for your consideration of LB1019. Behind me you will hear from a, from a Sarpy County representative who can answer any questions in further detail. Thank you.

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

**HOLDCROFT:** I will remain for closing.

**LINEHAN:** Miss Judiciary?

**KAUTH:** We all thought it.

**LINEHAN:** Good afternoon.

**DON KELLY:** Good afternoon, Senator Linehan and members of the Revenue Committee. I, I'm very graciously happy to be here and testify in front of you in support of Senator Holdcroft's bill, LB1019. I, I've been a Sarpy County commissioner for 11 years. And over that time--

**LINEHAN:** I need you to-- your name.

**DON KELLY:** I'm sorry.

**LINEHAN:** That's OK.

**DON KELLY:** What, what's wrong, ma'am?

**LINEHAN:** You need to say and spell your name.

**DON KELLY:** Oh, I'm sorry.

**LINEHAN:** That's OK.

**DON KELLY:** Don Kelly, D-o-n K-e-l-l-y. So I have prepared testimony, and I decided to deviate from it, unfortunately. But I, I-- let me, let me just summarize this. I've been doing it for 11 years. And, you know, one of the roles of a commissioner is to sit on a board of equalization to hear property valuation protests. And sometimes, we side with the taxpayers, sometimes we don't. Sometimes we side with

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the assessor, sometimes we don't. But no matter what we decide, the ultimate recourse for an unsatisfied taxpayer is to take his case to the TERC. And, and it's really-- a simple analogy for me is we're the district court at the board of equalization. The TERC is the Supreme Court. So anecdotal story. Three years ago, taxpayer comes before us and says, my taxes are too high and the board of equalization agrees with them. The assessor thinks we're wrong, so he appeals to the TERC. The TERC takes time, because they get a lot of protests. But after three years, they resolve the case and side with the assessor. Then the, the-- their finding comes back to the county board of equalization for affirmation or ratification. I looked at it. I said, I didn't agree with the first time, why, why would I affirm this decision now? I didn't agree with it three years ago, I don't agree with it now. So no, I vote no. Convinced a couple of my colleagues that was a good idea. And so then we, we said, no, we're not going to affirm that decision. So two weeks later we get notification from council that we are violating state statute. And if we don't change our vote, we're going to be subject to legal action at our court cost, which is a waste of taxpayer time and money. So we changed our vote and, and everything's fine. So this simple change in the language, which says that after the TERC makes a decision, we no longer have to affirm it, we'll save a lot of frustration. Not only for the taxpayer who's notified, that has to come back, to hope that he might get remedy when, when there's no chance of it, but also it saves a lot of time of staff time. Because any time TERC decides something, we have to review it, we have to send it through the legal process, we have to draft resolutions, we have to publish meeting notices, et cetera, et cetera. So a simple change. Government exists to make people's lives better, not more difficult. And that simple change will certainly go a long way to making that happen.

**LINEHAN:** Thank you, thank you. Are there, are there questions for Mr. Kelly? Senator Albrecht.

**ALBRECHT:** Thank you, Chair Linehan. And thank you for being here with this one-liner. But how is-- how do you keep track of those TERC-- do you as a, as a commission keep track of it or does the assessor keep track? Because if that person went down and he's been waiting to get in to TERC for three years, so he's not liking the second year or the third year what's going on either. So how, how would you know that it was, it was like taken care of?

**DON KELLY:** Honestly, once it leaves the county board of equalization, we don't keep visibility on it. The assessor certainly does, because generally he's the one that's, that is protesting the board of

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equalization's decision in front of the TERC. So he follows it. Although it's not a, a, a legal court per se, it has statutory responsibilities that make their decisions binding. So we don't follow it. But it's, it's, it's a tremendous amount of effort for a taxpayer. First of all, just to show up at a county board meeting which are held in the middle of a work day, generally. To prepare all the documentation to protest evaluation. And then if they lose, now they have to go on their own dime, they have to travel to Lincoln and sit through hearings, which could take years to get actually on, on the docket. So it's, it's a very frustrating process. It's not taxpayer-friendly at all. I wish there was something we could do to fix it, but that's, that's a subject for another day. But, but this simple change of just saying that once the TERC makes a decision, it no longer has to be affirmed by county boards of equalization, I think will save a lot of time and frustration for the taxpayer.

**ALBRECHT:** I have one more question. So when you go to your NACO meetings, do you talk about this and get a consensus throughout the state that everybody feels the way you do?

**DON KELLY:** Well, I, I have to believe they do.

**ALBRECHT:** The reason I ask--

**DON KELLY:** I know--

**ALBRECHT:** Well, but real quick, the reason I ask that-- don't worry, he'll be up. The reason I'm asking that is we have a lot of different cases throughout this state that are heard right here in the Revenue Committee because somebody has had to pay. And then the next year, there still hasn't been an answer on the TERC program from the year before and it just keeps on elevating itself. So it would be interesting to know if it's just you that feels this way or do most of the commissioners or supervisors--

**DON KELLY:** Well, I believe I'm the only county commissioner here from any of the 93 counties, so I can't really speak for them. But I will tell you that when Mr. Cannon was in his former job with the Revenue Committee-- or the, or the Department of Revenue, I went down there, I talked to the tax commissioners. We've talked to the, the director of, you know, the Nebraska Revenue Department.

**ALBRECHT:** Um-hum.



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**DON KELLY:** But voicing our frustration. But it hasn't gained any traction. So unfortunately, the answer is probably no. We're not doing that.

**ALBRECHT:** I mean, I, I've sat in your chair too, in Sarpy County, and it is hard. But no matter what we say as a commission, generally, the assessor is going to do what he wants anyway. And always, you know, it's always costing the taxpayer, all of us, money for everybody to go down and do that. So I appreciate the bill, we'll just see what, what comes.

**DON KELLY:** Well, I appreciate your time and consideration. Thank you very much, everyone.

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

**DON KELLY:** Thank you.

**LINEHAN:** Other proponents? Good afternoon.

**JON CANNON:** Good afternoon, Chairwoman 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, here to testify today in support of LB1019. I appreciate Senator Holdcroft bringing this bill. We enjoy government efficiency when it, when it comes to us. Senator Albrecht, to your point, we discuss these sorts of things at, at, NACO annual conference, at our legislative conference. When something is brought forward to us by our membership, you know, that's something that we usually try to adopt, especially if it's something that's, you know, that is going to make things easier for us and our citizens. You know, Sarpy County brought this bill to Senator Holdcroft, and we were very glad to endorse it. Because this is the sort of thing that I wish we had thought of before. My, my suspicion is the reason that we have this is, that this, this current process, it's probably a holdover of the somewhat quasi-judicial nature of the county board of equalization. As, as you all are probably aware that before we went to TERC we actually send everything to district court. And then from district court it went on to the Supreme Court. And because of that very judicial process and the very, very legalistic nature of the whole thing, when it came down to CBOE, they had to follow essentially the same rules that the courts do. And so that, I think that's why we have that. It's just essentially an artifact of a long, long time ago. I mean, the TERC was created in 1995, if I recall, so darn near 30 years. One of the reasons I think this is really important is because

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there are some county boards that they only meet once a month, especially when, you know, actually Cuming County, you know, near, near where you're from, Senator. You know that they meet once a month. McPherson County, to my knowledge, they meet once, once a month. Sioux County meets once a month. And so that's, you know, if the taxpayer, they get something from, from the Supreme Court and they get to wait maybe up to, you know, 3 or 4 weeks before that's actually affirmed and put through the process by their, their county assessor, because the county board actually had the opportunity to do-- to rule on the tax list correction. So we're very glad to support this bill. It's, it's just good government, good efficiency bill. So I'm happy to take any questions you might have.

**LINEHAN:** Thank you very much. Are there questions from the committee? I just-- it sounds like a great idea, but it has to go back to the, to the commissioners now and they have affirm it. So just we need to make sure the process still somehow, like the information gets back and they know whether the decision-- when does a county assessor find out this is what the decision TERC made?

**JON CANNON:** They'll get a-- they'll usually get in-- information from their county attorney. If they're, sometimes if they're super involved, they're, they're sitting there hitting refresh on the TERC's website to see when they issue their decisions. And so they know right away.

**LINEHAN:** OK. And there will be hang-ups because it wasn't officially done?

**JON CANNON:** No, ma'am.

**LINEHAN:** All right.

**JON CANNON:** Not from our perspective, no.

**LINEHAN:** OK. All right, any other questions? Seeing none, thank you very much for being here.

**JON CANNON:** Thank you very much.

**LINEHAN:** Are there other proponents?

**KORBY GILBERTSON:** Good afternoon, 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, appearing today as the registered lobbyist on behalf of the Nebraska Realtors Association in support of

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LB1019. As, as happens sometimes, sometimes the shortest bills create the most discussion. And this one got a lot of discussion because even the attorneys that do the real estate work all the time are saying, doesn't this already happen? Why are they not communicating? We finally did a little digger deeping-- digger deeping? It's Friday.

**VON GILLERN:** It's Friday.

**KORBY GILBERTSON:** Digger deep-- anyway, we dug a little deeper and found that the real issue is that they don't communicate. And so the Realtors felt this was a natural change that should be made and so they support it.

**LINEHAN:** Thank you. Are there any other--

**KORBY GILBERTSON:** Thank you.

**LINEHAN:** Yes, Senator Albrecht.

**ALBRECHT:** Just a quick question. So the Realtors think it's OK to take that out and make-- I guess I just want to make sure that there's not something in there, if I'm buying a house and, and that person is going to have a lean because he hasn't paid his taxes for three years because he was waiting for a decision from TERC, does-- how does that play into this?

**KORBY GILBERTSON:** Well, my understanding, and maybe I'm off, but after we did some checking on this, was that the problem is that the final order doesn't ever get put on your records. So and maybe I'm incorrect on this, but the final order of TERC or whoever-- whomever, does not get applied on to your assessor tax rolls. That's the way it was explain-- and that's what was explained to me as being the fix here. So maybe our folks did not read it correctly, but that's what the discussion was.

**ALBRECHT:** And I can understand as a commissioner that you're like--

**KORBY GILBERTSON:** Um-hum.

**ALBRECHT:** --OK, I have to, I have to check all this off. But if you don't check it off, how would, how would anyone know that it's still active? Or, you know, surely, like the assessor is the one that we have to look to. I would think a commissioner would have to--

**KORBY GILBERTSON:** Right.

**ALBRECHT:** --look to, because you've got to know if that-- those taxes aren't paid this year or next year or the next, because you're still waiting on these decisions. Because we've had people come before us and tell us that they'd been in the TERC a lot longer than 2 or 3 years. So I'm wondering if-- not that it would have any bearing, then, I suppose, on this. Just saying that, hey, we as a commission don't really want to have to do this. You know, whoever put this in law in the first place obviously put it in for a reason. But I guess I'm just trying to figure out is it, is it something that we should really be doing, or is this a formality? There's nothing worse than being the commissioner that didn't want it to go to TERC in the first place. Believe me, I've been there, and, and you didn't want to put people through that. Before, it was like 25 bucks. Now it might be more. But just the time, energy and effort to try to change that is a big deal. But then when it's done, you want to know that it's done. And, and you might as well just, just kiss the paper because you can't say you don't like it because then you're in trouble, so.

**KORBY GILBERTSON:** Right. And I think that's-- I mean, if you read the first sentence of the bill, that's it says the county assessor or county clerk shall correct the assessment and tax rolls after action of the county board of equalization or final order of an applicable administrative body or court. So it's saying after the final order, then those records have to be updated.

**ALBRECHT:** Updated.

**KORBY GILBERTSON:** Right. So that's-- we were unaware that that--

**ALBRECHT:** So you'll find out the next year when the assessor deals with that piece of property and, and it is what it is.

**KORBY GILBERTSON:** Right.

**ALBRECHT:** OK.

**KORBY GILBERTSON:** But in, in the Realtors' opinion, those records should reflect that final decision. It shouldn't not.

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

**KORBY GILBERTSON:** And so I, yeah. I was, was sitting back there, said I said I think I'm more confused than I was when I first started reading this. So when I was listening to the proponents.

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**LINEHAN:** I think what Senator Albrecht-- she's focusing on the same thing I'm focusing on. Right now, there's a system, county board gets notified. I mean, they're supposed to affirm it, but the big thing is they're getting notified. So how-- are we making sure, and this is going to be up to Senator Holdcroft, are we're making sure that there's some notification process still in the works.

**KORBY GILBERTSON:** And I think that's the question. And that's what came up during our discussions, is are they not communicating? Are they not getting notice and that's why this isn't happening?

**LINEHAN:** I think it needs to be in the legislation how they're going to be notified.

**KORBY GILBERTSON:** OK. And, and that's great because that was, that was our discussion. Are they not communicating? Are they not getting the notice?

**LINEHAN:** Well, according to NACO, they can sit there and check. But what's-- one time they miss the check and then there's not any official notification. So I think you're going to have to have some kind of official-- different official notification, so. Any other questions? Thank you very much for being here.

**KORBY GILBERTSON:** 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 didn't have letters. Senator Holdcroft, would you like to close?

**HOLDCROFT:** Yeah. So I want to thank the testifiers for coming, particularly Don. Don and I go back many years. We actually served together in uniform at StratCom. We were both Level 6s. Of course, he was in the inferior service at the time. But he has done an outstanding job. I mean, Sarpy County is the fastest-growing county in the, in the state. And a lot of that has to do with his leadership over the last many years. So I thank him for coming. It sounds like we do need to do a little more work as far as making sure we are getting-- since we're eliminating the requirement really to for-- for the board of equalization to take any further action, we need, need to make sure that they do get the word of the decision of the TERC. So we'll take a look at that. Probably come forward with an amendment. But probably the way forward with this bill is a consent calendar. So

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we will-- we'll try to move out on this quickly and get it back and, and hopefully get a good vote out from the committee.

**LINEHAN:** Yeah, I would actually-- I don't know what you're doing the rest of the day, but I would try and figure it out. I don't think it's probably a big amendment. It's like TERC will notify the county board [INAUDIBLE] but.

**HOLDCROFT:** Got a pencil? No.

**LINEHAN:** So OK. Any other questions?

**MEYER:** I have one quick one.

**LINEHAN:** Senator Meyer.

**MEYER:** So basically, it just eliminates the need for a hearing.

**HOLDCROFT:** For it to go for a hearing back to the board of equalization.

**MEYER:** County board, yeah. Once the board--

**HOLDCROFT:** Once the decision from the--

**MEYER:** --receives notice, they can tell the county assessor immediately to take it off. So you eliminate that need for, need for maybe a three-week notice of hearing. So you eliminate that whole process, which I, I applaud you for bringing this up because that's-- at that point, it's doesn't-- you don't need to have another hearing, so.

**LINEHAN:** Great. It seems like the whole committee, we just-- with eliminating one process, it's the other notification is all we got to fix.

**HOLDCROFT:** Closing it out.

**LINEHAN:** Yeah, OK. All right. Thank you very much for being here.

**HOLDCROFT:** Thank you.

**LINEHAN:** With that, we will close to hearing on LB1019 and open the hearing on LB1151, Senator Dover. Good afternoon.

**DOVER:** Good afternoon. Thank you, Chairwoman Linehan, and good afternoon, committee members. For the record, my name is Robert Dover,

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R-o-b-e-r-t D-o-v-e-r. I represent-- I represent District 19, which consists of Madison County and the southern half of Pierce County. I've introduced LB1151, because I believe there's an inconsistent application of homestead exemptions across the state of Nebraska. The task accomplished by LB1151 is very simple. It defines the term occupied as, quote, to reside on a property with the intention of maintaining the property as the owner's primary residence. If the owner has to leave the property because of health or to satisfy a legal duty, he will not be disqualified from having a homestead exemption as long as they can demonstrate that they intend to return to the property. Let me explain. Because of a current lack of definition, the application of a homestead exemption is uneven across the state, meaning that in one county, someone could lose their homestead exemption after one year of residing in a care home or while in another country they can be given five years, or-- excuse me, in another county, they could be given five years, ten years, or even no limit at all. People on a fixed income who because-- who because of health or the fulfillment of legal duty, end up temporarily living outside their home, should not be penalized for that necessity. Just quickly. So there was a senator who bought housing in Lincoln because they worked here, and they were from the other side of the state. And the assessor decided that they should not qualify for the homestead exemption. They did go to court and they did win. So that's the basis for the legal duty in here. Should LB1151 bring-- excuse me, LB1151 brings clarity to a confusing situation that makes people's lives better by enabling them to maintain their homestead exemption, even when they are faced with less than ideal circumstances. I believe this change is necessary, and that defining the term occupied will better serve Nebraskans who have homestead exemptions. At, at 1:34 today I received a letter from NACO. They had done a, a 24 hour turnaround survey for county assessors, as far as what their policies were, and so the responses were from 41 counties, and I'll just read this here briefly. Brief findings. 15 counties said that they did not have a limit, or would let the resident occupy indefinitely. Of those that provided a timeframe, i.e. a year or years, the range was 1 to 5 years and the average was 2.6 years. We also allowed assessors to comment, and based on their comments, it appears that counties are handling this issue in a variety of very different ways. Some give residents one year. Other assessors will allow people to quali-- to qualify as long as their furnishings remain in the home and their-- and their property has not been sold. So this just attempts to give clarity to the assessors on what the rule is. And I do think, I mean, I do believe whether it's your-- and a lot of times it's going to be a grandmother or a mother. I don't think that if they're temporarily in

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a nursing home with the intention of moving back, that we should take away the hope of moving back to the farmstead or to the homes-- the homestead. So that's really the purpose of my bill.

**LINEHAN:** Thank you, Senator, for bringing this. Are there questions from the committee? I did hear on the floor this morning some concerns about abuse of this homestead program. So if the committee's looking at it, you could-- I'm not saying anybody's doing this, but you could move mom into the nursing home, and you could move into the house and live there. And so how do we-- how do we kind of make sure that doesn't happen.

**DOVER:** I think when it states that occupied means to reside in the property with the intention of maintaining the property for the owner's primary residence, I think anytime someone would move somebody in there, I don't think that-- I think at that point it's no longer the owner's primary residence, it's obviously somebody else's residence, and I think that they lose the intention of maintaining that property as, as a primary residence. That's, I mean, that's my less than legal opinion.

**LINEHAN:** OK. Well, yeah. And we can have somebody look at it. OK. Yes. Senator von Gillern.

**von GILLERN:** Just to add color to that, the, the last line in the statement says, and can demonstrate they intend to return to the property. I'm not sure how that-- would that be a medical clarification, would that be--

**DOVER:** No, I think, I mean-- I, again, leave it up to-- I mean if they're saying-- if they're saying they intend to, I think that's enough. I just see where-- in our county, I talked to our assessor, and he said that they give him one year. One year, they're done. I just know, with dealing with my grandparents and my parents and stuff, to take that, right to move back home again? I think we owe them more than that. I really do. And I think is it-- I don't think it's life or death whether we give someone their homestead exemption one more year or whatever. And I think in most cases, I think, families and everyone, I think, do the right thing. I really do. And I-- and I think we shouldn't worry about a very small that might abuse it, but I don't think-- I do believe the intent-- the intent. And I do believe that primary residents, you couldn't move somebody else in there, because I think that would violate, and it would give the assessor the right to say, you don't get the homestead exemption, they're not living there anymore.



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**LINEHAN:** OK. Thank you. Any other questions? Seeing none, thank you.

**DOVER:** Thank you.

**LINEHAN:** And you'll stay to close?

**DOVER:** Yes I will.

**LINEHAN:** Are there proponents? Good afternoon.

**JON CANNON:** Good afternoon, Chairwoman 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 the Nebraska Association of County Officials, also known as NACO, here to testify today in support of LB1151. I certainly want to thank Senator Dover for bringing this. This is an issue that, frankly, has bedeviled assessors across the state of Nebraska for all the years that I've been working in property-- the property tax world. There's just an inconsistent application. I think he went through it fairly adequately. You know, there's, there's some counties it's one year, if they're not coming back after one year, then they're not coming back at all. Other counties say, you know, what the heck they can they can be in the nursing home forever as far as they're concerned. And, and really just to have consistency in its application is what we're going for. As far as the committee is concerned, if you want to make it-- and you can-- you can say that it's forever, you can say it's one year, three years, or five years, just as long as we're consistent and we don't have, you know, something that's going to be different from one county to the next. There was a question earlier about how someone evidences their intent to return home. And I think the Department of Revenue has a regulation that addresses that. That would be things like having your personal effects still there, having furnishings in the home, or keeping furnishings in the home, maintaining your mailing address, things of that nature, that evidence an intent to keep that as your primary domicile. So happy to take any questions you may have.

**LINEHAN:** Thank you very much. Senator Kauth.

**KAUTH:** Thank you, Chair Linehan. Mr. Cannon. OK, so the, the legal duty, would that include military service?

**JON CANNON:** Yes, ma'am.

**KAUTH:** Would it include being sent to prison? Because I'm not sure if we want to give prisoners homestead exemptions.

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**JON CANNON:** I'm not sure how many 65 year olds we have going to prison. Great-- I mean, that's a great question.

**KAUTH:** I, I, I just-- I'd like more, I'd like more--

**JON CANNON:** I'm not sure-- I'm not sure that's a legal duty. I think it's a legal penalty.

**KAUTH:** I would like more definition on that, clarity on that definition.

**JON CANNON:** Sure.

**KAUTH:** That could just be [INAUDIBLE].

**JON CANNON:** And, and I think the reason that the term legal duty was selected, there's, there's a different homestead program that we have, completely unrelated to property taxes. But, you know, for purposes of defining what a homestead is, the Supreme Court has said, issues of health or legal duty do not dissuade someone-- And that would be for someone that was serving in the Legislature, that would be for someone that was, for instance, serving in the military and they're MIA, and it's like, well, if you've been MIA for more than two years, you're probably not coming home, which is a terrible thing to say, but, you know, by the way, applied to these cases, we don't want to say, well, yeah, you, you also have a tax consequence as a result. So I think to answer your question, Senator, someone is going off to prison, I'm guessing that's a penalty, not a duty. And they're, they're probably just going to be out.

**KAUTH:** OK. Thank you.

**JON CANNON:** Yes, ma'am.

**LINEHAN:** Thank you, Senator Kauth. Other questions from the committee? Seeing none, thank you for being here.

**JON CANNON:** Thank you very much.

**LINEHAN:** Are there other proponents? Are there any other proponents?

**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, here to express our strong support for LB1151. The bill provides a

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clear and comprehensive definition for the term occupy in the context of property ownership and homestead exemptions. This definition is crucial in ensuring that property owners who temporarily depart from their property for reasons of health or legal duty, are not unfairly disqualified from receiving a homestead exemption. By stating that a departure from property does not disqualify the owner from receiving an exemption, as long as the owner demonstrates an intention to return, the bill protects the rights of property owners who may need to leave temporarily from their homes due to circumstances beyond their control. This is particularly relevant in the current context, where health and legal issues may necessitate temporary departures from one's primary residence. We believe that this bill is a significant step towards ensuring fairness and equity in property tax exemptions. It takes into account the realities faced by property owners, and provides necessary protections to prevent undue disqualification. OK. One thing that I do want to address, because this is now the second time that we've offered testimony in support of the homestead exemption, expanding the homestead exemption program. Several weeks ago, I did testify on behalf of LIBA in opposition to Senator Linehan's LB1317, where I made the comment, something along the lines of where is the data that is suggesting older people are selling their homes and leaving because of property taxes? Some of our members saw that, and I did get some pushback. So I just wanted to say that is not to suggest that it doesn't happen. In fact, you were all there and heard me say in that same testimony that it does happen and that it's very sad when it does happen, but that, that wasn't to suggest that it wasn't happening. OK. Just wanted to be clear about that. Back to this bill. We support it and urge the Revenue Committee to support it as well. 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? Any other proponents? Are there any opponents? Anyone wanting to testify in the neutral position? Do we have letters? Yes we do. We have-- Senator Dover, do you want to close? We have three proponents, one opponent and one neutral.

**DOVER:** In closing, I just wanted to say that I think this bill, again, just gives clarity to the assessors across the state for uniform application of, of their duties. Thank you.

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**LINEHAN:** What is your-- I'm sorry, what does your bill-- what-- you say you're-- are you leaving it up to us, or do you have a timeline that you think-- they're not in the home for year, two years, five years?

**DOVER:** I think it's based on intent. I think if they-- if they're in there and for whatever reason are saying no, we plan on getting back, they maintain their property, keep their furnishings there, they don't rent it out. I just-- I don't want to take that hope away from people, and I think most people are good people.

**LINEHAN:** OK. All right. Any other questions from the committee? Thank you very much.

**DOVER:** Thank you, Madam Chairman.

**LINEHAN:** With that, we close the hearing on L1151, and open the hearing on Senator Fredrickson's LB1041.

**FREDRICKSON:** Hello. Good afternoon. Thank you. Chair Linehan and members of the Revenue Committee. For the record, I am John Fredrickson, that's spelled J-o-h-n F-r-e-d-r-i-c-k-s-o-n. And I represent District 20, which is in central west Omaha. Happy to be here today to introduce LB1041, which is a bill that seeks to reduce the property tax burden on aging Nebraskans who are experiencing rising home valuations. This bill increases the credit on the homestead exemption for those categorically eligible, including persons over the age of 65 and disabled veterans. Currently, for homesteads at or above the maximum value, which is at 200% of the average assessed value of a single family residential property, or \$95,000, whichever is greater, the exemption amount is reduced by 10% for each \$2,500 that the homestead exceeds the maximum value, and any homestead that exceeds the maximum value by \$20,000 or more is not eligible for any exemption. LB1041 increases the increments the homestead exemption amount is reduced from \$2,500 to \$5,000, and increases the maximum value the homestead exemption may exceed the maximum value of valuation from \$20,000 to \$40,000. The bill will allow-- also allow income eligibility amounts for the homestead exemption to be adjusted by the percentage increase of home valuation, so that more individuals are able to maintain eligibility. I decided to bring this bill at the request of aging persons in my district who may be priced out of homestead exemption eligibility due to their rising home valuations. Property taxes are one of the most significant annual costs for homeowners, and can disproportionately impact aging individuals living on a fixed income. Expanding the parameters for

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homestead exemption will help homeowners on fixed income cope with increasing property values. The homestead exemption provides targeted property tax relief specific to homeowners, elderly, veterans, and those with disabilities by exempting all or a portion of the taxable value of a primary residence. The state of Nebraska reimburses counties and other governmental subdivisions for the property taxes lost due to the homestead exemption. Currently, income eligibility amounts for homestead exemption are adjusted annually by the percentage change in the Consumer Price Index. LB1041 provides that, in addition to the CPI, income eligibility is also adjusted by the percent increase of the average assessed value of a single family residential property. I believe that this is a fair way to ensure that individuals on fixed income, who may still have rising home valuations, are able to stay in their homes. I know that this bill does not have a priority designation and will not be moving on its own this session, but I do ask the members of the committee to give it a proper consideration as you evaluate what ends up kind of comprehensively in the property tax relief package that you are considering as a committee. With that, I'm happy to answer any questions the committee may have.

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

**KAUTH:** Thank you, Chair Linehan. Senator Fredrickson, on the sheet, it says \$50,000, from \$20,000 to \$50,000. Is that-- is it correct, on the sheet? You said \$40,000.

**FREDRICKSON:** It should be \$40,000.

**KAUTH:** OK.

**FREDRICKSON:** The sheet may have a typo of 50.

**KAUTH:** The bill actually says 50.

**FREDRICKSON:** Let me take a look here. That may be a typo on my end, so I might have misspoke there, but--

**KAUTH:** I'm just saying in the bill it's 50.

**FREDRICKSON:** Thank you for that.

**LINEHAN:** Thank you, Senator Kauth. Are there other questions from the committee? Seeing none--

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**FREDRICKSON:** All right.

**LINEHAN:** --thank you. Will you stay to close?

**FREDRICKSON:** Sure.

**LINEHAN:** Do we have proponents? Are there any proponents? Good afternoon.

**CONNIE KNOCHE:** Good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is Connie Knoche, C-o-n-n-i-e K-n-o-c-h-e, and I'm the education policy director for OpenSky Policy Institute, and we're here in support of LB1041, because it recognizes that increasing property values can negatively impact homeowners with fixed incomes. I agree with all of the things that Senator Fredrickson had indicated earlier. We believe that this bill will help those who need it most at a very low cost to the state. The fiscal note came in at \$1.5 million per year, and this is small compared to the numbers being discussed this year for property tax relief. Our modeling indicates that this proposal is a healthy, progressive form of income-- from an income standpoint, because it doesn't expand the income criteria. Nearly all of the benefit goes to the bottom 40% of income taxpayers-- or property taxpayers in the state, with two thirds of it going to the bottom 20% of Nebraskans. Property taxes are one of the most significant annual costs for homeowners, and it can disproportionately impact elderly individuals living on a fixed income. We believe that expanding the parameters for homestead exemption will help homeowner, homeowners on fixed incomes with increasing property values, and we encourage the committee to consider this proposal to direct more property tax relief to those who need it most.

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

**JON CANNON:** Chairwoman Linehan distinguished members of the Revenue Committee, good afternoon. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO, I'm here to testify today in support of LB1041. We'd like to thank Senator Fredrickson for bringing this bill. We're always in favor of having a good discussion about homestead and what that policy represents. An ordinary-- I want to be very clear. Ordinarily, it's very easy for NACO to show up and say we support any homestead bill because we're being reimbursed by the state. I get that. But the reason I want to, you know, talk about that in, in the context of this bill is what homestead policy actually is

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trying to accomplish. And so there are-- while we support the bill in general, there are a couple of things that I do want to highlight. It makes sense that we want to peg the maximum value to the rising valuations, that makes a lot of sense to us. I think that the average assessed value that we use as kind of the benchmark in every county, that, that really does track that, I mean, the average assessed value is kind of moving in lockstep with the movement in the market. And so I'm not sure that that necessarily is something we need to tie to. But if, if the goal is to-- so we're going to use average assessed value plus the increased-- percentage increase in valuations, I get that, if one does not equal the other then certainly that makes sense. The other thing I, I was not sure about, entirely certain about, was tying the increase in the income limits to valuation limits, because those are really operating on two different scales. And so I think to the extent that we look at what should income limits be tied to, right now we use CPI-U. You, I'm not sure that CPI-U is necessarily the best way of determining whether or not incomes are rising and falling in lockstep with, with the supposed market for income. But I, I think the fact that we're looking at a different scale is, is a good step in the right direction, and I think that's a worthy topic of conversation for the committee. And with that, I'm happy to take any questions you may have.

**LINEHAN:** Thank you. Are there questions from the committee? What is Social Security? They get a bump-- I don't get Social Security, I'm not taking it yet, but don't they get a bump every year?

**JON CANNON:** I--

**LINEHAN:** A cost of living increase?

**JON CANNON:** I, I believe they do.

**LINEHAN:** And what is that based on?

**JON CANNON:** I, I, I think they get a cost of living increase and it's based on CPI-U. What we're doing is we're talking about what the income limits should be for what your percentage, what percentage of homestead you get. And I, I, think that's a different scale rather than just a cost of living increase. But I-- because in-- incomes are being tracked by the Department of Labor, for instance. And I, I think that those rise and fall not necessarily in lockstep with CPI-U.

**LINEHAN:** OK. All right, thank you.

**JON CANNON:** Yes, ma'am.

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

**JON CANNON:** Thank you very much.

**LINEHAN:** Other proponents? Any other proponents? Any opponents? Anyone wanting to testify in the neutral position? Did we have letters, we did have letters. We had two proponents, no opponents, and one neutral. Oops. We haven't closed yet.

**McDONNELL:** I'm sorry. Senator, would you like me to close on your bill?

**LINEHAN:** It's Friday.

**von GILLERN:** It is Friday.

**KAUTH:** It's Friday

**FREDRICKSON:** OK. OK. So, I'll keep it super quick, super quick. Senator Kauth, you were correct in your reading, it is \$50,000. So that was a mistake on my part of the opening. Happy to answer any questions the committee might have.

**LINEHAN:** Any questions from the committee?

**FREDRICKSON:** I might send in McDonnell to answer it, but--

**LINEHAN:** He seems to be in hurry.

**FREDRICKSON:** OK.

**LINEHAN:** OK. Thank you very much.

**FREDRICKSON:** Thank you.

**LINEHAN:** Appreciate it. That will close the hearing on LB1041, and open the hearing on-- we're going to do them together, I'm being told, on the next two bills, both Senator McDonnell's LB1362 and LR285CA. So if you're here-- if you're here to testify on either of the next two bills, you're testifying on this-- in this hearing. So we're putting the two, the last two together, LB1362 and LR285CA, the hearings' together. Is that-- there's not very many of you in here, but I want to make sure that we understand. OK. Senator McDonnell.

**McDONNELL:** So here's my record with this committee. I'm late, and then I just cut people off. So here's what I-- Thank you, Senator Linehan, members of committee. My name is Mike McDonnell, M-i-k-e



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M-c-D-o-n-n-e-l-l. I represent Legislative District 5, south Omaha. LB1362 introduces a groundbreaking approach to taxation of residential properties in Nebraska, aimed at ensuring fairness and sustainability in the housing market. This bill stipulates that while residents-- residential properties shall be valued at their actual market value for taxation purposes, there will be a significant safeguard in place, an annual cap on valuation increases, limiting them to no more than 5%. This strategic move is designed to protect homeowners from the potential volatility of the real estate market, where rapid increases in property valuations can lead to disproportionately high tax burdens. But instituting the cap, LB1362 seeks to provide a measure of predictability and stability for homeowners, enabling them to plan for the future with greater confidence and security. It's important to note that the enactment of LB1362 is contingent upon a corresponding amendment to the Nebraska Constitution, as outlined in LR285CA. This ensures that the provisions of LB1362 are fully aligned with the state's constitutional framework, reinforcing the legal foundation for this significant change in property tax policy. The bill is structured to come into effect only upon the formal adoption of the constitutional amendment, with the Governor's proclamation marking the official start of this new tax-- new taxation approach. This procedural requirement underscores the importance of the cohesive legal and constitutional basis for such a transformative policy. In essence, LB1362 represents a thoughtful and measured response to the challenges faced by Nebraska homeowners. It acknowledges the need for a balanced approach with property tax, one that recognizes the value of residential properties and protecting the homeowners from sudden increases in taxes. Through this legislation, Nebraska takes a significant step forward to ensuring a more tax equitable-- manageable property tax system. Here's how this came about. Senator Linehan, Senator von Gillern, Senator Albrecht, there's six senators plus the Governor's team, 31 of us in the room starting in October. We had a chance to have some town hall meetings, and I had a lady there contacted me, 58 years old-- 58 year homeowner. I didn't know her age, but her husband had passed away. She was on a fixed income, and they increased her property by 35%. So her question was, should I sell my vehicle? I have one vehicle, should I sell it to be able to pay my taxes? Well, that's just wrong. There's just something wrong with this whole situation here. And I know we've been down here for, for a while now, and, and our class came in in '17, and we've done a number of, I think, good things. But it, it's not enough. And right now what I'm trying to do-- and I'll jump into the constitutional amendment if it's OK, talk about that a little bit, but it's pretty clear. We're trying to make sure that if, if, if Mike sells his home to John Doe, and it

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was valued at \$200,000 when I bought it, it's ten years later, it's \$300,000. Well, of course we're going to start the 5% at the \$300,000. But for John Doe that just bought that home, they're going to know the most that's going to go up in a year is 5%. And they're going to build a budget for it like anyone else. I just think there's a fairness, and it's up to 5%. So I think there's a fairness to it. Now this, again, this is a constitutional amendment, so I'll jump in to my, my opening for the constitutional amendment part if it's OK. LR285CA represents a transformative proposal set to redefine the landscape of property taxation within Nebraska. The resolution seeks to amend the Nebraska Constitution to introduce a provision recognizing in residential property a unique category for taxation purposes. The essence of the amendment is to-- it, it, its capacity to introduce alternative taxation methods. The genesis of LR285CA is rooted in the growing concern over the rapid escalation of property valuations, and consequent tax burdens imposed on Nebraska residents. By categorizing residential property as a separate class, the resolution opens the door to tailored tax treatment that more accurately reflects the realities and needs of homeowners. Again, most of this I covered in my, my opening. The LRCA embodies a visionary approach to property tax, promising a user and a new era of fairness and growth control of residential property valuations. Here to answer any of your questions.

**LINEHAN:** So you have-- we have-- we have to do a constitutional amendment because we'd start valuing homes different than we do commercial.

**McDONNELL:** Yes.

**LINEHAN:** OK.

**McDONNELL:** And the, the, the, the bill is complementary to the, the LR, if the Constitution amendment would pass.

**LINEHAN:** Got it. Are there questions from the committee? Senator Murman?

**MURMAN:** Well, number one, I brought that constitutional amendment, I think, a year or two-- a couple of years ago, probably, but for different reasons. And that's what I'm getting to now. Why do you only limit 5% on residential, not on agricultural?

**McDONNELL:** I'm starting with residential. And I believe residential affects most of us, regardless if my business is agriculture or some other business. So I'd like to start with residential.

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**MURMAN:** So that's only a start.

**McDONNELL:** That's a start.

**MURMAN:** OK, I, I'd vote for that.

**McDONNELL:** I've got another bill that you guys will hear coming up, I guess at the end of next week. But I want to talk about-- anyways, can I discuss that a little bit right now? So we would, for anyone that owned a home, again, in the state of Nebraska, or did own a home for ten years, or a cumulative ten years, no longer would pay K through 12, property tax based on-- that's roughly 60% of your property tax. So therefore the state would be responsible-- all 244 school districts would then be paid by the state for that, that K through 12. So the idea is to keep people in the state. Then if you did move for the mountains of Colorado, you might come home to family and friends, and you owned a home before you left for ten years, you would automatically start at a 60% reduction in your property tax. I'll be bringing that next week. So trying to start, I'm focused on residential property. I'm not saying I'm ignoring, you know, agriculture, but at the same time, this is where I'm starting.

**MURMAN:** Yeah. In the '80s, farms went out of businesses, mostly because of the high interest rates at that time. But I-- with agricultural grain prices, especially, going down right now, I could see a lot of farm bankruptcies in the horizon because of high-- a big contributing factor being high property taxes.

**LINEHAN:** Thank you, Senator Murman. Are there any other questions from the committee? I think, and this is more for staff analysis by next week. I think we can value farmland less now, because it can be valued different than residential and commercial. What we can't do now is value homes, residential, and commercial differently. That's why you need a constitutional amendment.

**McDONNELL:** Yes.

**LINEHAN:** Because here-- which is not like most states, most states don't value those two the same. Or I shouldn't say most, many states. Any other questions for the committee? Seeing none, thank you very much.

**McDONNELL:** Thank you. I'll stay to close.

**LINEHAN:** OK. Proponents? Good afternoon.

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**DOUG KAGAN:** Good afternoon. Doug Kagan, D-o-u-g K-a-g-a-n, representing Nebraska Taxpayers for Freedom. Capping valuation increases is a method used in several other states. That is, an increase in the fair market value of real residential property attributable to the annual countywide appraisal and equalization requirement, limited to a specific percentage within either a one year or several year period. For example, Arizona limits annual increases to not more than 5%. Texas limits the increase in assessed value to a lesser of 3% or the inflation rate. Seventeen states and the District of Columbia passed various caps on the growth of property valuation according to the Tax Foundation. The chairman of the Kansas Senate Taxation Commission stated that valuation increases that pushed Kansas homeowners out of their homes to more tax friendly states like neighboring Oklahoma, leading to a Kansas cap. Such a lid not only would nullify the periodic spikes in valuations caused by residential market fluctuations, but also alleviate the resulting property tax spiral based on valuation for homeowners. Surrounding home valuations will not skyrocket based on home sale prices in the neighborhood. Residents who plan to reside in their homes for many more years, like myself, care little about the market value for purposes of selling. We want stability. With the setting of this formula, younger homeowners will see predictability in home hunting. Annual differential assessments will disappear, easing the workload of county assessors. By eliminating the need to assess the market value of every parcel of property every year, or every few years, the growth cap eliminates much of the need for expensive, time consuming, and frustrating assessment and subsequent lengthy appeals by angry residents. We suggest making the cap benefit portable so that homeowners can take their tax savings with them when purchasing another home. That was on LB1362. I have a little time left, so this is LR285CA. In Article VIII of our state constitution, the Legislature has authority to decide, and did decide, that agricultural and horticultural property, land and livestock, are separate and distinct classes of property for taxation. So there is precedent. Homeowners across the state are eagerly anticipating permanent property tax and valuation relief this session. We humble taxpayers ask you to use the-- this venue of this resolution to act accordingly. Thank you.

**LINEHAN:** Thank you. Are there questions from the committee? Thank you very much for being here. Are there other proponents?

**DENNIS SCHLEIS:** Hello. Dennis Schleis, it's D-e-n-n-i-s S-c-h-l-e-i-s. I and my family have lived in our home for 47 years. Our house valuation has increased dramatically over the years, continually putting a dent in our savings. I have read that some believe that the

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elderly should leave their longtime homes to make way for younger people to buy them, but the taxes are too high. I don't know how younger folks could buy these homes. Some people have told us that we should be glad that our house has increased so much in value, because when we sell it, we can get a lot of money for it. But these people don't realize that we don't want to sell our house. We want to live in our humble house until the end of our days. However, with the escalating valuation and taxes, that is unlikely. Unless, of course, the Legislature fully does something to help keep us seasoned citizens in our homes. I think LB1362 would put the brakes on skyrocketing valuations. And I thank you.

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

**KORBY GILBERTSON:** Good afternoon again. 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 and Habitat for Humanity of Omaha in support of these two measures. First, most of this applies to the realtors. I just-- since I'm testifying on two, I don't want to confuse the two, but we were privileged to be able to sit on the Governor's property valuation task force or working group, whatever it was called. And one of the things that the realtors did is as soon as those meetings started, we sent out a questionnaire across the state to everyone and asked what were the primary issues with valuations on property, what did they have suggestions for? And there were numerous things that came back as being major issues, mostly to do with different classes of property, like commercial, different complaints on residential. So it was kind of all over the place, but it was very interesting to see that a number of the comments was, we need to have some type of limitation on the percentage of increase that can happen year after year. We did discuss that somewhat at the Governor's meetings, but then obviously that group took a turn to just focusing on the taxation side of things. But we hope that the Legislature, and all of them, especially all of you, will keep in mind that valuation issues still should be dealt with, and that they should be part of the solution, not just doing the sales tax issues and the property tax issues alone. Senator Murman, I wanted to address your question a little bit. It was very interesting to me that during the meetings, when the issue of limiting the growth and valuation for ag land and residential came up. The ag groups did not want us to be-- to limit the growth of the valuation on ag land. So you can talk to them about that. But that was

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a very-- that is why that whole issue was dropped in the meetings. So they did not want it to be changed.

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

**MEYER:** So, after several years being in the real estate business, and my wife's been a real estate broker for 45 years, pretty soon, you're going to see a disconnect between the assessed value and the sales price.

**KORBY GILBERTSON:** Correct.

**MEYER:** So how do you start to reconcile that with both the buyers and sellers that you see as you see wide variations between those two?

**KORBY GILBERTSON:** Right. So statutorily we have to-- property in Nebraska has to be valued at the price in which you could sell it to someone at an arm's length transaction. So that's why the valuations are so high right now, because people are paying values, are paying for houses that the owners would probably say is way more than what they would have said it was worth. But unfortunately, our statute says that's how it has to be done. And because of the sta-- because of the constitutional language that says you have to do it in a uniform and proportionate way, there's not really a way to change that or how we tax it right now without doing something constitutionally and statutory like this.

**MEYER:** So, so another additional question, I guess. So in your professional opinion as a realtor, you-- and maybe this is a loaded question, but I, I'm going to ask it anyhow. So in your opinion, as you've seen in these residential values in Lincoln just explode, it's almost as if they were artificially held low by the county assessors for a number of years in both urban, all three urban counties, and now all of a s-- and they were basically getting by with zero increases or very minimal, maybe 1 or 2%. Now all of a sudden, the market pressure has caused an altogether different scenario that for us rural folks, looks kind of unjustifiable.

**KORBY GILBERTSON:** Right. As being one of those--

**MEYER:** For lack of a better word.

**KORBY GILBERTSON:** First of all, I want to clarify. I am not a realtor. I'm a lawyer. I've represented the realtors for 35 years. So, just want to clarify that. But that exact conversation has gone on, and

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how-- and that, you know, how many calls have we had that said people-- you know, my, my house went up over 20% in one year. And the question was, are the county assessors doing regular appraisals and regular checks to do everything? And that's something that needs to be fixed across the state so that everyone is doing things the same way. And one of the suggestions we got back, that that could be done, something that was done through the state property tax administrator could then help all of the different counties do things the same way, so that there was some more objectivity in how everything is done.

**MEYER:** Yeah, I would totally concur, because as Senator McDonnell said, all of a sudden, a 35% increase, well, possibly for the for the previous seven years, they have not been taking that 3 or 4 or 5% increase each year that they should have been because that was the actual value. And all of a sudden they have a 35% increase in that same amount of time, and--

**KORBY GILBERTSON:** Exactly.

**MEYER:** I have seen dramatic, dramatic differences in the way county assessors do their job. And they have a lot of latitude in how they do that. And it affects a lot of things that both this committee and the Education, Education Committee have had to deal with for the last 10 to 15 years. And it's finally kind of catching up.

**KORBY GILBERTSON:** You would find whole hearted agreement--

**MEYER:** OK.

**KORBY GILBERTSON:** --from realtors, I can tell you that.

**MEYER:** Thank you, I appreciate your testimony.

**LINEHAN:** Thank you, Senator Meyer. Are there other questions? Senator Murman.

**MURMAN:** Yeah. I'd just like to point out, you know, if you did that survey again, especially-- I don't know exactly what the survey said, but if it-- if it went out to agriculture producers now, I think you'd get a lot different answers because, for instance, like corn prices, I'll use that for example. In the last six months or so, it went down probably 40%. And land prices in just the last three years, in agriculture, went up about 35%.

**KORBY GILBERTSON:** Right.

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**MURMAN:** So--

**KORBY GILBERTSON:** And it wasn't our survey that got that information. It was during the meetings at the Governor's Mansion that the ag-- Farm Bureau and the Cattlemen stated that they did not want the evaluations to be held down, and for a variety of reasons. So that's why I said you can ask them to say that, but that was their statement. The fact that they use them, use the land as collateral for lending, other issues about the value of the estate came up during the discussion as reasons why they did not want the valuation to be held down.

**MEYER:** OK. Yeah, I'll definitely ask them about it, thank you.

**LINEHAN:** Thank you, Senator Murman. Other questions from the committee? Thank you very much for being here.

**KORBY GILBERTSON:** Thank you.

**LINEHAN:** Other proponents? Are there any other proponents? Are there any opponents? Anyone want to testify in the neutral? We have two neutrals. OK. Good afternoon.

**CARTER THIELE:** Hello. Thank you very much, Chairwoman Linehan, Vice Chairman von Gillern, and members of the Revenue Committee. My name is Carter Thiele, C-a-r-t-e-r T-h-i-e-l-e. I am the policy and research coordinator for the Lincoln Independent Business Association. We certainly appreciate Senator McDonnell's intentions and his commitment to contributing to property tax relief. However, we believe Senator Linehan's bill, LB1414, at the request of Governor Pillen, addresses the issue of property taxes through an emphasis on property tax revenue as opposed to targeting valuations or levies. Just to clarify, when you target valuations, that is one aspect of property taxes, you do leave open the door for the levy, the levy side of it. Property taxing entities still have control over their levies. OK. And as far as we've observed, focusing on valuations can lead to inconsistencies due to market fluctuations, subjective assessments, and potential for legal disputes. We maintain that a revenue focused approach may offer the best, most stable and predictable solution. And regarding the proposed constitutional amendment, we believe the Constitution is a fundamental and guiding document. It's our belief the Constitution should encapsulate broad and enduring principles, rather than specific policy fixes to our current problems, which might be better addressed through legislation. We acknowledge Senator McDonnell's intentions, and we commend his commitment to property tax relief, but



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respectfully, we oppose LB1362 and LR285CA. Thank you. And I would be happy to answer any questions.

**LINEHAN:** OK. I just want to-- thank you very much. I think we were on neutral, weren't we?

**CHARLES HAMILTON:** Yeah. We had moved to neutral.

**LINEHAN:** Yeah. So you're not neutral, you're opposition, you're an opponent. You don't know.

**CARTER THIELE:** Kind of.

**LINEHAN:** You're neutral, you don't like it?

**CARTER THIELE:** Well, has any neutral te-- is any neutral testimony really neutral, though? I'm just wondering. Most of the neutral testimony I've seen has kind of been subverted opposition. So we, we appreciate it.

**KAUTH:** Change the category, subverted opposition.

**LINEHAN:** To subversion.

**KAUTH:** I love that.

**CARTER THIELE:** Yeah, so.

**LINEHAN:** OK, all right, I just-- I was just clarifying, right? Neutral's fine, but neutral makes a difference of a statement. So any other questions? All right.

**CARTER THIELE:** Thank you.

**LINEHAN:** Thank you very much for being here. Other neutral testimony?

**Unidentified:** There's neutral, [INAUDIBLE] neutral.

**KAUTH:** Neutralish.

**LINEHAN:** All right

**JON CANNON:** Good afternoon, Chairwoman Linehan, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. After the last couple of bills that NACO's had with Senator Bostar, I'm not sure that we want to be in neutral, but here we are. I appreciate Senator McDonnell having brought this bill. I do want to--

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these are great policy discussions we're having, and this is why I love being in front of this committee. Before I get started, I do want to note that Ms. Gilbertson was in my class in law school, and she was ranked way ahead of me. I spent a lot more time with property tax, though, so, you know, take that with a grain of salt. The reason that we are neutral is, is I think that this really-- and to Senator McDonnell's point, this is a, you know, a kind of a very transformational. This would be a, a really big departure from what we do, and I think there's a lot of conversation that probably needs to be taking place. They do something similar in Oregon, and I think that would probably bear looking at and seeing if the, the compression factor that they have there, if that's something that we want to invite here. I don't want to pretend I'm an expert on, on how they do things in Oregon, but it, it creates some interesting unintended consequences, I think, that should be looked at. And that's not to say it's bad or good, or subversively opposed to. And, and to Mr. Thiele's point, I, I think he was absolutely spot on in that a lot of the conversation that we've had has been trying to decouple the property tax load from the valuation, so that-- you know, in theory, you know, we've always said it's just a math equation. And, and, and frankly, it's the property tax request that is the driver, and the valuations are merely a function. And, and to, to the extent that we can separate the two, you know, more definitively and, and also make sure that we educate our folks to understand that, hey, look, you know, your valuations go up 30%, but the property tax request goes up 5%, and your taxes should go at 5%, I, I think that's the thing that we want to educate our citizenry about. And so that I, I-- and again, that's not to say that this is-- this is the wrong approach. It's just a different approach from what we've been talking about before. You know, residential and commercial have always been hitched together, and as long as we've been a state. Agriculture was, was hitched in with residential and commercial for a long, long time. And then we split them off in the, in the '80s. And, and I do want to address the agricultural part, and if I run out of time, I'll, I'll plead for just a little bit more time. And, and that is the uniformity clause. And again, this is one of the reasons that we wanted to come in in a neutral position on this. And that is because the, the constitutional amendment as written, I'm not sure quite gets Senator McDonnell where he wants to go. And the reason for that is we did something similar with agricultural land in the '80s. There was a case, it was the Kearney Convention Center v. Buffalo County, went up to the Supreme Court and they said, yeah, you have to equalize to agricultural land, which is, you know, about 44% of its actual value. And so Kearney Convention Center had a massive reduction in their value, and they

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were super delighted. And so we changed the Constitution and said agricultural land can be valued separately. I'm out of time and I'll, I'll beg for a question so I can continue.

**LINEHAN:** OK, continue then.

**JON CANNON:** Yes, ma'am. Thank you. So we, we-- so we changed the constitution, we said agricultural land can be valued separately and it's a-- it's a separate class for purposes of taxation. You can-- and you can value it separately. And then there was another case, a subsequent case, I believe, was Banner County v. State Board of Equalization, where Banner County said, well, yeah, but guess what? We still have a uniformity clause. And because of the fact that we still have a uniformity clause, we have to be uniform in proportion, and that means we all have to be pegged at the same market standard. And the Supreme Court said, you know, the, the valuation method we have for agricultural land is-- has been struck down. And then we, we went back and we amended the constitution a second time, and that was to say, and oh, by the way, and you'll, you'll see it in the constitution, agricultural land does not have to be uniform or proportionate with the other classes of land. And so to the extent that Senator McDonnell wants to move this forward, I think that fix needs to be put in there in order for us to truly separately value residential property from any of the other classes as well. So, I'm-- with that I'm done, thank you for your indulgence. I'm happy to take any questions you may have.

**LINEHAN:** Thank you. Are there que-- Senator Meyer.

**MEYER:** Just one quick one. So, at this point in the conversation with-- and you've appeared before us a number of times on the, the property tax and valuation especially issue. So, if the valuation and the-- just say the local effort part were to disappear from things like TEEOSA, how would your group feel about that?

**JON CANNON:** Well, since, I mean, TEEOSA is strictly on--

**MEYER:** Because there's so much weighing on valuation.

**JON CANNON:** Sure.

**MEYER:** It's valuation, valuation, valuation. So if that were to go away, what would your group--

**JON CANNON:** Sure. If we-- if we have a uniform standard that we're, we're using in order to essentially act as the function by which we

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determine what the levy rate should be against, that, that's one thing. And, and I think that we would probably want to make sure that whatever it was we did, that it was a value that was in some way pegged to a uniform standard that, that people can understand. One of the reasons that, frankly, we like market-- we like market value in the state is because it's pretty easy to understand, I mean, and we've heard the whole thing about I go to the county board of equalization and my valuation is too high, and a lot of county board members say, well, you know, if I wrote my check right now, would-- you know, could you sell it for that? And some people are like, well, I'm not going to give you-- You know, yeah. I mean, you understand I think, but it's easy to understand when you go with the market standard. When you all of a sudden start pegging it to something a little bit different, that's a little bit more slipping gears. That, that's the wrong term, that's a little bit more difficult to understand. To the extent that we value transparency and something that you can explain to our taxpayers, we start to get a little bit further away from that. And so I, I'm not opposed to the idea. I think we want to have some very serious conversations as to what that looks like, to make sure that we do have that transparency function that we want to have for our taxpayers. So.

**MEYER:** So are you saying the TEEOSA formula is transparent?

**JON CANNON:** Oo, wow.

**MEYER:** Be careful, now.

**JON CANNON:** It's Friday afternoon, Senator, why are you doing this to me?

**MEYER:** I would-- it's a Friday afternoon. There's ice cream waiting for us in the-- I withdraw the question.

**JON CANNON:** Yes, sir. Thank you.

**MEYER:** Retort. It was a retort.

**LINEHAN:** Thank you, Senator-- Senator Bostar.

**BOSTAR:** Thanks, Chair Linehan. Thank you, Mr. Cannon, for being here. I just want to make a note that in Lancaster County, if the commissioners were to make that offer, they would lose all of their money to purchase the property at the valued amount. I do have a question, though, and it, it's related-- it, it came to mind thinking through the previous testimony, actually, about the broad functions of

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the constitution to provide guidance and not necessarily get into particular specifics of policy. And this is somewhat related, but I-- you have a great deal of understanding of the history of some of this. How did we end up at a point with ornamental trees being written into the constitution of the state related to the taxation of property?

**JON CANNON:** I don't have-- I don't have the, the specific answer to that, and like who especially it was, but it was someone that had very deep pockets and said, we should probably put this in the constitution.

**BOSTAR:** Thank you.

**JON CANNON:** Yes, sir.

**BOSTAR:** That was unsatisfying.

**LINEHAN:** Thank you, Senator Bostar. There's a lot in our constitution that shouldn't be in the constitution.

**JON CANNON:** And that is a really big conversation too, ma'am.

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

**JON CANNON:** Thank you very much.

**LINEHAN:** Are there any other neutral positions? Neutral testifiers? Senator McDonnell, would you like to close? Oh, and we do have-- we do have a bunch of letters. On LB1362, we have four proponents, four opponents, one neutral. On the constitutional amendment, we have two proponents, five opponents, and one neutral. No neutral, I'm sorry.

**McDONNELL:** I would-- I, I just think since neutral is really not neutral, we should count them as proponents. And if-- I think that's fair. Also, I'd like to thank Walt Pepper, he's been a great help, Douglas County assessor. Going through this with a number of county board, Douglas county board members, had this discussion. I know you want to get out of here, it's Friday. My next stop after this, after Judiciary, is heading to the St. Thomas More fish fry. And I will be there working tonight, and throughout the night I, I'm going to guess the number one question is going to be, what are you doing about taxes? What are you doing about property taxes? And again, I, I'm not saying this is perfect and can't be improved upon. I'm not-- we can amend it potentially into a, another bill. I just know we have to do something, and we have to do it now, we have to do it this session. So

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if it's during the next 27 days, or if it's going to be a special session. And I don't totally disagree with the Governor, you can stay here till Christmas. I don't want to stay here till Christmas. On, on April 18th, I'll pull a hamstring getting out of here if I can, all right? But, again, but we can't go an-- another year without, I think, doing something major. And again, I'm open to any ideas and, and try to improve on this, or whatever other ideas you have. So I appreciate your attention, and, and have a great, long weekend. I'm here to answer any questions.

**LINEHAN:** Thank you very much, Senator McDonn-- Senator McDonnell. Are there any questions from the committee?

**McDONNELL:** Thank you.

**LINEHAN:** Thank you.