

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Floor Debate March 4, 2026  
Rough Draft

**KELLY:** Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the Thirty-Seventh Day of the One Hundred Ninth Legislature, Second Session. Our chaplain for today is Father Rowan of St. Cecilia Catholic Church in Hastings from Senator Lonowski's district. Please rise.

**CYRUS ROWAN:** In the name of the Father, and of the Son, and of Holy Spirit, Amen. Let's bow our heads. Almighty God, grant this body the clarity to always discern what is right in your eyes, and the fortitude to act upon it, even when the path is difficult. As we journey through this season of Lent, a time of reflection and renewal, help us to quiet the distractions around us so that we might listen more deeply to your will. May this season remind us of the works of God so that we can imitate his spirit of sacrifice and service to others. Instill in us all a servant's heart and a spirit of unity. May we work side by side with integrity and genuine compassion for the welfare of all Nebraskans. Make this assembly ever-attentive to the voices of our citizens, and steadfast in their devotion to the common good. We ask this through Christ our Lord, Amen. In the name of the Father, and of the Son, and of the Holy Spirit. Amen.

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

**QUICK:** Good morning, colleagues. Would you join me in the pledge? I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

**KELLY:** I call to order the Thirty-Seventh Day of the One Hundred Ninth Legislature, Second Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

**KELLY:** Are there any corrections for the Journal?

**CLERK:** I have no correction this morning, sir.

**KELLY:** Any messages, reports, or announcements?

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**CLERK:** There is, Mr. President. Amendment to be printed from Senator DeKay to LB596. That's all I have this morning.

**KELLY:** Thank you, Mr. Clerk. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR350 and LR351. Senator Glen Meyer would like to recognize the Doctor of the Day, Dr. Dave Hoelting of Pender. Please stand and be recognized by the Nebraska Legislature. Senator Sanders, you're recognized for an announcement.

**SANDERS:** Thank you, Mr. President. Good morning, colleagues, and good morning, Nebraskans. I rise today to honor a great Nebraskan who gave his last full measure of devotion in service to our country. On Sunday, an Iranian drone strike on a civilian port in Kuwait killed six U.S. soldiers. Yesterday afternoon, the Pentagon released some of their names, including Bellevue resident and Army reservist Sergeant First Class Noah Tietjens. Sergeant Tietjens's, 42-year-old, enlisted in the Army Reserve in 2006. As a wheeled vehicle mechanic, he was deployed to Kuwait twice in both 2009 and 2019. He served in the 103rd Sustainment Command. Tietjens was a highly decorated service member. He was awarded the meritorious service medal, the Army accommodation medal, the Iraq campaign medal with campaign star, and the Armed Forces Reserve medal with the "M" device. One fellow soldier described him as the kind of guy that was always around to help you. Recalling how Sergeant Tietjens took the time to mentor others, this soldier added that if it wasn't for his mentorship, he wouldn't be in this role in the military. Sergeant Tietjens also taught taekwondo in martial arts studio in Bellevue, where he was a respected black belt. Martial Arts International noted that whether the uniform or in the studio, carried the same values: honor, discipline, service, and commitment to others. The tragic loss would be felt by, by not only his family, friends, community, or our state, but the entire country. Sergeant Tietjens was beloved member of our community, and a man of valor. He made the ultimate sacrifice in service to us all. Today, Bellevue, Sarpy County, and all the Nebraskans, we wrap our arms around the friends and family of Sergeant Tietjens. We honor his sacrifice, the greatest sacrifice one can make for our nation. Mostly important, we pray for healing for his family and those who carry on without him, and we ask God to grant him everlasting peace. Please join me in a moment of silence to honor the selfless life and noble sacrifice of Sergeant Noah Tietjens. Thank you, Mr. President.

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**KELLY:** Thank you, Senator Sanders. Mr. Clerk, please proceed to the first item on the agenda.

**CLERK:** Mr. President, General File, LB1124 introduced by Senator Sorrentino. It's a bill for an act relating to revenue and taxation; states intent relating to cigarette tax distribution; increases cigarette tax and distribute tax proceeds as prescribed; provides an operative date; repeals the original section; declares an emergency. The bill was read for the first time on January 20 of this year and referred to the Revenue Committee; that committee placed the bill on General File with committee amendments. When the Legislature left the bill, Mr. President, pending-- the Legislature had adopted the committee amendments and a motion to recommit to the Revenue Committee from Senator Conrad was pending.

**KELLY:** Senator Conrad, one minute for a refresh on your motion, please.

**CONRAD:** Thank you, Mr. President. Good morning, colleagues, and thank you to Senator Sanders for that touching and timely tribute. Just wanted to refresh that we have a motion to recommit on the board carried over from yesterday. I and other members have talked about bipartisan opposition to this plan, which would utilize a highly-regressive tax to backfill Medicaid cuts, allegedly, but really would just be a slush fund for attempting to balance the budget on the backs of low-income Nebraskans. Thank you, Mr. President.

**KELLY:** Thank you, Senator Conrad. Moving to the queue, Senator Raybould, you're recognized to speak.

**RAYBOULD:** Thank you, Mr. President. Good morning, colleagues. Good morning, fellow Nebraskans. I stand in support of the recommit to committee because I stated yesterday that there is a, a big glaring omission in this legislative bill about making available cessation products, smoking cessation products, to those individuals who need the help to quit smoking. And I know that Senator Dungan had addressed this earlier, but that is what is needed. Right now, if you want to quit smoking, the-- in Lincoln-Lancaster County Health Department, they don't offer any smoking cessation patches or other medicines to help you actually quit. They offer a small kit that has fidget tools and things that you can suck on to help get you through the difficult moments. The state of Nebraska does have a quit hotline that you can

call, but it depends on if you are uninsured or underinsured that you would actually qualify, and if you have access to health insurance from your employer, then most likely it has to go through that. But I think we need to make it easier, and I feel that this bill is somewhat disingenuous because there is nothing in this new increase, dramatic increase to a dollar per pack for cigarettes, that really sets aside additional funds to make sure that smoking sensation products are made free and available and more convenient to those, maybe through the city-county health departments, or through any participating pharmacy out there. So, that is one glaring omission. The other thing I wanted to address-- I heard from a lot of retailers after yesterday's debate, and these are some of the concerns that they raised on it, and I just want to just briefly go through a couple, and then the next time on the mic I'll-- I can finish up. But here's one. It says: not sure my response will help you all that much. We would anticipate a small decline in sales mainly from our stores that are close to a state border that has lower-cost cigarettes. We would also expect to see a continued shift to less expensive fourth-tier cigarettes. Any decrease in sales would not be enough to cause layoffs, reduced hours, or any other operational impact. I believe the argument still holds true that this is a regressive tax. Also, LB1124 seeks to fund property tax relief with a tax on a product whose sales are declining and will continue to decline. That's one. And then, I handed out this morning-- or, the, the page-- thank you for handing out. It shows Nebraska spending on Medicaid is growing, and tobacco tax revenue is declining, for the very good news is that people are quitting smoking. So, once again, we're trying to bridge our severe budget deficit on the backs of those who can least afford to pay it; on a very unstable source of sales tax revenue, which is actually decreasing. So, this is, this is another troubling element that I see in trying to come up with predictable, reliable, and equitable solutions to our budget deficit. And this is another attempt at what I think is failing to address the real causes in it. And this is interesting. I know some people are arguing, is it a regressive tax? Well, economic-- economists clearly state it is. And this is something someone handed to me from Republican comments in 2009, when President Obama had proposed and passed a \$0.62 tax increase on cigarettes. Here's what some outraged Republican senators and representatives said. Senator Marsha Blackburn, when she was a representative from Tennessee, she said-- attacked the tobacco tax as highly-regressive, and tied it to then-President-elect Obama's no tax increase under 250,000--K pledge

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violation. Representative Tom Cole, Republican from Oklahoma, explicitly warned that raising the tobacco tax tends to reduce smoking, creating a gap, delta, between projected and actual revenues and pointed to pay-go [SIC] related budgeting maneuvers. A representative Kamp from Minnesota argued tobacco tax revenue is a fast-drying-up stream because smoking rates fall when prices raise, so it does not, will not, and cannot cover the program long term. Thank you, Mr. President.

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

**CONRAD:** Thank you, Mr. President. Good morning, colleagues. I appreciate my friend Senator Raybould's comments in regards to this measure, and would also, if folks haven't had a chance to do so, direct their attention to a great local view op-ed that she published today in the Lincoln Journal Star as well, which helps us to zoom out, zoom back from the present debate in regards to LB1124, which I continue to oppose as a major regressive tax hike. I think there's a couple really important things to remember about what this measure is and what it does and why. There has been a rapid shift from a historic budget surplus to a gaping structural budget deficit that seems to be growing month-over-month. I think when we started session, we were looking at about \$400 million, \$471 million in terms of a structural budget deficit that needed to be addressed. We've seen that grow to over, I think, \$600 million with last year's-- last week's forecast. And then, now, we see a preliminary budget come to the floor unbalanced, and we see a structural budget deficit balloon, balloon to almost a billion dollars, \$874 million, in the next biennium. So, that self-imposed reckless approach to our state finances has been driven by things including aggressive, inequitable, unsustainable tax cuts benefiting the most wealthy. We've seen our sister states, including Kansas, chart down this path, and we didn't learn our lessons from their disastrous experience; instead, we doubled down on that. We also know that there are impacts in relation to federal policy, most recently with the so-called Big Beautiful Bill that puts pressure on the social safety net programs and further potentially reduces revenue. And then, of course, hiding in plain sight is the massive giveaway and preferential tax treatment on corporate welfare in addition to the millionaire and billionaire tax cuts entered in on the income side of things. So, we need to grapple with that. We need to look at the information that Auditor Foley has brought forward,

finding that these corporate welfare programs have resulted in \$1.2 billion in lost revenue just over the past four years. We need to acknowledge that there are other solutions. An audit has also recently recovered that there is over, I believe, \$300 million in delinquent state taxes that can and should be collected. And I'm not talking about an aggressive overutilization of revenue; I'm talking about undisputed taxes that were not paid. And instead of collecting those to help address these issues, the governor laid off the tax collectors. Additionally, there are red states, sister states, I believe, like Utah and Indiana that are looking to decouple their state from various aspects of the so-called Big Beautiful Bill, and I know measures like that are pending in this Legislature. I have measures pending that don't even look at giving an additional tax increase to the upper 5 percent, 10 percent, or 1 percent, but literally the top one-tenth of one percent who receive additional preferential tax treatment through extraordinary capital gains. There are solutions on the table we need to look at, including restraining spending. But pushing forward to fix this budget mess with a huge regressive tax cut can't be the only way. Thank you, Mr. President.

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

**GUERECA:** Thank you, Mr. President. Good morning, colleagues. I continue to rise in opposition to LB1124 and in support of the motion to recommit to committee. To kind of recap kind of where I am and why I'm standing up today, like my last few colleagues have highlighted, this is a regressive tax. If you think about it, it's a-- a sales tax already is the most regressive form of taxation. When you focus a sales tax specifically on an activity where the majority of the participants, three-quarters, make less than \$75,000 a year, it is absolutely a very "pointiant" tax on young people or on poor people, working Nebraskans. When you take the additional component that just got added in on the committee package, it is a tax on an activity where the majority of the participants vaping are young people. So, the very first revenue bill on the floor of this legislator [SIC]-- we're looking at a gaping hole in our budget-- is to tax working Nebraskans and young Nebraskans. I have a problem with that. There are other things we could be doing, and to say that this is about public health and needing to reduce the amount we spend on Medicaid-- but in the bill, we see an increased level going to the General Fund, we see money going to a new cash fund that, let's just all be honest,

colleagues, it's probably going to get swept up, and, knowing the current state of, of where we're at, it's going to go to property tax relief. So, we're in a hole because we slashed corporate taxes. We're in this hole because we slashed taxes-- income tax on the richest Nebraskans. But the very first bright idea this legislator's taking up is taxing working Nebraskans and taxing young people. That's fantastic. Oh, and by the way, for next biennium, \$874,113,032. We've got to take a look in the mirror, folks, and I don't like what I'm seeing. We had a great conversation yesterday, and it's, it's already continued on this morning, talking about if we're really-- if we really want to make an impact on tobacco usage and provide resources for those who truly want to quit, well, adding a dollar to their, to their cigarette pack in taxes, or increasing what they're going to be taxing vape just isn't it. So, the CDC has a recommendation on how much states, based on what they're taking in in taxes, should be spending on cessation programs, investments in the community, investments by the state and local governments on cessation programs. So, annually, across the states, we collect \$26 billion in tobacco taxes. The CDC recommends that we spend \$3.3 billion of those \$26 billion on cessation programs. But what do we see instead? 31 states spend less than 26-- 25 percent recommended; 19 states are actually spending less than 10 percent of the recommended levels; 10 states are spending less than 5 percent of those recommended levels. So, folks, if we want to pad the General Fund to get property tax relief to the richest Nebraskans, let's just say that. But how about we figure out a way to do it, not on the back of working Nebraskans, and not on back of our young people. Thank you, Mr. President.

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

**HOLDCROFT:** Thank you, Mr. President. And another very appropriate good news story from the Department of Health and Human Services, and the title is "Free quit medications available through Nebraska Tobacco Quitline." The Nebraska Tobacco quitline is offering free, free quit medications to eligible Nebraskans through June 30, 2026 or while supplies last. Participants may receive two free quit medication kits that include both a two-week supply of nicotine patches and an additional two-week supply of either nicotine gum or lozenges. Using more than one form of nicotine replacement therapy, known as a combination therapy, has been shown to increase quit succession-- quit success. To qualify, participants must be Nebraska residents 18 or

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older, enrolled in the Nebraska Tobacco Quitline, and complete at least one free coaching session. Eligible participants may, may receive quit medication kits following their first and second coaching sessions. The Quitline provides support for quitting all forms of tobacco, including cigarettes, e-cigarettes, and smokeless tobacco products such as nicotine pouches. The Quitline is available 24 hours a day, 7 days a week, and offers free tobacco cessation [SIC] coaching and quit medications, regardless of insurance coverage. Regardless of insurance coverage. Individuals can enroll in free help or, or stay tobacco-free by calling 1-800-QUIT-NOW or 1-800-784-8669, or visit quitnow.ne.gov. Quitline services are available in more than 200 languages. Spanish-speaking residents can call 1-855-335-3569. Thank you, Mr. President.

**KELLY:** Thank you, Senator Holdcroft. Senator DeBoer, you're recognized to speak. Senator Raybould, you're recognized to speak.

**RAYBOULD:** Thank you, Mr. President. Thank you, Senator Holdcroft. That was very, very helpful, and I'm wondering if you might be willing to yield to a question.

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

**HOLDCROFT:** Yes.

**RAYBOULD:** In, in your research, were you able to find exactly how much is in their budget to provide free, free, free until supplies run out? And I think you gave the date of June 2026?

**HOLDCROFT:** Yes. I mean, I have no further information. This is just an announcement that was passed to me by the Department of Health and Human Services.

**RAYBOULD:** OK. Thank you very much. Senator Sorrentino, would you be willing to answer maybe the same question? Are you aware of how much funds are currently in the smoking cessation budget for the quit Nebraska, where it's free, free, free, but it sounds like it's while, while supplies last, and only until June of 2026?

**KELLY:** Senator--

**RAYBOULD:** Do you happen to know how much is in there?

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

**SORRENTINO:** Yes. I, I-- Senator, I do not know the exact dollar amount, but I'd be more than happy to get it very quickly.

**RAYBOULD:** That would be wonderful. I don't know if it's in your bill. Would it be something you would consider in diverting a portion of that increase to making sure that it's available-- smoking cessation products are available to those? And it sounds like no, no insurance is required, no income levels are required, but I, I know that probably the sentiment of some of my colleagues would like to see that those who are uninsured or underinsured would certainly always have access, even past June '26, to be able to get the smoking cessation products.

**SORRENTINO:** I'll give you my response to the first part about the insured, underinsured. Certainly, there are a lot of Nebraskans, whether they're on Medicaid or exchange plan, that might be considered underinsured-- underinsured simply because of the design of those plans to meet federal ACA compliance. Those that are not insured, I think, deserves a little bit more thought. There really shouldn't be, other than carelessness, a reason to not be insured in the state of Nebraska. If you don't have the money, the exchange plan will pay for that plan, so I would exclude that. Underinsured, et cetera, it's a valid point. But at this point in time, our focus has been to reimburse Medicaid for these costs. Not that it down the road couldn't allocate just a bit to smoking cessation, but I would certainly take that under advisement.

**RAYBOULD:** Thank you very much.

**SORRENTINO:** Thank you.

**RAYBOULD:** I'd now at this time just want to share a comment that, that was given to me by a, a fellow economist. And of course, I always get really excited when other economists reach out to me. And this is what this individual sent to me and said about this bill before the Legislature. This is the comment: this is a consumption tax with a long-term effect that creates no change in collected revenue. This is a flat-revenue effect. And the last comment was: this is a false narrative. So, for these reasons, I do support the recommit to committee, as I think as we engage in a more comprehensive budget

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solution outlook, this is one of the things that definitely should be on the table. This should be under consideration. I would like to see that every option is on the table that is reliable, predictable, and equitable. And right now, the sentiment is that this is not equitable. And we have to make sure whatever we do as a Legislature is reliable and predictable. I've said earlier, in my previous remarks, that sales tax revenue is highly unpredictable. Highly unpredictable. And we need some certainty that this will actually remedy the concerns that we see with the growing increase in costs of Medicaid, primarily because of the One Big Beautiful Bill that was recently passed. But I've yet to hear from my colleagues on how they plan to launch all the administrative requirements that we are committed to launching by May 1. What are the actual costs? How much is that going to increase in our budget? How are we going to make additional SNAP benefits available to those that do qualify? We do have an obligation in our state to help those, particularly U.S. citizens, or-- that are children of undocumented individuals. What are we doing to help to make sure that these children thrive?

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

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

**KELLY:** Thank you, Senator Raybould. Senator Clouse would like to recognize guests in the north balcony from Leadership Kearney: 25 high schoolers and five adults. Please stand and be recognized by the Nebraska Legislature. Senator Conrad, you're recognized to speak.

**CONRAD:** Thank you, Mr. President, and good morning, colleagues. Great to have so many guests in the Chamber today, including one of my favorite colleagues, Senator-- former Senator Steve Erdman, not Phil Erdman, is here to visit as well, and it's always nice to connect with him. Just want to lift up a couple of points for additional consideration in regards to this measure, and I think it dovetails nicely from the public-- the laudable public health goals that members have talked about in regards to this legislation and other solutions to advance those shared goals. And then also, to really drill down a little bit more in regards to the fiscal components and mechanics of this legislation, and, and kind of it how fits into our broader tax and budget deliberations, which definitely need to be the focus for the remainder of the session. But first, just want to talk about kind of where we are in terms of ensuring that we a holistic and effective

approach to reducing tobacco use for young people. And if you look at different reporting from-- I've got a few articles from the New York Times in 2024 demonstrating that teenage e-cigarette use dropped-- use had dropped to a 10-year low due to a host of effective and important public health strategies that are not wholly regressive or punitive. Want to draw members' attention to that. There has also been reporting from the Washington Post around the same time, demonstrating that youth vaping is on the decline, according to federal surveys, from peak records just a few years ago, and that's a good thing. If you look at an article published by the Libertarian Reason Foundation, you can see-- actually, specific and related to this measure, you can see that they lift up data indicating that there has been a 76 percent decline in youth smoking in-- since 2011. Those are good things. We-- those metrics are moving in the right direction. Nobody is arguing otherwise in regards to that issue, we're just-- we just have different solutions and strategies to address that public health, behavioral health issue. Some members want to use a regressive punitive approach to get there, some members want to focus on education and prevention and treatment and cessation. And the, the overall solution is, is, is probably utilizing a host of different approaches, but solely using this approach, I think, is misguided and particularly punitive. The other component that I wanted to make sure to lift in regards to this measure at this time is there has been, I think, a lot of misleading rhetoric and advocacy in regards to how we need to pass this massive regressive tax hike to somehow support Medicaid spending or health care safety net spending. Number one, there are no parameters, there is no locks box, this isn't a trust fund in regards to the slush fund that this measure creates. And dialogue from my good friend Senator Clements yesterday indicates this is nothing but a way to cut general funds and backfill. So, that needs to be really, really, really clear. Not to mention using a diminishing law-- revenue source to address an increasing budgetary line item is never a sound fiscal, fiscal approach. And let's be clear, when it comes to why we're seeing Medicaid costs increase, it's not just because of these factors. My friends on the other side of this issue forget to mention the will of the people in Nebraska voted to ensure and establish Medicaid expansion because they believe in expanding and supporting the health care safety net. My friends on the other side forget to mention that we're seeing ballooning health care costs that are skyrocketing for Nebraska businesses and consumers.

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

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

**KELLY:** Thank you, Senator Conrad. Under the north balcony, Senator Lippincott would like to introduce State Senator Steve Erdman from Bayard, Nebraska. Please stand and be recognized by the Nebraska Legislature. Senator Guereca, you're recognized to speak.

**GUERECA:** Thank you, Mr. President. I continue to rise in opposition to LB1124 and in support of the motion to recommit to committee. And like so many of the reasons I already spoke on, this bill isn't ready for primetime. It needs to go back to committee. It needs to take a deep, hard look in the mirror and talk about what it's really trying to do, and package itself in an honest manner. This is absolutely a bill to pad our coffers, to create a slush fund to benefit the richest Nebraskans, the largest corporations, and the largest landowners in this state on the backs of working, everyday Nebraskans and young people. Period. Now, we've been talking about the gaping hole in our budget and how-- and truly, my kudos to the Appropriations Committee for the hard work they've been doing. Our appropriators have been trying to put-- trying to fill a half-billion-dollar-- they're trying to complete a puzzle that's missing about half a billion dollars worth of puzzle pieces. But I do want to highlight something that is going to be coming down the pipeline in that budget. So, the 2024 elections, the citizens of the state of Nebraska voted in an overwhelming faction to not allow public dollars to flow to private schools. In the governor's budget recommendations, flaunting the face of the will of the voters of the state of Nebraska, there was a carve-out to give millions of dollars to private schools. That number got reduced, but in the forthcoming budget, we will see \$3.5 million of public dollars be given to private schools in the form of vouchers. These are tax dollars collected from cigarette taxes like the ones we're proposing to increase, taxing working Nebraskans and taxing rural Nebraskans out west to funnel money to private schools in Omaha and Lincoln. There are 11-- or, 13 private schools west of Kearney. But by all means, let's send \$3.5 million to private schools. Private schools like a high school in Omaha that's spending \$15 million to renovate their athletic facilities. But no, let's send money from farmhands, from welders, from school teachers, from waitresses in small-town Nebraska and funnel those tax dollars to private schools in Omaha and in Lincoln. That sounds like a great idea, folks. But I'll get off the

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education topic, because I'm sure we'll be talking about that a lot in the coming weeks. But again, I just-- it's, it's very fitting that this is the first revenue bill out of the gate. A revenue bill that targets-- I just-- I can't get over that. Let's-- why don't we focus on increasing takeoffs for our private jets, or-- I don't know, what do rich people do? Polo. That sounds like a rich person activity. Let's tax polo. Let's tax private jet takeoffs. No, no, no. We're going to-- we're going to continue to pile on on the Nebraskans that put in a hard day's work building this state. That's what we're going to pick on. Instead of feigning actual care for their health, and instead of investing money in programs that we do know reduce tax-- smoking, the state of Nebraska should be spending-- where did it go? \$20.8 million in tobacco smoking cessation programs. We're only spending three. So, this state is spending--

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

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

**KELLY:** Thank you, Senator Guereca. Mr. Clerk.

**CLERK:** Mr. President, the Health and Human Services Committee will have an exec session under the north balcony at 10:00 this morning. Health and Human Services under the north balcony at 10:00.

**KELLY:** Thank you, Mr. Clerk. Senator Raybould, you're recognized. This is your third time on the motion.

**RAYBOULD:** Thank you, Mr. President. I do support the motion to recommit to committee. It should be part of a comprehensive budget solution, but it can't be done in isolation or segregated from the entire conversation on how to deal with our budget crisis. So, I wanted to just spend some time talking about the two items that I handed out to you this morning. It-- there's one article from Forbes Magazine-- and I apologize to fellow Nebraskans listening on TV; I'll try to give the highlights to you because you don't have access to it. Forbes Magazine, as you know, is, is a business journal that a lot of respected business leaders consume and read. The title of it is What's the Matter with Kansas?-- and I added "and Louisiana"-- and its tax cuts. It can't do math. And this is-- I'm going to just read you the highlights. We've tried this experiment time and again, and tax cut proponents such as economist Art Laffer continue to insist that they

can turn fiscal dross to gold. Cut taxes deeply enough, and the resultant boom in economic activity will boost revenues. Magic. Painless. Everything a politician would ever want, except this is fiscal snake oil. In 2013, the Kansas Legislature cut taxes again. It passed a measure gradually lowering rates even more over five years. By 2018, the top rate, which was 6.45 percent in 2012, will fall to 3.9 percent. Ironically, that's the goal line that the state of Nebraska hopes to achieve. It also partially restored some of the credits it eliminated in 2012. This time, it did raise some offsetting revenue for the first five years, but far less than the statutory tax cuts. From June 2013 to June 2014, all Kansas tax revenue plunged by 11%. Individual income taxes fell from \$2.9 billion to \$2.2 billion, and all income tax collection plummeted from \$3.3 billion to \$2.6 billion, a drop of more than 20 percent. And I know that we recently got the forecasters' updated comments on Friday, and we're mirroring some of the same decreases in income tax rates. Going on, and that brings us to the bottom line. Since the first round of tax cut, job growth in Kansas has lagged the U.S. economy; so have personal incomes, while smaller-- more small businesses were formed, many of them were merely individuals taking advantage of the newly tax-free status of those firms by redefining themselves as businesses. And I want to talk about that. The growth in Kansas has lagged as compared to the U.S. economy. We're seeing the same thing right here in our, in our Nebraska economy with job growth and the actual rate of growth, economic rate of growth in our state. Going back to the article, it says the business boom predicted by tax cut advocates has not happened, and it certainly has not come remotely close to offsetting the static revenue loss from the legislative tax cuts. One can argue whether cutting taxes is a good thing, one can argue about whether government is too big, one can even argue about whether low taxes increases business activity, but one cannot credibly argue that tax cuts increase revenue or even pay for themselves. They didn't for Ronald Reagan, they don't for Sam Brownback, they won't for the next politician who tries whether he or she is in Washington D.C. or in some other state capital. The other handout I gave to you is The Deficit Leaves Louisiana at the Brink of Disaster. Their crisis occurred in 2016. And I apologize, it's very hard to read. But again, I'll give you a couple highlights, and then I'm sad to say that I'll probably run out of time. But this is what happened in Louisiana: already, the state of Louisiana had gutted university spending and drained rainy-day funds; it had cut 30,000 employees and furloughed

others; it had slashed the number of child service staffers, including those working in foster family recruitment, and young abuse victims for the first time were spending nights in government offices. Many of-- sorry, it's really hard to read-- many of the state's economic analysts say a structural budget deficit emerged and then gave, undo-- under former governor Bobby Jindal, who during his eight years in office reduced the state's revenue by providing tax breaks to the middle class and wealthy. He also created--

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

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

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

**DUNGAN:** Thank you, Mr. President. Good morning, colleagues. I do rise in favor of the motion to recommit. And I actually want to pick up exactly where Senator Raybould left off, and I appreciate her handing out this article about "What's the Matter with Kansas and its Tax Cuts?" from Forbes. And I, I hope my colleagues have a chance to read this, because I think it really situates the conversation and part of the bigger-picture frustration that I have about the current situation we find ourselves in. And, and I, I-- I'm very, I think, irritated with our budget situation in general, because we as a body continue to sort of put our heads in the sand and assume that if we keep doing the same thing over and over again, or not, I guess, analyzing what decisions we've made in the past, everything's going to be fine. But we had a meeting yesterday with the joint Revenue and Appropriations that then Senator Clements talked about on the floor with regards to the budget crisis, deficit, whatever you want to call it, and the numbers that we're looking at in the out years. And we are looking at a projected almost-billion dollar shortfall in the out years. And what I find particularly interesting about that is, even to get to that number of about \$800 million in the out years of a deficit, there are certain assumptions that are made in that calculation. And one of those assumptions that is made on the green sheet, colleagues, is that there will be a 6.5 percent revenue growth, I think two years in a row, in '27, '28, '29, in that time period, in order to get even to that place. And what I think is interesting is the fiscal office uses a historical method of trying to guess or estimate what our out-year revenue growth would be, and based on the historical method that they

would use, in order for our economy to even reach the average five-year growth, they estimated that we would need 9.5 percent revenue growth each year in those out years to even get to the average growth of our economy. We're not going to have that. 6.5 percent is also a sunshiny analysis, and even with that, we're at about \$800 million deficit in the out years. If the economy doesn't grow the way that it's anticipated to grow with that 6.5 percent, we could be looking at a billion-dollar shortfall. Now, in my three, now four years here, every time we've had a debate about the budget, or every time we've had a debate about taxes, I've picked up the green sheet, which-- for those watching at home, the green sheet is literally a green sheet of paper that's on the front of our agendas as we get closer to the end of session that tells us the current state of the budget based on bills that we've passed, bills that we're considering. I've picked up the green sheet and looked at those out years and looked the structural deficit that we find ourselves in, and I've asked time and time again, how is this OK? And everybody says, oh, don't worry, it's going to be fine. We're going to grow our way out of it. The economy is going to right itself. After these income and corporate tax cuts for the wealthy are finally done being implemented, everything's going to be great. I don't think that's what the data bears out, and Senator Raybould passing out this Forbes article What's the Matter with Kansas is an example of what happens when we do nothing. The income tax cuts and the corporate tax cuts that were passed in my first year stair-step down, which means that year over year, they go down a little bit. There were proposals that were introduced by Senator Brandt and others to freeze those where they were at-- not raise any taxes, but freeze those where they were at, having gone from 6.84 percent down to 4.99 percent-- that would have saved over \$100 million, I believe, in just the next year. And we weren't even able to have that conversation. And so, I think that where we find ourselves-- and I see that I'm almost out of time, so I might punch in again-- where we found ourselves is we're sort of fighting over scraps here. And because we are asked to assume the premise that we can't look at these decisions we've made in the past, we're all left to fight amongst ourselves over which regressive tax to implement, or we're left to fight amongst ourselves over who's going to get hurt the most by our future decisions, because we're unwilling to take a look at these past decisions and say this is putting us in a bad position or this is putting us in a bad place. So, I appreciate the fact that this LB1124 allows us to have a conversation specifically about the

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regressivity of these taxes, but it highlights a larger issue which is the structure of our taxes writ large in the state of Nebraska, and colleagues, I'm asking you, at least moving forward, to have a larger conversation.

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

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

**KELLY:** Thank you, Senator Dungan. Senator Moser, you're recognized to speak. Senator, Senator Conrad, you're recognized to speak, and this is your last time on the motion until your close.

**CONRAD:** Very good. Thank you, Mr. President. I want to lift a couple of additional points in regards to the fiscal components of this that I think other members have talked about very well, but want to put a finer point on. We need to be really straightforward about whether or not we think that these fiscal projections will actually come to fruition. And if you look at research provided by the Platte Institute, they have detailed the fact that about 85 percent of cigarette tax increases across the country have missed their revenue projections. And actually, most states have experienced less revenue than expected when they've hiked these taxes. And we don't have to guess whether or not that in fact could or would happen in Nebraska; their research details how that happened in our state after the 2002 cigarette tax increase, where Nebraska lost \$121 million in cigarette excise tax revenue to neighboring states and missed the fiscal projections on increased revenue by about 20 percent, came up short in that regard. So, that's one thing that we need to grapple with, and it's not a criticism of the Fiscal Office. They do a wonderful job, it's non-partisan, they're using the statistics and information and they have in front of them to get the best, most accurate fiscal impact that they can. But we, we do need to acknowledge that, that these projections are absolutely uncertain at best. The other piece that I'm hearing rumblings on the floor about today as members are negotiating to see if they can move forward or not and try to curry the votes requisite to do so is that, because we've lifted such serious and important conversations about this new slush fund, now all of a sudden, if people give a cloture vote and move it to Select File, we're going to fix that, we're going to put it in a lockbox. Colleagues, do not be fooled. Do not be fooled. And it's not that I don't trust the integrity of my friends who are pushing this measure,

like Senator Sorrentino. It is not that. I'm sure he's willing to work diligently, but I don't want to divorce that promise, that illusion, from reality. If you think that any of these funds are going to be safe or dedicated to improving or strengthening or protecting the health care safety net, let me compare and contrast promises made and promises broken in a host of other realms. Never did I think I would see a Nebraska Legislature sweep funds from veterans aid. Veterans aid. Supposed to be in a lock box, supposed to be off-limits, supposed to be dedicated. With the funding source that was singularly dedicated to meeting the needs of our veterans in emergency and other situations raided, swept, diminished in this budgetary proposal to the tunes of millions of dollars, despite incredible advocacy and outcry from across the state and across the political spectrum. So, we'll spend time on that in the budget. But if you think that promises to lock up this money at some point down the way is going to be effective or accurate, look at what's happening to the veterans funds. Same thing for funds to impact blind children that are being diminished and swept. The same thing for ongoing attacks to the environmental trust, which is actually protected by our constitution, yet diluted and diminished in these same budgetary machinations. The same things happening with private funds in the humanities and the arts. Promises to lock up this money are illusory at best. No pun intended, or perhaps pun intended, smoke and mirrors. If you think that's going to happen, go ask the veterans, go ask the blind children, go ask environmental trust beneficiaries, go ask the humanities, because it hasn't held in any of those instances. Thank you, Mr. President.

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

**STORER:** Thank you, Mr. President, and good morning. This is a fascinating debate, and it-- I, I enjoy, really, these scenarios where you see sort of a mixed bag of bedfellows on, on a bill, and, and we certainly make sort of an interesting group who oppose LB1124. While we may have different reasons, the, the opposition remains united. And I just-- I'm going to speak really briefly to a couple things and make clear where my opposition comes from. I am a fiscal conservative, and, and I, and I pulled up just some really basic principles, because I have learned through my years of public service that not everybody defines that the same, or maybe even understands what that means. But as a fiscal conservative-- the core principles of fiscal conservatism: reduce spending Simple. Reduce spending is a core belief of fiscal

conservatism. Lower taxation, core principle of fiscal conservatism. Balanced budgets. It's where we're trying to get to. It's about how we get there. So, at that point, maybe I need to go back to read one and two again. Reduce spending, lower taxation. I'm going to share-- as a, as a rancher, ranch wife, there's a principle that in ranching we kind of adhere to, and I'm going to use this example if it's helpful to anyone. And of course, it just disappeared on my screen, so I'll go from memory. But the principle is that you can't feed your way out of a drought. So, in the cattle business, we often have cycles, not only in the markets, but also in the weather. And it's almost guaranteed every probably six to eight years we're going to experience a drought, and there's two ways to deal with the drought when you're in the cattle business. You either buy more feed, which is expensive, or you cull the herd, which means you make it smaller. You reduce your cost. And anybody that's been in the business and has had good mentorship or has went through one or two droughts, I think would agree you, you can't feed your way out of a drought. There's another analogy that was-- been passed around in my family to explain a similar concept, and it's an analogy about, you know, some old farmers that were selling watermelon on the corner, and they weren't making much money. So, the one guy turns to the other, and he says, "You know what, Joe? I think we should buy a bigger truck." That's not going to fix your problem. If you're not making money with the small truck, you're making money with the bigger truck. All of that is to say we can't feed our way out of this drought. We are in a budget deficit at the moment. It is our job to balance it. That is a serious responsibility, a serious commitment. And the decision is all about how: how do we balance it? Rarely do we have the opportunity in government-- and I have said this to people privately, I will say it-- I'm saying it here publicly-- government has an insatiable appetite to grow. It's what, it's what it does. It's its very nature. There's always more projects, more good ways to think about using taxpayer money, many of which we could all agree, regardless of maybe even our party affiliation, are good. The question is always, is that the appropriate use of taxpayer dollars? We have an opportunity now to take a hard look at, where can we make some self-corrections? Let's start looking at those core priorities of the use of taxpayer dollars, and decide what, what do we maybe need to rein back in a little bit? But one thing I will not do is jump on this bandwagon of feeding our way out of this drought-- and the analysis is raising taxes to fix the budget-- because then all we're doing is becoming a higher-tax state. I'm a fiscal conservative,

and I will not support becoming a higher-tax state. The other thing I want to mention on this particular issue, when you look at the businesses that increasing the cigarette tax is most likely to hurt, it's your mom-and-pop convenience stores, C-stores. My entire district virtually is on the, on the state border. It would be very easy for those individuals to find other places to go.

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

**STORER:** Out of time. Thanks.

**KELLY:** Thank you, Senator Storer. Senator Guereca, you're recognized to speak. This is your third time on the motion.

**GUERECA:** Thank you, Mr. President. Like Senator Storer, my district is also on the border and close to several borders, close to an interstate that can quickly take them, whether to South Dakota or to Missouri, to several other states that have lower cigarette taxes than the proposed increase. Mainly Missouri, \$0.17 a pack. Yeah, if you-- if we raise, we raise that to \$1.64, I guarantee you a lot of folks are going to be taking that road trip to Missouri. And to recap how much money we're currently losing to Missouri-- this was an example that we used last time-- last I-- well, yesterday: Atchison County, population 5,682, borders Nemaha County, Nebraska, population 7,248. Atchison County, 1,200,000 packs of cigarettes sold last year; Nemaha County, just 21,000. Again, I would struggle to look at these numbers and come to the conclusion that, boy, those, those folks over at Atchison County, they really love smoking cigarettes. I just-- I don't think I can get to a point where I believe that they smoke 1,335 percent more cigarettes than the average person in Douglas County. No, colleagues, I think that high number is due to the lower cost. So, what's going to happen if we increase the cost of our cigarette-- of cigarettes here in the great state of Nebraska? Yes, you guessed it. The number of cigarettes that are going to be bought in Atchison County, Missouri will go up. Those tax dollars that we desperately need to stay in-state will go up. The stated purpose of offsetting Medicaid costs, and-- we're not going to have the money to do those things, because they're going to go to Atchison County, Missouri. So, this bill is going to either do one of two things: place the burden of sweetheart tax deals for the richest Nebraskans, the largest corporations, and the largest landowners squarely on the shoulders of welders, of factory workers, of ranch hands, of teachers, of

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waitresses, of janitors, or it's going to send tax dollars to the great state of Missouri. First bill out the gate, folks. First bill out the gate. And again, I want the record to be clear, I'm all for promoting healthy activities. But when the state of Nebraska should be spending \$20.8 million per year on tobacco cessation programs and we're only spending 18-- no, 14.5 percent of the CDC recommended levels, we're not really serious about this, folks. We should be spending \$20.8 million. Instead, we're spending \$3 million per year. Well, hell, I know where we can find an extra \$3.5 million: let's not send it to the richest prep schools in Omaha and Lincoln, and let's put it to programs that actually help people stop smoking tobacco.

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

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

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

**ROUNTREE:** Good morning, and thank you, Mr. President. I'm going to get back on the mic in just a little bit to talk more about the Arc of Nebraska annual senatorial dinner last night, but I would like to yield my time to Senator Raybould.

**KELLY:** Senator Raybould, 4 minutes, 45 seconds.

**RAYBOULD:** Thank you, Mr. President. Thank you, Senator Roundtree. There's a, a couple of things I wanted to talk and continue to talk about. But as I was sitting here, I was looking at some other bills that are really important for our workforce initiative in our state of Nebraska, and I would love to see some of the funds in Senator Sorrentino's bill redirected towards LB304. That is the childcare subsidies for those who qualify, but I can't think of a better bill in keeping Nebraskans employed. And we are a state where we have a highest-- one of the highest percentage of where both parents have to work outside the home to help make ends meet. And this-- these payments, they're not cheap. As we struggle with our budget deficit, we are currently paying the subsidies, but they lapse. And when they lapse, that means that one parent probably has to stay home, and we need that one person in the workforce. We all know that. We talk about workforce shortages all the time. So, that's-- you know, I'd like to see us have a better discussion about things that Blueprint Nebraska

talked about, that are important to our economic growth and development. Guess what are the top two? Affordable child care, no surprise. We need to keep our workforce employed in our state. We need both parents in our workforce. So, LB304. Some of the cost-- there's \$2.3 million this year, 2026 to 2027, \$5.4 million in 2027 to 2028, and \$6.2 million 2028 to 2029. I can't think of a better investment for the state of Nebraska to continue to keep as many of our fellow Nebraskans employed. That's why this subsidy is so critical. That's why it goes to one of our core values identified in Blueprint Nebraska that we're deficient in: child care, affordable child care. The other thing is, in the budget that we saw, they're sweeping funds from rural workforce housing, middle-income housing. Big mistake. Big mistake. We're lagging behind compared to all of our surrounding states on contributing to creating more affordable housing. That was number two as a priority for Blueprint Nebraska, we need to create more affordable housing. If we really, truly believe we can help make our state grow, why aren't we reinvesting in the priorities identified by our consultants, think tanks, by the amazing Nebraskans that have participated in over the two-year period on developing a solid game plan for our state of Nebraska on how we can grow? Obviously, we're not doing a good job, because the consultants shared with us that we are really ranking in a low level as compared to our neighboring states and our cohorts that have the same size cities compared to Des Moines, Kansas City, and others in the Midwest. So, that's an important issue, and some of these tax dollars could go towards those things that we've identified as priorities. Jumping back to Louisiana. Louisiana was replicating the same sad mistakes that the state of Kansas made, and you would think that they would learn. And in the handout that I gave everybody-- I'm going to try to get through this again quickly. Darn. Many of the state's economic analysts say a structural budget deficit emerged, and then grew under former Governor Bobby Jindal who, during his eight years in office, reduced the state revenue by providing tax breaks to the middle class and the wealthy. He also created new subsidies aimed at hiring and keeping businesses. Those policies, state data shows, didn't deliver the desired economic growth. This year, Louisiana has doled out \$210 million more to corporations in the form of credits and subsidies than it has collected from those in taxes. Governor Jindal said that he would veto any bills that would push taxes back to where they had been. Instead, to plug the budget gaps, he relied not just on cuts, but also on

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controversial one-off fundraising methods. The state sold off assets, including parking lots and farmland. It cleared out money--

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

**RAYBOULD:** Thank you.

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

**MOSER:** Thank you, Mr. President. Good morning, colleagues and Nebraskans. So, the discussion here is about just one bill that would raise some funds. It's not enough to make a whole difference in our budget; our budget is off by-- still off by roughly \$125 million, and that's after taking, I believe, it was \$130 million out of the rainy day fund. And the rainy-day fund balance is going to be about at the minimum that we'd like to have it. And-- or, we could take money out of the property tax relief fund, or we could cut the budget by about 3 percent. That would solve the problem. So, I challenge my colleagues here, you, you know, come up with a combination of all those that raises \$125 million, and the problem is solved. But I can just tell you right now, there are some that, "Oh, we can't raise taxes," even though these taxes haven't been raised for 20 years. And, and we're required to fund K-12 education, and that's where the property tax relief fund comes in. We're backfilling local governments that are providing that education for our students in the state. The state is supposed to pay for that, so we shouldn't be cutting that. And if you cut the budget 3 percent or a little bit less across the board, you're going to have a lot of unrest. You'll, you'll have to cut-- not-- you can't just cut programs you don't like, because you won't get enough money. You'd have to cut all of them 3 percent to get to a hundred and-- roughly-- to get to a \$125 million. So, you know, this is a possible solution to a little bit of the problem, and people are standing up to say, "Oh, no, we can't do this. Oh, no, this isn't the answer." And so, if this fails, then we'll go to the next possible revenue thing, and they'll stand up and say, "Oh no, this isn't the answer. We can't do that." And when you get all down to the end, we haven't solved the problem. So, it's time for us to step up and come up with a combination that solves the problem. Quit talking comments that you're getting from political consultants that are telling you what to say and telling you to vote for. Political consultants aren't elected, they're just paid-- I don't say bounty hunters, but kind of like that. They're trying to help people get elected. There are so

many things we've done here that could generate a negative postcard. Don't worry about that. Write your own negative post card against your opponent if you're worried about that. I mean, I could think of one. We had some DMV cash funds that support the DMV, and some senators didn't vote for that. They don't think we should continue to fund the DMV the way we have, so here's a good negative postcard for them: Senator Jones, whoever it is, voted to cut the DMV, and he's going to make the DMV lines longer for you when you try to register your car. Now, I'd say that'd be a pretty effective postcard, and it would be arguably true. Truth in politics is an elusive thing. You can say just about anything, whether it's true or not. But if you voted to cut funds that are going to go to the DMV, you can't expect them to keep doing the same job they've always done and not be able to-- and not have to have cuts of their own. So, let's quit playing the political games. Let's support things that help the budget. And, you know, I'm only here another six months. The new generation is going to have to solve the problems again as we go forward, but this would get us onto stable ground so that you can improve from there. Thank you, Mr. President.

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

**STORER:** Thank you, Mr. President. I appreciate, appreciate Senator Moser's comments. I'm, I'm probably going to take the bait. I can't help but respond, however, that any, any of you that-- if you know me in particular, I'm not, I'm not really-- I'm not really one to take marching orders. I'm a pretty independent thinker, and I, I think that's a good quality in an elected official that makes decisions based on principle. And again, if I got to repeat it again, the principles by which I-- the lens that I make decisions through are very grounded in the principles of fiscal conservatism, social conservatism. I am a small-government, limited-government gal. I believe government needs to stay in their lane, whether it be state, federal, local, we all have a lane. My constituents in Cherry County used to hear me say that. Some appreciated it, some did not, but that was the analogy I used. I did want to finish, I guess, my thoughts. I, I ran out of time earlier, but when I ran up front, after I got off the mic, Senator Roundtree asked me the question what it meant to cull the herd, so I want to explain that, because probably there's many other people that want to know what that means to cull the herd. And ironically, when you cull the herd, you identify the least efficient

animals in the herd, and you sell them. So, it's a perfect analogy for what we're talking about here, in the situation we find ourselves in with a budget gap to solve. And again, in the cattle business, you don't feed your way out of a drought. The analogy here is we don't tax our way out a deficit. And when you cull the herd, you find the least efficient animals and you remove them from your herd. So, it is time to make some hard decisions about, you know, the things that we are currently paying for that maybe aren't working as efficiently. There's been a lot of discussion about some ways to deal with this; it's just that, you know, not everybody agrees on those. And that's fine, that's the way this works here. A couple other things I, I wanted to bring up again. District 43 runs all the way from Fort Robinson all the way across the Nebraska border over to Boyd County. The majority of the individuals that I represent are indeed on a border, on a-- the state border. And when you start to increase these types of taxes, it's not, it's not just about increasing-- it's not just about cigarettes costing more. When people have the ability to go purchase something, they're going to purchase whether it costs more or not. They're going to find the, the most economic place to purchase it, and in my district, that's not a far drive for many people to go across the state line. They're also going to go buy other things there. They're not, they're not going to get their gas and their groceries and everything in one spot and then drive just for one product. So, this is going to drive and impact other products and other revenues for many of the small businesses in my district as well. That's not a small issue. It's been talked a lot, and I think my colleagues are very passionate. I have a ton of respect for every one of them, and certainly for Senator Sorrentino's very, very impassioned motive for this, because he feels strongly about the health consequences, as do most of us, in terms of the ill effects of smoking. But I do want to again point out that even here in Nebraska, without any increases in taxes, we continue to see a decline in the rate of smoking and the revenues generated from smoking, and that's a good thing. But it's not happening because we increased the tax; it's happening for a variety of other reasons and healthier choices that Nebraskans are making. And the percentage of those folks statistically, again, who are using these products are low-income. That's just the truth. So, we're asking them, we're asking the people that need Medicaid because of their income levels to help fund Medicaid. It doesn't make sense to me. I'm

a pretty common-sense thinker. That doesn't make sense to me, and the last thing I want to say before I run out--

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

**STORER:** I ran out of time. Thank you.

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

**DeBOER:** Thank you, Mr. President. I find myself in an interesting position. I'm on the opposite side of most of the folks who've been talking about this bill on this bill, and I have some agreements with some of the folks who have been speaking against it in terms of our budget writ large, and I some disagreements with some of the folk who are on the same side as me. So, let me, let me address a couple of things first. One of the biggest things that I've noticed in the last eight years with respect to tax policy in this body is that we are constantly promised that every time we cut taxes, we're going to grow our way out of the, the loss of revenue. And again and again, I've been told we're going to grow our way out, and yet, as we have done more tax cuts, I have noticed we have been in worse and worse shape, and we have not grown our way out. I really don't think that Senator Storer meant to imply this, really do not think she meant to imply this, but I was a little concerned about her analogy where she said if there's a problem you cull the herd, because I certainly don't want to cull the most-- least efficient Nebraskans. I do not want to cull the most inefficient Nebraskans. And my concern is that when we try to think about our budget in terms of other business models that we have had, I think the problem is that we sort of find ourselves in awkward analogies, as I will say, because this is not the same thing as other businesses that we have in our lives. I heard yesterday some folks talking about we want to have a pay-to-play kind of system, where you have to pay fees for the things that you did. That was someone who's on the same side of this issue who will vote for the bill, as I will. But I fundamentally disagree with that understanding of what government is as well, because I do not think that I have to visit Halsey Forest to know that I want Halsey Forest to be protected. And I do not have to use the road between Chadron and Alliance to know that I want a road between Chadron and Alliance. And that is why, for the last eight years, having been a senator from Omaha, I have fought for rural broadband, because it is not the same sort of situation where

only if I benefit from it then do I want to pay for it. And whoever made the point yesterday-- I can't remember who it was-- that said that we pay all of these fees on our telephone bill, even from Omaha, for the USF-- the NUSF fund, which helps support rural. I don't have a problem with paying that fee to help rural, because I know that that is important for us as a state. And I think that when we start to say, "Well, this is mine and this is yours" within the government, when we start to divide ourselves off, and you use that and I use this, I think we start get to a place where we've lost the whole point of aggregating together in a government structure that by its very nature seeks to limit the risk for the most vulnerable and for everyone else when they have that moment that they do not expect, the moment when they will have to call 911, the moment when they will have to use government services that they did not expect to be a part of. That they are saying-- I, I-- it's just-- that's why pay-to-play doesn't work. Because the government is not set up as a business where you pay for your 911 service. Imagine if you, in the middle of that crisis, had to pay an extra tax because you used that service. It doesn't make sense to me. I'm going to get back on the microphone, because it turns out I had a lot more things to say than I thought. And I will talk about this bill in particular, because I have just been sort of talking about the budget, and I have more to say on that front as well, but I see that my time is almost out. Thank you, Mr. President.

**KELLY:** Thank you, Senator DeBoer. Senator Juarez would like to recognize some guests in the north balcony from Heartland Workers Center in Omaha. Please stand and be recognized by the Nebraska Legislature. Senator Machaela Cavanaugh, you're recognized to speak.

**M. CAVANAUGH:** Thank you, Mr. President. Good morning, colleagues. So, this really-- this debate really sat with me overnight and this morning, thinking about what we're doing. And as I've stated many, many times, the, the reason I support a tobacco tax increase is because of the health outcomes, and going below a dollar does not impact the health outcomes. So, this-- why LB1124, as is right now, I support. However, as is right now, I don't support the cash fund piece of it, and I think that that's something that needs to be worked on and, and changed between now and Select File, if it moves forward. But this is a regressive tax, and what has been troubling me since we adjourned yesterday is that the very first option that we are considering for revenue for our deficit is a regressive tax. And I worry that we won't give serious consideration to any taxes that touch

the lives of wealthier people because we're, we're starting here. I, I think this alleviates the appetite to stand up and say, hey, we made a mistake in our aggressive implementation of income tax cuts, and we need to pause those right now to save not only this budget, but the next biennium. And I worry that if we pass or move forward LB1124 today, that that's what's going to happen, that we are going to say no to pausing the income tax cuts. And if we're not going to touch the property tax fund and we're going to not touch the Perkins Canal fund and we are not going touch the prison fund, we have to pause the income taxes. One of those four things-- well, the prison isn't enough money, so if you do the prison, you have to do something else, too. But one of those things has to happen to balance the budget. Has to. No question. Has to happen. And to Senator Moser's point about cutting the budget by 3 percent, we can't cut anymore and, and function. We've cut everything we can to still have a state that invests in itself. So, if we want to cut investing in ourselves, then, then we can have more cuts. But then, we are really going to be in a bad way in the future, because people aren't going to want to live here anymore if we make any more cuts than what we have. So, I would like to see us move on from this today and onto the next thing on the agenda because I'm really struggling with voting for a regressive tax as the first thing that we would possibly do to plug a deficit. When I've brought the tobacco tax in the past, it was not to generate revenue, it was to impact health outcomes, and I feel like I would be disingenuous voting for this at this moment if that's what we're doing, is just doing it to plug the budget and so that we don't have to tax rich people. I can't do that. Thank you, Mr. President.

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

**ROUNTREE:** Good morning. Thank you, Mr. President. Good morning, colleagues, and good morning to those that are joining us online today. I just rise in support of the, the motion to recommit to committee. But as we're trying to balance the budget on the backs of our, our underprivileged and those that suffering right now, I had opportunity to attend our Arc of Nebraska senatorial dinner last night and just to meet with our community. But I rise-- I want to speak now on just an email I got from a constituent. Real-life impact. This member writes: Dear Senator Rountree, I'm writing to express serious concern regarding the revised proposals to the Nebraska's Aged and Disabled, to A&D and Traumatic Brain Injury waivers. Says my

23-year-old son has severe knees and requires 24/7 care. These are impacts that are impacting a lot of the members that I met last night. While revisions may reduce the number of individuals affected by the original 40-hour cap, participants with the most complex needs remain subject to a hard annual cap of \$138,000. For individuals requiring intensive specialized daily support, this cap may not reflect the true cost of safely remaining at home. It is also important to clarify that caregivers are not earning \$138,000 a year as implied during the February 9 Appropriations hearing. That figure includes agency overhead costs, scheduling, supervision, training, insurance, payroll taxes, and administrative expenses. Family caregivers providing hands-on care are earning near minimum wage. Presenting the full cap without explaining agency costs misrepresents where funding actually goes. Mr. Green also indicated that the DHHS budget will not change, and that the department plans to generate savings through honing in on supervision versus direct caregiving. For individuals with complex medical needs, supervision is a critical component of care, not a single or optional service. How will DHHS determine what qualifies as caregiving versus just supervision? Have definitions changed? Why does DHHS have sole authority to make these distinctions without independent oversight? Who specifically will be making these decisions, and what expertise do they have? Quite honestly, many parents are scared, and yes they are. I talked with a number last night. DHHS now appears to hold sole authority in determining service classifications, funding limits, and implementation without meaningful outside regulation or independent oversight in this process. When one agency has that level of authority, families are left without transparency, accountability, or recourse, which is what we're asking here in this particular bill. The purpose of these waivers is to allow individuals to remain in the best-- the least restrictive and most appropriate setting. Funding limits and administrative decisions that do not reflect the real cost of complex care risk undermining that goal. And so, this member asked for legislative review, clearer definitions, transparent budgeting, and external oversight to ensure Nebraska's most vulnerable residents are protected and receive the services they truly need. And that's a cry from a parent, and we're talking about setting up these particular funds now. What's going to guarantee that these funds will not be swept in future times, that what we do now is going to ensure that these funds are available for the least of these, for the members that have the great need? And so

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with that, Mr. President, I thank and I will yield any remaining time that I have to Senator Raybould.

**KELLY:** Thank you, Senator Rountree. And Senator Raybould, 1 minute, 15 seconds.

**RAYBOULD:** Thank you, Mr. President. Thank you, Senator Roundtree. I know people want me to finish the story of what happened to the state of Louisiana, and sadly, what happened in the state of Louisiana that, that the bills they had to-- that-- they tried to fill their budget gaps, but Senator-- or, Governor Jindal relied not just on cuts, but on controversial ones, one-off funding methods. The state sold off assets, including parking lots and farmland. It cleaned out money from hundreds of trust funds. Among them, one intended to build reefers-- reefs for marine wildlife. It used bonds intended to pay for construction to fund the government's day-to-day programs. This is not a happy ending for the state of Louisiana, nor the state of Kansas. I guess it is, if you think that that following election, both governors soundly lost, and guess what they were replaced with? They were replaced with Democratic governors who inherited a total fiscal mess. So, my, my plea and request to my fellow colleagues is that we look and not replicate these past mistakes. But I see so many similarities to what we're doing. We're raiding the environmental trust fund, among others. Thank you, Mr. President.

**KELLY:** Thank you, Senator Raybould. Senator Sanders would like to recognize some guests in the north balcony. They are fourth graders from Belleaire Elementary in Bellevue. Please stand and be recognized by the Nebraska Legislature. Mr. Clerk, for items.

**ASSISTANT CLERK:** Thank you, Mr. President. The Transportation and Telecommunications Committee will hold an executive session at 11:00 a.m. under the south balcony. That's Transportation and Telecommunications, 11:00 a.m. under the south balcony. That's all I have, Mr. President.

**KELLY:** Thank you, Mr. Clerk. Senator Storer, you're recognized to speak. This is your third opportunity on the motion.

**STORER:** Thank you again, Mr. President. Mainly, I jump back on here-- I wanted to be sure and clarify one of the questions that Senator DeBoer had brought up, because I want no misunderstanding about what I

meant about culling the, the least efficient, and so that was in reference to the cattle business and cattle, and the analogy for government would be programs that, that perhaps are not efficient, not people. So, just for clarification. Would never-- there, there are-- every Nebraskan is valuable and precious, and there is no reference to that in terms of people. I just again want to, want to speak to sort of the broader issue here. And again, there are days that I'm in this body that I sort of feel like I'm in the twilight zone, I'm not going to lie. We're talking about a bill that has been brought-- and I'm not, I'm not going to say this to poke sticks or try to create divisiveness. I just want, want sort of to lay out the reality. We're taking about a bill that Senator Machaela Cavanaugh has brought six years running-- and she shared that with us I think yesterday-- that couldn't get out of committee. And we can all say we're a nonpartisan body, but, you know, we all know what side of the aisle we're on most of the time. So, today is really fascinating, with that being said. So, Senator Cavanaugh brought this bill for six years, and then-- without being able to get that bill out of committee, and now all of a sudden, this year, it's, it's on the floor and it's being filibustered and strongly supported by probably folks that, that had a reason, you know, didn't believe in it to get it out of committee for the last six years. OK. That's just for those listening and for the public, just to kind of know the history of this. And, and ultimately, what we're-- we've been talking about all year, what I think most people, at least I can say for me, we, we continue to be concerned about how do we positively impact or reduce property taxes. I-- that is still my mission. That is still what I'm committed to. But please understand something: we have put \$1.6 billion toward property tax relief. When people in my district say, "So, when are you going to do something about property tax relief?" I said, we've done \$1.6 billion things about property tax relief, and they don't notice. And you know why they don't notice? Because it's not working. It's not working. Last year, total property taxes went up almost five-and-a-half percent. It's not, it's not working. And there's an adage that says, keep doing the same thing and expect different results, and that's called insanity. We all-- I think, I, I believe probably 49 of us or close to it still want to effect a reduction in property taxes in a meaningful way. But the path we're on is not working, and pretending that we're just going to raise some taxes to fix it is my analogy of "let's buy a bigger truck." It doesn't fix it. So, yeah, there's hard decisions to be made, and there's some unpopular decisions that have to be made,

and probably nobody's going to want to sit with me at lunch, I'll tell you that. Not too upset about it. But we have-- we are elected to come down here and make some hard decisions, and the number one thing is to deal with balancing the budget, and balancing it means managing it. That shouldn't be partisan. But buying a bigger truck is not going to fix our problem here. And as a fiscal conservative, I will not, and I will not be shamed for my position either. I will not apologize for being committed to not raising taxes. The fact that there's been any criticism for four individuals that publicly said that is shocking to me. Wow, news flash, breaking news. Republicans commit to not raise taxes. I won't apologize for that. I will sit down and do hard work with my colleagues to figure out how we bridge this gap. But continuing on the same path we're not when we, when we are not seeing a reduction in property taxes is insanity. Thank you, Mr. President.

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

**DUNGAN:** Thank you, Mr. President. I always like when Senator Storer and I are on the same side of an issue. This is nice. Nice little back-and-forth here. It's good. I want to echo everything Senator Storer just said, that to continue to try to do the same thing over and over without seeing the benefits is really the, the definition of insanity. And I think that we're seeing that yet again here as we continue to debate this bill, knowing all the things we know about where the money could or couldn't go. What I wanted to get up and talk about briefly is an ongoing concern that I have that has been raised multiple times that I want to highlight and make very clear on the record about the nature of this cash fund. And there has been sort of conversations circulating, people talking about how maybe if this were to pass between General and Select, we're going to put guardrails on this cash fund to make sure the money doesn't go to the general funds. And colleagues, I want to be very clear: that may be our intent, but that language means nothing if the future Legislature decides to change their mind and strike that language. And we've seen this on multiple cash funds. In my time here, all of these cash fund sweeps that have been passed are cash funds that were created with an explicit purpose or intent for that money to be used for something, and then have that money ultimately be taken from that or clawed back from that goal and then put towards the General Fund. Some of those cash funds, in order to do so, required language being added in the budget bill that said in the list of things that cash fund can be used

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for, and also the General Fund. And then, the money goes away. That's all it takes. So, if we find ourselves, as the meeting we had yesterday shows us, in an \$800-plus million-- almost \$1 billion deficit in the out years, meaning in '27, '28, '29, and this money is sitting in the cash fund that we're talking about, if the budget bill comes forward and adds language that says, "or go to the General Fund," that money can be swept. And we have seen time and time and time again, in my time in the Legislature, shaking out these cash funds. We were told it was a one-time thing. Oh, we're just going to take money out of these cash funds or out of these cash reserves because we're shaking out the pillowcase money and we're going to put that all towards the General Fund. That was the concept. But then it happened again, and we've seen money be taken again because we find ourselves in the same conversation, in the same deficit, now again, and we're going to see it in the future. So if your vote, colleagues, is based on some assurance that this money will never be touched to go towards something other than Medicaid-- and maybe that isn't your reason, and that's fine. But if your vote on cloture is predicated on this notion that this money is safe, that this money is protected, that is just hope. And sometimes we take votes based on hope, and that's fine. But I just want to be very clear that unless we were to pass a constitutional amendment protecting this cash fund, it seems to me as though the money could ultimately be swept. And every Legislature can do their own thing, no Legislature is necessarily bound to past Legislatures. That's part of our duty as legislators. And we do have to make hard decisions. Senator Storer is absolutely correct: we get up here, we have to have hard choices, and that doesn't mean we're always beholden to agreements or to deals that were struck in the past. Look no further than the assurance that this Legislature took to help veterans by ensuring vets' courts in a bipartisan bill were going to be funded and supported, and then immediately there were cuts being proposed to the courts that were going to take away the opportunity for veterans to have the benefits of vets courts. Right away. A couple of those senators left, they termed out, and the next year, "Oh, thank goodness they're gone," some thought, "now we can get rid of that bill that we all worked on the year before. We can save money that way." So, you can vote for that. That's fine. But let's just be very clear. If your vote on this bill is predicated on some assurance that this money is safe into perpetuity, it's not. So, just know that. There's a number of reasons that we can, you know, continue to say this is good or bad, it's

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regressive. But let us all be very clear. The cash funds moving forward don't have guardrails that will protect it no matter what. So, I just wanted to put that on the record, be very clear about that. I appreciate we've continued to have a really good back-and-forth on this, and I think we've been talking about the issues, so thank you, colleagues, for engaging in the debate. I would at this juncture encourage your green vote on the motion to recommit. And if that's unsuccessful,--

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

**DUNGAN:** --I would vote no on LB1124. Thank you, Mr. President.

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

**DeBOER:** Thank you, Mr. President. The last time I was talking about the budget, because that seems to be a lot of the conversation here. And I do truly feel like Charlie Brown being set up by Lucy with the football with respect to cutting taxes, and that that is supposed to lead to growing our economy, which I have not seen yet. No evidence of that yet. And in fact, it has done the opposite. But let me talk about this specific bill, which, for me, is not related to the budget and is not related to budget whole, but is related to a larger philosophical principle which I hold with respect to policy. And so, that is that for items or, I don't know what we call things like this, I would rather take a tax-and-regulate approach than a prohibit-and-criminalize approach. And I think you've seen that from me throughout the years here. So, I would rather regulate an object which is concerning, which has health effects, which is dangerous in a number of ways, like we all, I think, will admit that tobacco is. I would rather regulate it. I would rather put taxes on it in a way that is going to maybe make people think twice about it, but at the same time, also is going to help pay for the social ills it causes. This is why this is my approach to gambling, to alcohol, to marijuana, to tobacco, to some internet content, all of these sorts of things. Instead of prohibiting them, I think they should be regulated so that, for example, when you smoke a cigarette, you're making sure that you're not getting it laced with fentanyl or something like that; so that there are quality standards, so there are regulations, so that, that companies who produce cigarettes have to tell you the truth about them. I think it should be done with warnings, with warning labels

explaining the problems, which we have done with tobacco. And I think it should be done with taxes. That is a policy decision that I have writ large about all of these types of items. I think we should take the same regulatory and tax approach with warnings to certain kinds of social media content, to certain kind of internet, like pornography, not with respect to coercive or children or anything like that, because that's-- that is exactly the kind of victim/criminal kind of situation. But these other things should be done through a regulatory process. Alcohol. Alcohol is a very regulated product. I suppose general-- Senator Holdcroft would be able to tell us about that from his experience on General Affairs, about how incredibly regulated alcohol is, about how incredibly regulated some of these other products are. So, that's why I support this particular bill and this particular approach. I think that continuing to regulate, continuing to tax those kinds of programs-- I have always said that because of the \$1 mark, which has been-- which I've seen evidence of the fact that that will have an impact on consumer behavior, that's, that's why I favor this bill. So, it's not about revenue or-- raising the revenue or cutting the budget in some way for me. It's just not about that, and it shouldn't be about that. This should be, I think, about the policy, about the regulation, about the taxation, about the consumer behavior, and not about anything else. So, that is what I've made my decision on. Thank you, Mr. President.

**KELLY:** Thank you, Senator DeBoer. Senator Spivey would like to recognize guests in the north balcony from I Be Black Girl in Omaha. Please stand and be recognized by the Nebraska Legislature. Returning to the queue, Senator Rountree, you're recognized to speak. This is your third opportunity on the motion.

**ROUNTREE:** Good morning, and thank you, Mr. President. And I respectfully yield my time to Senator Conrad. Thank you.

**KELLY:** Senator Conrad, 4 minutes, 50 seconds.

**CONRAD:** Thank you, Mr. President, and thank you to my friend Senator Rountree for the time. Just for those who perhaps are following at home, or for members who were looking for update. We did a little over four hours on this measure yesterday and, based upon our cloture rules and the application thereof to consider a cloture motion in order after full and fair debate of approximately eight hours, we've done a little over an hour today. I mean, that continues to click, but it

seems like with the lunch hour that a cloture vote would come up a little before 3 p.m. this afternoon. So, just kind of forecasting where we are in terms of our work together today. One thing that I wanted to note for the record as well is I really appreciate Senator Storer's advocacy and passionate defense of the key issues that she is working on and that are important to her constituents, and I think that is really at the heart of this debate, and I appreciate her principled approach. And I also appreciate the fact that, for my colleagues on the right who have shared their misgivings about this measure from a principled standpoint, we have heard a, a few additional considerations and pieces in regards to their thinking on this measure, but it does-- definitely does not go without notice for me that the leadership exhibited by fellow female senators, Senator Storer in this regard, is appreciated. As per usual, the women are doing the work, and I am proud to do the work with Senator Storer in this regard. Just wanted, wanted to note that that was something that I noticed about kind of where we are with this. Also, in terms of the fact that members are getting itchy about time writ large, are worried about getting their priority bill up, are worried about where we are with this measure. Let me be clear: myself and others in the minority don't set the agenda. We have zero control about that. Also, when you look at what has been prioritized and what's been put on the agenda, we can only deal with what's in front of us, so that's what we're doing. And when there's problematic aspects from a criminal justice or workers' rights/health and safety perspective, or in this instance, a regressive taxation issue, it's-- people know that it's going to provoke considerable debate and dialogue. We know that there's a fracture on the right with how this is approached. We know that, on the left, people don't think with one mind on this, but there is a definite concern about the regressivity of this particular measure as the only solution put forward to address a budget crisis that was caused by inequitable, unsustainable corporate and individual income tax cuts that primarily benefit the most wealthy. And let's not forget for one real-- for one second, if we want to have real property tax relief, if we want make those programs work better, if we want to broad-based relief, we can do that, and we shouldn't be fighting over the scraps. It's real clear. Corporate Nebraska, make your choice. You've got your corporate and income taxes, and now you want more and more and more with your corporate welfare. You can't have it all, because it's hurting everyday Nebraskans. And if they're not going to make the call, we should have the wisdom to do that as state leaders

and hold their feet to the fire, and take that money that's benefiting the biggest corporations and give it to the people. Give it to the people in actual property tax relief. Stop messing around with this regressive nonsense. Stop messing around with deep, ridiculous cuts to the budget on critical things like education and human services. The solution's--

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

**CONRAD:** --hiding in plain sight, and it's ours to grab. Thank you, Mr. President.

**KELLY:** Thank you, Senator-- thank you, Senator Conrad. Senator Strommen, you're recognized to speak.

**STROMMEN:** Thank you, Mr. President. I just wanted to continue with my conversations about principled conservatism. Today, I wanted to discuss the tax philosophy of John Kennedy as it relates to consumption taxes, specifically the broader question of raising taxes on everyday purchases. To be clear, Kennedy did not serve at a time with a federal sales tax were a central policy debate, but his economic philosophy gives us guidance on how he viewed tax increases that burdened ordinary economic activity. When Kennedy addressed tax policy in the early '60s, the American economy was sluggish, unemployment was high, growth was weak, and consumer confidence, much like today, was extremely fragile. His conclusion was not that Americans were under-taxed; his conclusion was that the economy needed stimulus through lower, not higher, taxation. He famously said "a rising tide lifts all boats;" that principle guided his push for broad-based tax reduction. He believed that when government increases the cost of earnings, investing, or spending, it slows economic momentum. Consumption taxes, like sales taxes, directly increase the cost of everyday transactions. They raise prices at the register, and higher prices dampen demand. Kennedy understood that consumer spending drives economic growth. When families feel squeezed, they pull back. When businesses see reduced demand, like we've talked about on a number of other bills, they slow hiring and investment, increasing taxes on purchases, whether through income taxes or consumption taxes, risks compounding economic weakness. His broader argument was that high tax burdens suppress economic energy. He warned that excessive taxation discourages initiative and reduces the incentive to produce and spend. While he focused primarily on income tax reform, the

principles apply just as clearly to sales taxes. Raising the cost of economic participation reduces participation itself. Kennedy's approach was pro-growth. He believed that government should create conditions for expansion, not contraction. He saw tax relief as a way to encourage confidence, strengthen private enterprise, and ultimately increase federal revenues through economic growth rather than higher rates. If we apply his reasoning to sales tax increases, the implication is clear: increasing taxes on goods and services during uncertain economic times would run counter to his philosophy. It would place additional strain on families, particularly those of modest means, and could slow the very growth policy makers hope to sustain. Whether one identifies as conservative, moderate, progressive, President Kennedy's economic insights remain relevant. Economic vitality comes from encouraging activity, not taxing it more heavily. As we consider proposals that would increase sales taxes, we would do well to remember his central belief that growth, not higher rates, is the soundest path to stronger revenues and a stronger Nebraska. Thank you.

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

**HANSEN:** Thank you, Mr. President. Well, I've enjoyed the discussion we've had so far about this bill. I know we had this discussion many times before, whether it's Zyn pouches or vaping, or-- and I think most people here-- sorry if I sound nasally, I got a head cold going on here-- understand my taxation philosophy when it comes to sin taxes, that I am not a huge proponent of sin taxes. I get the idea of why people want to do them. One thing that I'm "ardamently" against is the idea of trying to change behavior through taxation. Otherwise, if that's the case, we better be taxing a whole lot of stuff, including white sugar, white flour, high fructose corn syrup-- sorry, corn guys-- because that kills more people and causes more heartache than tobacco ever will. So, if we really want to use the argument about changing behavior through taxation, that's typically not something I'm in favor of. I do understand the idea of people wanting to increase the tax on tobacco to some extent. To me, increasing it this much is too high. And I get the under-- the understanding of maybe increasing the vape tax to a certain extent. 30 percent might be a little high for me. I think there is some resolution here that we can come to, others after me might speak about, that doesn't put the burden of our revenue shortfall on the backs of many Nebraskans because we're-- we

just don't like tobacco. I think some senators have brought that up and made some good points. I also want to make sure that we concentrate more on cutting government than taxing people. That's something we fundamentally need to concentrate more and more on. And there's a lot of avenues we can look at for not increasing revenue, but decreasing our expenditures. Some of them are very difficult, which is hard for a lot of us to talk about and bring up on the floor, but I think that's something that we need to start talking about. So, I'm still following along with the discussion on this bill. If it was up to me personally, I would like to see us not do the tobacco tax at all. I know there's some discussion about maybe doing something different, but that's personally where I would like to be. And then possibly even decreasing the vape tax; instead of going up to 30 cents, maybe 20 cents. I think that seems like a reasonable resolution that I think a lot of us could live with and not being too over-burdensome about how we're going to tax people but also helping out with that revenue shortfall to some extent. But again, Senator Strommen and Senator Storm and others have talked about the idea of making sure that we concentrate more on cutting government, and I totally agree with them. As [INAUDIBLE] you'd be talking about more and more and spending more of our time on, especially when it comes to property taxes. So, still following the discussion. I know we've got a little bit of time here yet, so I appreciate everyone getting up on there and talking. And I do got to give a shout-out to Senator Guereca-- I don't know if he's on the floor or not. I think when he gets up and speaks, he's very passionate, and so it's always enjoyable watching him speak because I think he knows he's on TV, so I always have to give him a hard time about it. I've never seen somebody look at the camera so much, besides maybe Senator Slama when she was here. She always enjoyed doing that, but she's good at it. I think Senator Guereca is learning here, so. Got to give him a hard time about it. All right, thank you, Mr. President.

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

**SPIVEY:** Thank you, Mr. President, and good morning, colleagues and Nebraskans, and folks that are watching us and joining from afar. And always, good morning, grandma. Thanks for coming to work with me today. I have been following the discussion, have been not really on the mic for LB1124. Been working with my colleagues off the mic on other things that are happening, because it's such a busy time. But

have been tried-- have tried to listen in and follow along on the conversation. I'm not sure where I am with LB1124 yet. Appreciate the different motions that allow for us to have intentional dialogue. And one thing that I did want to, to bring up, because I know that a lot of the conversation has been around our budget and, and how do we balance. And as a member of the Appropriations Committee, I think it's important for us to, again, re-center around what is our philosophy. You know, as an Appropriations Committee, we should have one. And then as a body, what does that look like? Because our budget is a moral document, which I have talked about on the mic, Senator Machaela Cavanaugh has talked about on the mic, and it really reflects our priorities. And so, there are things that I believe government should be responsible to and for, its constituents and residents, and that should be reflected in how we spend our tax dollars and what does that look like. And so, while I can appreciate the sentiments of we need to cut and that's how we rein in our budget and the gaps in taxes, is I think that there's a broader conversation around what this moral document is and how that reflects, again, our priorities, and, and what we are saying is important for Nebraskans to have, because it will come up on budget debate around the HHS budget and Medicaid, and what does that look like? So again, there-- there's a number of items, I think, that play into this conversation, and I hope folks will continue to engage and have a comprehensive approach to how we're thinking about our budget and balancing, and again, those priorities, and that we not take the siloed approach as it seems like we have kind of been situated in from a policy perspective. But I wanted to take a couple minutes-- so, I had some guests that everyone recognized, which was really exciting. So, I talk about a lot of what I get to do in my day job, and I talk about that on the mic and get to bring that perspective. And my day job came here today, which I'm really excited about. And so, we do a lot of policy work, and folks are civically engaged. And so, we have people from across our communities that came here to meet their senators to see while I'm not there what I do all day, and what, and what we're doing. And so, I'm really excited to have IBBG here, that is really working to ensure that members of our community that are traditionally pushed to the margins have all of the access and resources that they need to actualize their full potential, which, again, that's what the, the heart of policy is. Policy really can address core root issues to make sure everyone can actualize the good life that Nebraska has to offer, and so I'm glad that they get to see their tax dollars and their representatives at work on behalf of

them. I also specifically have on my sorority sweater because members of my sorority are here. And so, I have hosted a number of historically black sororities and fraternities at the Capitol, some that have already come, some that will be coming, and I am also a member of a historically black sorority, Sigma Gamma Rho Sorority Incorporated, that was founded at-- in 1922 at Butler University. And that is really important if you understand where the world was in 1922 and what was in front of us, and at a predominantly white institution that was just looking at integration, and to have a sorority specifically looking at service and scholarship on behalf of a demographic that was navigating a very unprecedented and-- I would say times that were very-- had a lot of tension and harm built in, and that we are still here today. And so, I'm really excited, again, to be able to represent and bring all of these perspectives not only to my role and my, my seat as a representative for District 13, but hopefully just in general, as we talk about some of these really important issues that impact my community that I, I get to help champion. Because again, I think having that representation in all spaces where decisions are made are important. So, I see my time is almost up, so thank you, Mr. President.

**KELLY:** Thank you, Senator Spivey. Senator McKinney would like to recognize two guests under the north balcony. They are former State Senator Brenda Council and Joel Chiles. Please stand and be recognized by the Nebraska Legislature. Senator Andersen, you're recognized to speak.

**ANDERSEN:** Thank you, Mr. President. I rise in opposition to LB1124. LB1124 is more of the same. It's more of the overspending, it's more attempts at tax shifting, it's more money out of taxpayer and Nebraska taxpayer pockets. It's another effort to address the symptom and not the problem. The symptom is we have a \$125 million budget imbalance. By the way, the next symptom is going to be in the next biennium when we \$874 million budget imbalance. What we should be addressing is the core problem; the core problem is out-of-control spending. Almost 70 percent of the property taxes go to K-12 education. 25 percent of the state-- of state goes to pay for the education costs, the state aid, totaling \$5.5 billion. When you look at investments, you should look at what the intern on the investment is. When you at the return on the investment for \$5.5 billion, you look at the, at the children that are functioning at grade level. On average, across the state, only 55 percent are functioning at-- reading at grade level. If you look at

math, only 46 percent are functioning at grade level. If you at the largest school district on-- in the state, OPS, the reading at grade level is down to 38 percent, and math is at 28 percent. Currently, we're investing about \$15,000 per child, and going up to about \$17,000. What I would say is you need to look at the investment and realize that we're not getting the return on what we should be expecting. The bottom line is, we should not be increasing taxes on Nebraskans. We need to do the tough work. The tough work is admitting that TEEOSA doesn't work. When you look at the 38, 28 percent at grade level, we're investing a lot of money in a program that's giving us failing returns. Obviously, the system's not working. Throwing good money after bad, throwing more money at a system that's broken, that's not functioning, that's failing, isn't going to work, is not a smart investment. So, we need to revamp the education funding. We need to review, reform, modernize our incentive program. The business incentives need to have a sunset clause. They also need to be evaluated on the return on investment. It's a partnership, and we need to make sure that there's a return on the investment, not only for the business with the incentive, but also for the state. I think we also need do the hard work of putting the guardrails on school bonds. For those who are not-- that don't have any fiscal restraint, we need to inspire that in them, and mandate fiscal responsibility when you pass school bonds. For Senator Moser, he said we need to support things that help the budget, and what I'd submit to Senator Mosier is that cutting spending will support the budget, and that's not what LB1124 does. We have a money problem, and a wise person once told me that more money doesn't solve money problems. Thank you, Mr. President.

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

**CLOUSE:** Thank you, Mr. President. Colleagues, last year, or last session, when we had this come before us, it was after the budget was presented and balanced. And so, I voted against this very same thing that we're talking about now. I just felt that there could be something in the future, maybe we need to do this. And as we listen to the debate, there's a lot of great points being made on all sides of the issue. And I think what we need to do-- this is a very challenging time for us, as we look at the spending issues, we look at the taxation issues, and we knew that this week would be looking at a lot of the revenue issues. What are we doing with revenue? How do we increase revenue? How are we being creative in what we do? And I'm

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anxiously looking forward to seeing the Appropriations budget, which we should see later this week, hopefully, or first part of next week, to see what they've been doing for spending cuts and budget cuts. I would like to see if Senator Clements would be able to answer a question.

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

**CLEMENTS:** Yes.

**CLOUSE:** Thank you, Senator Clements. As chair of the Appropriations, if this is a \$47 million fiscal note-- if this was to go away, can you tell me what types of things we would be looking at to offset that loss?

**CLEMENTS:** We've been working hard. We've almost cut everything to the bone that doesn't hurt services to people. I've-- you know, I've got a few things that probably wouldn't be too helpful. But first of all, the Medicaid general fund budget is \$1 billion, \$83 million of state funds, and it went up \$71 million this year. We could take \$71 million from the Medicaid people. Or the environmental trust, \$27 million we protected there. The cultural endowment, we protected \$10 million there. Lake McConaughy Project, we've got \$16 million in that. Or, you could reduce state aid to schools by \$50 million and raise property taxes. But I prefer to reduce the \$80 million in Medicaid costs which non-smokers are paying for, for smokers who have these benefits. And I think this is a very reasonable proposal, to direct the revenues from this to the Medicaid costs as part of the \$1 billion, \$83 million of Medicaid expenses, I think it's a small thing to ask.

**CLOUSE:** OK, thank you. And did you talk about this bill at all in Appropriations that have been discussed?

**CLEMENTS:** No, we did not take it into consideration.

**CLOUSE:** OK. Thank you, Senator Clements. With that, I will yield the rest of my time as I'm interested in hearing additional discussion. Thank you.

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

**CONRAD:** Thank you, Mr. President. Good morning, colleagues. So, I have five to close. Is that, is that accurate? Five minutes to close? OK. Well, I think that's accurate, so hopefully--

**KELLY:** Five.

**CONRAD:** --I can temper my remarks in that regard. So, one thing that I just wanted to put a couple notes in the record for is that it seems like the votes are uncertain at best. It seems like people are concerned about the very, very limited time left in this legislative session, and those pressure points are helpful to facilitating negotiations and consensus, and trying to forge perhaps deals to find a path forward on a more thoughtful policy approach and to conserve time, which is a precious commodity always, but particularly in the midst of a short legislative session that we are beyond the halfway mark here. One thing that I wanted to lift up is when we got the news from the Economic Forecasting Board late last week that Nebraska's budget crisis was worsening and the deficit was growing to then about \$646 million with an additional 175 that came in with that, that lowered projection, based-- and then, we had of course the 471 that we were in the hole with when we started. I, I just-- I think it bears repeating, because the message we have heard from legislative leadership, the message we have heard from the governor has been "There's nothing to see here. We're in great fiscal shape. There are no problems." And my question, colleagues, and respectfully to our governor, is-- and I've said it in the paper, and I've said it on this floor, and I'm going to say it again today-- if there is no problem from a fiscal perspective, if there is no problem from budgetary perspective, why on earth are people rushing forward to raise regressive taxes nonetheless and make deep budget cuts? The rhetoric doesn't match the reality. If there's nothing to see here and things are great, why are people rushing forward with a massive regressive tax increase and huge budget cuts? It's because they're trying to address a massive structural budget deficit that's present and growing, and growing exponentially in the biennium to almost \$1 billion-- over \$800 million, based on current projections. That is not fiscally responsible. It's not. It's not fiscally responsible. It's reckless. And we take a conservative approach to our budgeting, which is a good thing in Nebraska. It's a part of our political culture. It ensures that we conform to, comply with the sound direction that Nebraska voters enshrined in our Constitution to demand and require a balanced budget. Thank goodness, because clearly, political leadership

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wouldn't have the good sense to always do that on their own. And that is an actual guardrail to help guide our budgetary and taxation decisions and discussions. Colleagues, negotiations are happening, votes are uncertain at best. We know that these conversations are going to continue happening now and through budgetary deliberations, and for the remainder of session. There's no reason this measure needs to stay on the board for those conversations to happen. But if it's going to stay on the board and the introducer won't pass it over, then we'll continue to talk. We'll continue to tease these out. We'll continue to build a record, because that's the only option that we have available to us at this moment. I would ask for your--

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

**CONRAD:** --favorable vote on the motion to recommit. Thank you, Mr. President.

**KELLY:** Thank you, Senator Conrad. Senators, the question is the motion to recommit. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

**CLERK:** 8 ayes, 19 nays to recommit the bill, Mr. President.

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

**CLERK:** Mr. President, some items for the record quickly. Your Committee on Health and Human Services chaired by Senator Hardin reports LB1217, LB796, LB933, LB1211 to General File, most having committee amendments. Additionally, your Committee on Nebraska Retirement Systems chaired by Senator Ballard reports LB1102, LB1103 and LB1166 to General File. New LR: LR355 from Senator Bosn, LR356 from Senator Bosn; those will both be laid over. As it concerns the bill, Mr. President, LB1124, Senator Conrad would move to reconsider the vote just taken on MO487.

**KELLY:** Thank you, Mr. Clerk. Senator Conrad, you're recognized to open.

**CONRAD:** Thank you, Mr. President. Again, good morning, colleagues. So, here we are. We're about 20 minutes or so until the lunch break. So, I rise in continued opposition to LB1124. I ask for your favorable reconsideration of the motion that was just defeated to recommit this measure to committee, which can and should be utilized as a serious

option in regards to this measure. Everybody knows the votes are uncertain at best to break this filibuster and move it forward; that's why people are scrambling to make deals. We've heard illusory promises about putting this revenue in a lockbox. Do not believe it. Don't fall for it, because it's not accurate. Number one, you can't bind a future Legislature. Everybody knows that, and any sort of intent language or any sort of statutory consideration can be changed at any time. Go ask your members on Appropriations Committee how it's going for dedicated revenue sources in regards to cash funds, which have been diminished, diluted, and swept. And by the way, from a fiscally conservative perspective, if the cash funds themselves have an exorbitant or high balance subject to said sweeps, either A, the executive is impounding funds and not pushing it out as per Appropriations directions for required programs and services, or B, the fees are too high and the fees should be dropped. They shouldn't be maintained at the existing level to allow for budget trickery. If you think that the deal that talks about putting this in a trust fund or a lock box, or putting guardrails on it is real, go ask the veterans. Go ask the blind children. Go ask folks who care about the environmental trust. Go ask the stakeholders involved in the cultural endowment. Most of those have very well-established, very clear statutory parameter and/or constitutional protection, in the case of the trust. Those are being swept and diluted. So, if anyone who's shopping those deals can tell me how this deal would be different than the treatment of those funds, I'd love to hear it. I'd love to hear them punch in and provide that assurance to this Legislature and put the word on the record and discuss how that is legally possible, how that it possible from a policy perspective. Because I think it's an illusory promise to get deals because the issues that we've identified in regards to the fiscal utilization of this proposal are real, and, and proponents of this measure have conceded that our concerns about the fiscal components of this measure are valid, and that's why they're scrambling, and we need more information on that regard. When people are talking about how we can buttress and expand and preserve and protect the important and laudable good work when it comes to public health objectives intertwined with this conversation, those are good things. We have age restrictions, we have advertising restrictions. There's been limitations in regards to flavored additives for tobacco products. There have been public health campaigns. Nebraska has rightfully sought a Medicaid waiver to ensure more access to treatment and prevention and cessation services are available within the

Medicaid program itself, and other senators are working in good faith to make sure, beyond that waiver program, that other options are available for folks who may not qualify to avail themselves of the services to address the behavioral health issues intertwined with tobacco use or nicotine products. And so, those conversations are still happening. There's a host of conversations about moving the vape component away from the cigarette component in regards to this measure. There's discussions about adjusting the proposal in regards to the amount for what the massive tax-- regressive tax increase would look like on the cigarette tobacco components. All of those discussions are happening. A lot of members are engaged on this topic, and I think that's a good thing because people are working seriously and in good faith. But I don't think we're necessarily going to work out these issues on the mic. That's why I'm asking for your favorable consideration of the motion to reconsider on the motion to recommit. Send it back to committee, make them work it out. See if there's a way to strike a balance with more progressive options to address the budgetary matters and issues before us, because that's what's been missing, is balance in terms of our policy making. They can send it back to committee. They can sort it out. There are other revenue generators pending before the Revenue Committee that can and should be paired with a package like this, if anything's going to move forward. Personally, I don't think this measure should move forward. If there is a deal palatable to the majority of members who want to move something forward, that will be evidenced through the votes. If there's a deal to remove the most regressive aspects of this proposal, that's something I and others of course are going to be open-minded to. And maybe it shifts from opposed but not filibustering. Those kinds of procedural and substantive options are on the table. But as we stand today, with just a few minutes before we head to our lunch break, I would ask for your favorable consideration of a serious motion to reconsider the motion to recommit to committee so that those negotiations and deliberations can continue appropriately at the Revenue Committee level. Thank you, Mr. President.

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

**RAYBOULD:** Thank you, Mr. President. I do support this motion to reconsider for many of the reasons that Senator Conrad outlined. There are active discussions and negotiations. We have the Bill Drafters engaged on creating some floor amendments, and we do ask for your

reconsideration. My philosophy has always been, on this matter, that if we're going to be talking about any type of sales tax increase, and I know many in the Chamber have spoken about this loudly and clearly, that sales tax increases that impact low-income Nebraskans, middle-income Nebraskans, that it has to be a very thoughtful approach, a very deliberative approach, but also a comprehensive approach as we tackle our fiscal deficit. We just can't start dealing with the distraction on one small element of coming up with a budget solution. We have to talk about all of this. Do compromises need to be made? Yes, absolutely. There has to be compromises made to get it right. And this is, this is very important. You've heard me advocate then-- if this bill is designed to help individuals quit smoking, why are we not directing any funds towards that specific element? Quit Nebraska has some funds. I've asked, what is the amount of funds? It sounds like they may-- while supplies last, you can qualify for free smoking cessation products that will help you get to where we all want you to be. So, there's a little bit of frustration, and I believe that there are some good things in the works. And we ask that you vote "favorfully" for this reconsideration, so that it will give us additional time. Maybe after lunch, we can get everything drafted appropriately and worked out. But the one thing I wanted to point out, and, you know, we have-- we're a little bit shy or just sensitive about this-- when we've seen other cash funds get "sweepled," we've seen trust funds get "sweepled"-- swept away to help plug budget deficits. And we're, we're quite leery that this is exactly what's going to be happening to the funds that are supposed to be directed towards Medicaid, which we have a growing, increasing demand for additional Medicaid dollars. Are they going to really go to where they're intended? I mean, there's a real reason to have that doubt. And so, one of the things that we're working on is crafting some language that really segregates that fund. And I think there are two examples in the cigarette tax distribution right now that have been in place, and those are for DHHS, as well as the University of Nebraska. Those are two funds-- DHHS is directed towards cancer research only, and the other one is to the University of Nebraska Medical Center to help with that cancer research, which is so important. And something that we should be very proud of, and that we are known for being on the cutting edge of medical health care delivery in our state of Nebraska. And I think, jumping back to what the consultants have told us, what is that one thing that the state of Nebraska does well, or two things that the state of Nebraska does well, and then go out and

sell it. Market it. Market it to the entire United States, why Nebraska is the state that you want to relocate to. But I guess going back to the prime purpose of my discussion here is we need to craft the language that segregates that funds so they go exactly to help with that Medicaid gap. Here's something that was very interesting, and I'm surprised I got it, but it was from Americans for Tax Reform. And it-- many of you might know them. I wasn't aware of them. It's Grover Norquist's very conservative approach on taxation, and it's a brief that they sent to me. It says Nebraska senators should reject cigarette and vape tax hikes. It's saying that this represents a substantial tax increase on Nebraska consumers and small businesses, and lawmakers should reject it. Businesses are already under pressure, and raising taxes on products that small family-owned vape shops, convenience stores and gas stations rely on for a significant share of their sales would leave many of these businesses struggling. Retailers operating on thin margins, especially those near state borders, would face increased competition from lower tax jurisdictions and untaxed sources, threatening local businesses and jobs across the state. Well, you know, I kind of agree with what they're saying, and I, I believe that a lot of our state senators also agree with that. So, for these reasons and more reasons that others will come up and articulate, I ask that you support the reconsideration. Thank you.

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

**GUERECA:** Thank you, Mr. President. Before I start in my-- in on my debate, I do want to take a point of personal privilege and give a shout-out to a trailblazer in our state, Brenda Council, who, really, in, in, in many regards, has done a lot for the city of Omaha. You can count her amongst the first in many things, and, you know, when I, I started getting involved in advocacy and decided to inevitably run for the legislator, she was a big supporter, a mentor, and I do, do appreciate all the amazing work she does for the kids of Nebraska. So, I wanted to take that little point of personal privilege before getting to the matter at hand. The matter at hand is more taxes on working people. Earlier, I made a kind of off-the-hand comment about why aren't we taxing private jets. And I'd, I'd forgotten that they're-- we have several exemptions for private jets: sales, private jet repairs, private jet takeoff fees, which I didn't know were a thing. So, maybe we should look towards that. Maybe we should towards that instead of-- very first bill out of the gate, a tax increase to

fill a hole caused by sweetheart tax deals to the richest corporations, largest landowners and wealthiest Nebraskans, squarely on the back of the men and women that make this-- that make the state go and make this country go, and that's our working people. And our young people, with the vape tax. Because just like cigarettes, just like we were talking about earlier, in Atchison County, when we are surrounded by states with less taxes on these products, we're forcing our young people-- we're encouraging them to go to South Dakota, to go to Iowa, to go to Missouri, to go to Kansas to get these cheaper vapes. And I would need to look into this, but I guarantee you those states probably don't have the restrictions on what we sell like we do here. And I appreciate Senator Hughes for her leadership on this, making sure that the vape products sold here in the state are actually of, of a higher quality, because we do see in the market a large influx of these Chinese vape knockoff products that, you know, probably aren't good for, for, for our young Nebraskans. So, again, this-- the-- if we take the lessons from Atchison County and apply it to vapes, that's what's going to happen. Our young students at Chadron are going to go to South Dakota, our students at Peru State and at Kearney will take a trip down to Kansas. Our kids here in Lincoln, over in Wayne, at UNO, at Creighton are going to go just across the river and spend their tax dollars elsewhere. Just like with medical marijuana, just like with gambling, these social engineering bills that this legislator is so intent on passing will not do what you think they will do. Now, there are options. There are things we can do if we want to get serious about changing health outcomes. But tax after tax, restriction on restriction will not do it. Instead, that money is going to the General Fund to probably go to more sweetheart tax cuts to the wealthiest Nebraskans, the largest landowners, and not be going to programs that are proven to improve health outcomes. So, I know there's great debate and great negotiation going on on the sides. I look forward to hearing what, what folks come up with. But as of now, I stand fully in support of reconsidering the motion--

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

**GUERECA:** --to recommit this to the committee. Thank you, Mr. President.

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

**STORM:** Thank you, Mr. President. You know, I don't like smoking at all. I don't support it. But it is legal in this, this country. And I, I think people need to understand that many grocery stores, convenience stores, and various retailers sell cigarettes and vapes, and a tax increase will hurt them. Right now, you have Iowa taxes them at \$1.36 a pack, we're at 64 cents a pack. The state of Iowa just voted to not increase their cigarette tax any more. And why did they come out and say-- why did their state senators come out and say we're not going to increase our cigarette tax? The primary concern was, when raising the cigarette tax, this is a-- this will be a loss of revenue to border states. Currently, Iowa benefits from having lower cigarette tax rate than Minnesota, Wisconsin, South Dakota, and Illinois, but not Nebraska. There are people from Iowa who drive across to Nebraska to buy our cigarettes. But also, when they come across here to buy cigarettes, they buy gas, which is our ethanol; they buy groceries, they buy other goods, they shop. So, we get that revenue for people coming in from other states. And it's not only Iowa; it's Colorado, it's Kansas. This argument that tax-- the argument to raise taxes on cigarettes and vapes will hurt our local businesses-- the argument to raise taxes on "cigarments" and vapes will hurt our local businesses on multiple levels, and I don't think that's been stated very much during this debate. It's much bigger than just cigarettes. I understand the other side's argument, but will it have the, the desired effect? Will people smoke less? I would say probably not. I don't think people will smoke less if we go up another dollar a pack. I think people will pay, pay the extra tax, and I think they'll deny themselves other things or their children other things that they can't afford. Will we receive more tax revenue if we, if we increase this? Possibly, for, for a while. But for how long? It's not going to be consistent, because like I said, people are going to stop driving here from other states to buy our gas, our groceries, our cigarettes, our other items. We are going to lose that revenue. So, it's not going to probably have the desired effect of what people think. And, you know, this bill, it purely is a Band-Aid at best. The argument is we have to have this bill to balance our budget. If we don't-- if we don't increase this tax, we're not going to be able to balance the budget. So, that's great for this year; what about next year? You know, our budget's going to be in shambles again once again next year, forecast is \$874 million short. That's what Senator Andersen said. He's correct. So, what are we going to raise taxes on next year to try to balance that budget? Are we going to go after cigarettes again? Are we

going to go against-- go after something else? Are we going to do a, a sales tax on everything to try to, to get our budget back in line? And I continually beat the drum on this, and I will again: Nebraska has a spending issue, not a revenue issue. And until this body has the, the gumption to truly tackle the systemic problem of overspending, we're going to be back here again. And there's been a lot of pressure put on me and others in here to vote for this. Vote for the Band-Aid. Vote for the Band-Aid so we don't have to come back for a special session. You know? We got to-- we got to balance our budget, this is how we're going to do it. We're going do it by taxing cigarettes. Very little pressure out there on how we are going to systemically change the problem in this state of spending too much money. Senator Andersen brought up some good points. We throw hundreds of millions of dollars at other programs, and it's not having the desired effect. We don't even consider looking at trying to lower that. But we're going to go after taxing cigarettes. People would call that low-hanging fruit. We can get away with taxing people who smoke. You know, they're, they're, they're going get cancer, so we have to tax them, go after them. But my, my whole argument is, what are we going to do next year? What, what-- \$874 million short. What we going to do to address that? I mean, we're, we're talking having to do some wholesale changes in how we spend money in this state to try to even address this. And I'm going to be back for two more years-- maybe six, we'll see. And for the people who are out of here in 24 days, you won't have to deal with this. But I'm going to have to deal with it, so I'm trying to make systemic changes in this state to try to really tackle this spending issue that we have, and we can't do this by raising taxes. Thank you.

**KELLY:** Thank you, Senator Storm. Mr. Clerk.

**CLERK:** Mr. President, some items for the record. Communication from the governor: engrossed LB653 and LB807 on February 27, 2026 and signed on March 4, 2026. These bills were delivered to the Secretary of State on March 4, 2026. Signed, sincerely, Jim Pillen, Governor. Additionally, Mr. President, your Committee on Revenue chaired by Senator von Gillern reports LB890 to General File with committee amendments. Amendment to be printed from Senator Kauth to LB1133. Notice of committee hearing from the Business and Labor Committee. Finally, Mr. President, a priority motion: Senator Hallstrom would move to recess the body until 1:30 p.m.

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**KELLY:** Senators, you heard the motion to recess. All those in favor, say aye. Those opposed, say nay. The Legislature is in recess.

[RECESS]

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

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

**ARCH:** Thank you, Mr. Clerk. Do you have any items for the record?

**CLERK:** I do, Mr. President. Your Committee on Revenue, chaired by Senator von Gillern, reports LB998 to General File. Additionally, communication from the Governor concerning an appointment to the State Racing and Gaming Commission. That's all I have at this time.

**ARCH:** Thank you, Mr. Clerk. We will proceed to the first item on this afternoon's agenda.

**CLERK:** Mr. President, General File, LB1124. When the Legislature left the bill, pending was the bill itself, a recommit motion from Senator Conrad, as well as a reconsideration motion from Senator Conrad of that recommit.

**ARCH:** Turning to the queue, Senator Conrad, you are recognized to speak.

**CONRAD:** Well, good afternoon, colleagues. And good afternoon, Nebraska. Hope everybody had a productive and restorative lunch break to reinvigorate our discussions for the remainder of today. I want to again urge your favorable consideration of my serious motion to reconsider in regards to the motion to recommit this measure back the Revenue Committee. I remain opposed to LB1124. It is a massive regressive tax hike that only goes to fill gaping holes in our budget and penalizes the poorest Nebraskans in an attempt and effort to do that. We've had considerable debate over many years, including on this measure, about a strong, principled, bipartisan opposition to increasing taxes and, in particular, regressive sales taxes. When you look at information from experts like the Reason Foundation, from the Tax Foundation, and other objective think tanks, there is no debate

that tobacco taxes are regressive. Some of the analysis and commentary indicates they are, in fact, due to the demographics, due to utilization, the most regressive tax that we have available. And that's why you've seen a confluence across the political spectrum of moderates, progressives, and conservatives for different reasons coming together to say no to this misguided measure, this massive regressive tax hike. My friends on the right have a principled approach where they say, I meant it when I said it: no new taxes. My friends, the middle and center left have been principled in regards to their approach where they say, no more saddling the working poor with additional burdens, particularly amidst an affordability crisis. The other thing which I think has been missing from this debate thus far, which should be part of the record and part of the discussions moving forward, is we're not starting from scratch, colleagues. Much as we talk about in regards to the criminal justice policy that moves through here on new crimes or enhancements of existing crimes, we're not starting from scratch. And we're start from scratch when it comes to the taxation of tobacco products in Nebraska. And while it is true that certain state taxes have not been increased in some time, it's important to remember the last time they were adjusted upwards, the last time there was a massive tax increase, they missed projections. It's important to note the last time that those tax increases were proposed, back in 2002 or wherever it was, and were adopted, it was in the context of a broader progressive approach to taxation that has since been eviscerated with the millionaire and billionaire tax cuts that benefit the wealthiest and the biggest corporations, and that have blown and created-- that have blown a historic surplus and created a structural deficit in just a few years, which is massively reckless from a fiscal perspective. Let's also remember that adult smokers who make up 10 or 12% of Nebraskans, give or take, are already paying state excise taxes, master settlement agreement, and other fees, federal excise taxes-- which, by the way, have been increased more recently-- state sales taxes, local sales taxes, et cetera. And we have seen over time, this source of revenue is one of not only regressivity but diminishing returns. And it cannot and should not be the first and only solution to address the fiscal recklessness and irresponsibility of this administration and legislative leadership. And I'm gonna keep fighting for the people who are gonna pay-- who are gonna be forced to make up this difference as long as it's hard as I can. Thank you, Mr. President.

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**ARCH:** Senator Sanders would like to recognize some very special guests. They are attendees for Catholics at the Capitol Legislative Day. They're from all across the state of Nebraska, and they are located in both the north and the south balcony. Please rise and be welcomed by your Nebraska Legislature. I also have some special guests that I would like to recognize. They are students and supporters from University of Nebraska, all four campuses, UNK, UNL, UNMC, and UNO. They are located in the south balcony. Please rise and be recognized by your Nebraska Legislature. Returning to the queue, Senator Guereca, you are recognized to speak.

**GUERECA:** Thank you, Mr. President. Good afternoon, colleagues and guests. We have a packed house today. We have a very exciting debate that has brought together a very unlikely coalition of folks that for their own ideological reasons are standing in opposition to LB1124 like myself. So I am standing again in opposition to LB20-- LB1124 and in support of the motion to recommit to committee. To use an old adage, it's just not ready for prime time. And to repeat my reasons, we find ourselves in a massive deficit. We find ourselves in a hole that for the last few weeks, the Appropriations Committee has been trying to dig ourselves out of. They haven't been able to. And we're projecting an even larger hole in the upcoming biennium. But what I object to most, colleagues, is the very first gate-- bill-- the very first bill out of the gate takes the most regressive form of taxation, a sales tax, and it targets working Nebraskans and young people. And I'm not saying whether I'm in favor or against tobacco use. But at the end of the day, it is a legal activity. And at the end of the day, when 75% of the users of this legal activity make less than \$75,000 a year, it is very clearly targeting working Nebraskans. When we look to raise the vape tax to a level higher than all the surrounding states, it is a tax very clearly aimed at young people. And while, again, we have to balance the budget, I have to take offense when the very first bill out of the gate targets working Nebraskans and our youngest to fill a gaping hole in the budget caused by sweetheart tax deals for the largest corporations, for the largest landowners, and for the richest Nebraskans. I am all for sensible reform, but colleagues, at what point are we gonna stop punching down at the men and women that every day put in a hard day's work and want to provide their family that American dream? They want a decent wage, safe working conditions. They want to be able to put food on the table, keep a roof over their family's head, and give their kids a shot at a better life than the

one that they had. And they would like to do so without attack after attack after attack of working Nebraskans, including a tax rate that is aimed at them to cover a hole caused by sweeping tax cuts for their bosses. This is not an urban issue. This is something that affects downtown Omaha the same way it does a dairy farm in northeast Nebraska, the same way it does a small town diner in southwest Nebraska, the same way it does a ranch in the Sandhills. Working Nebraskans of all walks of life want a fair shot, and they would like to be able to go about their life without carrying the water for their bosses. And again, if we're serious, truly, truly serious about stopping tobacco use, there better ways of doing that. And like I talked about, the CDC has guidelines of how much money each state should be investing in tobacco cessation programming. The state of Nebraska, if we were to follow CDC guidelines, should be investing \$20.8 million in these programs. Instead, we fall short. We fall short and invest 14.5% of the CDC guideline at a measly \$3 million. So let's not put this money towards a tax-- a cash fund that's gonna get swept. Let's not throw this money into the General Fund to be used for more tax breaks for the richest Nebraskans. If we're serious about public health, let's actually invest in public health programs. Thank you, Mr. President.

**ARCH:** Senator DeKay would like to recognize a special guest, Rich Brodersen, from Kearney. He's the voice of Nebraska women's volleyball, UNK, football finals, and the Boys and Girls State Tournament basketball. Please rise and be recognized by your Nebraska Legislature. Senator Raybould, you're recognized to speak.

**RAYBOULD:** Thank you, Mr. President. Good afternoon, colleagues. I first of all want to say-- thank Senator Strommen for his comments that he made before we went to lunch. And I appreciate his perspective as a second-year state senator, and he will be back next year. And he did point out that we need to take action, we need act responsibly, we need find solutions on our fiscal deficit that we're facing right now and-- but he also pointed out but if we get it taken care of next year, what looms on the horizon is the following year and that our deficit balloons up to \$874 million. The actions we are taking now are part of a solution, perhaps, but it should be-- this bill, LB1124, should be discussed in a comprehensive context on how to raise revenue and how it impacts all the other things that we should take under consideration when it comes to finding appropriate solutions to deal with our fiscal crisis. I just am reminded about my conversations that

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I had with Senator Linehan in my very first year as a state senator. I remember that they presented before us LB754. The year before, in 2022, they had passed income tax reductions. Starting in 2025, it would have gone from 6.24% and ultimately down to 5.84%. In my first year, in 2023, a bill was introduced under the interesting name of, I believe it was, Affordable Child Care Tax Credit Act, but then the looming part of that bill was an accelerated income tax rate reduction. And I remember talking to Senator Linehan and I said, Senator Linehan, I'm looking at it and you have to be looking at the same numbers I'm looking at. And the numbers that are wrapped in a parenthesis are negative numbers, and it looks like we're going to be in a deficit next year and the next year and the following years if we go ahead and implemented-- implement this. And I said to her quite clearly, I said, Senator Linehan, you are leaving this problem behind you because that was her last year. And I said, that's not right. You're leaving us a mess to clean up. And then she just shrugged her shoulders and said nothing. That's not being a good statesman. And I, I hear very loudly and clearly from are now second-year state senators, that they are eager to find solutions. And I'm eager to find solutions, as this is my last year, and I don't wanna shrug my shoulders and say, oh well. You know, you'll all have to deal with it next year. I'm here to say that I want to find solutions, I want find compromises. I want to come up with reasonable, responsible methods that we can all embrace that will help with our deficit. The one thing that I've been presented that I hadn't even considered looking at it this way is the actual cost of a pack of cigarettes. You know, we've been talking about the sales tax. You know, how much Iowa taxes their tobacco products, a pack of cigarettes. But what does a, a pack of cigarettes actually cost? And if we add this dollar per pack tax on, which I disagree with, Nebraska, the cost of a pack of cigarettes-- and I don't know how many cigarettes are in a pack. I'm gonna say 10, 12, maybe, I don't know. That would rise to \$10.68 for just one pack of cigarettes. What? 20? Well, the numbers I have in front of me say it would rise dramatically to \$10.68 a pack, the highest price in the region. This has been a concern that has been expressed by some of the retailers that deal with this on a day-to-day matter. They're saying that we're gonna be pricing ourselves out of the surrounding marketplace. So they said that the average retail price per pack in Iowa is \$9.31. In South Dakota, it's \$9.42. In Wyoming, \$8.69. And in Missouri, it is just \$8.01. So for that reason, I do support the reconsideration for a couple of items we've discussed. We're going to

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be discussing a floor amendment, and then hopefully we can work out a compromise on this piece of legislation that is a little bit more equitable and more productive on behalf of the state. Thank you, Mr. President.

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

**CONRAD:** Thank you, Mr. President. Good afternoon, colleagues. I know that members are trying to work substantively and procedurally to see if we can't put a perhaps compromise amendment up this afternoon to break the filibuster and find a path forward. And my understanding in regards to those conversations and negotiations is that they are being had in good faith. I have my reservations about both process and substance, but I do know that members are working hard and in good faith to figure out how to move forward on this issue. And just from a process perspective, let me be clear. We, we absolutely don't need to take any definitive votes on those amendments or issues at this juncture. It has been clear since debate commenced and the first votes hit the board that support for this measure is murky at best. The votes have been fluid. There has been a considerable amount of bipartisan opposition. The points that have been brought forward in regards to the opposition are attempting to be addressed at least through some rhetoric or some general assurances. But we don't need to rush anything right now. We're less than an hour away from cloture. This measure can easily go back to the Revenue Committee because we know, whether it moves from General to Select in some form or another today, these issues are going to remain part of our budgetary deliberations, of our revenue deliberations that are going to dominate the remainder of the last few weeks of the short legislative session. So there's absolutely no reason to rush forward with these votes or proposals right now. And it's a deliberate decision to put this on the board yesterday and today knowing those realities. That's a choice to spend time on these controversial issues that probably lack the support due to principled bipartisan opposition to move forward. If and when there is a broader or more balanced approach to addressing tax and budget, we'll see. But those conversations are going to happen regardless of whether or not this measure moves forward. I think a clear and definitive vote for our constituents and for our colleagues who are negotiating these issues could be hastened and helpful if we have a clear vote on the record. Should we shut off debate on this? Is there enough support to move forward? If not, go back to the drawing board. If so, we'll keep talking about it. Either way, everybody

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acknowledges that with where we are at this stage of debate. So those conversations are still happening. I do not understand how any sort of intent language is going to bind any sort of future Legislature, which is impermissible under the Constitution, our statutes and rules. But if people want to hang their hat on that, I guess they can explore it. We don't have a clear handle on what the actual fiscal components will be based upon past projections that have missed their mark in Nebraska and in our other states. No one has addressed the regressivity in regards to these proposals. The public health proposals, which are important and we share values on, have more effective solutions in education, engagement, prevention, cessation, and should happen outside of this punitive, regressive approach to solving for those serious and shared public health considerations. So I know we're ending the debate on this measure in less than an hour, one way or the other, and we'll see--

**ARCH:** Time, Senator.

**CONRAD:** --where members want to take it. Thank you, Mr. President.

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

**ROUNTREE:** Good afternoon, Mr. President. And good afternoon, colleagues and those in Nebraska that are watching online. I rise still to support this motion to reconsider and then to recommit to the committee as we have further conversations going on about this particular bill. When I ran for Legislature back in 2024, coming in 2025, I promised my constituents at the doors that, as I always said, I have two ears and one mouth. I'll do twice as much listening as I do talking, which is why I don't get up on the mic a lot. Because I want to listen and kind of digest what's being said. But I rise today, I just, I have a constituent that wrote out on March the 2nd, and I wanted to read his thoughts into the record, let him know that I do listen, and I do share our constituents' thoughts. But he says, dear Senator, I am writing as a constituent to urge you to oppose LB1124 and any effort to raise taxes this session. And how they hold us to our promise. He said, you ran on a promise to lower taxes and provide relief to Nebraska families. That commitment matters. Many of us supported you because we believe you would stand firm on keeping more money in the hands of the people who earn it. Supporting new or higher taxes now will break that trust. Said families across our state are already stretched thin. Groceries cost more. I can test-- I can attest

to that because I was at Sam's Club and looked at beef, and it was really, really high. Utilities cost more, housing, insurance, and everyday essentials continue to rise. Wages have not kept pace with these increases for many households. We simply cannot afford additional tax burdens. If the state has overspent in recent years, the solution is not to ask taxpayers for more. The responsible path is to reduce spending, prioritize core services, and eliminate waste. Government should operate within its means, just like families and small businesses have to do every day. When revenues increase during strong years, that is not a blank check to expand long-term obligations that later require tax hikes to sustain. He says LB1124 represents exactly the kind of policy many of us are concerned about. Raising taxes in any form sends the wrong message and puts additional pressure on working families, retirees, and small business owners who are already navigating a challenging economy. So please stand by your promise to lower taxes and vote no on LB1124. I appreciate your service and respectfully ask that you put Nebraska taxpayers first. And this is a constituent in Nebraska, Bradley Steadman [PHONETIC]. He lives down in District 3 in Bellevue. So Bradley, I received your email. I hear it, I read it into the record, and will try to stand firm on the commitment that we ran on. And try to do what's best, not only for you, but for all of our Nebraskans. And if I have any time remaining, I want to defer that time or give it to Senator Conrad, if she's available. If not, Mr. President, that's my time. Thank you.

**ARCH:** Senator Conrad, 1 minute 20.

**CONRAD:** Thank you, Mr. President. And thank you to my friend, Senator Rountree, just kind of trying to work through some of the measures that have been filed on this, both for General File. There's a substantive amendment from my friend, Senator Hughes, which will probably be coming up very, very shortly unless members want to discuss the motion to reconsider. I have only my close left in that regard. And then I know that my friend, Senator Hallstrom, filed what appears to be a serious or substantive amendment on Select File-- or be good for the body to know whether or not that's a placeholder or serious, or what the intentions are in regards to that procedural component. Thank you, Mr. President.

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

**GUERECA:** Thank you, Mr. President. I just had a great conversation with my colleague, Senator Murman. In my last time up on the mic, I, I brought up the employees at dairy farm smoking. We had a good conversation with the folks that worked for him and how the dairy cows don't, they didn't like the smoke. So, you know, but I think the thing we both agreed on is that we're not saying it's, it's necessarily a healthy habit. But where we disagreed on was how to reduce consumption and usage, and I, yeah, I just disagree with only doing taxation. Only doing taxation, again, it's-- you're taking what is already the most regressive form of taxation and then narrowly focusing that with this bill, when it's cigarettes, it's working Nebraskans of every corner of the state. And then one of my colleagues on the right actually highlighted that cigarettes smoking in rural areas was done at a higher level than in the urban areas. And then vaping. Vaping, obviously, is an activity that is favored more by younger Nebraskans. So on both, on both fronts, I have to stand up. I represent a very young district in my downtown areas and neighborhoods, and then a very working-class constituency down south in south Omaha. And again, if we were talking about investments, truly taking the money that we're taxing cigarettes and tobacco products and focusing them on public health programs that are actually proven to reduce the addiction and need to smoke, that'd be a whole different conversation than just taxing, putting that money into the General Fund, and putting that money into a cash fund that could later be swept up. And again, this is not a, a judgment, or, or I'm not assigning blame on what can be done. But when year after year, the solution of this Legislature and of this state is to sweep our cash funds to fill the deficit in our budget, do not turn around and tell me that, oh gosh, trust me, this time, we're not gonna sweep the cash fund. Because time after time and year after year, that's what happens. We have a great debate. These funds are created to fix issues. Money is set aside to address with this issue that all sides agree is a bad thing. And here comes the Appropriations Committee. Nothing against my appropriators. Here comes the Appropriations Committee and sweeps the cash fund. I have a problem with that, colleagues. And again, we should be spending \$20.8 million. Now, if-- and are only spending \$3 million. So if, you know, there was-- we could find a way to fill that gap and get to the base level recommendation of the CDC, that's a whole different conversation. But here we are, I'm using 14.5% of what the CDC recommends to be investing in proven cessation programs like nicotine replacement therapy. I know Senator Holdcroft got up and talked about

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these packs that are being given out if asked for, that includes patches, gums, "logens", inhalers, proven therapy techniques to help folks that really want help wean off of tobacco. Public education campaigns, mass media campaigns, to talk about the health risks. And if you do want to quit, what resources there are available to you. Education is a powerful thing. Community-based programs, I guess those cut different ways, faith-based program, workplace cessation programs, school and youth prevention programs. Again, these are things that are proven to reduce usage. What's not proven to reduce usage--

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

**STROMMEN:** Thank you, Mr. President. I know we're going to be closing up here, possibly, and I just wanted to, one last thing on policy, one last thing on tax views. And I just wanted to make the point one last time that as we consider proposals to raise taxes, the goal of tax policy should not simply to be increasing rates, but growing the economy for long-term stability. That includes caution when increasing taxes that affect everyday transactions. Thank you.

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

**ROUNTREE:** Good afternoon. Thank you, Mr. President. I rise. I would like to yield my time to Senator Conrad. Thank you.

**ARCH:** Senator Conrad, 4 minutes 50 seconds.

**CONRAD:** Thank you, Mr. President. And thank you to my friend, Senator Strommen, for reaffirming his principled approach to this issue. It was definitely concise, and that speaks for itself. Appreciate the extra time for additional deliberation from my friend Senator Rountree. Appreciate that. I'm guessing that we're going to have an opportunity to decide whether or not members want to move forward with debate, maybe with a member calling the question and asking for closure on this serious reconsideration motion. We are 40 minutes or so, 45 minutes or so away from the 8-hour mark. Which, again, you can file a cloture motion at eight hours. You don't have to. That sometimes is a misunderstood nuance in regards to structuring debate. But nothing changes the fact that there is not a significant consensus to move forward with what LB1124 proposes and as has been amended by the committee amendment, which would marry together two significant, two regressive, tax increases under the guise of addressing public

health. But truly, due to how the fiscal components are structured, be little more than a slush fund to backfill a structural budget deficit. So members have been talking about trying to put guardrails on that. Friends, I'll tell you it doesn't exist. And if you can show me otherwise where you can somehow get around the prohibition of binding future Legislatures, that would be news to me and perhaps a, a novel insight that, that we should have as part of this debate. If members are interested in crafting a more balanced, holistic solution in regards to addressing our budget and tax issues, they should put those ideas forward as part of a package. And there's no reason to move this measure forward in whole or in part in order to continue those conversations. But let me also be clear, and again, I don't set the agenda. I didn't prioritize this measure. I've utilized the time that I have available, and appreciate the other time that members are willing to share with me to continue lifting up questions and concerns about the policy, legal, and fiscal components of this regressive, massive tax hike. And I guess win, lose, or draw wherever the votes come down on either amendments or a motion to call the question or cloture itself and advancement itself, I guess every that we're spending discussing taxes is the day we're not eviscerating individual rights and freedoms. So maybe there's a silver lining there. Always an optimist. Members, I think people have brought forward a lot of smart ideas in regards to addressing the public health concerns through other means. I think people have been solution-oriented in terms of addressing our tax and budget crisis. I think members' positions are clear in regards to their principled approach of not wanting to increase regressive taxes or not wanting to increase taxes writ large. And even though we're coming to these conclusions perhaps for different reasons, it's with the same result. My preference would be that we continue to invigorate that bipartisan opposition to this proposal and we ask the Revenue Committee to go back to the drawing board, and we asked the Appropriations Committee to come forward with other options. Because we know other options exist. Looking at some of the huge funds that are out there, looking at grabbing delinquent taxes, looking at decoupling--

**ARCH:** Time, Senator.

**CONRAD:** --our revenue code. Thank you, Mr. President.

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

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**HUGHES:** Question, call of the house.

**ARCH:** The question has been called. Do I see five hands? I do. The question is, shall debate cease? All those in favor, vote aye. All those opposed, opposed, vote nay. There has been a request to place the house under call. The question is, shall the house go under call? All those in favor, vote aye. All those opposed, vote nay. Mr. Clerk, please record.

**CLERK:** 20 ayes, 0 nays to place the house under call.

**ARCH:** The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presents. All unauthorized personnel, please leave the floor. The house is under call. Senators Quick, Dover, Glen Meyer, Dungan, please return to the Chamber. The house is under call. All unexcused members are now present. The question we will be voting on is, shall debate cease? All those in favor, vote aye. All those opposed, vote nay. Record, Mr. Clerk.

**CLERK:** 27 ayes, 4 nays to cease debate.

**ARCH:** Debate does cease. Senator Conrad, you are recognized to close on your reconsideration motion.

**CONRAD:** Thank you, Mr. President. And again, good afternoon, colleagues. Appreciate the Members who've had a chance to share their perspective on this topic over the last couple of days and for what, about seven hours or so of legislative debate thus far as we round towards the traditional cloture mark at about eight hours, which would happen in about 40 minutes or so. So members have decided that they want to wrap up debate and deliberation in regards to the serious reconsideration motion that is before you on the board today. My contention, colleagues, is simple and straightforward. Everybody agrees that there have been legitimate concerns raised in regards to the fiscal aspects of this measure. They have agreed that they need to be addressed. They haven't exactly said how they're going to be addressed in a permanent or protective way. But they have at least agreed that the points we have made in regards to the slush fund approach are real. My contention is, put it back in the committee. Put it back into the committee of jurisdiction and expertise to figure out how to do that. Put it back in the committee of jurisdiction and

expertise that has a host of proposals in front of it, some regressive, some progressive, to address the revenue side of our budgetary crisis. And for those that contend that we are not in a budgetary crisis, why are we moving forward with massive regressive tax cuts? Why are we preparing to debate deep cuts in our budget? I understand we have different perspectives and political philosophies, and that's good to help us find the middle and common ground. But we have to at least be honest with each other and the public about where we are from a fiscal perspective. And that's in a hole. And we need to stop digging. And we need to stop asking low-income working Nebraskans to bear the only burden. We're preparing to eviscerate the safety net, including childcare programs. There are significant proposals and changes out there to gut the workers' compensation system, which we've held off thus far. There have been cynical efforts by this body to undercut the minimum wage and earned sick leave as advanced by the voters. Nebraska remains a great state to do business, but amongst the top states, if not the top state, in the country, where because of our strong work ethic we have the highest percentage of Americans that work full-time year round and are living in poverty. And what's the plan? The plan is to saddle them with greater regressive taxes? What's the plan to ensure thousands of families don't lose childcare support? Those measures aren't even out of committee. What's the plan to ensure that we're addressing skyrocketing healthcare costs, which have been somewhat muddled in terms of this debate? Nothing. Are we gonna cap medical debt? Are we going to protect people's families' home like my priority bill that sitting in the Judiciary Committee would do? Hasn't been advanced yet. Are we going to do anything to address Medicaid look-back and developmental disability services and waivers? Are we gonna do anything to strengthen the safety net for working people or vulnerable people? What's the plan? Thus far, the only plan from republican leadership and the Governor's Office is to whistle past a graveyard and act like there's nothing to see here. Friends, you don't have to believe the rhetoric. Use your own judgment and discernment and look at the bottom line. We started off with a \$471 million structural budget deficit from a historic surplus a few years ago. It's now grown to 600-- over \$600 million. It's almost a billion in the out years. A massive regressive tax in this regard doesn't even get us close--

**ARCH:** Time, Senator.

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**CONRAD:** --to addressing these serious issues. Thank you, Mr. President.

**ARCH:** Members, the question before the body is the motion to reconsider. All those in favor, vote aye. All those opposed, vote nay. Mr. Clerk, please record.

**CLERK:** 12 ayes, 27 nays on the motion to reconsider the recommit motion.

**ARCH:** The motion to reconsider is not successful. Mr. Clerk. I raise the call.

**CLERK:** Mr. President, Senator Hughes would move to amend with AM2447.

**ARCH:** Senator Hughes, you are recognized to open on your amendment.

**HUGHES:** Thank you, Mr. President. So this amendment is a white copy amendment to LB1124 Basically, it strips out the entire cigarette or tobacco portion of the bill and only leaves the vape portion. Which that piece gets rid of the bifurcated system that we right now today tax vape at. Right now, today, any vape that is under three milliliters, so the-- it's typically these small, contained, disposable vapes are under three milliliters, are tached-- taxed at 5 cents a milliliter. One milliliter of vape fluid is about equivalent to a pack of cigarettes in terms of nicotine. OK? Today, we tax vape equivalent to a pack of cigarettes of nicotine at 5 cents, and we tax a cigarette pack at 64 cents. Very different. With this bill, this white copy amendment to this, we would now tax vape at a 30% wholesale across the board. It's not some, if it's little and contained and wholesale higher. It is all wholesale. We worked with the vapor industries on this. It's, it's more fair in terms of taxing the product the same. Doesn't matter if it's smaller amounts or higher amounts. It'd be the same, 30% wholesale. And it's more parity in terms of that when you compare that one milliliter of vape compared to a pack of cigarettes. Right now-- or at one milliliter at a 30% wholesale, I mean it depends based on the product, but it'd be closer to around 70 cents. Again, today we tax cigarettes at 64 cents. So that is more in line paritywise with vape on that one milliliter. So it's pretty simple. This bill, like I said, gets rid of the tobacco piece, or the cigarette part, that we were changing, and it would only look at vape. And again, we're getting rid of a bifurcated, kind of a

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complex system. It will now just be a wholesale percent taken for all different sizes of products. Of the states in the United States that tax vape at a wholesale present, the average is 56% wholesale. We're talking 30% wholesale here for Nebraska. So that's kind of where we're at when you compare ourselves to the other states that tax vape. I think that's it. I ask for your green vote on AM2447 to LB1124. Thank you.

**DeBOER:** Thank you, Senator Hughes. Turning now to the queue, Senator Juarez, you're recognized.

**JUAREZ:** Thank you very much. I am going to take a look at this new amendment that was-- just has gone up from Senator Hughes and give a serious look at whether or not to adopt this. I think that I want to try to find out a little bit more on the statistics actually about the vape users because i'm not familiar, you know, with the percentage of the population that uses the vapes. And I'd like to see if Senator Conrad is interested in me yielding some time.

**DeBOER:** Senator Conrad, 4 minutes.

**CONRAD:** OK. Thank you, Senator Juarez. I know we have just a little bit of time here. If Senator Hughes is still on the floor, maybe it would be helpful just to ask her a couple of questions to try and build the record as quickly as possible and get some clarity in terms of both substance and process. If my friend Senator Hughes would yield.

**DeBOER:** Senator Hughes, will you yield?

**HUGHES:** Yes, I would.

**CONRAD:** Thank you, Senator Hughes. So quick question, this basically your amendment just strikes the tobacco, cigarette tax component that was married together with your vaping component in the committee amendment and would leave just your vaping component, which I think was originally LB712 and has, what, like a \$10 million fiscal note, give or take?

**HUGHES:** So LB712 originally was a 40% wholesale tax on vape. And the, yes, the fiscal note was around \$10 or \$11 million. By working with vapor industry and whatever, we lowered that to compromise to a 30%.

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**CONRAD:** OK.

**HUGHES:** So this amendment is 30%. And I did want to mention, this amendment also strips out, like you said, the cigarette part, but it also strips out creating that Medicaid account that the cigarette money went into.

**CONRAD:** Oh, great.

**HUGHES:** So it's just, it's truly my LB712 at 30% instead of 40%.

**CONRAD:** Very good. Thank you, Senator Hughes. And I think we'll probably run out of time. The last thing that I just want to clarify for members before the votes hit the board, is the intent to keep talking about and negotiating on cigarette tax, or is the intent to leave that behind and just move forward literally with the vape piece in regards to this measure and the broader deliberations? If Senator Hughes would respond. Oh, maybe I lost her. OK. Maybe she can cover that in her close. I see that she's talking to other members. But I think that point would just be helpful to have on the record. Are we going to move forward in terms of negotiation just on the revenue components dealing with the vape products or are we going continue to debate, deliberate, and negotiate on additional cigarette taxes? I think just members are looking for that clarity. I think that would be helpful to know as to what this amendment represents. I appreciate Senator Hughes delineating the substance, getting rid of the slush fund, getting rid of the original components in LB1124 in regards to the regressive massive cigarette tax incut-- increase, and instead would move forward an amended version of LB712 at a lower proposed revenue increase than originally proposed in LB712. And we probably don't have an updated fiscal note on that, but I'm guessing if the original was around \$10 million, it-- well it'd probably be, I don't know, in between what, \$5 or \$8 million, maybe something like that moving forward. And maybe Senator Hughes has some calculations in her files that could help us understand what this means in terms of a budgetary picture. I do think that this is a good-faith effort to move forward. I'm not going to support any increased regressive taxes, but I do appreciate the hard work and good faith that she and others are operating within to move this forward. Thank you, Mr. President.

**DeBOER:** Thank you, Senator Conrad. You're next in the queue.

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**CONRAD:** Oh, and I see perhaps Senator Hughes is available, and I know she's updating other members about kind of where we are in the debate. If Senator Hughes would yield, please.

**DeBOER:** Senator Hughes, will you yield?

**HUGHES:** Yes. Yes.

**CONRAD:** Thank you, Senator. Two questions. One, do you have a general sense, and I know we don't have an updated fiscal note, but just a general sense about how much revenue would be generated by the amendment that you've put forward might be, just in ballpark terms?

**HUGHES:** I would guess \$6 or \$7 million.

**CONRAD:** Yeah, I think that's probably about right too. That's-- I was thinking it'd be somewhere between 5 and 10, so we'll let Fiscal do, do the exact math on that. And then the last piece is just clarity in terms of where we are. By adoption of your amendment, as it exists on the board today, is the commitment that then negotiations in regard to cigarette tax fall away for the remainder of the session? Or is it your intention that those negotiations will continue and perhaps come back in another vehicle or as part of this measure at an additional stage of debate?

**HUGHES:** So that piece of the bill is Tony Sorrentino's piece of the bill.

**CONRAD:** Yes.

**HUGHES:** I believe there is perhaps talk of continuing that offline, working with people, taking the time to make that happen. But we were clearly concerned about running out of time and I-- you and I had spoken and had-- I thought had made an agreement that we would get to this amendment and then before cloture. But I see that's probably not gonna happen, so.

**CONRAD:** No, I think so, Senator.

**HUGHES:** OK.

**CONRAD:** I mean, it is on the board, so folks will have a chance to, if and when cloture is filed, then you vote up the board. So just wanted

to make sure in our last remaining minutes, if and when that is filed, people know what they're voting on, an amended version here that you've put forward as a good-faith compromise to just take up the vape piece at a lower tax increase, which would generate somewhere in between \$5 and \$10 million, maybe 6 or 7, and then take off the table the slush fund and the cigarette tax increase that perhaps Senator Sorrentino would take up outside of this process or vehicle. So appreciate it, thank you.

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

**SPIVEY:** Thank you, Mr. President. And good morning, colleagues. I appreciate all of the dialogue and been trying to track the debate on the floor as well as work on things offline. And I was wondering if Senator Hughes would yield to a question.

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

**HUGHES:** Yes, I would.

**SPIVEY:** Thank you, Senator Hughes. I came in, sorry, I got pulled off the floor by a UNO student from my district, so I went to go talk to them. But I just wanted to make sure I understood the bifurcation and what the amounts were, if you wouldn't mind just clarifying.

**HUGHES:** So currently, we do a bifurcated system, which is under three milliliters of vape, which is typically the throwaway disposable vapes, are taxed at 5 cents a milliliter, and above that is a wholesale percent. This amendment would make it all a wholesale percent. So it kind of cleans it up, Department of Revenue goes in, all vape is the same, 30% wholesale. That bifurcated, if you talk about parity, if you will, with cigarettes, 5 cents a milliliter of vape is-- I'm sorry, one milliliter of vape is about equivalent to a pack of cigarettes in terms of nicotine. And today, today in Nebraska, we do that at 5 cents, but we tax a pack a cigarettes at 64. So the parity is very off, and that 30% wholesale pulls them closer in line, if that makes sense.

**SPIVEY:** Yes, and then this, the 30% that puts them in line is different than original, right? That was a compromise.

**HUGHES:** Yes, that was a compromise my original bill from last year was a 40%-- got rid of bifurcated but did a 40% wholesale. This-- we

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compromised with the vapor industry to bring it down to a 30% wholesale.

**SPIVEY:** OK, thank you.

**HUGHES:** Yeah.

**SPIVEY:** And then my last question for you is the revenue that will come from this change, where does that go?

**HUGHES:** It goes where revenue always did for vape, which is the General Fund.

**SPIVEY:** OK.

**HUGHES:** That's just where it always has been.

**SPIVEY:** Do you know what that amount would be with the increase has? Is that like--

**HUGHES:** Senator Conrad asked that and I'm-- we don't have a fiscal note because my old bill it was like around \$10-11 million. We're guessing maybe \$7 million.

**SPIVEY:** OK, would you-- has there been any conversations around putting some of that versus to General Fund to some of the implications of vaping and what it causes, or you want to keep it to what it has always been to?

**HUGHES:** We just kept it where it was for ease. We can have that conversation going forward, but yeah. Thank you.

**SPIVEY:** OK. Thank you, Senator Hughes. Thank you, Mr. President.

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

**GUERECA:** Guess the two people in front of me got out of the queue. All right, love it when I get snuck up on like that. Guess what, colleagues, I still am in opposition to LB1124 because great, we got rid of the tax on working Nebraskans and now we're solely picking on young Nebraskans. Whereas before there was some sort of cash fund that was supposed to help Medicaid, now this is all going into the General Fund. I was just having a conversation with some college students out there, and they said, Senator, what are you discussing? And I said,

well, it was a tobacco tax that was against working people and young people, now it's just vape. And when I told them what it was, they were shocked. But I said don't worry, because you can still go to Iowa and not pay this new tax. Because that's what's gonna happen, folks. They're going to drive, the Omaha-area kids, the kids in Chadron, the kids at Peru, the kids in Wayne, the kids at UNL, they're gonna send their buddies to every single state, all but one, every single state around Nebraska, except for one, has a lower tax rate on vapes. So great, we're gonna do a tax targeting an activity done predominantly by young people that was marketed as a safer activity. We're gonna target them and, instead of putting money towards activities that are proven to stop tobacco usage-- OK, that's a \$17 million gap that we need to fill between where we should be and what we're actually spending, we are instead just sending it to the General Fund so the richest Nebraskans, the largest corporations and the largest landowners in a sweetheart tax deal on the back of our young people. Colleagues, this isn't the thing that's gonna drive young folks out. It's not gonna be the thing that, that spurs on brain drain, but man. Come on guys, attack after attack. Now we're taxing young folks. We're not investing in economic development to create high-paying jobs. I talked yesterday about the state of high-paying jobs in the state. And we need more, but instead we're dismantling DED, saying that Nebraska's closed for business. Oh and by the way, young people, if you're gonna stick around, we're gonna tax you. A tax on an activity that's almost exclusively done by you. That is the very first revenue bill that this legislator is going to pass, and I cannot believe I am in this situation. But here I am saying can we please take it easy on our young folks? The next generation that we need to stay in state. There are other things we can do than just tax young people that are actually proven to reduce dependency and usage. But that's not what we're talking about here. Tax, nickel and dime them year after year. Instead of-- and there are legislation in committee right now for proven activities, commonsense reform that will actually lower vape usage. But that's not what we're talking about. We're going to take money out of the pockets of our young people and send it to the largest corporations, the richest Nebraskans, and the largest landowners in the state. Thanks, young Nebraskan. We might be back next year to take more out of your pocket. Thank you, Mr. President.

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

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**CONRAD:** Thank you, Mr. President. Good afternoon, colleagues. I don't know if Senator Sorrentino is available for a question, but I think we have just about, I don't know, maybe five minutes or so until the cloture mark hits. Is Senator Sorrentino available? I see him. Thank you, Senator Sorrentino, for making your way to the mic. I know that as a semi-professional and incredibly accomplished runner, he could have made it in much, much quicker pace, but he's not wearing his running shoes today. So Senator Sorrentino, I was just hoping that you could yield to a question and let the body know your intentions in regards to further negotiations or deliberation on cigarette tax. And since we're getting close to cloture and you won't have a chance to visit, I'm, I'm happy to yield you the, the remainder of my time. But the question is simple. Does the cigarette tax increase die here with the adoption of Senator Hughes's amendment, or are there plans to revive it moving forward? And like I said, Senator, you are happy to, to have the remainder of my time. Thank you.

**ARCH:** Senator Sorrentino, will you-- excuse me, 3 minutes 45 seconds.

**SORRENTINO:** Thank you. I will yield. As to the question as to whether or not we would bring back cigarette tax in some form or another, I, I don't think this is the day to decide that. Things have changed repeatedly during the day. People going back and forth on their vote. I think there's been some mischaracterization of exactly what a regressive tax is, so I think we need to do some work on education. But whether or now we do or don't bring that back depends on a lot of factors that I'm not prepared to speak to today. Thank you.

**ARCH:** Senator Rountree, you're recog-- seeing no one left in the queue, Senator Hughes, you are recognized to close.

**HUGHES:** Thanks. I, again, this is just easy. It's a 30% wholesale on vape, gets rid of that bifurcated system. I would appreciate your yes-vote, and I would like a call to the house and roll call, reverse order vote, please.

**ARCH:** There has been a request to place the house under call. The question is, shall the house go under call? All those in favor, vote aye. All those opposed, vote nay. Record, Mr. Clerk.

**CLERK:** 25 ayes, 0 nays to place the house under call.

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**ARCH:** The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presents. All unauthorized personnel, please leave the floor. The house is under call. Senator Lippincott, please return to the Chamber. The house is under call. All unexcused members are now present. Members, the question is the adoption of AM2447. A roll call in reverse order has been requested. Mr. Clerk, please call the roll.

**CLERK:** Senator Wordekemper, voting yes. Senator von Gillern, voting yes. Senator Strommen, voting no. Senator Storm, voting no. Senator Storer, not voting. Senator Spivey, voting no. Senator Sorrentino-- I'm sorry, Senator Spivey, not voting. Senator Sorrentino, voting yes. Senator Sanders, voting yes. Senator Rountree, voting no. Senator Riepe, voting yes. Mr. Raybould, voting yes. Senator Quick, voting yes. Senator Prokop, voting yes. Senator Murman, voting yes. Senator Moser, voting yes. Senator Glen Meyer, voting yes. Senator Fred Meyer, voting yes. Senator McKinney, not voting. Senator Lonowski, voting yes. Senator Lippincott, voting yes. Senator Kauth, voting yes. Senator Juarez, voting no. Senator Jacobson, voting yes. Senator Ibach, voting yes. Senator Hunt. Senator Hughes, voting yes. Senator Holdcroft, voting yes. Senator Hardin. Senator Hansen, voting yes. Senator Hallstrom, voting yes. Senator Guereca, voting no. Senator Fredrickson, not voting. Senator Dungan, voting yes. Senator Dover, voting yes. Senator Dorn, voting yes. Senator DeKay, voting yes. Senator DeBoer, voting yes. Senator Conrad, voting no. Senator Clouse, voting yes. Senator Clements, voting yes. Senator Machaela Cavanaugh, voting no. Senator John Cavanaugh, not voting. Senator Brandt, voting yes. Senator Bostar, voting yes. Senator Bosn, voting yes. Senator Ballard, voting no. Senator Armendariz, voting yes. Senator Arch, voting yes. Senator Andersen, voting no. Vote is 33 ayes, 9 nays on adoption of the committee amendment, Mr. President.

**ARCH:** The amendment is adopted. Mr. Clerk, you have a motion on the desk.

**CLERK:** I do, Mr. President. Senator Sorrentino would move to invoke closure pursuant to Rule 7, Section 10.

**ARCH:** Senator Sorentino, for what purpose do you rise?

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**SORRENTINO:** Call of the house.

**ARCH:** The house--

**SORRENTINO:** We're in the house, OK. That's it then.

**ARCH:** Did you ask for a roll call vote?

**SORRENTINO:** Yes, please.

**ARCH:** The house is under call. There has been a request for a roll call vote. Mr. Clerk, please call the roll.

**CLERK:** Senator Andersen, voting no. Senator Arch, voting yes. Senator Armendariz, voting yes. Senator Ballard, voting no. Senator Bosn, voting yes. Senator Bostar, voting yes. Senator Brandt, voting yes. Senator John Cavanaugh, voting no. Senator Machaela Cavanaugh, not voting. Senator Clements, voting yes. Senator Clouse, voting yes. Senator Conrad, voting no. Senator DeBoer, voting yes. Senator DeKay, voting yes. Senator Dorn, voting yes. Senator Dover, voting yes. Senator Dungan, not voting. Senator Fredrickson, not voting. Senator Guereca, voting no. Senator Hallstrom, voting yes. Senator Hansen, voting yes. Senator Hardin. Senator Holdcroft, voting yes. Senator Hughes, voting yes. Senator Hunt. Senator Ibach, voting yes. Senator Jacobson, voting yes. Senator Juarez, voting no. Senator Kauth, voting yes. Senator Lippincott, voting yes. Senator Lonowski, voting yes. Senator McKinney, voting no. Senator Fred Meyer, voting yes. Senator Glen Meyer, voting yes. Senator Moser, voting yes. Senator Murman, voting yes. Senator Prokop, voting yes. Senator Quick, not voting. Senator Raybould, voting yes. Senor Riepe, voting yes. Senator Rountree, voting no. Senator Sanders, voting yes. Senator Sorrentino, voting yes. Senator Spivey, not voting. Senator Storer, not voting. Senator Storm, voting no. Senator Strommen, voting no. Senator von Gillern, voting yes. Senator Wordekemper, voting yes. Vote is 31 ayes, 10 nays to invoke cloture, Mr. President.

**ARCH:** The motion to invoke cloture is not successful. I raise the call. Mr. Clerk for items.

**CLERK:** Thank you, Mr. President. Your Committee on Banking, Commerce, and Insurance chaired by Senator Jacobson, reports LB810 to General File. Additionally, your Committee on Judiciary chaired by Senator Bosn reports LB753, LB788, LB1230 to General File. Amendment to be

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printed from Senator Hansen to LB912, and Senator DeKay to LB912.  
That's all I have at this time.

**ARCH:** Mr. Clerk, next item.

**CLERK:** Mr. President, General File, LB874-- excuse me, LB847 from Senator Kauth. It's a bill for an act relating to labor. It adopts the Nebraska Registered Apprenticeship Act; changes provisions relating to the combined tax rate under the Employment Security Law; and repeals the original section. The bill was read for the first time on January 8 of this year and referred to the Business and Labor Committee. That committee placed the bill on General File with committee amendments, Mr. President.

**ARCH:** Senator Kauth, you are recognized to open on LB847.

**KAUTH:** Thank you very much, Mr. President. Good afternoon, colleagues. AM2141 is the Business and Labor Committee Amendment to LB847. This amendment contains the provisions of LB847 and also the provisions of five other bills that were heard by the committee, all of which were made part of the committee amendments on a 7-0 vote. I'll introduce the first two that I had, and then ask the other introducers some questions about their bill. The first one was LB847, and that creates the Nebraska Office of Registered Apprenticeship within the Department of Labor. Currently, the federal Department of Labor oversees Nebraska's apprenticeships. The office would give Nebraska the ability to shape and guide this apprenticeship if it needs for the future. While we have had that ability to create this office for many years, we have never done it, and the time is right to move forward with the state guiding the workforce of Nebraska, rather than the federal government. LB847 also establishes the Nebraska Apprenticeship Council to advise this office. The Council is appointed by the Governor, and will contain members of all parts of the business and labor communities to advise on the best way forward for Nebraska's workforce. Additionally, LB847 allows the Department to move more funds to the Workforce Development Program Cash Fund to invest in workforce development initiatives. Currently, the Department can use 20% of the unemployment combined tax rate for workforce development. Would like to increase it to 50%. The state unemployment fund already has significantly more funds, around \$584 million, than it needs. This Legislature lowered the tax rate last year in an attempt to reduce it to what was necessary, but the fund continues to grow. This means more

businesses are paying into the fund, but the balance is far more than the fund needs. No business will be paying more in taxes, as some of the money will just be redirected to workforce development. The second bill in the package is LB1173. This renames the Contractor and Professional Employer Organization Registration Cash Fund to the Contractor, Business, and Professional Employer Organization Registry and Cash Fund. Additionally, it allows the department to assess an annual filing fee that is a graduated fee based on gross wages paid out in the previous year for all employers under the Employment Security Act. The exact amounts would be determined by the Department of Labor on an annual basis in order to keep the balance of the Contractor Business and Professional Employer Organization Registration Cash Fund at no more than \$15 million. The fees would pay into the fund which would be used to cover the administrative costs of almost all the acts and programs the Department is required by law to administer. The department is usually 98% federally funded. With reductions at the federal level, funding for the state DOL has been slashed without any real clarity on how much has been slashed. With the government shutdowns and ongoing issues at the federal level, our DOL has not received the funds on a timely basis. During the last shutdown, our DOL had to use emergency funds from the pandemic just to meet payroll. That emergency cash has now been depleted. The Nebraska Department of Labor needs to fund-- find its own funding in LB1173 as a first step in largely funding itself. And now, could I request a question from Senator Sorrentino?

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

**SORRENTINO:** Yes.

**KAUTH:** Senator Sorrentino, could you explain your part of the bill?

**SORRENTINO:** Sure. LB747 modernized Nebraska's child labor laws by reducing administrative burdens on employers who hire individuals under the age of 16. The bill repeals the requirement that all employment certificates be submitted to the Department of Labor prior to a minor beginning work. Instead, employment certificates would be required to submit it only upon request by the department. Secondly, LB747 removes the classification of failure to provide a wage statement as a criminal infraction under Nebraska Revised Statute 29-431. This provision has never been enforced through criminal citations. Instead, the bill establishes enforcement to administrative

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citations and penalties, which is consistent with all other WPCA violations handled. Third, LB47 [SIC] updates the Employee Classification Act. The bill repeals the statutory requirement to maintain a dedicated hotline for reporting ECA violations. The DOL will continue to accept and investigate complaints through its online complaint form, which remains available on the department's website. Complaints may also still be submitted to the department through the phone line for the Labor Standards Division. This legislation removes the requirement that the department have a dedicated height [SIC] line for reporting those violations. Thank you.

**KAUTH:** Thank you, Mr.-- Senator Sorrentino. Could I ask Senator Prokop a question?

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

**PROKOP:** Yes.

**KAUTH:** Senator Prokop, would you like to explain your portion of the bill?

**PROKOP:** Absolutely. And thank you, Senator Kauth. My original bill, LB864, advanced unanimously from the Business and Labor Committee with no opposition at the hearing. This bill was brought in partnership with the Nebraska Department of Labor. LB864 shifts responsibility for administering the Intern Nebraska Program from the Department of Economic Development to the Department of Labor. In my conversations with the Department Of Labor, what they have identified is a clear need for a more coordinated, strategic approach to workforce development across state government. To that end, the Department identified the Intern Nebraska Program as one those miss-- one whose mission aligns closely with the department's core responsibilities. I introduced an interim study last year to review the Intern Nebraska's effectiveness in retaining students in Nebraska and its overall impact on workforce development. Building on the findings of the study, I believe the proposed transfer aligns the program with the agency's best position to advance those goals. Because the department already oversees several initiatives aimed at developing Nebraska's future skilled work-- workforce, assigning the Intern Nebraska program to the Department of Labor would strengthen coordination with the program already in place. Again, this bill has no fiscal impact, had support

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from the Nebraska Chamber of Commerce and Department of Labor, and advancing unanimously from the Business and Labor Committee.

**KAUTH:** Thank you, Senator Prokop. And would Senator Ibach yield to a question?

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

**IBACH:** I will, thank you.

**KAUTH:** Senator Ibach, would you explain your portion of the bill?

**IBACH:** Absolutely. I want to thank Chairwoman Kauth for including LB1015 in this Business and Labor Committee package, and I'd like to speak to my portion of that bill. LB1015 creates the Business Innovation Cash Fund, and it establishes a stable, ongoing source of funding for two key areas of Nebraska's economic strategy: workforce development and business innovation. The bill uses an existing revenue stream within the unemployment insurance system to support both efforts without increasing taxes or relying on general funds. Under current law, Nebraska's unemployment insurance collects a combined tax. That combined tax rate is made up of contributions remitted to the Unemployment Trust Fund, as well as the State Unemployment Insurance Tax, which currently is used to fund the Workforce Development Program Cash Fund, whose primary purpose is to fund workforce development grants. As stated in LB1015-- as stated, LB1015 would create the Business Innovation Cash Fund with funding coming from the SUIT tax, and the Commissioner of Labor would designate the percentage and the proportion of the SUIT taxes to be allocated to both the Workforce Cash Fund and the Business Innovation Act Cash Fund. For those curious, as of September 30th, 2025, so about six months ago, the state of Nebraska had 400-- \$584 million to pay unemployment benefits. And this fund continues to grow as time goes on. The bill also adds new reporting elements to improve the state's ability to track the outcomes of the Business Innovation Act investments. By incorporating certain data points into the quarterly combined tax reporting process for those individuals receiving funds from the Business Innovation Cash Fund, the state will have more timely and consistent information about job creation and business activity associated with these programs. It is important we continue to fund this program. Data shows that for the BIA programs, 2,386 direct jobs have been created with an average wage of \$76,498. And for

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each \$1 of BIA funding has resulted in \$15.90 in revenue, with the annual economic impact of the BIA fund having surpassed \$1 billion. With that, I want to thank you for your time. I ask for your support on LB847 and on AM2141. Thank you, Mr. President.

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

**ARCH:** So now-- as the Clerk indicated, there is a committee amendment. Senator Kauth, you're recognized to open.

**KAUTH:** I apologize, I opened on my committee amendment first. So everything everybody just said, ditto. Thank you.

**ARCH:** Mr. Clerk.

**CLERK:** Mr. President, Senator Kauth, I have AM2161 with a note that you withdraw.

**KAUTH:** Correct.

**ARCH:** So ordered. Turning to the queue, Senator Dungan, you're recognized to speak.

**DUNGAN:** Thank you, Mr. President. And good afternoon, colleagues. I do rise just to ask some questions and generally, I think, start some conversation about LB847. I want to start by situating this. I'm not intending to filibuster this bill. This is not-- there's no motions on the board, clearly. So Senator Kauth, I hope that you understand these are some legitimate things that I wanted to raise here. And hopefully we can get some answers to some of these questions. But not being on the Business and Labor Committee, I spent a lot of last evening reading through the committee statement for LB847, which obviously includes both LB847 in its original form and then also the litany of other bills that have been talked about here today, trying to understand and kind of grasp both what those changes do to our labor economy here in Nebraska and also sort of why they were necessary. And today I've had some conversations with some friends in labor about some concerns that have brought up I know before today, and then obviously also, it sounds like today as well. And, and not being on the committee, I think there's just a couple of things that I need a little bit more clarity on. So I'm gonna kind of just talk about some of those concerns, and if anybody who is on the committee or whose bills were introduced here wants to respond to those, I genuinely

would be welcome to having that conversation on the mic, so it's on the record, or off the mic just to better understand that. So I know at the heart of what we're talking about with LB847 are apprenticeship programs. And my understanding from my very cursory research that I've been able to do in the last day is that currently there are about half the states that allow for their apprenticeship programs to be registered through the federal Department of Labor and then about half, I'm butchering the numbers but it's about half and half, that allow their apprenticeship programs to be register through a state agency. So currently Nebraska is one of those that operates under the federal standards which, to the best of my understanding, is how it's been in Nebraska for quite some time. From speaking with individuals who operate and run those apprenticeship programs that are well-established and utilize best practices, there's been a longstanding, decades-long approval of these programs to ensure that they actually have the quality assurances that all of us want to see when we're talking about apprentices and apprenticeships. And even to take one step further back, I think we can all agree that having more apprenticeship programs in the state of Nebraska is vital. I've been a big supporter of career and technical education for young folks. Senator Lippincott, I know had a bill that had to do with career and technical education a year or two ago that I was supportive of. We've had a number of bipartisan measures here to continue to encourage people going into the trades, because we need to support our folks who work in and around those fields. But the concern that I know has been brought up is if we change from this federal apprenticeship program to the state-approved apprenticeship program with this LB847, essentially new apprenticeship council that's being created, I think the concern that a number of folks have is that that's going to potentially upend some of the apprenticeship programs that have been previously approved. Or it could completely alter the ability that those apprenticeship programs have to operate in their current capacity. And so a good example of that is we have some apprenticeship programs I know that are run based on organizations, or they're, they're based out of organizations here in Nebraska, but they do run apprenticeship programs, I believe, in other states as well. One of the benefits of having that federal recognition of your apprenticeship program and being one of those federal standard states is that you don't have to jump through the hoops of multiple states, which then can create a larger issue or cause of concern when you're trying to, to provide those apprenticeships elsewhere. In addition to that, what I simply

don't know and don't understand is what happens to the current apprenticeship programs that exist in Nebraska. Are they unilaterally going to be granted approval upon the potential adoption of LB847? Do they have to reapply? If they do reapply, are there gonna be additional fees that are incurred on behalf of those apprenticeship programs that prior to today had already been operating and being proven effective? What is the impact gonna be on the individuals who go through those apprenticeship program if they have to reapply? Is it possible that a current apprenticeship program that exists in Nebraska would not be renewed or approved by the Apprenticeship Council if it's established under the State Department of Labor? These are all legitimate questions that have been raised to me that I, I would like some answers to. And I, I hope that we can talk a little bit more about this because there's a number of other portions of this bill that I think make substantive changes. I appreciate the work of the Business and Labor Committee. I know that this is addressing an issue that we're all, again, very concerned about with regards to encouraging folks to go into the trades. But I do think that changes that are as substantial as these merit conversation and merit a little bit of debate back and forth. So I hope that some of those questions can be answered. With that, I will--

**ARCH:** Time, Senator.

**DUNGAN:** --punch in and talk again. Thank you, Mr. President.

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

**J. CAVANAUGH:** Thank you, Mr. President. Good afternoon, colleagues. Well, yeah, on the whole bill, I don't know where I'm at. There are some things I was concerned about. In, in a package this large, it's hard to say exactly which portions are which. I would just, my immediate reaction was the idea of moving money from the Unemployment Insurance Fund, just reallocating some of that fund, though workforce development is a meritorious program, if we're charging employers more than we need to be charging them for unemployment insurance, you know, if the fund is having-- we had this conversation last year when the Governor was trying to raid the Unemployment Insurance Fund last year, and, if we are charging employers more than it takes to provide the service, then we shouldn't just use that as a slush fund to fund some other thing, no matter how meritorious. So I have an immediate reaction to, I, I don't think that's a good idea to just shift the

balance of how the money is. If unemployment premiums should go down or don't need to be that high, we should lower those so employers are not just paying more money into that. If employers, if we want to do something else to help invest in workforce development, I think that is a good idea. But if we're using-- just going to use unemployment insurance funds premiums as a way to bolster some other program, that's a concern. My immediate concern about this bill, though, was this apprenticeship program portion of the bill. And I have similar concerns to Senator Dungan, but one of-- a technical concern that I have is one that I've raised on a number of bills over my time here. So I'm trying to pull up the amendment, AM2141. And so if we look at AM2141 and you go to page 1 to 2 carryover, so line 27 of page 1, carryover to line 1 of page 2, there is apprenticeship, employment, and training consistent with 29 CFR part 29 and the Nebraska Registered Apprenticeship Act. So we have, there's always-- we do this a lot in our statutes where we will make reference to some other section of law. And when we make reference to other section law that is not Nebraska law, so, which is this 29 CFR part 29, and so I pulled that up, and just on the Code of Federal Regulations, there is part 29: Labor Standards for the Registration of Apprenticeship Programs. 29.1 Purpose and Scope, the National Apprentice Act of 1937, Section 1, 29 USC 50, authorizes and directs the Secretary of Labor to formulate and promote the furtherance of labor standards necessary to safeguard the welfare of apprentices to extend the application of such standards by encouraging the inclusion thereof in contracts apprenticeship; to bring together employers and labor for the formulation of programs of apprenticeships; to cooperate with state agencies engaged in formulation and promotion of standards of apprenticeship; and to cooperate with the office of education under the Department of Health and Human Services and Welfare. Section 2 of the act authorizes Secretary of Labor to publish information relating to an existing and proposed labor standards of apprenticeship and to appoint a national advisory committee. And there's other subparts that I can go into. But so the problem here is that this bill was adopted obviously in 1937, amended in October 29, 2008, amended March 11, 2020, amended September 26, 2022. So when we in our statute make a reference to another act of law, particularly one of another governing body or another sovereign, which is the federal government, it is giving away our power, delegating our authority to that. I'm going to run out of time, so I'll push my light. But delegating our authority to the federal government. Because if they make a change, that change

is going to then be implicit in our law. And so what we normally do is we will put in something like 29 CFR part 29 as it was on this day, so that if they make that change, then we go in and affirmatively then adopt that change. And so the concern would be, of course, that they would make some change that would perhaps diminish the standards in these labor-- in these apprenticeship programs in a way that is not contemplated by what we're passing here today. And so it's important when we do make those sort of references that we always put in a date to make sure that it is not being changed after the fact. So that's one technical problem. I'm gonna run out of time.

**ARCH:** Time, Senator.

**J. CAVANAUGH:** So thank you, Mr. President.

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

**QUICK:** Thank you, Mr. President. And good afternoon, colleagues. I have-- I rise with some concerns about LB847 and AM2141. Strictly from the standpoint, I look at some of the apprenticeship language in, in this bill and, of course, most of you know I was IBW. Actually, for me, with our, our-- the way we worked our program, I didn't have to go through an apprenticeship program. We just had an eight-step program that we went through to, you know, provided wage increases. But with our alignment with the city, they did have an apprenticeship program. And so did the underground. So their, their workers, they followed-- I'm gonna guess it had to be some of the federal guidelines that they followed to install their, their apprenticeship program. And so I just want to make sure that we're not creating a barrier for workers or for employers to have their own apprenticeship programs. And this isn't gonna take those away in any means or matter and, and, and nullify them. I know throughout the trades, trades, you have boilermakers, you have the plumbers and steam fitters, you have carpenters. You have all these different trades out there that they have their, their very own apprenticeship programs that they've filed with the federal Department of Labor, and they're enacting them in a, in a proper means to make sure that they're, they're training their employees though aren't-- training the workers under them through their apprenticeship program to become a journeyman at some point. And as you work through that process, they're, they-- it's pretty stringent. And some of them are, I know like for my grandson, for the, I think it's the pipe fitters and plumbers, he's actually-- it is a five-year apprenticeship program

that he's going through. And as you work your way through that program, you get raises along the way, you're, you're going to school, maybe at night, you're getting that on-the-job training during the day. And that helps you become a more qualified worker, and you, you learn the trade and you know how-- know exactly what you need to do when you're working. So I just want to make sure that this bill doesn't in any way eliminate those apprenticeship programs or say that this, maybe this established board in here can, can approve or deny a federally qualified apprenticeship program or already-established programs within, with for employers. I know even like with some of our employers in Grand Island, they work directly with our community college and they, they bring apprentices out of the community college right into their, into their workplaces. Now, are these employers going to have to, and the community college, going to figure out a way that, that these students or the future employees coming out of the community college, would they have to qualify for this as well? I mean, most employers, I think, already have some type of an apprenticeship program that they do within their own, own workplace. And so I just, like I say, I would just want to make sure that we're doing the right thing here. You know, I look at some of the language in here and it says the office shall approve or deny the registration of a registered apprenticeship program. So what does that mean? Does that mean that every apprenticeship program that's actually already even established would have to go through a new registration process? Does that means that they could, you know, they wouldn't have to take what-- look at what you have? I think there's also a part in here that says that they will develop-- it says here, the Nebraska office-- Nebraska Office of Registered Apprenticeship shall develop standards to create a nationally recognized state apprenticeship completion credit-- credit-- credential in compliance with but not exceeding standards established in 29 CFR 29.5 for completing a registered apprenticeship program. So I need to find out more about what does this mean. Does this mean that, that they're, the state is now going to establish what apprenticeship programs look like? Every apprenticeship program is different for every different trade. And so that's where my concerns come from. You know, I also look at police and fire within our communities. I know-- I don't know they actually have apprenticeship programs, but they have some training that they have to go through. Now are they going to have to have apprenticeship programs to train firemen and policemen, or how does that work? You know, like our law enforcement, they could go to our, to our training

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facility just outside, just out by the airport in Grand Island, and that's where they get a lot of their training. I know the firefighters--

**ARCH:** Time, Senator.

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

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

**SPIVEY:** Thank you, Mr. President, and good afternoon, colleagues. I've been trying to catch up on this bill. It's been a lot going on, and so I appreciate the questions raised by some of my colleagues on the amendments and just some general concerns that we have heard from some of our constituents, especially those in labor. I'm generally supportive of what I think LB847 does, and I've been digging into the committee statement, as well as some of the other amendments that have some of the bills adopted. And I, I met with Director Thurber just over the interim. In general, I think for me, when we think about how we talk about growing our state, what are priorities, what things are good returns on investments for Nebraska, I absolutely think workforce is important. And, and it really goes to some of conversation that we've had today on other areas and other bills around what comes first, right? Like we talk about we need affordable housing and childcare and so is that, do we need more subsidies first, the chicken or the egg, or do we to make sure people have a job where they can afford what the current market is and that folks are not underemployed working two jobs that takes them away from other things? And so I do appreciate the work that Dr. Thurber has done around Department of Labor and what they're looking at specifically around up-skilling people. Making sure folks have a livable wage and are able to take care of their families. I have spoken about this before, and I appreciate Senator Quick giving some of his experience being in labor and working in the area that my sister is an apprentice. And so she actually went through Metro Community College to-- through a general kind of contracting program. So she wanted to get into the field. They offered this opportunity where she was able to earn a wage while she was in this general contracting kind of curriculum or class. I believe it was like six or eight weeks. So she got this certificate, and then there were employers there that offered different apprentices or job programs. And so she was in an apprentice program that was at a non-union shop. I would argue that the apprentice program wasn't as

strong compared to others. And I think that is some of the conversation and questions that were raised. But nonetheless, she was there for two years and then went over to Local 22 in Omaha and is now in their apprentice program, which has been certified through the federal government, which again, that has been brought up around some of those exemptions and what does that look like as it relates to this bill, and is in her career path. She's doing really well. She just received two scholarships to continue her studies for her journeyman test and is really flourishing in this apprentice program that has a strong track record because the trades have always invested in this type of pipeline program. And we know that especially folks of color and women are underrepresented in the trades. And so it's really a strong opportunity for her as she thinks about building generational wealth for herself and her family, if she chooses to have one. And so I am absolutely a supporter of that idea. And again, I think Dr.-- Director Thurber has really tried to uplift that in the approach and direction that she is taking and where Department of Labor is going. Some of my questions that I do have that I think have been brought up specifically relate to some of the amendments around how the established programs work and so maybe the introducers of those portions of the bill or Senator Kauth as chair of Business and Labor can maybe speak to on the mic around is-- will there be a tiered system, how are we thinking about recognizing programs from a logistics perspective, what does it mean to have this central office at the state. We know that some other state agencies that doesn't work well. And so maybe there's a difference with Department of Labor that would be helpful for this. And then, wanted to talk a little bit more about BIA and Intern Nebraska, but I see that I am running out of time on the mic. So I'll punch back in later to kind of bring up some of those other themes for us to consider as we take up this measure. Thank you, Mr. President.

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

**DUNGAN:** Thank you, Mr. President. So I just had a chance to speak with Senator Kauth a little bit off-mic, and I appreciate the conversations that we were able to have. Because again, I want to reiterate these are some legitimate questions that have just come up recently that we're trying to make sure we can fully answer, and LB847 is a large enough change that I want to make sure that we are doing something that helps the people of Nebraska. Which I, I know is the intent. I don't believe, I genuinely don't believe that LB847 has malicious

intent. I don't believe there's much contained in here that is trying to be insidious. But we have as a Legislature before passed bills relatively quickly that have had negative impacts that we've had to go back and fix. In my first year in the Legislature, we passed a bill. Were encouraged not to debate much on it. I won't go into the details of the bill because I don't want to drag any particular issue. And then subsequently, have had bring legislation every year that I've been in the Legislature to fix it because it had unintended consequences that led to some real problems of the certain economic structures in small towns and villages across the whole state. So something as large as LB847, I just want to make sure I understand. One of the major concerns that I expressed, that I was just talking with the Department of Labor about, is whether or not an apprenticeship program that currently exists is going to be able to continue to exist moving forward. My understanding is that the, the goal of this would be to make sure that if an apprenticeship program is currently operating, that once this state apprenticeship council were to go into effect, and we had that state status-- that SSA, I think, status, instead of the OA status-- once that went into effect it would not have a negative impact on those apprenticeship programs. So I'm still waiting to hear back from some other folks who know a lot more about apprenticeship programs than I do, to make sure that that's their understanding and their reading too. But the last thing we wanna do is have any crossed wires here that result in these apprenticeship programs that have been operating and showing success shutting down, because that's not what we want. It sounds like one of the other goals here as well is to have a little bit more local control, it sounds like, which I appreciate and understand. As I also was saying to somebody off the mic, I brought some bills this year that seek to have a little bit more local control over our taxes instead of federal control. I think that's a laudable goal. [INAUDIBLE] though, is that if LB847 were to pass, it's not going to have the unintended consequence of defunding or reducing the funding that apprenticeship programs in the state of Nebraska currently are receiving. The apprenticeship programs we're talking about can be small, they can be large. But when you have apprenticeship programs that hundreds of people are relying on, it would be unfortunate, obviously, if LB847 were to pass and subsequently funding were to be pulled or to be inadvertently diverted from the federal level if the state cannot make up that difference. I did pull up the fiscal note on LB847, and my understanding is, at least for the base bill of LB847 that there was

no estimated fiscal impact. I thought that was interesting. I mean, that's good, I guess, overall, because we have the budget deficit we're in, but the-- I think the line that we see on there is the Department of Labor is insisting they already do this work. And if they do that work, then ultimately it's not going to cost anything extra. If that's true, that'd be great. I don't entirely know what additional requirements there would have to be. Certainly, I think putting the apprenticeship council together, I've seen much smaller bills get hit with FTEs that have ultimately sunk bills, thanks to the fiscal note, including new full-time employees. So I'm curious about the potential financial impact on that as well. If those questions can be answered and if we can make sure that we're all in accord here, than I don't see, again, anything super insidious with LB847. But I do want to make sure that we have a lot of these, these conversations now and not on Select File or General File once the bill is rolling. Because when we get to that point, it's going to be difficult for us to make any changes. The last thing I would highlight is I know other states that have done similar things have implemented requirements that some folks who represent organized labor be involved in the apprenticeship council. Why I think that is an important thing to note is a lot of our friends in organized labor are the ones who are oftentimes conducting or putting on these apprenticeship programs, running apprenticeship programs that serve hundreds of people at a time. So I think that their input would clearly be valuable if we were to put together this council. So those are just a few more of the thoughts that I had. I look forward to continuing to listening to some of the conversation here between people. And if any other questions pop up, I might punch in again, if, if those pop up.

**ARCH:** Time, Senator.

**DUNGAN:** I'm still waiting to hear from some other folks. Thank you, Mr. President.

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

**J. CAVANAUGH:** Thank you, Mr. Speaker, Mr. President. Good afternoon, colleagues. And I was just thinking, was trying to pull back up the committee statement here. And like a lot of things around here, I know, I'm sure folks are frustrated that there's a conversation happening on this bill because I can look through the committee statement and it did come out unanimous. There was no opposition, no

neutral on the underlying bill. Let's see, on LB864, no opposition, no neutral, LB864. LB1015, no opposition, no neutral. LB1173, oh, there was opponents to LB1173 who came in favor of I think all of the other bills in the package. And is that all of the bills going through here? So, I mean, I can see-- respect if there's frustration from folks and are caught off guard that there's anybody talking about this bill. And as Senator Dungan, I think, pointed out, I don't know if there is clear opposition to this bill at the moment. There's some confusion and some concern. And, and it is a big, complicated bill. And there are those of us who are not on the committee, you know, a bill comes out 7-0, out of a committee, people who are not on the committee maybe want a little bit more insight into what the objective of the bill is, what it actually does, a little bit more of the nuance and the nitty-gritty. And so I think it is important to have a conversation about what bills actually do. And, you know, as it pertains to the apprenticeship portion of the bill, I, I was reading the, the federal statute. And I think Senator Quick also hit on another section that references the federal statutes. There's a very evolved-- there's a robust system in terms of how apprenticeships are set up and how they are regulated currently. And the folks, when somebody gets-- goes through an apprenticeship program, a federally registered apprenticeship program, that's, you know, a gold standard. We know the quality of the education that person has. When you hire somebody that has that, gone through that program, you know that they know what they're doing. And so that-- the, you know, first concern is, of course, if the state were to step in, is the standard going to be the same, are folks coming out of these programs going to have that same trust level and quality of education and training? And so that's the first immediate question. There are other subsequent questions which are, are there going to have to be changes made? Senator Quick hit on the fact that a lot of programs have associations with schools, community colleges that have train-- trade-specific programs. Are they going to have to change who they are in that program, which schools they're in a program with? Are they gonna have to go back and maybe recreate some of the aspects of their program? And as I think Senator Dungan pointed out, is there is some concern of pro-- pre-existing or trade programs are going to-- apprenticeship programs are going to have be recertified by the state and maybe won't get recertified for one reason or another? I think those are all legitimate questions about what's going to happen under this bill. I, I mean, I just have additional ones. I was thinking about this. We passed, I worked on

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with Senator Moser, his bill to take away the Department of Labor's oversight of workplace safety, workplace safety commissions because they weren't doing it. And there was a redundancy at the federal level where OSHA is already engaging in this workplace safety oversight. And this bill does seem like a reverse of that, where we are now saying, well, the feds have a, a program that's been very successful and is doing this job, and now we are putting the state instead, in place of that. And standing up a whole new program at the state level when we are in a, a particular budget crunch. There's-- I'm surprised that the fiscal note says that there is no fiscal impact. It says that the Department of Labor is already undertaking this. Which is another question I have, is how is the Department of Labor already undertaking this program if it is federally registered apprenticeship programs? And so those, I think, are, are legitimate concerns. Would love to be able to suss out those things. Sometimes a big bill like this becomes hard to digest if you're not on the committee, and so we do need to take a few minutes on the floor to talk through what are the, you know, ins and outs of this bill, and what are-- what is actually going to happen. So I still don't know where I'm at on the bill overall. I would say that my biggest concerns are with the LB847 portion.

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

**J. CAVANAUGH:** I'll push my light. Thank you.

**DeBOER:** Thank you, Senator John Cavanaugh. Mr. Clerk for items.

**CLERK:** Madam President, some items for the record, if I could. Series of motions from Senator McKinney to LB867. Senator Hansen, amendment to be printed to LB967. Senator DeKay, amendment to be printed to LB948. As it concerns LB847, Madam President, Senator Kauth would move to amend with AM2450.

**DeBOER:** Senator Kauth, you are recognized to open on your amendment.

**KAUTH:** Thank you, Madam President. And we've been working on changing a couple of words here and there on this bill. Senator Prokop had asked us to include LB1044 in our committee package. And if I could ask Senator Prokop a question.

**DeBOER:** Senator Prokop, will you yield?

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**PROKOP:** Yes.

**KAUTH:** Senator Prokop, could you please explain LB1044 to us?

**PROKOP:** Happy to do so. And thank you, Chair Kauth, for your partnership on this. So AM2450 contains my bill, LB1044, which advanced-- which was advanced unanimously from the Banking, Commerce and Insurance Committee with no opposition at the hearing. Some background on this issue, since its enactment in 2011 as part of the Talent Innovation Initiative, the Business Innovation Act has been a cornerstone of Nebraska's efforts to build a thriving entrepreneurial ecosystem that supports innovators and startups across the state. The act provides early-stage firms with access to capital, technical support, and opportunities to develop and commercialize new technologies, helping to grow Nebraska's economy from within. The programs under BIA, including prototype grants, matching support for federal SBIR, STTR awards, academic research and development grants-- academic development-- excuse me, academic research and development grants, and seed investment through the Nebraska Seed Investment Fund play a critical role in moving promising ideas to market while creating equity, quality jobs across industries. An independent impact analysis shows that BIA-funded businesses have generated \$11.52 in private capital for every \$1 of state funding, and \$15.90 in revenue for every \$1 of state support. Results that are among the strongest in the program's history. Recently, the Nebraska Department of Economic Development did an internal review of these programs and found similar numbers. These firms have helped create 2,386 new jobs with annual wages exceeding \$182 million and produce a total annual economic impact of about \$1.2 billion, including \$27 million in state and local tax revenue. These results demonstrate not only a strong return on investment for Nebraska taxpayers but also Nebraska's growing competitiveness in attracting venture capital and commercial success for homegrown companies. From just 13 venture capital deals in 2011, Nebraska now averages over 60 deals per year, totaling more than \$330 million annually in venture investment, further illustrating the momentum that BIA has helped generate. The amendment before you strengthens the Business Innovation Act by providing certainty and sustainability for these proven programs. It does so by requiring minimum annual funding levels of accept-- of accepted projects to ensure at least \$4 million per program, and up to \$6 million for both prototype and seed assistance, preventing year-to-year uncertainty for Nebraska entrepreneurs in these critical programs. It also establishes

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a legislative intent to approp 15-- to appropriate \$15 million, something that is right in line with, with what Senator Ibach talked about earlier too, regarding her bill, starting in FY '27-28. So that's a little bit summary on the bill, and I appreciate the committee's work together on this.

**DeBOER:** Thank you, Senator Prokop, Senator Kauth as well. Senator Quick, you're recognized.

**QUICK:** Thank you, Madam President. And so I still have my concerns about the bill. I'll talk to Senator Prokop about his amendment and his part of the bill. I don't know how many-- how much I have concern about that. My main concern really is about the apprenticeship programs and making sure that they will remain intact for a lot of our labor trades across the state of Nebraska. I'm gonna talk a little bit about, you know, my grandsons. I have two grandsons. One's a step-grandson, and then I call James our original. So and James, he's working currently out in Wyoming on a data center, and I think I've mentioned him before on the mic. But he's in an apprenticeship program with the pipe fitters out there, and I think he's-- recently he's looking to try to transfer to Omaha and transfer to their apprenticeship program and then work out of Omaha. He's-- I think he's still in his first year apprenticeship, it will be a five, five-year apprenticeship program for him to become a journeyman. And he's really learned a lot in his short time working out in Wyoming. We did have to educate him on that there's a lot of cold weather out there as well. So he didn't have enough money to buy some coveralls, so we bought him a set of bib, bib overalls and, and some-- and a coat so he could stay warm out there. Because the wind is strong and it, and it's cold. So he greatly appreciated that when we, when we helped him out in that way. My step-grandson Harrison, he works in Omaha. He's-- I believe he's a third-year apprentice with IBEW 22. And he's learned so much in his time there. He's working his way through the program. You know, like I said before, most of those apprenticeship programs, they have their work during the day that they have on-the-job training. And then in the evenings, they do their classwork. I believe with that, they also had to purchase some of their own books and tools to use in, in their trade. And it's been really useful for him to be in that program. He's working towards becoming a journeyman inside wireman. And I think he appreciates everything that, that they're teaching him and as far as education goes. I know a lot of the inside trade-- or inside wiremen trades, there's one in Lincoln here as well. I've had

the opportunity to visit their, their apprenticeship room or training room where they do most of their, their schooling. And it, it's pretty amazing what some of these, I call them kids, but they're young adults, get to learn in the classroom. I've also had the opportunity to go to the carpenters union and visit their apprenticeship training. And, you know, they-- it's just a good program for people who want to go into the-- to that type of work to have that opportunity. And I would really hate to see that have to be changed in any way. You know, and like I say, I don't know if this bill actually takes away or, or would remove that ability for them to have their own apprenticeship programs or have their own, you know, set of programs that they follow to give, give education and training to the, to those young adults, but I think it's, it's, it's really important to have that. I know there are-- I know Senator Spivey talked about the differences in maybe a non-union employer based-- based to a union employer or a union shop. You know, I-- there are some differences in their, in their apprenticeship programs, even for like electricians and things like that. I don't know exactly what they are, but I do know there is some differences. And, you know, I believe each individual employer should probably have that right to establish their apprenticeship programs as long as they're following some, some of the federal guidelines to make sure that when they come out, especially as electricians, you know that you're following the codes that you need to follow to be able to do, to do the work safely. Like I said before, you know, I didn't go through an apprenticeship program, but I did go back to community college after I worked at the power plant and they asked-- and I went into maintenance. I had the opportunity to become one of the welders in the maintenance department. I went back to the community college, I learned how to, how to do high-pressure steam welds, I learned how to to TIG weld, and it's, it's an important process to make sure that you're--

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

**QUICK:** Thank you, Madam President.

**DeBOER:** Thank you, Senator Quick. Senator John Cavanaugh, you're recognized.

**J. CAVANAUGH:** Thank you, Madam President. Good afternoon again, colleagues. I was in the middle of a thought on the last time I was on the mic, so I'm trying to remember now where I was. But one of the

thoughts I was going to finish was I did have an opportunity to speak with Senator Ibach about the unemployment insurance portion, and now I can't find it in the bill, but it was the bill allows-- right now, the apportionment is separate from the amount. And so what it basically says is that, her amendment or her bill, Senator Ibach's bill, just changes the allowable apportionment of the funds. The funds are already allowed to be apportioned 80-20, 80%, no less than 80% towards unemployment insurance and no more than 50%-- or I'm sorry, I'm sorry, 20% to-- there we go, and it's page 22 of the amendment-- state employee insurance rate is not 0%. As determined in this section, the combined tax rate shall be divided so that no less than 80%, is the current law-- this changes it to no less than 50%-- of the combined tax rate equals the contribution rate and not more than-- used to be 20%, now 50%-- of the combine tax rate equals the state unemployment insurance tax rate except for employers who are assigned a combined tax of 5.4%. And then there's this other part about that on or before December 31st of the calendar year, the commissioner shall designate the percentage and portion of the state unemployment insurance rate, tax rate that shall be remitted to the Workforce Development Program Cash Fund for the support of workforce development programs and the Business Innovation Cash fund for the support of the Workforce Innovation Program. The department shall execute a memorandum of understanding with the department of economic development before September 30th of each year to ensure the commission receives sufficient information regarding the current status of program administered under the Business Innovation Act, which I think is this amendment has something to do with the Business Innovation Act and, and fund. I'm going to have to pull up this amendment at some point. So essentially what it looks like is it, it does allow just for a different apportionment of the funds that are already assessed. And, you know, I think that I still have the same objection to that in the sense that rather than leaving it at 80-20, if the amount needing to go down could go down to 50 of, you know, say this charged a dollar, I guess, and it's 80%, 80% of that goes to this and 20% goes to the other part. If they could lower that to 50-- instead of 80 cents, it could be 50 cents would cover it, then they would lower the tax, or the fee to, you know, whatever, that would be 68 cents or something like that. And so same-- I would have the same sort of opposition is that it does undermine the desire, impetus, whatever the agency, Department of Labor's willingness or ability to lower the fee, and because they could leave it at the same amount and just lower the

apportionment and take more for other causes. So, again, just sort of generally part of my opposition to funding other actions through fees, and that if we have fee-based programs that the fee-based program should be cost of the actual service. So I appreciate the, the distinction that-- there, but I, I don't know that it-- I'll have to think on that part some more. Obviously, this is a very big bill and we're having a lot of conversations on the floor about the complexities of apprenticeship programs. And so I appreciate Senator Quick certainly bringing his experience and expertise to the conversation about apprenticeships. And again, I think that it is-- oh, I'm going to run out of time. I think it is important that we ensure that we are not accidentally doing some things. We've had a number of bills in my time here where we have rushed to pass something, and we have had to come back and fix the things that we rushed to pass. And so I think just taking a minute, having the conversation, raising the concerns and issues I think is important. So I, I still, I don't, I don't think-- I'm undecided on the package as a whole still, and I think I'm going to need more time to think about what-- where I'm gonna end up on this bill. I think there are some parts of it that I don't have any problems with. There are just some parts that raise concerns to me. So thank you, Madam President.

**DeBOER:** All right, Senator Dungan, you're recognized.

**DUNGAN:** Thank you, Madam President. Starting with an "all right" there felt very pointed. Good afternoon again, colleagues. I just wanted to ask a couple of questions briefly of Senator Prokop, if he'd be willing to answer some questions.

**DeBOER:** Senator Prokop, will you yield?

**PROKOP:** Yes.

**DUNGAN:** Thank you, Madam President. Senator Prokop, I know I gave you a little bit of a heads up. I just wanted to clarify, AM2450 is the same language as one of your bills that we heard in Banking, correct?

**PROKOP:** That is correct. It was LB1044. We made some minor adjustments on the, on the years though.

**DUNGAN:** OK.

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**PROKOP:** '27-28 instead of '26-27.

**DUNGAN:** And part of that underlying bill was that intent language around the \$15 million. Is that correct?

**PROKOP:** That's, that's correct. So that actually aligns with what Senator Ibach was talking about earlier with her bill, which does the unemployment insurance tax transfer to cover the BIA portion.

**DUNGAN:** OK. So, you know, I'm not on Appropriations, and I haven't looked as deeply into the budget on BIA as I think you maybe have seen, but long story short, you now, I've heard some concerns that with this amendment, it would effectively make LB847 have a \$15 million fiscal note. Do you believe that if we attach AM2450, it's going to have a fiscal note attached to this, then, of the \$15 million.

**PROKOP:** No, I do not, and that is actually part of the reason why we changed the fiscal year to '27-28 in the amendment up here, on AM2450, so that it allowed the time-- because that, that's the same as what's in Senator Ibach's amendment. So that allowed the time, because otherwise we would have been ahead of her bill. And so that's why we amended it to push it back to '27-28, to avoid that fiscal note.

**DUNGAN:** OK, and so then the \$15 million is not a General Fund appropriation, it's the distribution difference then in the unemployment insurance tax, right?

**PROKOP:** Correct, to the BI-- BIA program then for this purpose.

**DUNGAN:** OK, thank you, Senator Prokop. I appreciate that.

**PROKOP:** Yeah.

**DUNGAN:** Colleagues, I think that part of my concern obviously is the cost in, in a fiscal situation, and I'm going to continue to look at this. And I think people can have concerns or disagreements about the distribution of the, the SUIT money, the State Unemployment Insurance Tax, and whether or not that should go to workforce or just unemployment. I'm gonna have to look more at the underlying accounts to see how much money exists in those. But I just wanted to make sure that that was clear, because I know when we heard that bill in Banking, it was my understanding there was not a \$15 million fiscal

note. But I was trying to remember what exactly it was that made it so that intent language didn't have that attached. So I appreciate Senator Prokop working through that. I'm, similar to Senator Cavanaugh, working through some of the other language of this and not sure how I feel about the entire package at this juncture. But I do appreciate the questions that have been answered here on the floor and off the mic as well as we've continued to work through this. So with that, thank you, Madam President.

**DeBOER:** Thank you, Senator Dungan. Senator Quick, you're recognized.

**QUICK:** Thank you, Madam President. And, you know, it's-- for those of you at home watching, I mean, I think this is the reason this this happens once in a while because, you know, there's bills that come up in the Legislature that we're not on those committees and now all of a sudden they're on the floor, and then we start having some concerns or questions about them. And I just was able to go out to the Rotunda and receive some of the, some answers to some questions that I've been curious about. So it's probably going to help me to be maybe a little more acceptable to this until I talk to some of my friends in labor to make sure that there, that there's no concerns that they have. You know, and for us, sometimes we receive an email from someone, and that's what happened for, for me specifically, an email saying, hey, I have some real concerns about this. So I try to act on those and look into the bill and see what I can find that I should be concerned about. And then it helps when people come in and talk to you and tell you that, you know, try to answer your questions. I'm glad that Senator Prokop has been working on trying to amend some of his language and fix some of the things that he wanted to have, so I appreciate that as well. I know earlier, I was talking about two of my grandsons at work in the skilled labor trades, and I think it's just important to make sure that, that that training that they're both each receiving stays intact and that-- and other people who, who want to work in the trades can go into those skilled labor trades and receive that same training opportunity as they, as they go forward and become workers in our state. I, I've been a big proponent of the skilled labor trades. That's where I came out of. You know, college wasn't for me. Going right into the work-- workforce was what worked best for me, and it's provided me a great life and opportunity to support my family, raise my kids, be an asset within my community. And work with, you know, whether it's working with people in our church or working people with our-- in the school system, I've been able to be part of

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all of that. So, I do appreciate everyone who's, who's helping to get me some answers on this. And with that, I'll yield the rest of my time. Thank you, Madam President.

**DeBOER:** Thank you, Senator Quick. Seeing no one else in the queue, Senator Kauth, you are recognized to close on your amendment. Senator Kauth will waive her closing. The question before the body is the adoption of AM2450. All those in favor, vote aye. All those opposed, vote nay. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote yes. All those opposed, vote no. Record, Mr. Clerk.

**ASSISTANT CLERK:** 29 ayes, 0 nays to put the house under call, Madam President.

**DeBOER:** The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house under call Senator DeKay, Senator Glen Meyer, Senator Juarez, Senator Storer, Senator Strommen, Senator Storm, Senator Bostar, Senator Riepe, Senator von Gillern, the house is under call. Please return to the Chamber and check in. Senator DeKay, Senator Juarez, Senator Storer, Senator Storm, Senator von Gillern, please return to the Chamber. The house is under call. All unexcused senators are now present. Senator Kauth, we were in the middle of a vote. Would you accept call-ins? Mr. Clerk.

**ASSISTANT CLERK:** Senator von Gillern, voting yes. Senator Arch, voting yes. Senator Sanders, voting yes. Senator Brandt, voting yes. Senator Dungan, voting yes. Senator Riepe, voting yes.

**DeBOER:** Record, Mr. Clerk.

**ASSISTANT CLERK:** 25 ayes, 0 nays on the adoption of the amendment, Madam President.

**DeBOER:** The amendment is adopted. I raise the call. Mr. Clerk.

**ASSISTANT CLERK:** Madam President, Senator John Cavanaugh would move to amend with AM2455.

**DeBOER:** Senator Cavanaugh, you are recognized to open on AM2455.

**J. CAVANAUGH:** Thank you, Mr.-- Madam President. So colleagues, this is, this is a simple amendment. I'm not-- honestly not convinced that it does solve concerns, but I did put it up just so we could have, at least get the conversation out there. So if you look at AM2141 on page 3, it basically says that a registered apprenticeship program means a program to which all the following apply. And then it says the program has been accepted and recorded by the Nebraska Office of Registered Apprenticeship. And so what AM2555 [SIC] says is, "or under the federal registered program." So basically it says it can be under this new system or the existing system. I think there's some of the concerns that have been raised by folks who are, are concerned about this bill in this section is that there's a very high standard on these federal registered apprenticeship programs. They, the folks who run these programs, know what they do. They know how to interact with that. And they, you know, what the, the requirements are. And have talked to a few of these programs, and they have associations with community colleges, including community colleges outside of the state of Nebraska who have a specialization in the trade, whichever trade that they, this apprenticeship program is in. So, you know, there may be we have good welding programs here in Nebraska at the community colleges, so you can get a certification through that. But there may be some other horizontal boring or something, I don't know what particular specialization that you maybe want a community college that has a different specialization is the one that they would do their accreditation through. So there is a little bit of concern that that will be a problem in out-of-state accreditation for those community colleges. I did have an opportunity to step out and talk to the Department of Labor about that concern. They are checking on that for me about that out-of-state accreditation, but so that's one of the concerns. But I, my understanding of the intention here is, with the bill itself, is to create a state-level program to be more responsive, more dynamic, allow more apprenticeship programs to get stood up, which is a good goal, and that's something we should all hope happens. I saw in some of my research on this, there's about 4,500 people in a registered apprenticeship programs and they want a goal to get another 6,000 or something like that. And so that's, you know, it would be great. And there are times, believe it or not, when the federal government shuts down, and trying to make some headway with working with the feds can be problematic. And so there, there is a interest in having our own agency in control. And so I think that there is a virtue in that too. But there are folks who are already dealing with

the system as is that like the system, they understand the system and it works for them, and they would like the opportunity to continue to work as is. So I put up this amendment so that we could-- I could just at least articulate that complaint. I see Senator Kauth punched in. Unless you really want to talk, I was gonna pull the amendment, Senator Kauth. Did you want to talk on this? I'll just pull-- yeah, I was just gonna, I just wanted to talk about this. Unless you want to support it, yeah. But, so, yeah, again, we're on a bill that's a little bit of confusion and, you know, so we're just trying to answer some of these questions. I do think we're at a point where some of the concerns, we were kind of doing that shuttle diplomacy, where we're running out into the hallway and talking to the Department of Labor. And we have asked a number of questions of them, they are getting us some answers. We-- there are potentially suggestions that some of us might come back with between now and Select to try to alleviate some of these concerns. I just filed this amendment because it was one that I came up with, and may be something I would bring back between General and Select and we could have that conversation about whether this would work in terms of alleviating some of those concerns. So I filed that so we could at least get it on record that that was something that is a suggestion, and I appreciate the conversation, colleagues, this afternoon. Madam President, I would-- I pull AM2455.

**DeBOER:** Without objection, so ordered. Seeing no one in the queue, Senator Kauth, you are recognized to close on the committee amendment.

**KAUTH:** Thank you, Madam President. First, I'd like to say, so Senator John Cavanaugh, I had no idea what his amendment was, so I was getting ready to say it was a hostile amendment. I was able to look at it. It's certainly something that looks like it clarifies a question that people in the AFL-CIO had. But I would like to point out the fact that no one came to testify in opposition to this bill. So when we, when we talk about this, it came out of committee 7-0. That's pretty unusual for any of our committees. Apparently, Mike Gage, who is the president of the AFL-CIO, at least I think that's his title, sent an email to all of the Democrats about this panicking, and, and saying that there are lots of problems with this bill, but he never reached out to the chair of Business and Labor. I assure you, if you reach out to me, I am happy to talk. In fact, this morning, we've been in my office working on issues for another package because we want to get this right. So if you actually have legitimate questions and you're not just trying to stall things just to slow-roll a filibuster, please let

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me know. These are all really good things to do. They will help. This is the Business Innovation Act funds that are already there. We're trying to make sure that we can keep investing in Nebraska businesses and grow our workforce through the apprenticeships and the internships. So I would appreciate everyone's yes-vote on AM2141 and then on LB847. Thank you.

**DeBOER:** The question before the body is the adoption of AM2141. All those in favor, vote aye. All those opposed, vote nay. Record, Mr. Clerk.

**ASSISTANT CLERK:** 39 ayes, 0 nays on the advancement of LB847, Madam President.

**DeBOER:** The amendment is adopted. Turning to the queue, Senator Conrad, you're recognized.

**CONRAD:** Thank you, Madam President. Good afternoon, colleagues. I swear I'll be brief, but just wanted to lift up, having had a chance to look through some of the concerns that have been addressed in regards to perhaps a combination approach on different legislation between committees. There's some questions about fidelity of the SUIT funds, and then there's some question surrounding policy considerations in regard to labor and the apprenticeship programs. I just want to note, from my perspective, I think Senator Kauth worked really hard and in good faith to address concerns that those present at the committee level brought forward from a union perspective to make the bill better, and I just want to let her know how much that is appreciated. And thank her for her leadership in that regard. I also just want to let members know in case they didn't have an insight on the recent change in leadership at the state AFL-CIO. Longtime president Sue Martin, who's well-known to many of us in regards to our legislative work has decided to retire. So we wish her well in that regard. And the membership has selected Mike Gage to take up those, those reins. Mike is a great guy and has incredible experience on labor organizing and advocacy, but is jumping into a big new role in a really short period of time. And I don't know if folks know, but that organization kind of operates on a pretty, a pretty, pretty limited budget without a, a significant staff. So as is part of the process, as people raise concerns or considerations at various levels of debate, that's their right and they should bring those forward. And I think we all have a chance to digest those more from General to

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Select, and I'm hoping we'll be able to see if we need to make any additional changes to move this forward and address those real concerns. But again, Senator Kauth worked in good faith with labor on this at the committee level, most notably members from IBEW. And I appreciate that, and that needs to be recognized. And I also think that we need to allow the process to play out. If somebody has concerns during various rounds of the debate, now is the time to bring them forward if they weren't present at the committee level for whatever reason. And recognize that a great labor leader in Nebraska is, is also getting up to speed in a new role here. So thanks, Mr. President-- Madam President.

**DeBOER:** Thank you, Senator Conrad. Seeing no one else in the queue, Senator Kauth, you are recognized to close on your bill. She waives her closing. The question before the body is the advancement of LB847 to E&R Initial. All those in favor, vote aye. All those opposed, vote nay. Record, Mr. Clerk.

**ASSISTANT CLERK:** 38 ayes, 0 nays on the advancement of LB847, Madam President.

**DeBOER:** LB847 advances. Mr. Clerk for the next bill.

**ASSISTANT CLERK:** Thank you, Madam President, General File, LB1235. It's a bill for an act relating to medical cannabis. To change and transfer provisions of the Nebraska Medical Cannabis Patient Protection Act and the Nebraska Medical Cannabis Regulation Act; to provide for a registry of patients and caregivers; to provide for a directory of healthcare practitioners; to provide duties for healthcare practitioners; to provide licensure and fees; to provide powers and duties for the Nebraska-- Nebraska Medical Cannabis Commission; to provide rules and regulations, penalties, discipline, appeals, and authority to recall unsafe and mislabeled cannabis; to provide for taxation of sales of medical cannabis and distribution of the revenue; to remove medical cannabis from marijuana and controlled substances tax; to harmonize provisions; and repeal the original sections; and to declare an emergency. The bill was first read on January 21st of this year. It was referred to the Committee on General Affairs. That bill report-- that committee reports the bill to General File. There are committee amendments, Madam President.

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**DeBOER:** Senator Holdcroft, you are recognized to open. He waives his opening. As the Clerk indicated, there are amendeds-- amendments from the General Affairs Committee. Senator Holdcroft, as chair of the committee, you're recognized to open.

**HOLDCROFT:** Thank you, Madam President. I rise today to introduce LB1235 as amended by committee amendment AM2178. This amendment reflects the careful work of the committee to consolidate and refine three related measures, LB1235, LB1085, and LB1128 into one comprehensive bill. Together, these provisions promote regular-- regulatory clarity, public safety and responsible governance in areas that directly affect communities across Nebraska. LB1235 formally establishes the Nebraska Medical Cannabis Commission to regulate individuals and entities that possess, manufacture, distribute, deliver, and dispense medical cannabis. The commission will consist of three members of the Nebraska Liquor Control Commission serving as ex officio members along with up to two additional members appointed by the Governor and confirmed by the Legislature. Appointed members will serve six-year, six-year terms and receive an annual salary of \$12,500. LB1235 also creates the Nebraska Medical Cannabis Commission Cash Fund. This fund will receive legislative transfers in revenues collected under the act excluding civil penalties, and will be used solely for administration and enforcement. The commission is authorized to establish application and registration fees with a maximum fee of \$50,000. In addition, all initial applicants must submit fingerprints for a National Criminal History Background Check. These provisions are intended to ensure transparency, accountability, and strong regulatory oversight. AM2178 also incorporates LB1085, introduced by Senator Clouse, which makes targeted updates to the Nebraska Liquor Control Act. Senator Clouse, will you yield to a question?

**DeBOER:** Senator Clouse, will you yield?

**CLOUSE:** Yes, I will.

**HOLDCROFT:** Senator Clouse, can you tell us more about your bill?

**CLOUSE:** Yes, I will. Thank you, Madam President, Senator Holdcroft, colleagues. My original bill, LB1085, is now incorporated into AM2178, contained within Sections 1, 3, and 4 of the amendment. First, Section 1 of AM2178 is the definition of bottle club, and it's defined. Under

current status, a bottle club definition includes the language for the express purpose of consuming alcoholic liquor. This language is problematic because any of the bottle clubs are arguably not organized for the express purpose for the consumption of alcohol, and they have different reasons for individuals to congregate. For example, the bottle club could be organized for purchases of a car club or a strip club, things of that nature, providing a loophole for these clubs not to be licensed. The intent of this change is to clarify that if there is a private club that allows individuals to congregate and consume alcohol, then it needs to be licensed within the Liquor Control Act. Secondly, Section 3 allows for consideration of whether the applicant or any affiliates are delinquent on any federal, state, or local taxes. This is a factor that should be specifically considered for retail applications. It is an indicator of whether the applicant is undergoing best business practices and can comply with the law. Applicants that are delinquent should, should be a specific factor where the license should or should not be issued. And finally the last change within Section 4 should harm-- would harmonize the penalty of sale of re-- at retail of alcohol without a license to that of manufacturing alcohol without a license. If a person or business is selling alcohol without a license, it is clearly intentional. This change harmonizes or matches anyone who manufactures or retails without a license. Offering sale of retail without a licensing is problematic for the public safety and welfare of our communities. In conclusion, LB1085 as amended was voted 8-0 out of committee to be amended into 20-- excuse me LB2135. I urge your green vote on both the amendment and the underlying measure. Thank you.

**HOLDCROFT:** Thank you, Senator Clouse. In addition, AM2178 includes LB1128, introduced by Senator Dover, which creates a consumption-only entertainment district license. This allows local governing bodies to designate specific areas within an entertainment district where alcohol may be consumed but not sold. Businesses in those areas may apply for a \$25 license. While they may allow patrons to carry in alcohol purchased elsewhere, they may not sell or serve alcohol and must comply with all applicable laws, including prohibitions on underage drinking. This provision gives communities flexibility to support economic activity while maintaining appropriate safeguards. LB1235 as amended-- as amended, LB1085 and LB1128 were all advanced from General Affairs Committee on a unanimous 8-0 vote, reflecting broad agreement on their merits. Colleagues, LB1235 as amended by

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AM2178, brings clarity and structure to the implementation of medical cannabis regulation, strengthens compliance without-- within our labor laws, and provides measured flexibility for local communities. I respectfully ask for your consideration and advancement of LB1235 as amended. Thank you, Madam President.

**DeBOER:** Thank you, Senator Holdcroft. Senator John Cavanaugh, you're recognized.

**J. CAVANAUGH:** Thank you, Madam President. I rise in support of AM2178 and LB1235, and I do really appreciate the work of Chair Holdcroft on this bill. And I just wanted to make a few things clear about this. Obviously, I support Senator Clouse's portion. And if I remember right, Senator Dover has a portion about the, the entertainment districts that affects Norfolk's, which I really I'm a big supporter of the Norfolk entertainment districts. So important things to understand when we're talking about the cannabis laws. So the ballot initiatives came in two parts, and then were enshrined in statute in two separate sections. There's 71-24,103, Nebraska Medical Cannabis Patient Protection Act, and that is 21,103 through 21-- I'm sorry, 21-24,103 through 21-24-- 71-21-- 71-24,105. And then, beginning at 71-24,106 is the Nebraska Medical Cannabis Regulation Act, and that's from 71-24,106 through 71-24,111. And so I know that's a lot of numbers to recite at you, but what's important to understand is there are two distinct sections of the act that are affecting cannabis. There is the amount-- the regulation for patients and their ability to possess and doctors to recommend is the Patient Protection Act, which is the first portion. Then there's the second portion, which creates the Regulation Act, and that affects-- the commission has the ability to regulate the growing, the manufacture, the distribution of cannabis. LB1235 as amended with AM2178 affects only that second portion. So it makes amendments to 71-24,106 through 71-24,111. And so that is entirely within just the, the age-- or the Medical Cannabis Commission authority and regulation. So it does not grant new authorities to the commission over the patients and the doctors, and that's a really important distinction to make. And that's one of the reasons this bill is not controversial, is that there is some disagreement about who should be recommending, what they should be recommended for, and what types of cannabis they should recommending. This does not give new authority to the commission to do those-- extend its authority into that area, and it does not restrict patients' or doctors' authority. There is work to be done on those

issues. I have a bill that was reported out of General-- or of HHS today, LB933. So it will be on the floor. We can have that conversation about how we want to best address the medical portion of this. But this is just about the distribution and regulation of distribution and sale. So to go to the bill itself, under the first part, so Section 6 of the bill, and it addresses-- adds a section that each member of the commission shall be paid an annual salary of \$12,500. As Senator Holdcroft just pointed out, there are three members of the Liquor Control Commission and two additional members. We did have this conversation in committee that the Liquor-- the members of Liquor Control Commission will be paid as members of the Cannabis Commission and as members of the Liquor Control Commission. As we've seen, there's a lot of new work required for those folks. And then the second, Section 7, Nebraska Medical Cannabis Commission Cash Fund is created. The fund shall consist of transfers from the Legislature, fees, gifts, grants, other money, excluding civil penalties received. And so with this, the commission creates this fund, and then they can use this fund for the administration and enforcement of the Cannabis Regulation Act. Again, I'm gonna run out of time, so I'll push my light. But again, this is specific just to the regulation of-- they can only use this money for the regulation of the manufacturer, the growing, and the distribution. Not to regulate patients, not to regulate doctors. And then all money in the Nebraska Medical Cannabis Commission Cash Fund is available for investment and shall be invested. I'm gonna, really gonna push my light here so I can talk again. Actually, Senator Dungan, would you mind getting out so I could keep going, and then you can ask your question afterwards? Thank you, it's very kind. So the commission may by rule and regulation provide for a schedule of fees related to the administration, application, registration and renewal of registration. No fees shall exceed \$50,000.

**DeBOER:** Time. And you're next in the queue.

**J. CAVANAUGH:** Thank you, Madam President. See how I choreographed that. Thank you. So again, what that is, it sets a fee maximum of \$50,000. They can set a fee less than that for each level of application or registration that they, the commission, has authority over. So a grow license, a manufacturer's license, and a distribution license. So they can set those fees for each of those. They could set it as high as \$50,000. They could set as low as \$10,000. This is an opportunity for the commission to bring in some revenue to self-fund,

which is what a lot of agencies have done. I think \$50,000 is probably too high for a license. I've heard from some of the folks in the industry that \$50,00 is too high. I would suggest that we set it at a lower amount than that and they could come back and ask to raise it. But in the, you know, interest of the grand bargain of compromise, I'm not raising that issue, I'm just sincerely pointing it out. So then we have Section 9, the commission shall require an applicant for initial issuance of a registration to submit to legible sets of fingerprints so they can do a background check. And so this is the commission, shall require applicants-- these are applicants for those licenses. And then the applicant shall authorize release of their background check. And so again, these are licenses for the growing, manufacturer, distribution. So it's not licenses for to be a prescriber, it's not a license to be pa-- a patient. So there are-- they allow for a background check. And then-- oops, phone buzzing, sorry. There is one other part I wanted to make sure I hit on, which is that-- oh, so the registration and renewal of registrations. So the registration is the, the folks who are-- it's a registry of the manufacturers, of the distributors, of the, the growers. This is again, not a registry of patients, it's not a registry of doctors. It's important to make this distinction because there has been-- the commission has created regulations that assert that they can have a registry of patients, that asserts they can have doctors register to be prescribers. This is not something that's in their authority, it is not in the statute, it is not-- was not in the ballot initiative, and it is in this bill. This bill does not extend that additional authority to the commission to create a registry of patients or providers. It allows them to require registration for the manufacture, distribution, and growth-- growing of cannabis. So the reason I support this bill is because it does give the commission some more resources to continue to do its job. It does give some more certainty to those growers, manufacturers, and sellers. I do think we need a bill that is going to provide patient protections, that's going to provide doctor protections, that's-- this bill it's not going to solve the problems we see in the current marketplace, which is that patients in Nebraska still, a year and a half after the voters passed by 71% medical cannabis, the patients in Nebraska are still not able to access medical cannabis. So there is work to be done on this issue. This bill is not, not a step backwards. I do think that it is, if anything, a, a small step in the right direction. And I think that I support this bill because it is not taking away any patients' rights and it's not taking away any

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doctors' rights, and it is just creating a little bit more structure around the commission. I would say if you are a supporter of the voters and of cannabis being available and regulated and continues to be medical, you should vote for my bill, which we can talk about at a later date. And so if you have any questions, I'm happy to answer them about this section of the bill. And thank you, Mr.-- Madam President.

**DeBOER:** Thank you, Senator John Cavanaugh. There is an amendment to the committee amendments, Mr. Clerk.

**ASSISTANT CLERK:** Thank you, Madam President. Senator Clouse, I have AM2354 with a note that you wish to withdraw.

**CLOUSE:** Yes.

**DeBOER:** Without objection, so ordered. Returning to the queue, Senator Dungan, you're recognized.

**DUNGAN:** Thank you, Madam President. Colleagues, I do rise in favor of AM2178 and LB1235. As he has sometimes want to do, Senator John Cavanaugh said some of the things I was going to say. But I did want to clarify at least one thing on the record to make sure it's clear in the event that we do have to look back on this hearing at any point in the future. I was wondering if Senator Holdcroft would yield to a question.

**DeBOER:** Senator Holdcroft, will you yield?

**HOLDCROFT:** Yes.

**DUNGAN:** Thank you, Senator Holdcroft. And this is what I asked you about off the mic, so just to make sure it's clear on the record, nothing in AM2178 or LB1235, in your mind, qualifies as an appropriation for the Cannabis Commission to establish a patient registry, correct?

**HOLDCROFT:** That's correct, there's nothing in this bill-- possibly in an earlier version of this bill, but this one only does four things, it establishes a salary, a cash account, it also allows for fingerprints, and I've lost the fourth thing that it does.

**DUNGAN:** But it's not establishing that patient registry.

**HOLDCROFT:** No.

**DUNGAN:** OK, thank you, Senator Holdcroft. I appreciate that. Colleagues, I just want to make sure that's crystal clear. I know there'd been some cross debate about that in prior iterations of the bill. I do support the efforts here to ensure that there are certain mechanisms in place for the commission to continue to attempt to achieve our goals of recognizing the will of the people as it pertains to medical cannabis. I will continue to support making sure the voice of the people is heard on that and doing everything we can to effectuate full enactment of those ballot initiatives. And I think this is one step at least towards honoring that. There's a lot more we can do, but I appreciate Senator Holdcroft and his work on this bill, and I do encourage your green vote on AM2178. Thank you, Madam President.

**DeBOER:** Thank you, Senator Dungan. Senator Spivey, you are recognized.

**SPIVEY:** Thank you, Madam President. I just wanted to get up and say a few remarks, and I appreciate the conversation from Senator Dungan and Cavanaugh. Also the little mentorship thing that y'all had going on, too. I think that is always very entertaining to watch. But this conversation came up specifically around LB1235 in Appropriations because we were looking at, again, all of the agencies, and they were asking for more cash fund increase. And we were specifically talking about what were the fees, how are they assessing, and the structure. And so, again, Appropriations sees a very broad view of the total package because we appropriate each branch of government. And we knew that there was some unfinished business around what some of these regulations needed to look like, and so we were waiting for this bill to come up, and just to see, again some of that conversation for the work that was in front of our committee. And so I appreciate the work that General Affairs Committee has done, and Chair Holdcroft, on this. I appreciate answering the questions around the fees and what it does and doesn't do, because that was also some of the questions I specifically raised in Appropriations of how does this operationalize? What is the regulations that they are looking at and, and what still needs to be unpacked? And so I appreciate Senator Cavanaugh also naming that that is in a separate bill, some of those other pieces and this is really just around structure and allowing the will of the people to happen in a way that is organized and makes sense and for it to keep moving. And so I am in support of AM2178, LB1235, and I

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appreciate the specific conversation to make sure it's clear. Because where bills go is sometimes you don't always get to see the full conversation, and so I really appreciate that on the mic. Thank you, Madam President-- President.

**DeBOER:** Thank you, Senator Spivey. Senator Holdcroft, you're recognized to close on your amendment.

**HOLDCROFT:** Thank you, Madam President. Yes, I remembered the four things. First, salary, then it authorizes them to collect fees for licenses, gives them a cash account for them to be able to hire staff and computers, and finally authorizes them to connect fingerprints for applications. And so three good bills and, again, they all came out of committee 8-0. And I would appreciate your green votes on AM2178 and LB1235. Thank you, Madam President.

**DeBOER:** Thank you, Senator Holdcroft. The question before the body is the adoption of AM2178 to LB1235. All those in favor, vote aye. All those opposed, vote nay. Record, Mr. Clerk.

**ASSISTANT CLERK:** 40 ayes, 0 nays on the adoption of the General Affairs Committee amendment, Madam President.

**DeBOER:** The amendment is adopted. Senator Holdcroft-- Mr. Clerk.

**ASSISTANT CLERK:** Madam President, Senator Holdcroft, I have AM1889 with a note that you wish to withdraw.

**DeBOER:** Without objection, so ordered. Senator Holdcroft, you're recognized to close on the bill. Senator Holdcroft waives his closing. The question before the body is the advancement of LB1235 to E&R Initial. All those in favor, vote aye. All those opposed, vote nay. Record, Mr. Clerk.

**ASSISTANT CLERK:** 40 ayes, 0 nays on the advancement of the bill, Madam President.

**DeBOER:** The bill is advanced. Mr. Clerk for the next bill.

**ASSISTANT CLERK:** Madam President, General File, LB1155, introduced by Senator Dorn. It's a bill for an act relating to legislative oversight. To change provisions relating to access to records of juvenile probation officers and an annual report under the Legislative

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Performance Audit Act; to change the provisions of the Office of Inspector General of the Nebraska Child Welfare Act and the Office of Inspector General of Nebraska Correctional System Act; to change provisions related to audits involving tax information and room confinement of a juvenile in a juvenile facility; to harmonize provisions; and to repeal the original sections. The bill was first intr-- first read on January 20th of this year. It was referred to the Executive Board. The Executive Board refers the bill to General File. There is a committee amendment, Madam President.

**ARCH:** Senator Dorn, you're recognized to open on the bill.

**DORN:** Thank you, Mr. Speaker. LB1155 is the Legislative Oversight Committee priority bill. It makes several minor changes to the statutes governing the work of the Legislature [SIC] Oversight Division. These updates are intended to make the division more efficient and effective. This bill would require the committee chair's approval of the Legislative Audit Office's annual report, rather than the full committee, to streamline the process. The report provides updates on previous audit recommendations, which are already regularly shared with committee members by the office. LB1155 would also provide auditors secure remote access to Department of Revenue files during recurring tax incentive audits. This change mirrors practices adopted during the pandemic by Revenue for their staff, which would allow the Audit Office to work from their own office while eliminating the need for the department to provide dedicated office space or hardware to the auditors. Under current law, the Oversight Committee chair may request that the Office of the Inspector General to close confidential information. However, in practice, it is difficult for the chair to identify what specific information requires review. Under LB1155, the Inspector General and the Director of Legislative Oversight would make these disclosures decisions together. Since the IG already has access to the information, they are better positioned to understand what requires the chair's input. Specifically, LB1155 would allow the Inspector General's offices to share confirm-- confidential information regarding developments in the child welfare or corrections systems with the committee chair, Executive Board chair, or subject matter chair-- committee chair when both the Inspector General and the division director determine it is necessary to keep the Legislature well-informed. The bill also adds language to those sections that clarify that any shared confidential information remains confidential and cannot be disclosed. LB1155 would make a minor change to the

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Inspector General of Correctional Services annual report deadline. The due date would move from September 15th to October 15th. This adjustment allows the OIG to incorporate data from the Department of Correctional Services annual restrictive housing report, which is due to the Legislature by September 15th. This suggests LB1155 also makes several changes to the work of the Office of Inspector General of Child Welfare. Two of these changes are small cleanups from last year's LB298. Clarifies that the probation administrator must provide records to the OIG within five business days when requested for an investigation. This update specifies that the five days currently in the statute refers to business days. It also adds the juvenile justice system to the intent language of the OIG's act to ensure consistency. Finally, the Executive Board amendment, AM1903, replaces Section 10 of the original bill and updates the juvenile room confinement statues. Specifically, AM1903. It simplifies and standardizes reporting facilities would report to the Division of the Legislative Oversight rather than the posting reports on the Legislature website. The reporting format for the facilities will be determined by the division to ensure consistency for data analysts. Centralizes data analysts' responsibilities for reviewing juvenile room confinement data will shift to the Division of Legislative Oversight as a whole. This allows the OIG to utilize the Audit Office expertise, resulting in a more efficient use of resources and enhanced oversight. LB1155 advanced unanimously out of the Executive Board, and there were no oppositions to the bill at its hearing. I would ask that this body give favorable consideration to AM1903 and then LB1155. Thank you. I guess I just reported on the amendment. So thank you.

**ARCH:** As the Clerk indicated, there is a committee amendment. Senator Hansen, you're recognized to open.

**HANSEN:** Thank you, Mr. Speaker. And thank you, Senator Dorn, for taking my job for me. So but I will briefly touch on the amendment, since that's my only job here. AM1903 makes a practical adjustment. Instead of facilities submitting quarterly reports directly to the full Legislature, they will now send them to the Division of Legislative Oversight. This division, which includes the expertise of the Inspector General of Nebraska Child Welfare and the Legislative Audit Office, is best equipped to analyze this data rigorously. The amendment also empowers the division to determine the report format, ensuring consistency and usability. Finally, it tasks the division with reviewing the data and issuing an annual report to us

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highlighting trends, policy recommendations, and evidence-based practices to reduce unnecessary confinement. I urge you to adopt AM1903 and advance LB1155 to Select File. Thank you, Mr. Speaker.

**ARCH:** Seeing no one in the queue, you're recognized to close, Senator Hansen. Senator Hansen waives close. The question before the body is the adoption of AM1903. All those in favor, vote aye. All those opposed, vote nay. Mr. Clerk, please record.

**ASSISTANT CLERK:** 36 ayes, 0 nays on the adoption of the amendment.

**ARCH:** The amendment is adopted. Turning to the queue, Senator Spivey, you're recognized to speak.

**SPIVEY:** Thank you, Mr. President. Good evening again, colleagues. I just wanted to rise and just give a couple notes on the record about this bill. I appreciate Senator Dorn working with him on the amendment around some language. I actually had an interim study around restrictive housing from a bill that I had introduced last session, LB99, for adults, but it was combined with youth because of the OIG's report. And I do thank Chair Bosn of Judiciary for scheduling that and allowing time for us to really unpack restrictive housing in general for adults and juveniles, because it's so important. And so I just wanted to give just again a couple of things on the record as we continue to talk about our, our justice system, the dollars that we spend and the processes. But again, I, I voted for the amendment and I support LB1155 and appreciate Senator Dorn for taking my amendment and working through that and having really great conversations off the mic. And so through that legislative hearing, which is in the interim, and so for the folks that are watching, I put in an LR specifically around LB99 because of the questions that were raised during the session about restrictive housing. And then the OIG report came out around juveniles, so I asked Chair Bosn of Judiciary, can we combine these to have, again, more of an intentional space? Because in session, things are very hectic. You don't have a lot of time to unpack. But I think it's really important to talk about the "little p" policy and practices inside of these facilities and the difference that it makes, because we know that there are mental health and other implications. And so because data is important, we have data from the OIGs that talk about the trends of restrictive housing or room confinement is, is how they talk about it at the juvenile level. So kids can have restriction within their room if they-- is for safety,

medical reasons, safety of staff, so on and so forth. And some of the things that again I think are important that I want to uplift again and just get in the record is that when they're looking at the data, they look at the total incidents, and then they start to disaggregate the data based on other criteria and information. So you have the average time of confinement per incident in '22-23, it was 19 hours. '23-24, 20 hours. '24-25, 15. So that you can see that there is a trend down of these young people are confined, there's some intervention, they're able to be removed from restrictive housing. That is beneficial. We did see a rise in the total incidences of confinement, however. '22-23, it was 2,900. '23-24, 5,800. And then '24-25, 8,400. So again, I think we need to be asking ourselves this question, and when the OIG puts out the report, why are we seeing the need for more uses of this room confinement, and what does it look like? Because we know the implications, especially around behavioral health, that happen. Some of the other pieces that I think are important to uplift are also around the age of the young people that are being confined. So in fiscal year '24-25, it's in alignment with past years. Older youth were generally confined more often than younger youth, with 17-year-olds being the most confined, closely followed by 16-year-olds and 15-year olds. And so again, I think as we talk about what we're learning, how the agencies are operationalizing this "little p" policy, what are the strategies that need to be in place around this population. Especially those that may be going from youth facilities to adults or going from a youth facility back home, because that age is more vulnerable to have issues of recidivism and then getting into our adult system. And then in past years it's mostly males who are confined. Males are those that are most-- punched back in so I can just finish my thought, as my time is running out-- make up for the majority of kids that are in detention facilities, but are confined more. And so again, having a stratified approach to that is important. The last thing that I want to lift up is additionally, as you look at the data, they disaggregate by race. And so when you look the race, black and white youth were confined much more than any other race, with black youth once again being confined the most by a slightly greater margin for the nes-- for the next most frequently confined race in the previous year, which we know that black male youth are disproportionately detained in general. So we make up a smaller percent of the population, are detained more, and then we see

that for room confinement, again, we need to think about the "little p" policy and what's happening. That is--

**ARCH:** Time, Senator, and you are next in the queue.

**SPIVEY:** Thank you, Mr. President. Just need to finish my thought, and then I know we will take a vote on this. And so, again, I just wanted to uplift that. That is important because without this data and being able to disaggregate by race and other demographics, we're not able to think about the policy that is needed, like what Senator Dorn has brought in front of us, this measure, and we're not able to think about how do we continue to work with these agencies to refine. The last thing that I will say that I think is important as it relates to this is there's conversations that will be in front of us about the YRTC's, some changes with that, and then NCYF, which is in District 13, that are really important. And so as we are thinking about this specific measure, LB1155, as it relates to room confinement and how it's working, there will be a larger conversation that we also have to make sure that we are positioning and understanding around the young people and the proposal of that move with YRTC's, the impacts that it will have on their education, as well as their treatment, which is vitally important because YRTC's are seen as a place for more intentional rehabilitation so young people can come back home to be successful. And then the moving of young folks that are charged as adults into a system that will further institutionalize them and really go against evidence-based practices of how they're placed and where they're housed. And so, again, I appreciate Senator Dorn and the approach around LB1155 in addressing some cleanups for restrictive housing, and there will be larger conversations in front of us that we have to lean into around some of these practices that I think the body should also be aware of and start to engage in. So with that, I thank you, Mr. President.

**ARCH:** Seeing no one in the queue, Senator Dorn, you are recognized to close on LB1155. Senator Doren, waives close. Colleagues, the question before the body is the advancement of LB1155 to E&R Initial. All those in favor, vote aye. All those opposed, vote nay. Mr. Clerk, please record.

**ASSISTANT CLERK:** 41 ayes, 0 nays on the advancement of LB1155, Mr. President.

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**ARCH:** LB1155 advances to E&R Initial. Mr. Clerk, next item.

**ASSISTANT CLERK:** Mr. President, LB895 [SIC-- LB985], introduced by Senator DeBoer. It's a bill for an act relating to the Nebraska Probate Code; to amend Sections 30-2628, 30-2655; to change provisions relating to guardians and conservators; and to repeal the original sections. The bill was first read on January 12th of this year. It was referred to the Committee on Judiciary. That committee refers the bill to-- places the bill on General File. There are committee amendments, Mr. President.

**ARCH:** Senator DeBoer, you're recognized to open on LB985.

**DeBOER:** Thank you, Mr. President. Hello, colleagues. I'm excited today to be opening on LB985. I want to first thank Senator-- or Speaker Arch for designating LB985 a Speaker priority, and for the Judiciary Committee for voting out LB985 on an 8-0 vote, showing the importance of these changes. LB985 makes various changes to our guardianship and conservator statutes to better protect those under guardianship in Nebraska. For those who might be unaware, a guardianship is a court order which restricts the rights of the individual under the guardianship, often referred to in our statutes as a "ward." The person under the guardianship essentially has no rights over their life. The guardian determines-- determines where their ward lives, the jobs they may or may not have, how to spend money, among other decisions. Putting someone under guardianship is an incredibly serious step, and those under guardianship deserve some basic protections. Just over a decade ago, there was a guardian who served as a guardian for many people. Reports vary from just over 50 to over 200. And this individual stole thousands of dollars from their wards. The Legislature responded and enacted a series of laws to better protect wards, among those was the creation of the Office of Public Guardian, or OPG. In December this past year, we saw another instance of a guardian allegedly stealing from their wards. I introduced LB985 and LB1178 this year in response to that alleged abuse. Before you today is the combined proposal representing a guardianship package, if you will. Before I get to the specific of the bills, I want to take just half a second to make a request for those of you who will still be here in the coming years. LB985 is meaningful and real change for the lives of those under guardianship, but it is not the end. As a matter-- as a member of the Supreme Court's Commission on Guardianship and Conservatorship, I can tell you that there is still more that

needs to be done. At this point, we probably rely too much on full guardianships and don't utilize limited guardianships. There are standardized best practices we could and should implement in Nebraska, but don't yet have the ability or the buy-in to do so. My request is that you keep working on guardianship issues. There needs to be a comprehensive effort to evaluate our guardianship statutes because we need it. And the people under guardianship deserve it. And I hope one or more of you are willing to take this on. OK, now with respect to LB985. LB985 limits the amounts of individuals who can be served by one guardian to 20. Currently, private guardians can serve an unlimited number of individuals, while the guardians in the OPG have a limit of 20. LB985 proposes the same limit for conservators unless it is a corporate entity serving as the conservator, such as a bank. Guardians and conservators don't often have more than 20 wards under their care, but when fraud and abuse happens, it is made worse when a guardian or conservator has many under their care. The more individuals you serve, the more accounts you have access to, and the more you can bill for your services, the more money you can make and or embezzle. In order to limit the potential for this abuse, I believe the cap is necessary. Second, LB985 will ensure guardians-- individuals under guardianship can attend hearings, either virtually or in person. Our statutes do not allow virtual attendance of wards, minimizing their ability to participate in their own guardianship. A ward may have mobility issues or live in a facility far from the courthouse, making in-person visits impossible. Allowing virtual attendance ensures the ward the ability to participate in their case in a meaningful way. The bill also makes it clear it is the obligation of the guardian to facilitate the ward's attendance. The last major change in LB985 is a requirement that guardians monitor their ward. A report issued by Disability Rights Nebraska in 2024 highlighted that some wards who have been under guardianship for multiple years have never met their guardian. That's simply unacceptable. LB985 requires guardians to monitor their ward with at least one visit per quarter virtually or in person. There are special cases where visiting the ward might be difficult. The bill provides that if visiting is impossible, the guardianship-- the guardian can submit a log of attempted visits to the court to satisfy this requirement. There is one other minor change which was brought to me by the Nebraska State Bar Association. The intention is to address a continuity issue in terms of how challenges to guardianships and conservatorships are handled when compared to things like trusts and

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estate. All told, LB985 better protects those under guardianships and is an improvement on the current law. I urge you to support LB985, the committee amendment, and AM2024, an amendment to the committee amendment to address a few cleanup concerns that have been brought to my attention. Thank you, Mr. President.

**ARCH:** As the Clerk indicated, there is a committee amendment. Senator Bosn, you are recognized to open on the amendment.

**BOSN:** Thank you, Mr. President. Good afternoon, almost evening, members of the Legislature. In the interest of brevity and the fact that it's 4:57, I'm not gonna rehash everything. I think Senator DeBoer did a nice job of running through the original bill, that being LB985, as well as the bill that got amended into it. For those who'd like to see what that bill is, again, it was LB1178. So essentially, LB985 is now the two bills combined. That is AM2117. Very briefly, the three things that LB1178 does, clarifies that an alleged incapacitated person, ward minor, or protected person has the right to attend certain court hearings, either virtually or in person. Second, it codifies certain duties of guardians, including the requirement that they monitor the ward at least monthly, they maintain written records of visits, and maintain contact with care providers. Some of you may be scratching your head saying, why didn't we already require that? These things only come up because someone's not doing it. And here we are hoping to try to fix that problem. Third, this bill authorizes courts inappropriate guardianship and conservatorship proceedings to award costs and expenses, including reasonable fees as justice and equity can require. So it's reasonable limitations on the number of wards, ensures meaningful participation rights for wards and protected persons, it clarifies and reinforces guardian duties, and it provides courts with appropriate tools to ensure fairness in probate proceedings. I would respectfully request your support of both the amendment as well as the bill. And ultimately, Senator DeBoer, I believe, also has another amendment. Thank you, Mr. President.

**ARCH:** Mr. Clerk, for an amendment.

**ASSISTANT CLERK:** Mr. President, Senator DeBoer would move to amend the committee amendment with AM2424.

**ARCH:** Senator DeBoer, you're recognized open.

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**DeBOER:** Thank you, Mr. President. All the things that we've said that the bill does, this is what AM2024 [SIC] will ultimately include, because it's a white-copy amendment. It cleans up the language from the bill to better effectuate the changes we discussed. For example, we had done the cap in such a way that someone couldn't have more than-- they could have 20 and be cut off, if they had 20, from getting another 1. But if they had 21, then they could take other ones. We'd just written it wrong, so we fixed that. It ensures that wards can attend their hearings on guardianships virtually or in person, as I said, and that the guardians visit their wards. As I indicated at the end, there were folks who had concerns about the language introduced in the white-- or in the green copy of LB985 and LB1178. I worked with folks to fix this, and the amendment addresses those concerns. Please vote green on AM2424, the committee amendment and the underlying bill. Happy to answer any questions.

**ARCH:** Seeing no one in the queue, Senator DeBoer, you're recognized to close. Senator DeBoer, waives close. Colleagues, question before the body is the adoption of AM2424. All those in favor, vote aye. All those opposed, vote nay. Mr. Clerk, please record.

**ASSISTANT CLERK:** 39 ayes, 0 nays on the adoption of the amendment, Mr. President.

**ARCH:** AM2424 is adopted. Senator Bosn, you are recognized to close on AM2127 [SIC]. Senator Bosn, waives close. The question before the body is the adoption of AM212-- excuse me, AM2117. All those in favor, vote aye. All those opposed, vote nay. Mr. Clerk, please record.

**ASSISTANT CLERK:** 37 ayes, 0 nays on the adoption of the amendment, Mr. President.

**ARCH:** The amendment is adopted. Senator DeBoer, you're recognized to close on LB985, and she waives close. The question before the body is the advancement of LB985 to E&R Initial. All those in favor, vote aye. All those opposed, vote nay. Mr. Clerk, please record.

**ASSISTANT CLERK:** 39 ayes, 0 nays on the advancement of LB985, Mr. President.

**ARCH:** LB985 advances. Mr. Clerk, next item.

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**CLERK:** Mr. President, General File, LB835, introduced by Senator Jacobson. It's a bill for an act relating to the Secretary of State; changes and eliminates provisions relating to fees, notices of liens under the Uniform Federal Lien Registration Act and the Unformed State Tax Lien-Registration Enforcement Act, central filing system, effective financing statements, the master lien list, and filed records under the Uniform Commercial Code; harmonizes provisions; repeals the original section; outright repeals Section 52-1301. The bill was read for the first time on January 8th of this year, and referred to the Banking, Commerce and Insurance Committee. That committee reported the bill to General File, Mr. President.

**ARCH:** Senator Jacobson, you're recognized to open on LB835.

**JACOBSON:** Thank you, Mr. President. And good afternoon-- good evening, actually, colleagues. Today, I'm asking for your green vote on LB835. LB835 is about bringing Nebraska's administrative system into the 21st century. Many of our current statutes were written for a world of paper files and manual indexing, a time when documents were physically transmitted from one office to another. This bill updates these processes to reflect how businesses move today, digitally, in bulk, and at high speed. By passing this bill, we are ensuring the Secretary of State's Office can manage data efficiently while maintaining the flexibility needed to keep pace with evolving technology. The heart of this bill addresses how the Secretary of State handles and charges for information. For years we relied on a volume-based pricing model, charging \$15 per 1,000 records. This bill moves us towards a modern flat-fee subscription model for bulk data. This isn't just a fee change. It's a shift in how we prioritize data-- digital data management over manual processing. The bill clarifies that information obtained through the bulk request is for reference only. This ensures that high-volume data users don't inadvertently receive the same legal protections intended for those using the formal verification system for farm product liens. We also remove outdated price caps, such as the \$2,000 limit on a batch image request, which will allow the Secretary of State's Office to scale fees appropriately based on the actual volume of data being managed. We are also updating the terminology and the mechanics of the filing process. For example, we are replacing the word "transmitted" with "provided." While that sounds like a minor change, it actually is a vital one that allows for modern system-to-system data sharing rather than relying on legacy delivery methods. We're also moving away from rigid manual entry

requirements. Currently staff is required to record specific data, data addresses or Social Security numbers in a strict alphabetical order. In an era of digital search tools, these manual rules are obsolete. This bill allows us to move towards a framework where metadata is captured automatically. Additionally, this bill makes filing and indexing fees non-refundable. This ensures the Secretary of State can cover the administrative cost of processing a record the moment it is presented, regardless of whether that file is later withdrawn or rejected. Finally, the bill provides the Secretary of State with the authority to manage the central filing system more flexibly. We are moving away from fixed annual fees that are set in stone by statute and moving towards a consolidation regis-- consolidated registration model. This simplifies the cost structure for our buyers and agents, replacing a complicated multi-tier system with a single capped annual fee for access to the master lien list. This bill is about efficiency, flexibility, and fiscal common sense. It ensures that Nebraska remains a technically-- technologically-neutral state where the Secretary of State's office can serve the public and the business community without being tethered to 1990s era's regulations. Again, I appreciate your vote for this important bill. Thank you, Mr. President.

**ARCH:** Turning to the queue, Senator Andersen, you're recognized to speak.

**ANDERSEN:** Thank you, Mr. President. Would Senator Jacobson yield to a couple of questions?

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

**JACOBSON:** Yes, I would.

**ANDERSEN:** Thank you, Senator Jacobson. In your-- in the bill, it has the initial filing fee of \$800, the monthly update, \$800, and then weekly update of \$300. Can you provide a little background on those fees?

**JACOBSON:** I really can't give a lot of background in terms of, I, I don't get into the nitty-gritty in terms how we've used it. But at the end of the day, what the Secretary of State has done as we visited about the pricing of this. It's that we're trying to get to a model where we're going to see synergies with volume and we're, we're

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pricing it, it's being priced in such a way that they can do the upfront work to bring-- to get the records available and get them transmitted and then pretty much like burning the CD, the future, the rest of them are cheaper. So, I would tell you, as I talked to banks who use this system quite frequently, as banks have evaluated it, many of them think that there will have some savings. Some see their fees slightly higher, but at the end of the day, it really kind of fits the modern era of how we transmit data.

**ANDERSEN:** All right, so it's really kind of bulk transmit of the data as opposed to individual pages and all that?

**JACOBSON:** Right. The individual pages are, as you can imagine, more manual--

**ANDERSEN:** Sure.

**JACOBSON:** --people involved and more expensive.

**ANDERSEN:** OK, but the expectation is that the cost will be basically the same on the fees, from--

**JACOBSON:** Exactly.

**ANDERSEN:** --it is now. OK. When it talks about the, the UCC database records at 45 cents per page, it limits-- or it removes the limit of \$2,000 per request. Just kind of curiosity, it also says that the, that these fees are paid even though the service is self-service on the Internet. So if it's self-service, then why are they paying 45 cents a page?

**JACOBSON:** Well, I think what you're looking at is if it's coming from the Secretary of State, depending on who is requesting the data, this is data that you can rely on as being acc-- accurate data as opposed to going on the Internet and not sure whether it would be. So I think that's one reason for that.

**ANDERSEN:** OK. Last question, on page 10, line 17, it talks about the fee set by the Secretary of State's Office. It doesn't list the fee. Is there a master list for what the fees are and when they're updated and who can change them and all that, or is that arbitrarily done by the Secretary of State?

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**JACOBSON:** I think they set that based upon what their costs are, yes.

**ANDERSEN:** All right, thank you.

**JACOBSON:** Thank you.

**ARCH:** Senator Guereca, you're recognized to speak. Seeing no one in the queue, Senator Jacobson, you are recognized to close on LB835. Senator Jacobson waives closing. The question before the body is the advancement of LB835 to E&R Initial. All those in favor, vote aye. All those opposed, vote nay. Mr. Clerk, please record.

**CLERK:** 36 ayes, 0 nays on the advancement of the bill, Mr. President.

**ARCH:** LB835 does advance. Mr. Clerk, next item on the agenda.

**CLERK:** Mr. President, LB1205, introduced by Senator Clouse. It's a bill for an act relating to the Department of Economic Development; changes the requirement relating to small business investment program; repeals the original section. The bill was read for the first time on January 21st of this year, and referred to the Banking, Commerce and Insurance Committee. That committee placed the bill on General File.

**ARCH:** Senator Clouse, you're recognized to open on LB1205.

**CLOUSE:** OK. Thank you, Mr. President. Good evening, everyone. This is our lucky day because I had so many handouts to hand out to talk about this bill, but it's all down in my office so I'm just going to go off my speaking points. And thank you, Mr. Speaker for putting this as part of the priority bill. LB1205 relates to the Microenterprise Assistance Program, which is one of five programs in the Business Innovation Act. And it focuses on loans and technical assistance to small businesses across the state to facilitate economic growth. LB1205 amends the Microenterprise statute, which sets a range up to \$3 million annually to be appropriated to the program to support successful efforts by Nebraska entrepreneurs. The change on this bill is a one-word change, and it's simple. It's the word "may" is changed to "shall" in reference to the distribution of funds within the Business Innovation Act. There are no additional funds requested and no fiscal impact. LB1205 ensures that, of the \$15 million disbursed through the Business Innovation Act program, \$3 billion is allocated to the Microenterprise Innovation Act, which is the only program that focuses on small businesses. So I believe investing in Nebraska and

promoting economic development are critical parts of our jobs as state senators. LB1205 is an example of both-- of enabling small businesses to sprout and thrive all across the state. Almost-- for almost 30 years, Nebraska Microenterprise Assistance Program has provided loans to small businesses with 10 or fewer employees while also providing technical assistance enabling those ventures to grow and prosper. The program was one of five in the Business Innovation Act, as I mentioned, and the only part of the act that specializes in these small operations that make up 70% of all businesses in the state. It has a track record of proving its worth by attracting additional private and federal investment capital and creating jobs. LB1205 protects this successful economic tool and ensures that it will continue into the future by establishing a base of funding of up to \$3 million annually. That level of funding matches what has been utilized in recent years. This year, the Governor has committed to support the Business Innovation Act with an overall \$15 million annual funding stream out of the Department of Labor. My bill will reinforce that commitment by ensuring that small business loans are funded at current levels and continue into the future. And I believe over close to 30 years of the Microenterprise Assistance Program, every legislative district has benefited. It's our job to keep the program working to support our communities and Nebraskans with these small business loans. LB25-- LB1205 was voted out of Committee 8-0 and it had no opposition during the hearing, and has no fiscal note. I respectfully urge your green vote on LB1205, to recognize the benefits of the Business Innovation, Innovation Act and the importance of small businesses. And we will have a small-- a minor amendment changing the date and maybe some wording that we're working on down in my office at this point talking about if there are any excess funds left in that that's not used up to that \$3 million. So there will be an amendment coming on Select File. So with that, I ask for your green vote. Thank you.

**ARCH:** Seeing no one in the queue, Senator Clouse, you are recognized to close on LB1205. And Senator Clouse waives close. The question before the body is the advancement of LB1205 to E&R Initial. All those in favor, vote aye. All those opposed, vote nay. Mr. Clerk, please record.

**CLERK:** 38 ayes, 0 nays on advancement of the bill, Mr. President.

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**ARCH:** LB1205 advances to E&R Initial. Mr. Clerk, for items.

**CLERK:** Mr. President, your Committee on Enrollment and Review reports LB455 to Select File with E&R amendments. Additionally, your Committee on Judiciary, chaired by Senator Bosn, reports LB758 to General File with committee amendments. Your Committee on Revenue, chaired by Senator von Gillern, reports LB901 to General File with committee amendments. Senator Machaela Cavanaugh, name withdrawn from LB1124. And a priority motion. Senator Fredrickson would move to adjourn the body until Thursday, March 5th at 9:00 a.m.

**ARCH:** Members, you've heard the motion. All those in favor, say aye. Opposed, nay. We are adjourned.