

**KELLY:** Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the Fortieth Day of the One Hundred Ninth Legislature, Second Session. Our chaplain for today is Senator DeBoer. Please rise.

**DeBOER:** Colleagues, please join me for a moment of prayer. Creator God, we thank you for everything we have and everything we are, which comes from you. As we prepare this day to steward the budget of this state, remind us that we are but stewards of everything you have given us; that all good things come from you. And help us to act wisely, to remember what your Son taught us, that it is easier for a wealthy man to go through the eye of a camel [SIC] than to get to heaven, and that we are charged with taking care of the widow, the orphan, and all those who are in need. Help us as we make difficult decisions. Grant us courage, patience, and wisdom. Be with each one of us and our families on this day. In the name of the creator, amen.

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

**SANDERS:** Please join me for 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 Fortieth 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 corrections this morning, sir.

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

**CLERK:** There are none this morning, sir.

**KELLY:** Senator Hunt would like to recognize a guest, a job shadow, Laura Blume of Omaha, seated under the south balcony. Please stand and be recognized by the Nebraska Legislature. Senator Clements, you're recognized for an announcement.

**CLEMENTS:** Thank you, Mr. President. Please pay attention here. I've got an important announcement about the budget and amendments process. As you work on drafting amendments to the budget bills preparing for this afternoon's debate, I want to remind members that all amendments to the budget bills should begin with a conversation with our Fiscal Analyst, Keisha Patent. It's the Fiscal Analysts who provide the language for the Revisors who then draft the amendments. This request also includes running all floor amendments by the appropriate Fiscal Analysts prior to filing them. In the past-- in the past, some floor amendments have lowered a General Fund appropriation in one spot but failed to make the reduction in all necessary places in order to accomplish the intent the senator has introducing that amendment. So, because of this, I ask that senators avoid floor amendments if at all possible, but if you do file a floor amendment, first, please seek out a Fiscal Analyst for assistance in drafting it. During the budget debate, Keisha, along with most of the Fiscal Analysts, will be on the floor under the balcony. Since LB1071 and LB1072 have been designated Speaker major proposals, the Speaker will be ordering the amendments on both of the budget bills. Rushing to file an amendment will not affect when that amendment is brought forward for debate. Furthermore, an improperly-drafted amendment will generally be taken up later in the debate, according to the Speaker. While all ideas are welcome for debate, I would like to ensure that all of the proposed amendments are technically accurate and achieve the announced intent, should the amendment be adopted by the body. So, I thank you for abiding by that. We will have Fiscal Analysts there to help you; if you have an amendment, ask them for advice on that. Thank you, Mr. President.

**KELLY:** Thank you, Senator Clements. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR353. Mr. Clerk, please proceed to the agenda.

**CLERK:** Mr. President, first item on the agenda: the Health and Human Services Committee would report favorably on the gubernatorial appointment of David Owens to the Stem Cell Research Advisory Committee.

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

**HARDIN:** Thank you, Mr. President. The Health and Human Services Committee is reporting Dr. David Owens for confirmation by the Legislature for reappointment to the Nebraska Stem Cell Research Advisory Committee. Dr. Owens is a professor in the Department of Dermatology and Department of Pathology and Cell Biology at Columbia University in New York. In addition, Dr. Owens has a PhD in molecular and cellular toxicology from North Carolina State University and a bachelor of science in biochemistry from St. Andrew's Presbyterian College. Finally, Dr. Owens is the co-principal investigator for the Beiersdorf Skin Science Collaboration, Columbia Dermatology Biobank, for research in skin, health, and disease, and principal investigator for several research projects at the National Institutes of Health and National Institute for Aging. I'd appreciate your green vote to approve Dr. David Owens for reappointment to the Nebraska Stem Cell Research Advisory Committee. Thank you.

**KELLY:** Thank you, Senator Hardin. Seeing no one else in the queue, you're recognized to close, and waive closing. Senators, the question is the adoption of the committee report from Health and Human Services. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

**CLERK:** 37 ayes, 0 nays on adoption of the committee report.

**KELLY:** The committee report is adopted. Mr. Clerk.

**CLERK:** Mr. President, the Health and Human Services Committee would report favorably on the gubernatorial appointments of April Dexter, Kate Hesser, Katherine Kusek, Myra Stoney, Jim Ulrich, Tracy Zamora to the Nebraska Rural Health Advisory Commission.

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

**HARDIN:** Thank you, Mr. President. The Health and Human Services Committee is reporting the reappointments of April Dexter, Kate Hesser, Katherine Kusek, and Myra Stoney, and the appointments of Jim Ulrich and Tracy Zamora for confirmation by the Legislature to the Nebraska Rural Health Advisory Commission. First, April Dexter is a nurse practitioner with current employment at West Holt Medical Services in Atkinson, Nebraska since January of 2015. She has a master's degree in nursing from the University of Nebraska Medical Center College of Nursing in Kearney, Nebraska. April also has a strong interest in

agriculture, and lives on a ranch near Amelia, Nebraska. Second, Kate Hesser has been a physician at Crete Area Medical Center since 2009. On her previous terms on the commission, she has served as the family medicine representative and rural physician representative, and is very active in the Crete and Blue River area communities. Third, Katherine Kusek is a dentist in Albion, Nebraska. She received her DDS from Creighton University, and serves on a number of boards in the Boone County area. Fourth, Myra Stoney is the health director for the Southwest Public Health Department. She oversees public health services for a nine-county area, including locations in McCook and Keith County. Stoney has been a prominent leader in this department since at least 2013. In addition, she currently serves as a rural health consumer on the commission. Fifth, Jim Ulrich has been the chief executive officer at York General health care service for the past decade. Mr. Ulrich holds a bachelor of science degree in business administration from Wayne State College, where he graduated in 1988, and a master of health care administration from Bellevue University, where he graduated in 2008. He's also active on area economic and development boards. Tracy Zamora is currently employed as a rural nursing home administrator at the Heritage of Bel-Air long-term skilled nursing home in Norfolk from September of 2021 to the present. She has also served on the Nebraska Health Quality and Regulatory Committee and Nebraska Health Care Public Relations Committee. I'd appreciate your green vote to approve the reappointments of April Dexter, Kate Hesser, Katherine Kusek, and Myra Stoney, and the appointments of Jim Ulrich and Tracy Zamora to the Nebraska Rural Health Advisory Commission. Thank you, Mr. President.

**KELLY:** Thank you, Senator Hardin. Seeing no one else in the queue, you're recognized to close, and waive closing. Senators, the question is the adoption of the committee report from Health and Human Services. All of those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

**CLERK:** 38 ayes, 0 nays on adoption of the committee report, Mr. President.

**KELLY:** Committee report is adopted. Mr. Clerk.

**CLERK:** Mr. President, the Health and Human Services Committee would report favorably on the gubernatorial appointments of

Cheryl Livingston and Linda Mentink to the Commission for the Blind and Visually Impaired.

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

**HARDIN:** Thank you again, Mr. President. The Health and Human Services Committee is reporting the appointment of Cheryl Livingston and reappointment of Linda Mentink for confirmation by the Legislature to the Commission for the Blind and Visually Impaired. First, Cheryl Livingston, who is retired, was previously employed as a vocational rehabilitation technician at this Commission for the Blind, and as a secretary at the University of Nebraska. She has a bachelor of arts in psychology from the University of Nebraska-Lincoln, and a diploma of office technology from Southeast Community College in Lincoln, Nebraska. She's active as an officer in the National Federation of the Blind, Lincoln and Nebraska chapters. Second, Linda Mentink has been employed as a music teacher at Bible Baptist Church from August 2004 to the present. She has bachelor of arts in vocal music with a certificate to teach from the University of Wisconsin-Whitewater, and a high school diploma from Wisconsin's School for the Visually Handicapped. She's also served on the National Federation of the Blind of Nebraska, Friends of Nebraska Commission of the Blind and Visually Impaired, and the Alumni Association of the Wisconsin School of the Blind and Visually Impaired. I'd appreciate your green vote for approval of the appointment of Cheryl Livingston and reappointment of Linda Mentink to the Commission for the Blind and Visually Impaired. Thank you, Mr. President.

**KELLY:** Thank you, Senator Hardin. Seeing no one else in the queue, you're recognized, and waive closing. Members, the question is the adoption of the committee report from Health and Human Services. All of those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

**CLERK:** 37 ayes, 0 nays on adoption of the committee report, Mr. President.

**KELLY:** The committee report is adopted. Mr. Clerk.

**CLERK:** Mr. President, the Health and Human Services Committee would report favorably on the appointments of Mark Bertch, Jaime Dodge, Patricia Kucera, Ryan Palmer, David Reese, Jeremiah

Rethwisch, Jacob Sikes, and Daniel Vehle to the State Board of Health.

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

**HARDIN:** Thank you, Mr. President. The Health and Human Services Committee is reporting the re-appointments of Mark Bertch, Jaime Dodge, Patricia Kucera, David Reese, and Dan Vehle, and the appointments of Ryan Palmer, Jeremiah Rethwisch, and Jacob Sikes to the State Board of Health. First, Mark Bertch is a physical therapist and clinical laboratory educator. He currently works as a physical therapist at Common Spirit Health and Catholic Health Initiative, and as a clinical laboratory educator at Creighton University, the Department of Physical Therapy, and has also worked at Horizon Rehabilitation Centers. Mr. Bertch obtained a bachelor of science in nutrition science at the University of Nebraska-Lincoln, a doctor of physical therapy from Creighton University, and a certificate in orthopedic manual physical therapy from Regis University in Denver, Colorado. Second, Dr. Jaime Dodge is a 2002 graduate of the University of Nebraska College of Medicine and a 2005 graduate of the Lincoln Family Medicine Residency Program. He has 11 years of full-spectrum family medicine practice experience, including rural practice in Alliance, Nebraska from 2005 to 2008, and Ida Grove, Iowa from 2008 to 2011. He later trained in family medicine physicians at the Siouxland Medical Education Foundation family medicine residency program in Sioux City, Iowa from 2011 to 2016, where he held clinical professor appointments from the University of Iowa and South Dakota schools of medicine, and was voted faculty physician of the year in 2015. Third, Patricia Kucera has been an adjunct professor at Creighton University College of Nursing since 2021. She has a passion for nursing that started years ago working as a nurse aide at the Douglas County Health Center. She's obtained her LPN and RN, and has worked at Immanuel Medical Center in their psychiatric intensive care unit and their post-op rehabilitation unit. In addition, she initiated and published a research project relating to an acuity tool on a psychiatric intensive-care unit. Fourth, Dr. Ryan Palmer completed his undergraduate degree at the University of Nebraska at Kearney, and moved on to receive his doctoral degree from Indiana University School of Optometry. Dr. Palmer then completed his residency at Cincinnati Eye Institute. Dr. Palmer moved back to Nebraska to join Dr. Byford Klein in practice in 2010, and in 2012, started Blair Eye Associates. Also, Dr. Palmer is a fellow in the American Academy

of Optometry and a member of the American Optometric Association and Nebraska Optometric Association. Fifth, David Reese has a professional background that includes health administration roles at Madonna Rehabilitation Hospital and Bryan Health. He holds degrees from the University of Kansas and Nebraska Wesleyan University. He currently serves as chair of the State Board of Health. Sixth, Jeremiah Rethwisch is currently employed as a chiropractor at the Rethwisch Family Chiropractic, and is also the medical director at Back and Body Wellness. He has a doctor of chiropractic from Northwestern Health Sciences University in Bloomington, Minnesota, and a bachelor of sciences from Wayne State College from Wayne, Nebraska, and volunteers as a coach for youth sports. Seventh, Jacob Sikes is a certified orthotist and CEO of OrthoMedics, Inc. His past employment includes roles at Orthotex and Hanger Orthopedic Group. Mr. Sikes' educational background includes Kearney High School, University of Nebraska at Kearney, and specialized orthotics training. In addition, he has been recognized for community leadership and volunteer work, including wildlife encounters and prosthetic charity. Mr. President, we had to ask what an orthotist was. That's someone who builds not only orthotics but various prosthetic limbs; that's his specialty. Finally, Dave Vehle has a background in endovascular equipment that includes roles at W.L. Gore Associates, Cordis Corporation, and Abbott Labs. His educational background includes graduation from Chamberlain High School and a bachelor of sciences in political science from the University of South Dakota. Additionally, he's been involved with board memberships at Concordia Lutheran Schools and the Omaha Schools Foundation. I'd appreciate your green vote to approve the reappointments of Mark Bertch, Jaime Dodge, Patricia Kucera, David Reese, and Dan Vehle, and the appointments of Ryan Palmer, Jeremiah Rethwisch, and Jacob Sikes to the State Board of Health. Thank you, Mr. President.

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

**HANSEN:** Thank you, Mr. President. Just want to briefly just touch on a couple of candidates that Senator Hardin was talking about. Dr. Ryan Palmer, he is from my, my town, Blair, Nebraska; he's an optometrist there. He's been a good friend of mine ever since I moved to Blair, so I'd be "remised" if I didn't mention his name and say how good of a Nebraska citizen he is. And he volunteers for everything in Blair, but also now for the state of Nebraska, so I encourage everybody to move his confirmation

forward. And then also Dr. Rethwisch, who's a chiropractor. I've known him for many years as well. Good man. I think he lends some great expertise along with Dr. Palmer to this-- to the, the board, and so I encourage everyone to vote green on both of them, and hope they do a good job, and glad to see that they both volunteered, and hopefully more people volunteer in the future. Thank you, Mr. President.

**KELLY:** Thank you, Senator Hansen. Seeing no one else in the queue, Senator Hardin waives closing. Senators, the question is the adoption of the committee report from Health and Human Services. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

**CLERK:** 41 ayes, 0 nays on adoption of the committee report, Mr. President.

**KELLY:** The committee report is adopted. Mr. Clerk.

**CLERK:** Mr. President, General File, LB1067 introduced by Senator Hallstrom. Its bill for an act relating to revenue and taxation; changes provisions relating to the Affordable Housing Trust Fund, the rate and disbursement of the documentary stamp tax, the Rural Workforce Housing Investment Fund, and the Middle Income Workforce Housing Investment Fund harmonizes provisions; repeals the original section. The bill was read for the first time on January 14 of this year and referred to the Revenue Committee; that committee placed the bill on General File with committee amendments.

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

**HALLSTROM:** Mr. President, members, I rise today in support of LB1067. Senator von Gillern will be introducing the committee amendment to LB1067 in a few minutes after my opening. The bill was introduced to address the significant housing shortage that we have in Nebraska, both in rural and urban areas. LB1067 as introduced proposes to increase the documentary stamp tax, which is currently assessed on most real estate transactions at a rate of \$2.32 per \$1,000 of sales price. Pursuant to the committee amendment that has been proposed, it would increase by \$1.50 each for the rural workforce housing program and the middle income workforce housing program per \$1,000 of sales price. The documentary sales [SIC] tax associated with a real estate transaction is importantly always paid by the seller-- almost

always paid by seller. The proceeds, again, would be split equally; the \$1 increase would go 50 cents to rural and 50 cents to middle income workforce housing. It's anticipated or estimated that this would raise approximately \$8 million for each program on an annual basis. I might also add that the committee amendment is designed to limit the duration of the increase to a period of five years, which is a significant change from the original bill that was introduced. Importantly, LB1067 would also delete language under existing law authorizing funds to be transferred from the Affordable Housing Trust Fund to the General Fund and the other funds receiving proceeds from the documentary stamp tax. This has been a problem in recent years in that we have robbed Peter to pay Paul in allowing monies to be used on two occasions, from the affordable-- excess funds and the Affordable Housing Trust Fund to the rural workforce and middle income workforce housing programs. The bill would also further expressly provide that the proceeds from documentary stamp tax are only to be used to credit the funds designated under Section 76-903. I think this is significant. You may have heard that there's a concern that we are sweeping funds from different cash funds to address the General Fund budget woes that we're facing. As a result, and to address that in a positive fashion, there is language in the bill that says that shall not occur, and the, the funds are not to be used for any other purpose than that designated under the documentary stamp tax statute. By way of background, the Rural Workforce Housing Investment Fund was created in 2017. The law provides competitive matching grants to non-profit development organizations that administer workforce housing investment funds. The funds are invested in eligible projects to increase the supply and reduce the cost of workforce housing. The Middle Income Workforce Housing Investment Fund, which was established in 2020, supplies matching grants to nonprofit development organizations that administer local workforce housing investment funds. The, the program awards funds to communities in Douglas, Sarpy, and Lancaster counties. Both programs include a local matching contribution requirement. When the rural workforce and middle income workforce housing programs were initially established, that was a \$1 matching grant requirement. It has subsequently, by legislative action, been reduced to 50 cents and 25 cents, primarily to address the concerns of the smaller rural counties raising the matching funds. The return on investment for the state on each of these programs has been astonishing. The initial \$7 million invested in the Rural Workforce Housing Investment Fund in 2017, which was matched dollar-for-dollar by local contributions, resulted in more than

\$100 million in investments in single- and multi-family residents across the state, with over 1,000 new housing units built. With the fiscal woes experienced by the state the past few years, no new funding has been allocated for the Rural Workforce Housing Investment Fund or the Middle Income Workforce Housing Fund since 2024. As a result, I introduced LR21-- LR201 last session to bring interested parties together to gauge support for a reliable continuing source of funding for workforce housing projects in all parts of the state. Following the interim study resolution meeting this fall, I decided to seek an increase in the documentary stamp tax to raise funds for much-needed housing projects. While not everybody is on board with the proposed documentary stamp tax increase, many reasoned souls are supportive. One of the handouts that I've distributed reflects the breadth of groups that are supporting the bill. The Nebraska Chamber of Commerce, Nebraska Housing Developers Association, SPARK, Nebraska Investment Finance Authority, Hoppe Development, Nebraska Housing Resource, the Nebraska Bankers Association, the Nebraska Independent Community Bankers, Columbus Area Chamber of Commerce, the Nebraska Economic Developers Association, Lutheran Family Services, Hastings Economic Development Corporation and Hastings Chamber of Commerce, Center for Rural Affairs, Northeast Nebraska Economic Development District, Habitat for Humanity of Omaha, Renewable Fuels Nebraska, NeighborWorks Northeast Nebraska, Front Porch Investments, League of Nebraska Municipalities, American Planning Association Nebraska Chapter, NeighborWorks Lincoln, Prairie Roots Community Land Trust, and South of Downtown CDO. The only opposition comes from the Nebraska Realtors Association. The Nebraska 2022 Strategic Housing Framework developed by the Strategic Housing Council identified a housing crisis in Nebraska and cited the need for 35,000 new affordable dwellings in the state over the next five years. I believe we must continue to make state investments to increase housing supply to supplement our workforce development efforts. Increases in the documentary stamp tax are not unprecedented. When the documentary stamp tax was created back in 1968, it was established at \$0.55 per \$500 in value. In 1985, the documentary stamp tax was increased to \$1.50 per \$1,000 in value, a 40 percent increase. The documentary stamp was increased once again in 1992 to \$1.75, and has since increased to its current level of \$2.32 per \$1,000 in value. I believe it is important to consider what other states are doing with regard to their level of documentary stamp tax. I had been led to believe over the years that Nebraska documentary stamp tax was among the highest in the country. The current documentary stamp of \$2.32 per

\$1,000 in value is lower than 20 other states, the documentary stamp taxes of which range from 0.25 to 2.5 percent. In most of these other states, the funds derived from the documentary stamps go to the state and county coffers, and not to housing-related projects. Even with the proposed \$1 documentary stamp tax increase under LB1067, we will still be below 16 states, and be on par with another 3 states. In conclusion, Nebraska has a housing crisis for which an immediate, reliable funding source is needed. Without question, allocating resources to enhance our housing supply promotes both, both workforce development and the growth of our communities across the state. While some may question if we can afford to address our housing needs, I would submit that we cannot afford not to do so. Mr. Speaker, how, how much time do I have left?

**KELLY:** 1 minute, 19 seconds.

**HALLSTROM:** OK. What I'd like to do in the remaining time that I have in my opening is, is address-- you, you no doubt have gotten some emails from the Nebraska Realtors indicating that the \$1 increase in the documentary stamp tax is going to squelch housing closings. I don't believe anything could be further from the truth. Quite frankly, I've closed transactions for 40 years in my law practice, and I have not once had anybody after I had explained to them fully what all of the closing costs are, commissions, title insurance, documentary stamp tax, filing fees, I have not had anybody suggest that the level or even the existence of the documentary stamp tax has anything to do with their ultimate determination to close the transaction. So, with that, I would request that you support LB1067 as well as the committee amendment which makes some significant reductions in the documentary stamp tax increase level, as well as putting on a 5-year sunset, if you will, on the existence of that increase. Thank you.

**KELLY:** Thank you, Senator Hallstrom. As the Clerk stated, there's a committee amendment. Senator von Gillern, you're recognized to open.

**von GILLERN:** Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraskans. I rise today to introduce AM2213 to LB1067. LB1067 had a public hearing on January 29, 2026. The committee amendment, AM2213, reduces the overall raise in the "docuary"-- documentary stamp tax from what was in the original bill at \$1.50 increase, changes it to a \$1 increase, and

reallocates the increase to issuing 50 cents to each of the Rural Workforce Housing Investment Fund and the Middle Income Workforce Housing Investment Fund. In addition, the amendment adds a sunset provision so that the increase ends as of January 1, 2032, to allow for a 5-year increase. I'm happy to answer any questions regarding this amendment, and I ask for your green vote on the AM at the appropriate time. Thank you, Mr. President.

**KELLY:** Thank you, Senator von Gillern. Moving to the queue, Senator Dover, you're recognized to speak.

**DOVER:** Thank you, Mr. Chairman-- Mr. President. I want to say good morning, everybody. And arguably, I would say this, I want to thank Senator Hallstrom for his introduction of LB1063 [SIC]. And I would this is-- arguably, this is probably one of the most important bills we're going to hear this session, if not the most important bill, and I'll tell you why. We're faced every day with-- how are we going to pay for this? And how we're going to pay for that? How do we solve this? We have so many needs, whether it's on a personal basis or economic development, those kind of things. And it all comes down to one thing: it comes down to what we'll be talking about late this afternoon, which is going to be revenue. And we need to focus on revenue, because without money, what can we do? What can the Legislature do? And I'll say, not really much of anything. And what is-- why is this bill so important? If I was the governor, and I'm clearly not, I would get up every morning and I would have two chores, and it doesn't matter really which one came first, but I would try to answer two questions. One, how am I going to create a new job that didn't exist in Nebraska? And how am I going to build a new house for that new job? Because I'll tell you this, jobs don't come without housing. We have to build the houses. There's many states around Nebraska and, and in other parts of this country that have much more beneficial housing programs than Nebraska has. So, they will simply move to another state and I'll tell you this one, not only are we competing on bringing those people to our, to our state with jobs and housing, but we're trying to have housing so they don't lose our state. I know, I know if Senator Jacobson is going to talk to this, but for years, North Platte had a huge housing problems. They could not get anyone to go out there and build, and it's only with funding that they were able to do that. So again, I think this solves all of our problems. It creates houses for jobs, and people who lives in houses pay taxes, and that helps offset all of our taxes. I

carried this bill, and actually, I tried to carry the bill for three years, so since I've been here, I've working on a dop stack-- doc stamp increase, and for these that don't know me, I first was licensed in real estate in 1983. I took over management of a real estate firm in 1988. I built my first house also in 1988. So, I have been in real estate and construction since 1988. Doesn't seem like that long ago, but if I count the years, it, it, it was, it was a while ago. But I do understand both industries. I was told by the Realtors Association-- I tried to get a 25-cent increase. I was told by the Realtors that they were in favor of this, and I want everybody on the floor, please, to listen. If everybody on the floor could please listen. The Realtors told me over the years that if we funded doc stamps, they would support it if and only if it would not be swept. So, I have focused, along with Senator Hallstrom and other, other in this chamber, to make sure the governor would not sweep housing monies, because that really needs to go toward housing. So, what did we do? So, last session, I passed a bill that-- actually, instead of-- we managed housing in the trust fund, and I don't want to get too complicated, but it was multiple cashflow streams. So, we paid a little money here, a little money here over a lot. And what did that allow to do? The money was built up in the fund, and they were able to sweep it. And so, what did I do? We, we paid out 80 percent. So, we're getting the money out of this trust fund to those builder-developers, so that helped quite a bit. Another thing we did was, when we appropriate, we always appropriate so much money, but always doc stamps came in above that. So, that over-- that overfunding, or, or the lack of our funding, allowed a excess that the governor could then sweep, and that's what happened. For those of you that were involved, we passed out a sheet; I believe it was last session. I don't think-- I can't speak to Sarpy, Lancaster, and Douglas Counties. I'm not that familiar with Lincoln and Omaha, I mean, on a deeper level that many of the senators here are. But I do understand greater Nebraska. And when we passed out that sheet, we had grants that had been awarded through the Rural Workforce Housing Trust Fund, and it, and it was cut. \$8 million. What did we have to do? We had to raid-- what we don't want to do-- raid the Affordable Housing Trust Fund, and we had to raid \$8 million. Now, I really believe the Affordable Housing Trust Fund should be used for affordable housing. I'm going to-- my time is limited, so I'm going to-- I'm going to step off, but I'm going to step back in. Thank you, and I encourage your support of LB1067. And thank you, Senator Hallstrom.

**KELLY:** Thank you, Senator Dover. Senator Fred Meyer, you're recognized to speak.

**F. MEYER:** Thank you, Mr. President, and good morning, Nebraskans. I rise in support of both the amendment and the bill. My wife sold real estate for 45 years, and she may be listening this morning, so I, I hope I do well. It's-- this is the classic example of helping ourselves and putting this really small amount of money, when you look at the cost of housing, into effect to help both of these categories of much-needed housing across Nebraska. I think it's a very small thing that we can do. I guess every closing statement I've ever seen, it's the real estate-- or, the documentary stamp is paid by the seller, and as the house-- the price of both houses and farmland have gone up just dramatically over the last 10 years, I think this is a small price to pay to continue the, the good life we have near in Nebraska by helping develop the rural workforce housing and the, and the, and the, and the other fund. So, I, I think it's a very simple approach to helping ourselves, and I urge your support of AM2213 and LB1067. I'll give the rest of my time to Senator Hallstrom.

**KELLY:** Senator Hallstrom, 3 minutes, 45 seconds.

**HALLSTROM:** Thank you both for your comments and for ceding some time to me, Senator Meyer. My best friend is a realtor. Her name is LuRae, and she happens to be my wife. This may not surprise you, LuRae and I don't always agree on every issue that's brought before the Legislature that I either consider introducing or having to take a vote in support or opposition to. But on this one, we're in lockstep. She knows the business, she's been in the business for 33 years. And by the way, I hope some of you are getting positive feedback from Realtors who do support this. They see the big picture. They realize that a \$250 increase in the documentary stamp tax on a \$250,000 transaction is in no way, shape, or form going to squelch closings on business transactions. I've done closings for 40 years, probably over 1,000, some of them major dollar figures for ag and commercial closings, others for more modestly-priced housing closings. And as I indicated in my opening, I fully explained to people what the cadre of costs are in closing expenses, and not one time that I can recall has anybody said, you know what, that documentary stamp tax is going to nix this deal. They pay it, they move on. I might also add, you, you should-- you know, please ask yourself and ask your Realtors honestly. Make them--

look them in the eye and make them respond to you. Do you really think a \$250 increase on a \$250,000 transaction is going to nix the deal? Look at the Realtors versus the long list of supporters who get it. They understand. And, and, I, I want to add, the Realtors, in most cases, are supportive of housing. But one of their main arguments, unfortunately, is the fact that they believe that this is going to be a barrier. It's an additional cost, it's going to be a barrier to homeownership. Take a look at your closing statement, if you close on a house. There's a thing-- and I talked with Senator Armendariz; she pushed back on it, good for her. There's thing called a broker's administration fee that for the most part of my legal career never even existed. But it does now. Guess what? It goes into the pocket of the broker off the top. They don't have to share it with the Realtor. And guess who pays for it? The consumer. And the consumer pays much more dearly for a broker's administration fee than they do for the \$1 increase in the documentary stamp tax that I'm proposing. But you know what? They did not come forward and complain when they were padding their own pockets that this was going to be an impact, an adverse impact on the consumers. So, shame on them. And I like the Realtors. I've got to go home and, and spend time with my wife tonight and beyond. So, let's look at this; let's look at the big picture, please. I've made some concessions in the amendment that I put together working with the Revenue Committee to soften the blow on the documentary stamp tax. We've been down the road of trying to get General Fund appropriations, and the funds aren't there. These aren't hitting the, the general taxpayer. So again, I would ask for your support of the committee amendment and the underlying bill.

**KELLY:** Thank you, Senator Hallstrom. Senator Brandt would like to recognize some guests in the north balcony, including Ryann Messman, a granddaughter of Tammi Hoffman, one of the Redcoats, as well as other fourth graders from Bruning-Davenport. Please stand and be recognized by your Nebraska Legislature. Continuing in the queue, Senator Hansen, you're recognized to speak.

**HANSEN:** Thank you, Mr. President. Well, this is, this is a good topic for all the fourth-graders sitting up there, because I'm sure they're really excited about real estate taxes, so I'll do my best to provide some education for them so they can take this home and write a book report for their, for their teacher. All right. So anyway. I-- I'm not going to speak too negatively against the bill in particular from Senator Hallstrom. It's more

about-- this is a little bit more philosophical for me, and the whole idea of government involvement in housing and where we have seen the housing market over the years. I know one of the arguments Senator Hallstrom makes is that we need something like this so people can now still afford to build a home or buy a home in today's market. Well, why is that? Why has the housing market gotten so bad? And why hasn't a TV-- I-- you know, I just had a-- I just had a patient come in and tell me that as a gift, they bought one of their friends a 90-inch TV. And I'm, like, holy crap, that's got to be super expensive. But then you start to think, I just saw, like, a 72-inch TV from Walmart for maybe, like, \$200. So, why haven't TVs gone up as much? I think a lot of us can maybe remember in the '80s, trying to buy a 19-inch TV that looked like-- you know, it was the size of a minivan. You know what I mean? Still probably cost-- you know, that probably cost over \$500 to \$1,000. And this is the idea of government involvement in the private sector. Government hasn't really overregulated TVs; they leave it up to the private sector to determine the market, and then they fight for it. And that's why you see TVs relatively low. And look how much better they've gotten. So, now you have government telling people how to build a home, how much green energy they need to put into it, what kind of wiring they need to do, make sure you use PVC, make sure you use this kind of stuff. And then, in line with Senator Hallstrom's bill, the funds we now create to help with affordable housing-- I'm not saying affordable housing is bad. People do need homes. I just think they would be much cheaper the less government we involve-- we have involved in housing over time. And this may be another step in that direction. What are the other industries we see have grown "unproportionately" higher than others? Insurance, health care, housing, education, especially college. The four industries I think government has been the most involved in are now some of the most expensive for people to survive on, get an education, take care of themselves and their family. We tend to complain a lot about how high stuff is, but then we need to stop and think about why they're so high. The road to hell is paved with good intentions. And it's easy to pass bills because they have good intentions. Some people might also say the road to hell is paved with bad legislation. And so, I know sometimes it's difficult to, you know, to not want to help others through government intervention. I'm not telling people how to vote on this bill. Again, this is a little bit more philosophical for me. But I think Senator Hallstrom is right; I don't think too many people are going to quibble over \$250 on the sale of a \$250,000 home. However, when that's one of 30 different fees they're paying

now-- one of them being the broker fee, because I saw it on the sale of one of my properties-- and then another fee, and another fee, and another fee, and another fee. It does matter after a while. So, I'm hoping we be a little conscious, not just now, but in the future, when we pass bills. Is-- as a whole, how will, how will this affect the industry over time? So, thank you for allowing me to do my little rant here, and I may punch my button in up and again, but I see there's already a lot of my colleagues in the queue, so I don't want to take up too much time. So, I'll leave it at that. Thank you, Mr. President.

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

**McKINNEY:** Thank you, Mr. President. I rise in support of AM2213 and LB1067, and I rise and support of this because since I've been in the Legislature, I've been told that there is a housing crisis in the state of Nebraska and we need to do everything possible to address this issue. But also, what has occurred is there's been cuts to programs, or transfers from programs that would address affordable housing or rural workforce housing or middle-income workforce housing. And then, you couple that with the problem with us not having enough revenue coming in, which has caused us to have this budget deficit. I think it all intersects each other, and why I think everybody should support this bill, because if the theory is if we make our state more attractive to people, they will come, then we have to build more housing, especially across the state. It can't just be on one side of the state, which is why I think it's good, it's good that it's going to rural and middle. So, that's why I support this. I don't like that we get these reports and these things are put into the media like the state is in a crisis of housing and we need to do everything we can to address it, there is no more starter houses for people, and things like that. There's a shortage of housing, not enough people are transitioning down from, from their housing, and all these things. And it goes back to the problem of not enough housing supply. It's a supply-and-demand issue, which is why we should invest in housing, why we shouldn't make sure that there's adequate housing across the board for all parts of the state, whether if you need to get a starter house or whether you need to downsize. But if we're not investing in housing as a state, our revenue receipts are not going to increase, we're not going to be more attractive to people who may or may not come to the state of Nebraska for whatever reason they would decide to come. One thing I know for

sure is, if somebody wants to move into the state and they want to go to certain parts of western Nebraska or rural Nebraska, they can't. It's almost impossible for a lot of people to buy houses in our rural parts of the state because we have not adequately invested and made it possible for more housing to be built and created in those, in those parts of the state. There's also issues in the eastern side as well, which is why this bill is important. Because you can't say on one hand we have a crisis but not try to address the crisis, because what you're going to do, essentially, is make the crisis worse by taking away from the Affordable Housing Trust Fund, by cutting spending in the Rural Workforce Housing Fund and the Middle Income Workforce Housing Fund. We should be investing. You know, I know it's a very controversial topic to talk about for some people, but I would have loved to see \$600 million going to these funds and not into the canal. Nothing against the canal, but I think if we increase housing stock in our state, make it more attractive, then we would get a return on our investment in doing so, and that \$600 million would be there. Investing, investing in more taxpayers should be our strategy. That is why I support this bill, because I think it could and will have a net positive for our state as a whole if we invest in housing. And then, for the Realtors, it's kind of confusing. Because if we put money into these programs, that means there's more housing being created, which means more business for Realtors. So, I'm still trying to wrap my head around them and their points, but-- yeah, it don't make sense to me. I'm trying to think about it on the fly. But also, the housing market is going up, so maybe the theory is from the Realtors, if we increase supply, then there's a decrease in their commissions because housing prices wouldn't out-price people from getting starter homes. That's kind of where I'm leaning. I'm probably wrong, but nothing makes sense these days anyway, so don't quote me on that. I'm, I'm trying to figure it out, but I do support this bill. Thank you.

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

**PROKOP:** Thank you, Mr. President, and my inclination is to support AM2213 and LB1067. One of the things that I hear consistently, consistently from folks that I talk to in the economic development space, groups like the State Chamber-- groups like the Lincoln Chamber, the Nebraska Economic Developers Association-- is that housing is the thing that they consistently see as the number-one issue to some of our economic

development challenges here in Nebraska, and really a linchpin to be able to, to work towards employee retention, recruitment, and, and it's a, it's a barrier to employers, and so it needs to be at the very top of our priority list. The second part of this, and, and I appreciate Senator Hallstrom's creative approach to this, is, is the way that he's proposing to fund this. As an appropriator, knowing that the budget is as tight as it is, I think this is a way to, to address that issue of, of making sure that we have housing available to us in Nebraska so that we can let folks live out their, their Nebraska dream and the American dream. It was interesting, I was driving to the Capitol about a week ago, and there was a story on the radio about housing and the housing crisis, including what's taking place in Nebraska and, and our need for housing and, and how there's barriers currently, as far as the, the stock available and then just the, the stock of available houses. So, so my inclination is to-- again, to support the amendment and to, to support LB1067. And I did have a few questions for Senator Hallstrom, if he'd be willing to answer them.

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

**HALLSTROM:** Yes.

**PROKOP:** Thank you, Senator Hallstrom. A couple questions. I can, I can ask them both here at the same time, then if, if, if you'd like to, to address them. The first is, there's been-- I know there's been discussion, other legislation around consolidating housing programs into affordable housing. So, if, if your legislation passed, how would this all work together, because it's kind of my first question. And then the second is, is the administration of housing funds in the state-- I know, there's also legislation that we considered on that front, that we would move some of the DED programs, or they would contract with NIFA in order to do that. So, how would-- you know, based on what you have here, and, and, and the use of the doc stamp to fund these two programs, how, how would that impact all those things?

**HALLSTROM:** Well, those, those are all issues, and thank you, Senator Prokop, for your words and for the questions. During the legislative resolution meetings that we had, we had looked at the issue, and we had heard the rumors that there was going to be a DED takeover of the various housing programs, whether it's affordable housing, rural workforce, or middle income workforce housing, and those were somewhat laid to rest in terms of the

part of Senator Dover's priority bill, LB768, which proposes to transfer that from DED through a contracting mechanism with NIFA. And I think all of the parties, including the Realtors that were around the table, felt much more comfortable with NIFA. They've got a proven track record, they were satisfied with Shannon Harner, who, by the way, is supportive through NIFA of this legislation as well. And so, I think that is, that is something that has been positively received. I have asked and answered a number of tough questions with regard to combining the various housing funds under one roof. I have been assured by the administration that in doing so, it is for administrative purposes also, and whatever funding is coming through to affordable housing, for example, for rural workforce housing and for middle income workforce housing, would be kept separate so that you would have the funding that goes through, and, I might add, a very important aspect of LB1067 is it has express language saying the money that goes through for the intended purpose is to be used for that purpose and that purpose alone, and cannot be used for any other purpose.

**PROKOP:** Thank you, Senator Hallstrom. I appreciate it, and, and that, that gives me a lot of confidence in what we're trying to do here with the amendment and, and with LB1067. So, again, my plan is to, to support the amendment and the bill, and I would yield my remaining time to Senator Hallstrom.

**KELLY:** 15 seconds, Senator Hallstrom.

**HALLSTROM:** Thank you for the 15 seconds. I probably won't be able to make much good use out of them other than to reiterate my support for the amendment and the bill.

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

**IBACH:** Thank you, Mr. President. I would echo a lot of the sentiments and the policy that's been shared already. This has been a passion of my former senator, Matt Williams from Gothenburg. It's been a passion of his since 2016 when he originally brought this bill and "seeked" funding for it, because rural workforce housing is-- has been and continues to be an issue. You know, when you ask people out in my district, is this still relevant? They will say "absolutely." And I will tell you why it's relevant: because this is a match program. So, what it does is it encourages smaller communities like I have in

my district to come up with the organization and the funding to match this program. And so, not only are communities invested in this, but their individual citizens are as well. The other thing I would just point out is the infrastructure piece. So, several of my communities-- and if I listed them, I think I could list Cozad, Gothenburg, Imperial, Lexington, Grant-- they've all taken advantage of this funding. I also have some tertiary in Senator Murman's district in Cambridge, Arapahoe, McCook, and Bertrand all have, have organized incredible nonprofits to help support this match program. But the other thing I would just point out is that the infrastructure piece is so important in smaller communities. And so, someone might donate or, or sell a section of land or a, or a city block to the community, but then getting the water, sewer, and gas to those, those subdivisions has been a real challenge over the last 10 years. And so, a lot of my communities, when you talk about this program, they will state that that's one of their biggest challenges, is getting the infrastructure out to those subdivisions. And then, as I match-- as, as I mentioned, this is a match program, and so it, it really encourages community participation. Again-- and Senator Hallstrom, I really commend him on coming up with a compromise. It started at 75 cents each, and he agreed to bring that down to 50 cents, and then he also put a sunset on it, so this isn't a forever program. This is something to encourage this program to continue into the near future, and, and I think the Rural Workforce Housing Fund as we know it relates directly to our ability, as a state to-- and as individual communities, to really accommodate people, the jobs, and the economic growth that we all, all are encouraging in our-- especially in our small, small rural communities. So, with that, I would, I would give the remainder of my time to Senator Hallstrom, if he would like to use it.

**KELLY:** Thank you, Senator Ibach. 1 minute, 55 seconds, Senator Hallstrom.

**HALLSTROM:** Thank you, Senator Ibach. I think, again, I want to just touch on the amendment, because I think it is significant. And playing off of your comments, Senator Ibach, I want to make sure that the body is aware that the amendment now has been reduced to where the documentary stamp tax increase has not only been reduced from a cumulative total of \$1.50 down to \$1, reducing from 75 cents for each program down to 50, but it also has a five-year sunset. When we had our meetings, we talked about the sunset. Somebody initially thought that might be a, a

middle ground or a good idea. Keep in mind that one of the things-- I mentioned Shannon Harner from NIFA-- one of first things that she did was that that may be something to consider in getting people to the table, but she says, based on the 35,000 housing shortage that we have pursuant to the joint study that NIFA was a part of, she didn't see or foresee that this housing crisis was going to be taken care of in five, much less ten years. But, I think in good faith, I have put it up here. I, I hope, God willing, that I'll be back here five years from now, if we're able to get this across the finish line, and I can make a determination at that time whether or not the market can work on its own or not. I think I just want to echo what Senator McKinney said, as well. We have a housing shortage. Building houses through this program will address that shortage. The more you address the shortage, the more you address affordability, and the cost of housing continues to rise. And again, I would support AM2213 and LB1067.

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

**CLOUSE:** Thank you, Mr. President. I rise as unsure right now. When I look at the comments, it's really interesting, the online comments and the comments that I've been getting, as everyone has, through the emails and texts and things of that nature. And it's kind of an interesting dynamics that play here, to allow the Realtors-- and these are-- most of these are individual Realtors that are against it. But then, when you look at many of the brokers, the economic development folks, the Chambers, and builders, home builders, all supportive of it. So, it-- it's not an easy decision that has to be made, but it is something that-- as we looked for the housing crisis, I would tell you that there are two funds generally that really help rural Nebraska, when it comes to dealing with this. One is the Site and Building Fund that we work in economic development, and the Rural Workforce Housing Fund. And we have used those extensively. When you look at the list that was handed out, there have been a lot of projects. And as has been mentioned, those are matching funds, so it's not just handouts. You have requirements that-- you have to match those, so you work with developers, you work with builders, and there have be a lot homes that have been built over the years through the use of the Rural Workforce Housing Fund. Another thing I like about the Rural Workforce House Fund is if there's interest-- and according to statute, that's applied back to the, to the fund. And there's a lot of areas

that this workforce housing and this amendment, as I'm reading it-- and I would like-- that, that go to other things. And Senator Hallstrom, would, would you answer a question, please?

**KELLY:** Senator Hallstrom, would you yield to questions?

**HALLSTROM:** Yes.

**CLOUSE:** Thank you, Senator Hallstrom. When I look at this list, there are other things mentioned here and those haven't changed. We're talking about the Homeless Shelter Assistance Fund, the Behavioral Health Services Fund, domestic violence, and the sex trafficking housing assistance fund. Those haven't been changed. Is that correct?

**HALLSTROM:** That is correct. The, the only additions that we're making are the 50-cent allotments to both the rural and the middle income workforce housing programs.

**CLOUSE:** OK, thank you. I think those funds are very important to provide the services that we have across the state. Another question that I have is dealing with the-- and we talked about this briefly off, off-mic, and I think you mentioned it earlier-- deals with the broker's administration fees. Can you give a little history on that and how those fees are utilized? Are they utilized in increasing housing stock? Or how are those used?

**HALLSTROM:** Well, it's a great question. I'm not sure I have the answer, short of speculation. I did indicate earlier that the broker's administrative or administration fee is something of fairly recent vintage. Depending on the, the brokers, it could be \$250 on each side of the ledger, a buyers' and sellers' expense. It's as much as \$500 in many cases, and I've even seen \$700 to \$750 for both the buyer and the seller. So, the issue is that that is significantly higher than the 0.1 tenth of a percent on most of the houses that we would be involved with, and quite frankly, even with regard to higher-dollar transactions. So, I, I don't take issue with the ability of the brokers to decide that that's an element of their compensation that they would like to, to receive and do receive. But when you look at their primary lead argument is that one-tenth of a one percent documentary stamp tax increase, \$250 on a \$250,000 house for which their broker's administrative fee may be \$1,000 or \$1,400 or even \$500, in some cases the documentary stamp tax fee that we're proposing pales by comparison. But I haven't seen

them look inward and say, my gosh, that broker's administration fee is an impediment to closing real estate transactions, but yet, that's the argument they're using against the one-tenth of one percent documentary stamp tax. Thank you.

**VON GILLERN:** OK. Thank you, Senator Hallstrom. With that, I, I look forward to hearing additional comments as we go through this discussion. Thank you, Mr. President.

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

**ANDERSEN:** Thank you, Mr. President. I rise in opposition to AM2213 and LB1067 simply on the pure fact that it increases the cost of a house. If you look at the-- as amended, it raises the doc stamp 43 percent; unamended, it raised it 65 percent. One comment that was made is that it's a very small increase, but I think the challenge made, as Senator Hansen had commented earlier, the challenge is that we keep piling small increases on top of small increases on top of small increases that eventually become big increases. And now, we have an affordable housing problem. So, it makes high-cost, unaffordable housing less affordable. And you say, OK, well, let's see where, where do the funds go, right? Always, you got to follow the money. So, it goes to the county general fund, Affordable Housing Trust Fund, Site and Building Development Fund, Homeless Shelter Assistant [SIC] Trust Fund, Behavior [SIC] Health Services Fund, Domestic Violence and Sex Trafficking Survivor Housing Assistance. And looking at the feedback I've gotten just today via email from constituents, there are eight in opposition and two in support. The one thing I-- one thing I do like is I really appreciate the sunset clause that's in the, in the amendment. And thank you, Mr. President.

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

**RAYBOULD:** Thank you, Mr. President. Good morning, colleagues. Good morning, fellow Nebraskans watching us on TV. I do want to thank Senator Andersen. I think it's, it's very important that we be mindful of any, any type of, of doc stamp increase or sales tax increase. But I guess we're in a big quandary. Senator McKinney was right; we have been talking about affordable housing, affordable child care, about workforce development ad nauseam, even before I was elected to the Legislature. It is

abundantly clear from Blueprint Nebraska, how do we get out of this quandary? We fund for rural workforce housing and middle-income housing, but guess what happens? Every budget season, those funds get swept away. That is why I support LB1067 and the amendment, because it sequesters the funds. You know, doing affordable housing, which is a priority, not just by Blueprint Nebraska, but by every single Chamber in our state of Nebraska. We need to grow our workforce, but we can't grow it without sufficient housing and sufficient inventory. And for those who think affordable housing is a snap and a piece of cake, just talk to anyone who actually does affordable housing. You have to garner funding from so many pots. From Nebraska Investment Finance Agency, NIFA, for low-income, low-affordable loans. We have to get grants from the Affordable Housing Trust Fund. We work with the municipalities for tax increment financing. If we're lucky, we can get funding for LIHTC, Low Income Housing Tax Credits from the federal government. And we, we partner with also nonprofits like NeighborWorks that are stationed throughout the state of Nebraska. With a nonprofit, you can actually get additional leverage for the funding that we provide. This is essential if we want to deliver on that commitment. And I encourage you, please support this, you know? Otherwise, next year, guess what's happened? We're going to keep sweeping the funding from these essential economic development tools. And guess what? We're not going to have any progress on trying to boost up our revenues and growth. I wanted to spend a couple of minutes on the handouts that I provided you to, to help you better understand why we don't want to repeat Kansas's same failed mistakes or those of the state of Louisiana, and I'm just going to read one point. The larger point, of course, is that the right's orthodoxy, if influenced by reality, needs revisions. Conservatives believe without reservation or exception that tax cuts always fuel positive economic results, especially if geared toward the wealthy, so capital can trickle down. Similarly, they believe with equal enthusiasm that tax increases always stunt economic growth. That is blatantly not true, and read the handout that talks about the state of California that did the exact opposite of what was done in the state of Kansas and Louisiana. I also handed out Nebraska's economic review. This was a handout from our consultants where we met twice-- well, actually, three times if you count the first meeting in Omaha. But they say a couple of very essential things, and I think we need to take this to heart. We have been trying to do accelerated income tax rate reductions. They have-- even before 2022 is when we implemented income tax rate reduction; 2023, we accelerated them. But we have actually been

going the wrong direction, according to our consultants. You, you can't cut your way to prosperity. That was the mantra: "you cannot cut your way to prosperity." But they said there is a compounding effect. The combined Omaha-Lincoln metros missed an estimated \$11.35 billion in wage growth over the last five-year period, which translates to between \$600 to \$1,800 million in missed tax revenue, a significant loss given that over 50 percent of Nebraska's General Fund comes from income and sales tax from these two. Lastly, it says, Nebraska is in a difficult competitive position. The state is caught in a concerning cycle. Underperforming metros generate less wages and tax revenue, which limits the state's ability to invest in infrastructure, education, or economic development initiatives, which potentially perpetuates the economic underperformance. This bill goes a long way to executing on an economic development tool that hopefully will generate more affordable housing and increase our housing stock inventory. Thank you, Mr. President.

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

**CLEMENTS:** Thank you, Mr. President. I do not support the AM2213 or LB1067, mostly on policy principles. The taxes in general that the government assesses are established to serve a public purpose, and I believe that this tax increase is more of a private purpose, allowing-- requiring property sellers to benefit a few private individuals, and I'm more interested in having the free market governing-- govern home building, and that's mainly my opposition. The documentary stamp tax was created to cover the cost of maintaining the property deed records, which they keep at the county for 100 years plus so that the transaction and the sale history of properties can be researched. And also, I would say nothing prevents the private sector from creating a nonprofit foundation for doing this on their own and funding it with matching funds that way. And in general, government subsidy of a program usually results in higher prices. In my opinion, this is benefiting a few people at the cost of other people who are required to pay it. And so, I don't see the general public benefit; rather, a-- more of a limited few that are benefiting from this. So, I urge your red vote on LB1067. Thank you, Mr. President.

**KELLY:** Thank you, Senator Clements. Senator Spivey would like to recognize guests in the north balcony from OutNebraska and

Nebraska AIDS Project. Please stand and be recognized by the Nebraska Legislature. Senator Dover, you're recognized to speak.

**DOVER:** Thank you. There's a-- currently a housing development progress from Norfolk, Nebraska that's being handed out to everybody. I'm going to be brief here. But again, I've been around in real estate and stuff, again, since the early '80s, and traveled across the state through caravan, have friends that, that are in construction, development, real estate sales, et cetera, across the state. And I'll tell you one thing I did learn, is that there really isn't a big difference. Whatever Norfolk's experiencing, North Platte's experiencing, or Fremont, or Grand Island, et cetera. And so, based on my past experience, I would really think what Norfolk has benefited, and I've seen also in Columbus has benefited, would benefit all across the state. So, what I'm handing out now is-- it simply shows from 2000 to 2025 the number of housing units that have been constructed. So, the challenge that we had, and I can't believe it's not across the state, is basically the average income in your community doesn't-- isn't enough to pay, for one, rent that it takes to build an apartment, or two, what it takes to make a payment on a new construction. So, what do you do when people don't make enough to pay rent or to buy a house? And ultimately, if you think we need to increase jobs, you have to have increased housing, so therefore, you'll, you'll fill that gap. And so, basically, what happened in Nebraska, we hadn't built an apartment for 20 years. We hadn't built an apartment in, in Norfolk, Nebraska for 20 years simply because the numbers didn't work out. Once we utilized rural workforce housing dollars and TIF, if you look on the handout, and I-- hopefully it's getting out to everybody. In 2018-- so, on average, we were, like, 79, 120 units. These are rentals and houses. But in 2018, we went up to-- and 2019 and 2020 we were building-- we went up to 336 housing units in one year. So bitter-- so, literally, we built a thousand units, rental units and housing units, in Norfolk, Nebraska. And why? Only because we were able to utilize the tools in the toolbox to build housing, that being TIF, rural workforce, affordable housing, and those kind of things. So again, I would simply encourage your yes vote on LB1067. This will make a difference, this will provide-- this is a long-term solution for taxation problems by creating more houses, more jobs, which will help offset our taxes. Thank you.

**KELLY:** Thank you, Senator Dover. Senator Fred Meyer, you're recognized to speak.

**F. MEYER:** Thank you, Mr. President. Sometimes it helps to take a step back and maybe look from a 30,000-foot view and compare and contrast. It's been an interesting discussion this morning, as I listened to Senators Hanson and Clements talk about different aspects of private versus public good. And I, I want to kind of compare what we do for businesses in Nebraska and what we do for housing in Nebraska, and I've been part of both of those segments. So, for businesses, and a lot of them that get built get built in Nebraska, whether it's Omaha, Lincoln, small towns, St. Paul, Albion, whatever, we do tax increment financing, and that is a program. You're all familiar with it. You can buy the property, you can develop the property, you pave the parking lot, you put lighting, you put electrical into the building. Just a lot of different things can go into tax increment financing, and it gets used in a high percentage of businesses that are built today. And who pays for that? Oh, everybody else in the community pays for that. And who benefits from that? The one business owner. So, this is a-- you know, we're talking about who benefits from a, a, a, a private fund like we're talking about, the homeowner benefits from that. But I don't see a-- I see a vast difference in the way we create incentives for businesses and how we fund those compared to this-- these two roughly \$8 million funds that we're talking about today in order to improve housing in Nebraska. And without, without the housing there for people to move there, the businesses that receive that tax increment financing don't have near the activity in their business like we had hoped for. So, I think it's a little hollow to talk about how we fund houses and down payments and things like that without also addressing how we fund businesses. Now, I'm a firm supporter of tax increment financing for businesses all across Nebraska. We've used it in St. Paul a number of times, and it has really made a difference in the, in the quality of life that we have there by expanding all different types of businesses. So, I think we need to look at, at ways we can improve the housing stock as well in-- kind of in compare-- and it really doesn't compare, because what we're talking about here, the, the doc stamp, stamp increase compared to the millions that we spend on tax increment financing. It-- it's really-- I mean, I mean, it's not a balanced bucket, by any means. But I think we have to compare and contrast what we do for one segment our-- of our economy compared to the other segment of our economy. And with that, I would appreciate green votes on both the amendment and the bill. Thank you.

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

**JACOBSON:** Thank you, Mr. President. I debated on whether I wanted to speak on this. I-- I'm, I'm torn, frankly. I would have opposed the original bill. I, I will support Senator von Gillern's amendment, which probably gets the number down to something more reasonable. In my mind, the, the goal here is certainly a good one. The question is, how do we pay for it? I, I, I always like to use this little bit of comparison that many of you read about, this record ranch sale that occurred in Lincoln County earlier this year. It was a \$54 million sale, with a billionaire from Texas came up and bought it. So, what was the document-- documentary-- document tax fee? Well, how much was the documentary tax? It was \$160,000. \$160,000. That puts into perspective how just a little bit \$2.25 a thousand, how that adds up as you get sale prices higher. Now, there aren't a lot of \$54 million sales that occur, and when you look at housing and you look what houses sell for, it's much less than that, even though it's getting higher. It's a real number, and we can't forget that. But I also look at North Platte, how have we used it. And much like in Norfolk, we had a program called Shot in the Arm, which was that additional-- I believe it was \$5,000 a housing unit; I think they raised it a little bit higher after that. If you would-- a developer would come in and build some affordable housing, and it was so much a unit. And we had got access to this funding to use for that program. It was a very successful program, and it was the difference that got builders to come in and build, OK? And that's really what you're looking for, is what's that, what's that piece that tips the scale, that gets them to make the decision to build. We talk a lot about TIF and we use TIF as well. And I would say TIF has a much bigger impact, and you try to use that at the same time. A lot of people look at TIF and say, well, TIF costs us this much in tax revenues. It didn't cost you a dime in tax revenues. Because on TIF, the only way you get TIF is if the project otherwise would not be built. And I-- last I checked, we're not charging property taxes on properties that haven't been built. OK? We get zero. Zero. Zero new units means zero in new property taxes. So, by diverting part of the property taxes for a period of time to incent people to build, and then it goes guaranteed to be on the property tax rolls is a good thing. That's why I've always supported TIF. So, I think this is one other piece of the puzzle. I think with Senator von Gillern's bill, I will vote for his bill, or for his amendment, rather, to get the number down to where it's a dollar, so we're going \$2.25 to \$3.25. I will likely support the bill if the amendment passes, but we need the amendment. We need to get the number down towards a little more in line with the right kind of growth. And we're basically

trying to-- we've got a lot of elements out there. I understand the Realtors are opposed. I'm not quite certain why. I've heard the arguments, but I think getting more housing units out there is a good thing. Obviously, we have builders that are using this program, they think it's a good thing. I agree. Net-net, I'd like to see more housing built, more affordable and more, more workforce housing built. But we need to do it within reason. And, and where is the right funding source? I mean, you can probably say why stop at 3\$.25 or even \$3.75? Why not \$10? OK? Where's the number? Where's the max? Where is the-- where is the limit? And why is this exactly the right place to go? Well, because that's what we're doing today. So, I would support AM2213, and likely would support the bill if the amendment gets added and we get the number down. So, with that, thank you, Mr. President.

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

**CLOUSE:** Thank you, Mr. President. I appreciate Senator Jacobson's comments. There were a lot, a lot along the same line that I've been going down, as I've listened to the debate and all the discussion. This is not a slam dunk, and it's a very difficult decision because of the costs that-- who's incurring the costs and who's benefiting, all those things that we've talked about. One of the issues, though, as we are branded a rural senator, is this is one of the tools-- and I mentioned that before-- one of the tools in the toolbox that we can use for housing. And I think Senator Jacobson mentioned it, it could be the tipping point. We've had many, many instances where rural workforce housing has really started a community, small communities, larger communities; really kick-started some of the things that they're doing with housing developments. One of the concerns that I have-- and this isn't addressed in this bill, but I just want to make sure that those funds are used for their intended purpose, and we talked a little bit about that earlier. But we've had funds in my area in District 37 that we actually were waiting for approval, we're waiting for the process, and finally, we just turned, turned it back and said, well, we need to have some decisions. And so, consequently, some projects did not get done because we couldn't get decisions made that would help us out. So, that's a concern that I have, and I don't know that this bill would address that. But I think it really needs to be a point driven home that if these funds are added and we increase the amount of dollars available, that those dollars

need to be used for their intended purpose. And that will definitely help our communities in rural Nebraska as we're struggling to meet housing needs. Thank you, Mr. President.

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

**STORER:** Thank you, Mr. President, and good morning. I guess I just wanted to echo a few of the comments, but I thought it was important that I get up and at least explain my position on this as well. It is difficult. I have struggled with this since it got on the agenda. The-- I support the program. The Rural Workforce Housing Program is good. I've seen it benefit many of my districts, and so I want to be very clear that, that the program is good. Again, it's already been said here, but it is how we pay for that that is really what I'm struggling with. And by adding and increasing a cost to the doc stamp, ultimately, we're, we're making those transactions more expensive. I understand that it's the seller that's paying the doc stamp, but ultimately, we're making those transactions, the, the buy-sell transaction, more expensive, which-- we already are witnessing affordability issues, challenges with, with the price of housing in general. This simply increases that bottom line, so I'm not convinced this is the best way to pay for the Rural Workforce Housing Program. There's been some discussion here about maybe looking at peeling off a little percent of TIF to help pay for it. That makes some sense to me. I need to understand that a little bit better in terms of, you know, when, when industry comes to-- or new business comes to any community and they're receiving TIF dollars, obviously, it-- that also is going to require additional housing. There's a, there's a true connection there that I'm very interested in understanding better. I will, I will vote yes on AM2213 because I think that, that improves LB1067. I am, I am unlikely to support the, the bill as a whole because, again, I, I have concerns about tying this increased cost to housing transactions to supporting the Rural Workforce Housing Program. But I am very interested in continuing to find a, a more consistent, meaningful way that ties those housing needs to the, the mechanism that we pay for them. So, thank you.

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

**MOSER:** Thank you, Mr. President. Good morning, colleagues and Nebraskans. In my district, the housing market is doing very

well. They're-- in Columbus, they're building over a thousand new doors currently, and in the plan, and they've used a number of different programs to help buy the cost of these apartments and houses down. And so, really, the increase in doc stamps is really not a matter of critical importance to me or my district. But I think in the grand scheme of things, it's an innocent way-- not innocent-- least painful way to finance middle and workforce housing. Otherwise, we have given housing programs general funds over the last number of years, and those were, you know, paid from income tax receipts, sales tax receipts, all those things. The difference in the cost in selling a house with this change is so miniscule that I just don't see it stymieing any deals. If you want to talk about the cost of building houses, let's talk about the rules for what's required, the building requirements, having radon protection built into the house, having the knees [SIC] insulated where the outside walls connect to the the, the, the roof trusses, minimum insulation requirements. There's just a lot of things that impact the cost of a house. And to me, those are things that should be up to the builder or the buyer to decide whether they want to put those into the cost of the house. The, the building regulations shouldn't require those. I mean, and those can be \$700, \$1,500, a couple thousand, even, depending on what all the requirements are. So, I appreciate everybody's concern about the cost of housing, but this helps build more housing. It's kind of like helping the family. The Realtors have more stock to sell. One of my friends is a Realtor, and he called me and said that he supports the bill. So, I would encourage everybody to vote for it. I know I'm going to. And in the future, I think we need to look at the rules and regulations on building new housing, housing to make sure that we're not requiring things that some people may not want to pay for. Thank you.

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

**von GILLERN:** Thank you, Mr. President. Again, AM2213 changes the bill from \$1.50 increase in the doc stamp to a \$1 increase in the doc stamp, so-- and adds a sunset date. So, regardless of how you feel about the underlying bill, LB1067, I encourage you to vote yes on AM2213 in order to make the cost even more affordable. Thank you, Mr. President.

**KELLY:** Thank you, Senator von Gillern. Senators, the question is the adoption of AM2213. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

**CLERK:** 38 ayes, 2 nays on the adoption of the amendment, Mr. President.

**KELLY:** AM2213 is adopted. Returning to the queue, Senator Hallstrom, you're recognized to speak.

**HALLSTROM:** Mr. President, members, if no one else gets in the queue, perhaps this will be my closing. I do appreciate the vote on the amendment and the committee's action in putting that together. I think it does reduce the impact on the documentary stamp tax, and it does put a five-year date certain on when that will terminate, so I think that is workable to address the workforce housing shortage that we have. Couple of things I just want to go through here, and lest anyone believes that the rural and middle income workforce housing programs have not positively impacted the state and their particular districts in particular-- I'm just looking through the various application process, the award of grants-- Schuyler; York; Butte; West Point; Grand Island; Ogallala; Paxton; Brule; Beatrice; Norfolk; Arapahoe; Tilden; Wakefield; Wood River; Albion; Valley County; Hamilton County; Alliance; Columbus; David City; Grand Island; Fremont; Valley County; Hastings; McCook; Red Willow County; Central City; Norfolk; Neligh; North Platte a couple times; Holdrege; Bertrand; Ravenna; Seward County; South Central Economic Development District, which has about 8 to 10 counties that got an award and did good, positive things with it; Nebraska City; Falls City; and Henderson down in my district, they've just broken ground getting the first projects put together to make a benefit there; Spencer; Scottsbluff; Morrill and Kimball Counties; Wausa; Imperial; York County; Scottsbluff Development; and on and on. And with regard to the workforce housing, that's limited to Sarpy, Lancaster, and Douglas Counties. One of my colleagues had said Omaha wasn't getting anything; I beg to differ. If you look at the workforce housing development application approvals for the middle income workforce housing, Omaha and many of the non-profit enterprises there that work hand-in-glove with the business community and the housing industry have done wonderful things. The return on investment is astonishing. I think that we need to continue the program. I, I would note-- and I, I don't want to say anything averse to the advancement of LB819, which was adopted by this body yesterday

to go to Select File as part of LB768-- we think it's a great idea to continue those programs for five more years, but if we don't provide any funding, it's going to be a hollow vessel. I would hate to see that happen. We've looked at general funds in the past; it's not in the cards to do that. This is the most effective, most direct. It is housing-related, and I think that's the way we should go. Again, before I close up here, if in fact this is it for the morning, I would ask you to adopt-- we've adopted the amendment, I thank you for that-- and to adopt LB1067 and move it on. I do want to close by suggesting, if you look at the committee amendment which becomes the bill, page 1, lines 13-17 eliminates the authority to transfer which currently exists from the Affordable Housing Trust Fund to the General Fund or other recipients of the documentary stamp tax. And perhaps more importantly, because I have listened both before the bill's introduction and to some of the comments that were made today, page 3, lines 16-19, and I quote, any money remitted to the State Treasurer under this section shall only be used to credit the funds described in this section, and any purpose authorized by the funds such may be is credit-- and such may be credited to and shall not be used for any other purpose. So, I think I've addressed what was one of the early concerns of the Realtors, and a legitimate concern about the sweeping of cash funds and the sweeping of these affordable housing trust funds in the past, and the potential sweeping of the Rural and the Middle Income Workforce Housing Trust Funds by those two specific and express provisions in the bill. I would ask respectfully for your support for the advancement of LB1067, and-- thank you.

**KELLY:** Thank you, Senator Hallstrom, and you have waived closing. So, members, the question is the advancement of LB1067 to E&R Initial. All those in favor, vote aye; all those opposed, vote nay. Record, Mr. Clerk.

**CLERK:** 32 ayes, 8 nays on advancement of the bill, Mr. President.

**KELLY:** LB1067 is advanced to E&R Initial. Mr. Clerk.

**CLERK:** Mr. President, General File, LB912 introduced by Senator Hardin. It's a bill for an act relating to public health and welfare; adopts the Community Health Worker Training Endorsement Act. Bill was read for the first time on January 9 of this year and referred to the Health and Human Services Committee; that

committee placed the bill on General File. There are committee amendments as well as additional amendments, Mr. President.

**KELLY:** Thank you, Mr. Clerk. Senator Lippincott would like to recognize some guests in the north balcony: fourth-graders from Nebraska Christian School in Central City. Please stand and be recognized by the Nebraska Legislature. Senator Hardin, you are recognized to open.

**HARDIN:** Thank you, Mr. President. I rise today to introduce LB912. This bill adopts the Community Health Worker Training Endorsement Act, and its purpose is straightforward: to establish a consistent statewide process for the Department of Health and Human Services to endorse community health worker training programs that meet minimum standards of quality and core competencies. So, what exactly is a community health worker? Community health workers are trusted community-based public health workers who help individuals connect with health care, behavioral health services, and social supports. They provide non-clinical services such as outreach, health education, care coordination, patient navigation, advocacy, and social support. These workers often come from the very communities they serve, which helps build trust and improve communication between patients and the health system. A growing body of evidence shows that community health worker programs can improve health outcomes. Their work has been associated with better chronic disease management, increased engagement with health care providers, and stronger follow-through on treatment and prevention plans. In many cases, they help bridge the gap between individuals who need care and the systems that provide it. Community health workers also help address workforce shortages in our health system. By handling community outreach and other non-clinical tasks, they allow licensed professionals such as nurses and primary care providers to work at the top of their scope of practice. This allows clinicians to focus on care that requires professional training and licensure while community health workers support patients in navigating services and staying connected to care. This is especially important in rural areas of Nebraska where access to providers can already be limited. Community health workers can serve as a vital extension of the health care system, helping residents connect with resources and reducing some of the bottlenecks that occur when workforce shortages strain our health infrastructure. Now, what does the bill actually do? LB912 authorizes the Department of Health and Human Services to create a transparent and practical

endorsement process for community health worker training programs. The goal is to provide statewide consistency in training standards while still allowing flexibility for local training providers to tailor programs to the specific needs of their communities. Endorsed programs would ensure that community health workers receive instruction in core competencies needed to effectively provide non-clinical services and work appropriately alongside licensed professionals within our health system. Another question we are all asking this session is, what is the fiscal impact? LB912 contains no direct appropriation; any administrative costs associated with establishing and maintaining the endorsement process may be offset in part through reasonable application and renewal fees authorized in the bill. Additionally, research on community health worker programs suggests they can be cost-effective. Some studies have shown that for every one dollar invested, more than two dollars can be returned through reduced hospitalizations, improved chronic disease management, and avoided high-cost care. Supporting community health workers through consistent training standards can lead to improved health outcomes, a stronger workforce, and more efficient use of our health care resources. Those outcomes align with our shared goals of improving access to care while maintaining fiscal responsibility. LB912 was heard before the Health and Human Services Committee on January 30. At that hearing, the committee heard from 4 proponent testifiers, 0 opponent testifiers, and the Health and Human Services Committee advanced the bill to General File on a unanimous 7-0 vote. Thank you, Mr. President. Glad to move on to the committee amendment, if it works for you now.

**KELLY:** Yes, please proceed.

**HARDIN:** Standing committee amendment AM2224 includes my bill, LB912 as amended, and incorporates LB887 as amended, LB735 as amended, LB736 as amended, LB892 as amended, and LB891 as amended. As chair of the Health and Human Services Committee, I want to ensure that our state's public health system is working effectively and efficiently. I believe that the bills in this package accomplish this. LB887 was introduced by Senator Hallstrom. As amended, this bill changes provisions relating to the practice of pharmacy. Specifically, this bill allows pharmacy programs to determine the timing of exams for pharmacy students. Also, it clarifies that the certified pharmacy technician requirement does not apply to pharmacist interns. Finally, it allows valid prescriptions to be transferred between

pharmacies more than once. LB735 was introduced by Senator Rountree. As amended, this bill adopts the Respiratory Care Interstate Compact. This compact is a multi-licensing compact that allows respiratory care therapists to practice across participating states. The purpose of this compact is to improve public access to respiratory services while maintaining patient safety. LB736 is another compact bill that was introduced by Senator Rountree. As amended, this bill adopts the Athletic Trainer Compact. The purpose of this compact is to expand mobility of athletic training practice and improve public access to services by allowing athletic trainers to practice in other member states. LB892 was introduced by Senator Hansen. As amended, this bill clarifies the current law relating to massage therapy establishments. Specifically, this bill prohibits a person from engaging in massage therapy practices in any location other than a licensed massage therapy establishment, except as permitted by rules and regulations. LB891 was also introduced by Senator Hansen. As amended, this bill updates provisions of the Child Care Licensing Act. Particularly, this bill aligns state law with federal background checks, clarifies how self-reported licensing investigations appear on public records, and allows certain volunteers to be counted toward staff-to-child ratios. Further, this bill prohibits political subdivisions from implementing residency requirements for a family child care home II. The Health and Human Services Committee Advanced LB912 with AM2224 with a 7-0 vote. I'd appreciate your green vote on AM2224 to LB912. Thank you.

**KELLY:** Thank you, Senator Hardin. Mr. Clerk, for items.

**CLERK:** Mr. President, your Committee on Natural-- Nebraska Retirement Systems chaired by Senator Ballard reports LB820 to General File with committee amendments. Additionally, your Committee on Business and Labor chaired Senator Kauth reports LB921 to General File with committee amendments. New LR: LR358 from Senator Murman; that will be laid over. Amendments to be printed from Senator Brandt to LB1010, Senator Jacobson to LB1114. And a priority motion: Senator Spivey would move to recess the body until 1:30 p.m.

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

[RECESS]

**KELLY:** Mr. Clerk, please record.

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

**KELLY:** Do you have any items for the record?

**CLERK:** I have no items at this time, Mr. President.

**KELLY:** Please proceed to the agenda.

**CLERK:** Mr. President, pursuant to the Speaker's agenda, General File, LB1071 introduced by Speaker Arch at the request of the governor. It's a bill for an act relating to appropriations; defines terms; provides, changes, and eliminates appropriations; provides, changes, and eliminates provisions related to appropriation of funds; harmonizes provisions; provides severability; repeals the original section; outright repeals several sections of law; and declares an emergency. The bill was read for the first time on January 15 of this year and referred to the Appropriations Committee; that committee placed the bill on General File with committee amendments.

**KELLY:** Senator Clements, you're recognized to speak and open.

**CLEMENTS:** Thank you, Mr. President. LB1071 is the main budget adjustment bill for this year. There will be one other budget bill, will be LB1072, which would be fund transfers, but LB1071 is appropriations of state spending on agency items. I want to thank the members of the Appropriations Committee for their hard work. We start first week in January, and we've met every day and considered lots and lots of requests in trying to prioritize the most important items, and I appreciate the committee's work up till now. The-- also, I want to thank the fiscal agents-- Fiscal Analysts, who help us every day on questions we have with agency operations. They deal directly with agency personnel, and are very helpful, and we work with them on a daily basis, too, and committee-- or, senators, if you have questions about a detail of the budget, some may can-- you can ask-- you can feel free to ask me, but there's hundreds of items involved, and you're also welcome to approach the Fiscal Analysts for questions, if you have a specific item you want to find out about. This process started really last fall. Last September, agencies were asked to put in their budget requests to the governor's office, the governor's budget office. And they do that, then October, the Forecasting Board came up with an

adjustment to our forecast. The items that we budget to are limited by the revenues proposed or voted on by the Economic Forecasting Board. And in October, they reduced some of the revenues, which caused a \$471 million shortfall, and that's what we started with in January. Then, the governor brought budget bills, brought these two budget bills by way of the Speaker in January, and then those were referenced to our committee, and the committee met daily to review all those items, and we issued a preliminary report that was put out in February. And then, the agencies were then invited to come to public hearings and have the agency director comment on our actions so far, and the public also was invited to speak. So, the committee then, after that, we did follow-up reviews and, and voting on items of appropriation changes, up and down. Then February 27, the Forecasting Board met again and reduced the revenues by another \$175 million, so that is what you'll-- you saw in the headlines of the \$646 million shortfall. So, the committee's actions since then have found \$520 million of savings and transfers to where the current budget status shows 100-- about \$126 million shortfall balance. And what we're presenting today is not a balanced budget; it's-- it shows \$126 million shortfall. And the Appropriations Committee will be meeting starting tomorrow. Our lunches will be business lunches, and we'll be working on a Select File amendment to cover that shortfall. Some of the shortfall will be more budget adjustments, and some will be revenue bills that are still pending and being worked on. And so, that has been the process that got us to today. And now, I'm going to talk about more details that are in the, the goldenrod budget book that just came out last Friday. And if you wanted to follow along, page 4 is what we call the General Fund financial status. The-- that's the one that on line 26 shows the \$125.6 million negative balance. The item I'll start with talking about is line 9, the net receipts. That's number that we received from the Forecasting Board. The actual-- the first column shows actual fiscal year 2025 of \$6.1 billion of receipts was the actual amount in the Forecasting Board, and then the next column is our first fiscal year of this biennium shows \$6.970 billion, which is \$811 million more than the previous year's actual. And the next column, the third column over is \$6,625,000, which a \$345 million reduction from this fiscal year. This fiscal year is nine months complete; it ends June 30, and-- or, maybe eight months complete, from what the data they had. And so, I'm, I'm more optimistic. I think they're fairly conservative. If our revenues just stay level, which they have been recently-- in fact, they raised this year's forecast by \$20 million. If they stayed level, that would be-- that \$345 million reduction would

be a savings in the following years, which you can see an \$871 million shortfall based on just average estimates of income and expenses, but that would significantly reduce it. Also, when we cover the \$125 million shortfall, that will improve the \$874 million bottom line. And you'll see that the 874 shows a 2.5 percent spending increase. If we only really spent a 1 percent increase, that would save another \$250 million. If all those things happened, the \$874 million could go to \$155 million negative, but much easier to handle. So, a lot of things will happen from now till then. I just wanted to go through the fact that that is an estimate, that things will be changing. Then, just want to point out the next item is line 10 that we've been working on, line 10 and line 10a are transfers out. When you start with our gross revenue, then we transfer money out. And those transfers, you can see, the first year of \$1.7 billion and \$1.77 billion the second year. Those are-- there's details of those on page 11. Property tax credits are the majority of those items, and those items are fully funded in the budget. Line 11 says transfers in, and the-- line, line 11a shows the transfers that we're proposing in this current budget, \$36 million-- \$38 million the first year, \$32 million the second year, and the-- page 14 would show you the breakdown of those transfers. I think it's 14, 15, and 16 will give you more detail, if you're interested in what items of fund transfers those are; it totals about \$70 million that came in. And the next item is line 21, 2026 session budget adjustments. You'll see in the first-- in fiscal year '26 a negative \$52 million; in '27, a negative \$182 million. Agencies have been asked to be more efficient, you know, itemize-- analyze their spending, and many of them did come to us with reductions and suggestions, which we've adopted quite a few. On line 21, those, those are the totals, but the detail starts on page 22, which you can see the-- each agency's individual changes. Some, some agencies went up in appropriations, some go down, but the net number is this line 21. Then, if you-- as you go down to line 28, it shows that the state spending is up 0.3 percent for this first fiscal year, but it's down 1.7 percent the second fiscal year, so we're averaging a negative 0.7 percent in our budget spending this year, and those are-- that's part of the reason we were able to go from \$646 million negative two 125.

**KELLY:** Senator, that's your time. As the Clerk stated, there is a committee amendment, and you're authorized to open on the committee amendment.

**CLEMENTS:** Thank you, Mr. President. I was-- I have been mainly-- really been-- all, all of this has been the committee amendment. The committee amendment is a white-copy amendment, completely replaces the governor's proposal, adopts some of it, and changes other parts. And I used all my time on the, on the bill because I thought I probably would go over the time and would need some for the committee amendment. So, the, the, the charge that the Appropriations Committee has is that we're required to have a balanced budget in our constitution, and before we adjourn sine die this year, we need to have a balanced budget. And the Appropriations Committee is glad to make suggestions to that, but the Legislature is the real body that adopts the budget. And I appreciate, appreciate your comments about it, and as we go through this, welcome people's questions. And if I don't have the question answered, I'll probably ask the Fiscal Office to, because there are hundreds of details in what we've done so far, but I appreciate everybody being involved. The next item, on page 3 of the goldenrod book: at the bottom, the bottom section says "Appropriations Committee Bills." We received thirty bills this year in Appropriations, and I believe it's ten of them we adopted and made part of the committee amendment. The bill numbers are on page 3, and a, a brief comment about each bill. You can look them up online if you want more detail, and I've asked for the senators who brought those bills also to-- in our course of discussion today and tomorrow, to give more detail about why they brought those bills, and those-- but the committee didn't adopt those bills into the committee amendment. So, the-- basically, we don't have another revenue forecast coming, so what we have in the forecast is what we work with until we adjourn sine die, and the Appropriations Committee will continue to look at items to cover the shortfall. And there will be a-- there'll be a green sheet that Fiscal will be preparing every day, but will show, as we adopt different items, what the current status is of the budget and what revenue-- what bills affect the budget. Some might spend money and need more money, some will bring in revenue, and the committee will also review those and work with that. I don't think we'll have to come up with all \$125 million if revenue bills are passed; we will only need to come with the difference. I see there is a green sheet today, and you can refer to that, and every day, take a look at that as to where we are with those items that have-- that will be changing on a daily basis. With that, I-- Mr. Speaker, I thank you for your time, and welcome the discussion.

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

**CLERK:** Mr. President, Senator Brandt would move to amend the committee amendments with AM2500.

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

**BRANDT:** Thank you, Mr. President. What this amendment does, it repeals, it removes the tuition for private schools out of our budget. It removes the \$3.6 million tax increase that was put into the budget through the Department of Labor, which I'm sure they're an expert on private school tuition to fund our private schools, and I'll give you some of my reasons why we need to remove this. We face a huge budget, budget deficit. We have no new-- we can't pass any revenue in this body. We can't pass an increase in cigarettes, we can't pass an increase in vape. Last year, I had a bill that brought over 20 sales tax exemptions. Pop and candy was a big one on there, we couldn't pass any of that. We have no offsets for this tax increase. So, why was this put in the Department of Labor? Why wouldn't this be in the Department of Education? I, I guess that's a question that I've got that maybe somebody here can answer. Starting next year, the Trump tax credits, which will go to both public and private schools-- if a taxpayer in Nebraska chooses, they can get up to a \$1,700 tax credit on their federal taxes, and that can go to a private school, a public school, or a home school. I have not seen the language on that. We're one year away from that. In an article in the Examiner this morning, that is anticipated to make a significant difference in Nebraska. I'm all for that. I think that's great. Everybody can choose where their money wants to go. That is not General Fund money. For those of you that will oppose this, I want-- we, we checked with Accountability and Disclosure. You guys can give campaign funds to nonprofit schools; they're, they're a nonprofit school, they're a 501(c)(3). So, if you've got campaign funds around and you're concerned about it, you can use those. I know a lot of our parochial schools give scholarships. My understanding is the reason for this bill was this gap year under a certain amount of the federal poverty level. I guess I don't buy that. The voters in this state repealed this; would have been twice, except it got pulled. You know, 59 percent of the voters in the state voted to get rid of this. So, it'll be interesting to hear the debate. I know we've got a subsection of people in here that hate all tax increases. It will be interesting to see how they vote on this \$3.6 million tax increase. Now is not the right time to do this, unless we pass, you know, some form of

additional revenue, whether that's cigarettes, vapor, pop and candy; whether we pause the income tax, we can do that in steps. And actually, property tax gave at the office. I think they, they paused \$22 million of tax relief is in this budget for next year, so if we vote for the budget as it sets, the property tax is going to get \$22 million less. I've always been opposed to this. And for me, this is fundamental. This is about the First Amendment, separation of church and state. We have an obligation in Nebraska to fund public education. That's in our constitution. You can have a private school in the state. In exchange for the state not mandating the same rules that are on public schools, you do that without state tax dollars. On our public schools, anybody that walks in the door that lives in that district, they are obligated to serve. None of our private schools are under the same obligation, particularly if that kid has a learning disability or high needs, they are going to go down the road to that public school. Also, our private schools today get special ed services from our public schools. They also get assistance with books and some other things, so they are not totally divorced from this. So, in talking to some of the other senators, I have gotten a lot of emails on this. And granted, my district has about 9,000 public school kids, and I have about 350 private school kids. I went to a private school for eight years. I know what the hardships are for families out there. I get that. That's a choice. And then, I went a public school. Both great schools. Learned a lot from both of those. There's no doubt that children thrive in one or the other. This is not about taking a kid's rights away, here. \$3.6 million, I'm sure there's a lot of donors out there that could step up and fill this gap, if that gap needs to be-- needs to be filled. 59 percent of the voters voted to repeal the last tuition, and that would have happened again except they maneuvered around it. So, if you vote green, you have to vote for AM2500, AM2500 to save Nebraska taxpayers 3-- an increase of \$3.6 million. If you are a no vote, or worse, a PNV-- present, not voting-- and I want to be clear to all the people watching out there in Nebraska: anybody that's in this Chamber and PNVs is "No" vote. They are voting to support a \$3.6 million tax increase in the face of what you just heard from Senator Clements, chairman of the Appropriations Committee, is that we still have to fill a \$125 million hole. So, I would encourage all my colleagues to vote green on AM2500. Thank you, Mr. President.

**KELLY:** Thank you, Senator Brandt. Moving to the queue. Senator Hughes, you are recognized to speak.

**HUGHES:** Thank you, Mr. President. Good afternoon, Nebraska. Here we are, at the beginning of our budget bill. We have two options to fill the budget gap: you increase revenue, or you cut spending. Last week, some of you voted down some revenue measures. So, here we are today with the budget in front of us, and now is the time to cut. We had a rough week last week, and we probably will have a rough this week. We need to decide what are we going to spend on, and what is going to get cut. There are four senators in here that made their perspective very known. The state of Nebraska has a spending problem, and the solution is to cut. So, we-- here we are. First potential of something to cut in the budget line-- in the budget, this line item, \$3.56 million to go to opportunity scholarships. I very much appreciate the guardrails that were put in place on this to only go to the poorest families that had received these scholarships and now have a gap year that they are potentially facing. They potentially will have to go back to a public school before the federal scholarship program comes into place. But there are a couple things at play here. First, in 2024, the second house, the second house of Nebraska, the people of Nebraska overwhelmingly voted, saying they did not want their tax money going to these scholarship programs. I voted for these scholarship programs when I was here at the beginning of my term. But I will listen to Nebraskans, and I will now not support this. Second, when we look at the budget item, we have to say to ourselves, is there an alternative funding source? And in this case, yes, there really is an alternative finding source. These organizations already exist, and can accept private donation. So, as someone mentioned before, when you have cattle and you don't have the funds to pay for them, you do not keep feeding the cattle, you cull the herd. And in this case, you give your cattle to someone else to feed. That can happen here. I guarantee there are a few big-name people that really support this, and if they would go out and say that they have matching money, that they need funds to support these kids, those scholarships could be raised, that fund could be filled, and that would take care of this gap year. Third, I do believe that there's a lobby firm, maybe two right now, working this. How about that becomes seed money for these scholarships? So, I vote yes on AM2500 to pull the funds out of LB1071. This is not the time to add funding. We are adding \$3.5 million, and there's alternate choices available. And the second house has spoken: they don't want their tax money going to this. So, that is my vote on this: AM2500, yes. And I'm in agreement with Senator Brandt; a PNV vote is a "No" vote; a PNV vote says yes, start a

new program, put \$3.5 million of tax money to start this program for this gap year. Thank you, Mr. President.

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

**RAYBOULD:** Thank you, Mr. President. Good afternoon, colleagues. I am a yes vote on AM2500, introduced by Senator Brandt. I appreciate all of his comments, and I ask my colleagues and the business leaders in our state to be part of a solution in compromising and working collaboratively together. Our consultants clearly stated "you can't cut your way to prosperity." I ask you all, how can we set our state up for success? I'm not just talking about our immediate budget crisis, but also our next biennium where we show an even larger deficit crisis of \$874 million. How can we sit here today and accept the failed budget decisions in the past that lead to continued failures? I promised my constituents that I would work with anyone and everyone for the betterment of our state. I know you all believe that, so who is with me on working on compromises? I commend the Revenue and Appropriations Committee for their efforts, but ignoring and denying the structural deficit created by the accelerated income tax rate reduction demonstrates a lack of cognizant fiscal ability. Why is it perfectly OK to sweep so-called idle funds from programs that help organizations all over our state, like the Environmental Trust Fund, veterans, cultural heritage and history, and our schools? And I pointed out this morning, it is absolutely unconstitutional to sweep \$42 million from the permanent school funds. I am going to email you all an attorney general opinion from Attorney General John Bruning back in 2007 when they attempted to do it back then, and it was ruled unconstitutional. I can tell you that the biggest and most idle fund of all is Perkins Canal; I think we all recognize that. And I make a recommendation in an amendment coming up after a bit to sweep some of the funds from that, and to keep some of those programs-- Environmental Trust Fund, veterans-- viable, and retain those funds, and do away with the unauthorized sweep of permanent school funding that goes directly to the school districts and not to the General Fund. In my handout that I gave you, you know, I've heard people say, oh, they're-- Colorado is not going to take us seriously because we're taking money away from the fund. That's a bunch of baloney. Here's what Colorado says why they are not taking us seriously, and it's a handout that I have-- you should have on your desk. First-- this is what the attorney representing Colorado homeowners-- landowners say.

First, the construction costs from 2022 are out of date; the actual cost of this project is at least 30 percent higher. While - while the study might have been created to justify a large expenditure of funds, Nebraska is not allowed to condemn for purposes outside the original intent of the compact, which is irrigation. And in, in our additional comments on why it's so important, it talks about environment, municipal, industrial, and recreational, which is clearly outside the intent of compact, which is for irrigation. They go on to say the project will also negatively affect Colorado's contribution-- the Platte River Recovery Implementation Programs-- by significantly reducing or eliminating the Tamarack Project operations, and ignoring other commitments associated with the program. Finally, the discount rate used is not supported by reality. A true discount rate is at least 6 percent, if not higher, to accurately capture an investment rate of return that exceeds inflation. This correction alone cuts the Zanjero's report net present value of benefits by 40 percent, actually resulting in a negative-- net negative economic benefit. And the last elements they say, they say finally, it is a principle of Colorado eminent domain law that a landowner should not needlessly be dispossessed of property. As of today-- and this is why they can't take us seriously-- as of today, Nebraska lacks 1041 approval from Cedric [SIC] County, has no approved wetlands mitigation plan, has no federal permits, has no final construction drawings, no crossing agreement for utilities, and no relocation agreements for displaced owners or tenants. There is no legitimate good-faith basis for proceeding at this time. In the handout, I gave you the financial mechanism that's in our statutes, how we can bond and fund for the Perkins Canal. Now is the time when we need to use these funds, now is time to correct the accelerated income tax rate reduction failures. Thank you, Mr. President.

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

**McKINNEY:** Thank you, Mr. President. I'm really not sure where I'm at on-- with this amendment, and it's really for a reason that I don't think is talked about a lot, is-- there was, like, three districts in that election that wanted to keep these things, and mines was one of those. And it's no surprise, because we want to keep kids in schools that are failing them, and now going to suspend them. It's kind of funny, though, when you hear about respecting the voters-- the voters already,

already voted against this-- but then, people get up-- well, not get up; they vote for changes in the state minimum wage that the voters voted to increase, and individuals that have previously spoken up this morning-- well, this afternoon voted to change the state minimum wage and to decrease pay for, for students. So, that's real interesting. And then, some have also voted to suspend five-year-olds without no guardrails. So, I really don't know where I'm at on this, just to be truthful, because I just smell hypocrisy at its highest form today. And, and, and that's my problem: if, if you're for what the voters voted for, then why did you vote for a bill to change the state's minimum wage? It's kind of just odd to me, just honest-- honestly speaking, you know? The last time this was in the Legislature, I think I was a PNV. I'll probably be a PNV, I don't know. But I'm just tired of this place and all the hypocrisy between bill to bill and issue to issue. You care about the voters one day, then you don't care about the voters another day. That's frustrating. You care about the kids, but you want the kids to be suspended at five years old. I'm just, I'm just tired of this place and the hypocrisy, you know? And-- but I did find something interesting in this budget bill. So, I was walking in today, and somebody, another individual with a bald head told me about something that was in the, the budget bill on page 71 and it talked about decommissioning the Nebraska State Penitentiary. This is very similar and very close, if not the same, amendment that I tried to put on this budget, I think, two years ago, about decommissioning the State Penitentiary. And guess what happened when Senator McKinney introduced it? It failed. But it could go in the budget because I didn't introduce it, so now we want to decommission the prison. I wonder why. Because the state is continuing to go broke, and you can't run two state penitentiaries in the prison capital of Lincoln. So, it's very interesting that now there's language in the budget that I proposed about two years ago, or maybe a year ago, to say we need to know about this decommissioning timeline and what's going on with decommissioning the State Penitentiary. I'm, I'm actually happy that we are, and most of you will vote to, you know, make sure the "Department of Punitive Services" decommissions the State Penitentiary. But it's just another example of-- remember last week, Senator Sorrentino's bill on the tobacco tax was introduced by Senator Machaela Cavanaugh, and it couldn't go nowhere. But now this year, similar language to me saying decommission the prison and, and let us know when, that failed because nobody wanted to listen to me can easily just slide into the budget now. It's just ironic. I just wanted to point that out. But honestly, I'm just tired of hypocrisy. If

you cared about the will of the voters, why did you vote to change the state's minimum wage? And to take a-- and give a pay cut to our kids. And then, why did you vote-- if you care about the kids, I don't know why you voted to suspend a kid at five years old. I'm just tired of the hypocrisy of this place. That's why I wanted to stand up. But I'm actually happy there is language that there's going to be a plan to decommission the State Pen, because it needs to be closed in the prison capital of Nebraska. Thank you.

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

**GUERECA:** Thank you, Mr. President. Good afternoon, colleagues. Does anybody want to guess where I'm going to fall on this amendment? I do rise in support of AM2500. Colleagues, legislating by appropriation is a bad habit to get into. This bill, this program, was passed by the legislator [SIC] in 2024, taken to the ballot box, and shot down by the citizens of Nebraska. So, the Appropriations Committee, in their infinite wisdom, superseded the power of the committee process and just threw this in here? It's-- man, must be good to be on the Appropriations Committee. But we can't afford this. We are in a budget crunch, in case that has not been made clear, colleagues. We had a great discussion about smoking and the evils of smoking. It was interesting to skim through the budget book, the beautiful goldenrod budget book. Turning to the Department of Health and Human Services, a reduction of \$450,000 in fiscal year '25-'26 and '26-'27, and smoking cessation in Medicaid. So, we talked about how smoking is bad. Well, why are we reducing programs that we know reduce smoking in our Medicaid population? Half a million dollars, fiscal year 2026-2027 from the Nebraska Cancer Coalition. All right. \$800,000 of fiscal year '25-'26 and '26-'27 for tobacco prevention and control. Cool. And this is the one that stood out-- again, just kind of flipping through it-- a reduction by \$1.15 million in fiscal year '25-'26, and \$5 million in fiscal year '26-'27 for biomedical research. Now, I am not against private education. I do on principle stand against the concept of sending public dollars to private schools that do not have the obligation to educate all of our children. That's a belief held by myself and by a majority of Nebraska voters and taxpayers. But there was the comment, this is a one-time bridge to fill a gap between the federal program passed by the federal administration and the program that got repealed by the citizens of Nebraska. I think some-- I forget which Senator

said we have an amazing philanthropic community here in Nebraska; we have an amazing philanthropic community that cares about private education. This is an excellent time for that community to step up. This is a community that is giving a \$15 million gym to a private high school in Omaha. I believe in this state. I believe in the philanthropic community; they can absolutely find \$3.5 million to fill that budget hole, that gap. However, colleagues, we have, we have to find a lot more than \$3.5 million. So, let's adopt this, let's make a little dent, and let's move on, because an overwhelming majority of the folks in this state don't agree with this. We have a great philanthropic community that frankly has spent more than this trying to pass this type of legislation over the last few years, so I know they can afford it. They've stepped up before, this is an amazing opportunity for them to step up again. But it should not be done on the back of our taxpayers or trying to fill gaps elsewhere. We do not have the money for this right now. We cannot afford this right now. To my western colleagues, there are 13 private schools west of Nebraska. Thank you-- or, Kearney.

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

**HOLDCROFT:** Thank you, Mr. President. I rise in opposition to AM2500 and in support of AM2162 and LB1071. I'd like to concentrate a little bit more on the families impacted by this funding. I have a number of letters that were submitted to the Appropriations Committee before the hearing on the-- on this bill. Dear Senators, I respectfully urge the Appropriations Committee to keep the \$7 million-- now \$3.5 million-- School Choice Gap Assistance Fund in the state budget. School choice is deeply personal to my family. My husband is a veteran, and throughout his military career, our family moved frequently. Our three sons had to adjust to new schools, new teachers, and new communities more times than most children ever should. When my husband retired, Gross Catholic provided our boys with something they had been missing for years: a safe, stable place to land. Our son Vinny has dyslexia. In a large school, he could easily have been lost in the crowd, just another student trying to keep up. But at Gross Catholic, every teacher knows who he is as a person. They understand his challenges, recognize his strengths, and genuinely care about helping him succeed. He is not invisible; he is supported, encouraged, and known. Parents know their children better than anyone. We see when they are

struggling. We see where they are thriving. We know when an environment is right-- is the, the right fit and when it isn't. School choice empowers parents to make those choices so their children can reach their full potential. School choice improves academic outcomes across all school systems. It provides opportunities for students who need a different environment to succeed. It helps families build stronger futures by opening doors to educational success, and these programs are proven to save taxpayers money. When students are in the right educational setting, they succeed, and when students succeed, our entire state benefits. The \$7 million, now \$350 million [SIC], School Choice Gap Assistance funding makes it possible for families like mine to access, access the education that best meets our children's needs. Removing this funding would take away opportunities from students who deserve every chance to thrive. When parents are empowered and students succeed, the whole state wins. I respectfully ask you to protect this vital funding in the, in the final budget. Thank you for your time and consideration. Sincerely, Jill, a mother of students at Gross Catholic High School. Thank you, Mr. President.

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

**KAUTH:** Thank you, Mr. President. I rise to vote no on AM2500, yes on AM2162, the Appropriations Committee amendment. First, I'd like to say thank you to Appropriations; they have done incredible work on this. Every time I have to go up to Senator Clements to talk about anything that has to do with dollars, I always cringe and, and want to make sure he's OK before I have to talk with him about dollars. But this, this is something the-- the private school issue is interesting. I think some kids don't do well in a public school. I think that's not necessarily the public schools' fault. Millard is an incredible public school. I think, that some kids just don't fit. And I always viewed our [INAUDIBLE]-- constitutional duty to educate children, not to educate children in a public school. We have the responsibility to make sure every child knows how to read, to write, to use critical thinking skills, to do math. And we don't do that, you know, purely for selfless reasons. That's very selfish. We want to make that these are people who will be the adults we need them to be. And the thing is about kids, while we are wrangling over policy and dollars, they are growing. They're growing out of each grade, they're moving on. You have a limited amount of time that you can capture them and

get them the education that they need to become the kind of successful adult that we need. And again, remember, we're all growing older. We're going to need nurses, we are going to need people who understand how to run government, people who understand how to do the engineering that is going to keep us alive. We're going to need medical professionals, we're going to need people to take care of us when we are old. I'd like them to be educated in the way that works best for them. You know, there's, there's-- these parents, their parents are paying into the school systems through property taxes. The-- I, I view this as a winding-down of the opportunity scholarship rather than a continuation. We made certain promises when we gave that money away, when we said "we are going to help you." And we have kids who are in those new schools, and they're doing well. And I'm going to read you a letter from one of the parents. This is a stop-gap measure until the federal, basically, opportunity scholarship can get into place. So, I think it's not much for us to, to follow through on this commitment to kids. I do agree with Senator Guereca that our philanthropic community is amazing, and I look forward to looking at lots of different things that we can ask the philanthropy community to sponsor instead of the state. So, with that in mind, I'm going to read you this letter from one of the parents who is affected by this. We have children in both OPS and St. Pius / St. Leo. One of our children was in an OPS school that was unable to provide the necessary resources. His classroom had become a chaotic, volatile environment. The school acknowledged the problems, but were unable to resolve them. He could not continue in that setting, and we needed another solution. The opportunity scholarship gave us an option when public school could not meet our child's needs. As a strong supporter and advocate of public schools, I believe all families should have access to the educational environment that best supports their child's success. This scholarship allowed us to make the best choice for our child's well-being and academic growth while continuing to support the value and importance of public education. I think we can do both, but again, each child is an individual who is growing and changing, and if we don't get them educated, they may miss their opportunity. With that, I yield my time.

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

**DORN:** Thank you, Mr. Speaker-- not Mr. Speakers-- Mr. Lieutenant Governor. I am for LB1071, AM2162, and I will be voting for

AM2500. As a member of the Appropriations Committee, I first off would like to thank, very much so, our Appropriations Chair, Senator Clements. Got to be on there with him for eight years now, on the Appropriations Committee. If there is one guy that you look for for numbers, or you look for as we're discussing things, he will have it added up, he will be able to tell you those numbers. He is very good at explaining those and those numbers to us, and I thank-- I am so glad I had the opportunity to be on there with him for eight years, and I really thank him for all he's done. I'm very, very proud to have him as a state senator. And I also would like to really thank our fiscal staff, our legislative fiscal staff. They're all underneath over here, on the tables and stuff. Our-- the head person, Keisha Patent, and then all the others that are there also, they all have certain ones of the agencies that they are in charge of, so when we go over the agencies, they are able to tell us or zero in on each of those, or reach out to those and get us more information. They are a tremendous help, and a tremendous, tremendous resource. I've been watching this afternoon, there's been people going over there and asking them questions, and people have asked me questions, and I can't give an answer, and we go over there. And I thank them all very much for all the work they put in and all the work they've done on this budget, not only last year, but this year. Last year, we did do a so-called two-year budget, and then this year, we had-- I don't know what you call them, adjustments or readjustments or reappropriations to the budget, and we brought the yellow book out here to the floor. Heard a lot of agent-- a lot of comments about we should do this or that, been visited with a lot of lobbyists about spending proposals, or not-spending proposals, or you can't cut this or whatever. The whole committee-- and I really want to thank the whole committee, not just Senator Clements, but the whole committee, Appropriations Committee, for all the work and the time they put in on this. I know everybody-- every state senator that's up here also has a committee, and many of those other committees, Health and Human Services, Judiciary, some of the time they put in, we set there and we wonder how they're able to maintain that pace, or how they're able to do all they do. Also want to thank all the Appropriations Committee members for this and for this budget. I think Senator Clements and Keisha, this morning, they went over the budget, and they pretty much went over most of the things that are in here and made some of the major adjustments. I look at certain things, and always balancing certain things, and what we come up with or how we come with them. One of, one of the things I wanted to comment just a little bit on-- and I have

others that I can comment later on-- it was page 21, and that's the General Fund appropriations for our current biennium, and I want people to really look at the Medicaid number. This second year, it's \$1 billion, 78 million. When we Googled it-- my staff Googled and AI Googled-- it said for the state of Nebraska, this year and last year in 2025, the state of Nebraska, between our state funds of \$1 billion, 78 million, and the federal funds of about \$2.6 billion, Medicaid-- that's expanded Medicaid and the original Medicaid, we are spending-- in the state of Nebraska, we are spending \$3.8 billion for Medicaid in the state of Nebraska. The people of the state of Nebraska, that's the money they're taking in. We've had a lot of discussions about the look-back, we've had lot of discussions about nursing homes and a lot other things that are involved with Medicaid. But stop and think a minute, what we in the state of Nebraska, what also the federal government funds about another \$2.6 billion, what the people in the state of Nebraska, I call it, are benefiting from Medicaid. About 300,000 people have benefited the last year from Medicaid. That's 300,000 Nebraskans one way or another. And--

**CLEMENTS:** \$12,600 per person.

**DORN:** OK, Senator Clemens just said \$12,600 per person, so that's what that amounts to. Everybody in the state of Nebraska, \$12,600 per person. And I thank you, and I yield the rest of my time. Thank you.

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

**PROKOP:** Thank you, Mr. President. I wanted to pick up on a thread that Senator Dorn was just talking about, and, and that was-- that, that is to acknowledge Chairman Clements and the tremendous work that he did. When he got up and introduced the budget and, and the amendment, he, he gave a lot of credit to the committee members and to the, to the Fiscal staff, which all, all well deserve. But Chairman Clements does such a great job leading our committee, and-- tremendous work ethic. No one knows the budget and the numbers better than, than him. And so, I've really appreciated the opportunity to get to work with them and your, your, your last rodeo here on the budget. So, I'm, I'm hoping we have, we have a good dialogue and debate. But just wanted to acknowledge, acknowledge that. So, one of the things, you know, that I was told last year after I was placed on the Appropriations Committee, and, and again, that's been brought up

this year, both in times of, of budget, budget deficits, is, you know, being on Appropriations, there's, there's some dynamics there when you don't have resources that some-- in some ways, it's, it's easier because, you know, it's easy to say "no" to everything. And when, when we have lots of dollars, it's actually tougher, because then you have to be much more selective. And, and I'm looking forward to when that, that actually is the case, and, and that's a problem that we're dealing with. But we're in the situation and the-- and dealing with the circumstances that, that we're in, and so, to me, ultimately, it comes down to priorities, just like it came down to priorities last year, and being the wisest possible stewards of taxpayer dollars possible, and making choices. And I did not support the budget coming out of committee. There were some things in the budget that I just had some pretty deep concerns with. Actually, AM2500 would address one of those, those concerns that I had, and, and would certainly bring me along to, to supporting the, the amendment and the underlying bill. So, that's where we're at, and I'm looking forward to the debate, and I think we're, we're going to have a lot of good dialogue here. I did want to take Chairman Clements up on the invitation to talk about some of the bills that are included in the budget bill, because I did have one of those that I think is important and meaningful. My bill, LB862, was included in budget to change the sunset date for funds that educational service units receive to supply regional literacy coaches and job-embedded training for evidence-based reading instruction through the Nebraska Reading Improvement Act. Current funding for regional literacy coaches expires in 2027, and this bill would change that expiration to 2030. Without legislation, the statutory expectation for this work would continue, but the resources to support it would not, so LB862 prevents that by aligning responsibility with the actual funding. The bill, LB862-- my bill, LB862, does not create a new program or ask for new funding; it continues the Legislature's original intent to support the work through the Education Future Fund, and aligns that investment with long-term outcomes rather than short-term benchmarks. Nebraska has made a deliberate commitment to improving early literacy through evidence-based reading instruction, and I know we've had a lot of discussion already this session around literacy, and so why I brought the bill and, and really glad to see it in the, in the budget bill. That commitment is reflected in the Nebraska Reading Improvement Act, and the bill ensures that the framework does not stall halfway through implementation, and also pride-- provides us with a runway to collect the data we need to, to see if these programs

are really moving the mark as far as literacy is concerned. I want to thank, again, the committee members for their collaboration and working with me over the course of putting the budget together, and I would yield back the rest my time.

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

**DOVER:** Thank you, Mr. President. I'd like to first of all thank the Legislative Fiscal Office. They're over here. They do a fantastic job. They know so much. I don't, I don't know how they keep it all in their heads, but they do a fantastic job, and we couldn't do our job without them doing the exceptional job that they do. I'd also like to thank the members of the Appropriations Committee. We spent a lot of-- a lot of hours, a lot of days, a lot of weeks together, working on the budget. They all did an exceptional job. And I would like to give a shout-out for our chairman, Senator Clements. He did an exceptional job. Oh, he's right back here. It's a, it's a tough-- it's a tough job to be chairman of Appropriations. And I, and I just think back, and I know he's looking, looking forward to the next coming couple of days where he gets to answer all these questions. Hopefully, all of us in Appropriations can help stand up and defend the budget. We didn't agree on everything. You know, how would you? We can't even-- I won't even joke-- pass the cigarette tax here. But, but literally, we don't agree on everything. We don't-- even the nine members of Appropriations don't. There's things I voted for, things I voted against, and everybody in Appropriations Committee can say the same thing. But I'll say this, the main thing is, like all of you that have been involved in boards, organizations, et cetera, you take the vote, you win, you lose, you come out, and you defend the, the decision of the majority. And so, I, I, I, I look back to the days when Senator Wishart, Senator Vargas, Senator Erdman, who are no longer with us, stood up and defended the budget that we all worked on, agreed and disagreed on, but when, when it came down to today, we stood up and we defended our budget, because it is our budget. I'll say this, too: there are times where we can work together. And I, and I thank Senator McKinney for bringing this up. Senator Spivey worked on this, and, and we're just discussing it, but it-- in here, I know we talk about decommissioning the State Penitentiary. But in the budget, it says this: the Department of Correctional Services shall file a report electronically with the Clerk of the Legislature on or before December 31, 2026; such report shall detail the

department's plan to decommission the Nebraska State Penitentiary, the timeline for decommissioning, plan, plan-- an estimate of all operation costs associated with the new facility, and the fiscal year in which such costs will be incurred, and any reductions in expenses associated with the Nebraska State Penitentiary in the fiscal year in which such reductions will be incurred. And, and Senator Spivey worked on that, and, and we worked through it, and we agreed, and we got it in the budget. So, there's a lot of things. There's little bits and pieces of all of us in this budget, and I just thank everyone for working together. I want to talk briefly about my bill. Well, I take it back, and I'll save that for later. Will-- I think we have a few hours of talking here. I'd like to speak in opposition of AM2500. I've got up and spoke on this every session. I can tell you stories of people I know who don't have the opportunity to attend a private school when that's the best fit for them. I think I told the story about where I was staying at the, at the Marriott and a gentleman was driving the van, and, and we started talking-- as you know me, I strike up a conversation with most people. We-- the kid was just smart, going to Wesleyan. Just-- I mean, just happy, on top of the world, big smile and everything. And I said, where are you from? And he says, North Omaha. And I go, interesting, because we're kind of looking at the North Omaha and schools and that kind of stuff at the time in the Legislature-- at least I was, with the bill. And he said, you know, I went-- and I can't remember exactly what Catholic school he went to, but he went to a Catholic school. And he was just, was just-- life's going great for him, he was telling me how happy he is and everything. And then I asked him a question because I'm a senator and I wanted to do a little research. I said, can you tell me about your other friends that you grew up with? Immediately, his demeanor changed. He looked down-- he was driving the van. He looked down, and he said, my friends will never have the life that I have because their mom couldn't get them into the Catholic school. And so I really-- and, and, and that's really what the funding does: it helps families in this gap who can't afford to get their child into a private school which would be a better fit for them, and, and I'll tell you, give them, give them the opportunity to a better life. But that's what this bill is. I support it. I'll also say this: my district, District 19, voted to support private school funding. So, just so you know, my district is-- has a very good system of parochial schools, and to support that. And I see my time remaining is about up, so I'm going to give up the rest of my time. Thank you, Mr. President.

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

**STROMMEN:** Thank you, Mr. President. I'd like to, as everybody else has, thank the Appropriations Committee on their hard work. I'd especially like to thank Senator Clements on his leadership and extremely hard work through this process. He's been tireless, and he's been a great leader, and I'm extremely glad to have been able to work with him over the last two years. We'll miss him. He really does know his numbers. I don't know if I've met anybody that's more of a walking calculator than Senator Clements is, so. I'd also like to thank the Fiscal staff for their help and hard work; they've been tireless as well. I'd like to give them a shout out for their 2025 LFO directory. If anybody's looking for some solid reading material, they can pick this up, and it goes through all of the agencies and pretty much gives you a complete breakout of what they do, how they spend their money, how much money they have, what their appropriation is. It's a wonderful read. I also wanted to quickly touch base on and bring some clarity to the amendments that are up right now that are being called a tax increase. I just want to bring some clarity to that. I'm not advocating one way or the other for this, but I do think that it needs to be said that this is technically not a tax increase, it is a General Fund appropriation, much like any of the other agency appropriations. And if you go to page 21 in our golden book, you can see all of the General Fund appropriations over the current biennium. Now, the argument can be made that this money can be used to offset or close the budget gap, but these dollars are a one-time appropriation to be used as a bridge to gap the federal tax credit program, and the dollars only go to those who are at 185 percent of the poverty line. So, I just wanted to clarify that. Not telling people how to vote, not telling people not to vote. But again, if you go to page 21, you'll see General Fund appropriations, and that'll give you a breakout of how we're spending a lot of those dollars currently, so. I'd like to yield the rest of my time to Senator Armendariz.

**KELLY:** Thank you, Senator. Senator Armendariz, 4 minutes, 50 seconds.

**ARMENDARIZ:** Thank you, Mr. President. I am also on Appropriations, and want to thank my team. Many of you do not hear me get up and talk on this floor. I do prefer my time in my committee. That is my home, and has been for four sessions now,

and I have absolutely loved every minute of it. That-- that's my world, and I like being in it. I like everybody on it, all four years, and we've changed members. We become a family in there, and they're all very wonderful under the leadership of Senator Clements. Our Fiscal staff is invaluable to us. I lean on them heavily. Notably this year, Mikayla Findlay in HHS has, has been a very good partner of mine in educating me on everything HHS. I thank them immensely for all their work. I do want to address the AM up on the board. I have spoke on this over my four sessions as well, and I will continue to do that. I was asked-- and I don't speak to the press much, but I was asked on this my thoughts, and why we would fund that. And I did write something for them, some of which they published, but I will read the whole thing. I believe it is the responsibility of Nebraskans to support a child's education through twelfth grade, whatever that education looks like for that individual child. I think we are getting lost in the argument that our tax dollars should only go to public schools, thus educating all of Nebraska children with tax dollars in one system. This focuses on the system more than the child. In my eyes, that is a fundamental flaw in thinking about educating children. We need to consider what best fits the learning styles of the individual, not the assumption that the one option will fit all children. One might say that families that want an option can pay for that option outside of taxes that they already contribute to public schools. I don't completely disagree with that notion. What that philosophy does not address are the families and children that do not fit in the system and do not have the ability to go to another school that may fit them better. The problem is two-fold with this population; their tax dollars are consumed by the system that does not work for their child, and they do not have enough disposable income to pay out-of-pocket for a school that does work for their child. This is economic segregation. We delineate education between the haves, the ones that can pay outside the system, and the ones that are confined to the public one system, whether it works for them or not. Our one-system approach to funding education creates educational redlining around economic attainment. Highly sought-after school districts are close to families that live outside their boundaries when those districts are full. Families have little choice when that happens. They can move within the lines of the sought-after district, but it is almost always economically impossible for families with limited resources to move to higher-cost neighborhoods. Additionally, these particular families do not have the money to pay for nearby private school that may meet their needs, essentially limiting their educational attainment to the public

school within their boundaries of their neighborhood. Education is the great equalizer. When we confine poor children to one educational system that does not work for them but allow more economically-advantaged families mobility to find and pay for the best options for their children, we perpetuate generational poverty. We are educationally marginalizing the poor. Poverty maintenance is an exponential higher burden on taxpayers. It is wiser for the state to provide the best fit education that allows children to reach their full potential. Thus, reducing the state tax obligations to corrections and prisons, Medicaid, SNAP, child welfare, and CHIP-- all these programs provide maintenance for people living in poverty. Educational-- education lifts people out of poverty. Thank you, Mr. President.

**KELLY:** Thank you, Senator Armendariz. Senator Hunt, you're recognized to speak. Senator Armendariz, you're next in the queue.

**ARMENDARIZ:** Thank you, Mr. President. I'll continue, and I will expound on Senator Strommen's, Strommen's assertion that this is not a tax. Taxes are applied in the Revenue Committee, as we saw last week with the cigarette tax. That does not come out of Appropriations. This is an appropriation to the Department of Labor. It is put in their budget through the General Fund. People have been talking about "why are we going against the will of the voters?" I'm on appropriation, and I real-- I'm on Appropriations, and I realize very well that we need to contain spending. Allowing these educational opportunities is a strong long-term strategy to reducing spending and the taxes we use to address poverty. I have one other bill that also worked on long-term strategies to reduce costs for our state, so this is not new to me. I come to this Appropriations Committee to find long-term strategies so we're not continually trying to find money. This is another one of those. Can we turn the tide of generational poverty? I think the numbers strongly correlate educational attainment to reductions in poverty. Educational level is tied to poverty. Anyone with less than a high school diploma is almost one-quarter times more living in poverty. Approximately 24 percent of people with less than a school diploma live in poverty. People with just a high school diploma, another 10 percent living in property. And people with bachelor's degree, only 4 percent live in property. People in Nebraska with a high school diploma have a six times more probability of living in poverty. What do we spend on poverty maintenance? Some have already mentioned Medicaid; we spend

approximately \$3.5 billion a year. Medicaid is directly tied to poverty. Department of Corrections, \$411 million a year. Almost 70 percent of people in the correctional facilities do not have a high school diploma. Child welfare, another approximately \$200 million a year spent there. Many folks on this floor fight to spend more money in these programs than they'll fight for these children to get a good education. For me, the numbers show that attacking one of the sources of "proverty"-- poverty needs to be addressed. I prefer to pay for the educational attainment to defray the much-higher cost to taxpayers that, that we pay to manage poverty. This is a long-term cost-saving strategy for taxpayers. In the end, I stand for this. Much like the handful of families that banded together and fought in the infamous case of Brown v. the Board of Education, sometimes the right thing to do isn't the popular thing to do. We must broaden access to all types of education, even to those families that lack the money to have a choice. I want to tell you "I hear you," and today, I will be your voice. That is where I came from. Thank you, Mr. President.

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

**HUNT:** Thank you, Mr. President. Good afternoon, colleagues and Nebraskans. I could not agree more with the premise of Senator Armendariz's argument that we have to do everything we can to improve equality of opportunity for children in Nebraska when it comes to education, but I could disagree more with the policy conclusions that she's come to from that starting position. Let me tell you something: it doesn't matter if you went to private school or you went to public school, or you like them or you don't like them, or your kid got a great education there at public school or private school, whatever. None of that stuff has any bearing on the merit of this amendment. It has no bearing on the merit of what we're doing in LB1071 by taking general funds and putting that toward vouchers for private education. People already have the freedom to send their kids to private schools. This is not about liberty; that already exists. And I want to step back and recognize that public education is one of the few institutions in our society that is designed to serve everyone; every child, regardless of income, ability, disability, age, religion, language, where they live, what their sexuality is, how they identify, whatever. This is an incredible system that we have in the United States that is design to serve them all, and that universal mission is exactly why public

schools require public investment. And when we divert public dollars away from that system and into private tuition subsidies, we weaken the one institution that we have in this state that obligates us to ever-- to educate every child in Nebraska. This budget in LB1071 would allocate public funds to support private school vouchers in a time when we are already scrapping and fighting for every dollar in this severe budget shortfall. We are already making difficult decisions about the programs the state can and cannot afford. At the same time, we are cutting funding or constraining funding or switching funding around in areas like special education, services for students with, with the greatest needs. Yet somehow, in the middle of these constraints, we have found millions of dollars to subsidize private tuition, which, by the way, we're already getting from the federal government. The original proposal in this bill, in the underlying bill in LB1071, routes this voucher program through the Department of Labor instead of the Department of Education; that also gives me a lot of pause. The Department of Labor does a lot very important work, obviously, but administering K-12 programs is not part of its mission. It never has been. I think that dividing up the responsibilities of monitoring and administering education programming and policy, you know, between different agencies and different departments at the federal level, at the state level-- all of these changes, they actually increase costs because it decreases efficiency, it increases redundancy, it's inefficient. And you have to ask yourself if that's on purpose, if it isn't part of the systemic and gradual rollback of public education support. Finally, I want to point out that Nebraska already has an alternative mechanism for supporting scholarship programs without drawing down from the state's federal fund-- or, the state's General Fund, excuse me. The state has opted into, as you know, I think-- I think people have talked about this already-- the state has opted into this federal tax credit program that encourages private donations to scholarship foundations. And that approach relies on voluntary contributions. It's very similar to bills that we discussed here in the Legislature over years and years and years that were then rejected by the voters at the ballot box. But those programs already exist for scholarships. If the goal is to support scholarships for families who want private education, that system already exists. What we are debating today is not whether scholarships should exist, or whether public education or private education is better; what we're talking about is whether public funding should be redirected to subsidize private education out of the General Fund in a time when we have no damn money. And ultimately, that's the core

question before us, right? What should public dollars be used for? My answer is simple: public dollars are for public education. They should support the schools that support every child and every community under a system that is transparent and accountable, and designed for the public good. You all ran for public office, and you're using your time to weaken public services, and that's something that I will never understand. And for this reason, I encourage your support of AM2500 and cannot support diverting public education funds into a voucher program. And I encourage the body to remove this proposal from the budget. Thank you, Mr. President.

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

**BRANDT:** Thank you, Mr. President. Read a couple letters I get from constituents. I'm writing to you to let you know that I'm against any amount of money going towards public school vouchers. I'm a paraeducator, and can see the impact that cuts the special education have had on our students. We need the funds in our district to take care of the growing number of students that qualify for special education. Parents are struggling to get their kids ready for kindergarten because they simply do not have the hours in the day to work with them, because both parents are working every day, or working two jobs. The people of Nebraska overwhelmingly voted down vouchers in the last election. I do not understand how you can go against the wishes of the people and fund the vouchers. Use that money to help the public schools with their budgets. The state of Nebraska is also looking for funds to balance the budget. Why are we giving the money away to private schools that obviously don't need it? There are private schools building sports complexes. Please use your common sense and moral compass to say no to giving any money to private school vouchers. The people of Nebraska have told you what they want with the vote in the last election. Please do what we all voted for: no money to school vouchers. That's the first one. Here's another one. I am writing to you to ask you to please oppose the private school voucher provision in LB1071. I have included some of the reasons why this voucher should be opposed. Thank you for your consideration. Voters already rejected this policy. Vouchers were decisively rejected by Nebraska voters in the 2024 "Support Our Schools" Referendum. Reviving it through the budget process disregards the clear will of the people. Public dollars belong in public schools. With \$18.4 million in special education cuts

still in place and projected, \$301-- and this was written before we got it down-- million revenue shortfall, Nebraska cannot afford to siphon scarce resources away from the public schools that serve the vast majority of students. A lack of oversight and accountability. Placing the voucher program under the Department of Labor instead of the Department of Education, weakens educational oversight and creates a system that is not subject to the same transparency, reporting, and accountability standards as public schools. Unnecessary and duplicative funding. Nebraska has already joined a federal tax credit program that allows support for private and public school foundations without using state-generated funds. Adding a new state-funded voucher subsidy is redundant and fiscally irresponsible. So, that's just a few of the many emails that I've received. I want to clarify again: property tax gave at the office. When you look in the budget on page 11, we have a \$5 million and \$17 million Tier 1 and Tier 2, a total of \$22 million. That's going to get reabsorbed into the next budget instead of being additionally repurposed for property tax relief, so there's \$22 million less property tax funding in the budget. Special education funding in this budget will go from 80 percent down to 78 percent. We cut \$18.4 million-- that's page 43-- was removed, removed from the budget. So, I would encourage you to end this and vote for AM2500 to save Nebraska taxpayers a \$3.6 million tax increase, and vote green on this. And if you vote no, you're supporting a \$3.6 million increase in the face of all the reductions we're taking to the budget. Thank you, Mr. President.

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

**SPIVEY:** Question.

**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, 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:** 31 ayes, 6 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 presence. All unauthorized

personnel, please leave the floor. The house under call. Senator Dover, please return to the Chamber. The house is under call. All unexcused members are now present. The question is, shall debate cease? A roll call vote has been requested. Mr. Clerk, please call the roll.

**CLERK:** Senator Andersen voting no. Senator Arch not voting. Senator Armendariz voting yes. Senator Ballard voting yes. Senator Bosn voting no. Senator Bostar voting yes. Senator Brandt voting yes. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Clouse voting yes. Senator Conrad not voting. Senator DeBoer voting yes. Senator DeKay not voting. Senator Dorn voting yes. Senator Dover voting yes. Senator Dungan voting yes. Senator Fredrickson not voting. Senator Guereca voting yes. Senator Hallstrom voting no. Senator Hansen voting yes. Senator Hardin voting no. Senator Holdcroft voting no. Senator Hughes. Senator Hughes, I'm sorry? Voting yes. Senator Hunt not voting. Senator Ibach voting no. Senator Jacobson voting no. Senator Juarez voting yes. Senator Kauth voting no. Senator Lippincott voting no. Senator Lonowski voting no. Senator McKinney voting yes. Senator Fred Meyer voting yes. Senator Glen Meyer voting yes. Senator Moser voting no. Senator Murman voting no. Senator Prokop voting yes. Senator Quick voting yes. Senator Raybould voting yes. Senator Riepe voting yes. Senator Rountree voting yes. Senator Sanders voting yes. Senator Sorrentino voting no. Senator Spivey voting yes. Senator Storer voting yes. Senator Storm voting no. Senator Strommen voting no. Senator von Gillern voting no. Senator Wordekemper voting yes. Vote is 27 ayes, 17 nays, Mr. President, to cease debate.

**ARCH:** Debate does cease. Senator Brandt, you are recognized to close on AM2500.

**BRANDT:** Thank you, Mr. President. I think we all know where we're going to land on this one. A vote green on this removes private school tuition from the budget; a vote red or a PNV keeps it in the budget. It's a \$3.6 million increase in the budget. The special education funds got cut \$18.4 million. Thank you, Mr. President.

**ARCH:** Colleagues, a question before the-- colleagues, the question before the body is the adoption of AM2500. All those in favor, vote aye. All those-- there has been a request for a roll call vote. Mr. Clerk, please call the roll.

**CLERK:** Senator Andersen voting no. Senator Arch voting no. Senator Armendariz voting no. Senator Ballard. Senator Ballard not voting. Senator Bosn not voting. Senator Bostar voting yes. Senator Brandt voting yes. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting no. Senator Clouse voting yes. Senator Conrad voting yes. Senator DeBoer voting yes. Senator DeKay not voting. Senator Dorn voting yes. Senator Dover voting no. Senator Dungan voting yes. Senator Fredrickson voting yes. Senator Guereca voting yes. Senator Hallstrom not voting. Senator Hansen voting no. Senator Hardin voting no. Senator Holdcroft not voting. Senator Hughes voting yes. Senator Hunt voting yes. Senator Ibach voting no. Senator Jacobson not voting. Senator Juarez voting yes. Senator Kauth voting no. Senator Lippincott voting no. Senator Lonowski not voting. Senator McKinney not voting. Senator Meyer voting yes. Senator Glen Meyer voting no. Senator Moser voting no. Senator Murman voting no. Senator Prokop voting yes. Senator Quick voting yes. Senator Raybould voting yes. Senator Riepe voting yes. Senator Rountree voting yes. Senator Sanders voting no. Senator Sorrentino voting no. Senator Spivey voting yes. Senator Storer voting yes. Senator Storm voting no. Senator Strommen voting no. Senator von Gillern not voting. Senator Wordekemper voting yes. Vote is 23 ayes, 17 nays, Mr. President.

**ARCH:** AM2500 is not adopted. Mr. Clerk, next item. I raise the call.

**CLERK:** Mr. President, Senator Hallstrom would move to amend with AM2522.

**ARCH:** Senator Hallstrom, you're recognized to open on your amendment.

**HALLSTROM:** Thank you, Mr. Speaker. Members, this amendment is a follow-up to LB1058, which was introduced before the Government, Military, and Veterans Affairs Committee. Advanced on a vote of 7-1 with the committee amendment. The bill, as originally introduced, would have taken \$150,000 of general funds to be used for specific purposes within the Nebraska Tourism Commission and their development of a program. The amendment, importantly, is one that takes those funds to be utilized from the Nebraska Tourism Commission Cash Fund. So, it is a cash fund transfer, does not have any General Fund impact. The original bill in AM2522 would direct the Nebraska Tourism Commission to develop a program to provide a tourism and visitor promotion

grant to an organization that provides tourism and visitor promotion services in the state through exhibits and trails, and that is located along the Missouri River and within five miles of a city of the first class. Organizations in the communities of Bellevue, Blair, Nebraska City, Plattsmouth, and South Sioux City could qualify for the program grant authorized under AM2522. Funding for the grant under AM2522 would have-- under the original bill, excuse me-- would have required a \$150,000 General Fund appropriation for fiscal year '26-'27. The Government Committee amendment to LB1058 switched the funding source to the State Visitors Promotion Cash Fund, as does AM2522. One of the organizations eligible to apply for the program grant established under original LB1058 and AM2522 would be the Missouri Basin Lewis and Clark Interpretive Trail and Visitor Center. It is a key interpretive site for the Lewis and Clark National Historical Trail, featuring exhibits, hiking trails, live reenactments, and educational programs about the expedition. In the mid-2000s, federal legislation authorized the transfer of certain federal land to the Lewis and Clark Foundation. In 2007, federal legislation authorized up to \$150,000 in federal funding per year for 10 years to assist operations. While the annual federal funding was extended beyond the initial 2017 expiration date, the federal funding wasn't extended in 2025. It is important to note that should the use of visitor center-- the, the visitor center be discontinued, pursuant to federal law, ownership of the land upon which the visitor center is located, which was conveyed by the Secretary of the Interior to the Lewis and Clark Foundation, a 10-- 501(c)(3) non-profit, will revert back to the Secretary of the Interior. Efforts are underway to reinstate the \$150,000 annual funding received from the federal government which lapsed in 2025. The funding request under AM2522 is limited, and would only bridge the funding gap for a temporary one-year period. The visitor center relies heavily on volunteer services and operates on a relatively modest annual budget. As a result, the annual \$150,000 federal funding previously received is a significant portion of its operating budget. National Park Service officials have indicated that should the foundation fail to continue operating the property, it would cost the NSP between \$100,000 to \$150,000 to simply shut the doors and mothball the facility. The visitor center averages almost 10,000 visitors annually, with visitors from all 50 states each year. The visitor center serves as a gateway to tourists from other states, with 85 percent of the visitors from out of the area, including tourists from over 132 foreign countries since opening 21 years ago. The visitor center serves as an ambassador for the balance of the

historic and tourism sites throughout the state for those who enter from the southeast corner of Nebraska. In recognition of the budget woes we are currently facing once again, AM2522 would switch the funding source from general funds to the State Visitors [SIC] Commission cash fund. And I would note that I have vetted this with the Tourism Commission, and they are stepping aside to allow this cash fund transfer to occur for this purpose and for this specific type of program. And with that, I would ask for your green vote on AM2522 to the committee amendment, and support of AM-- LB1071. Thank you.

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

**QUICK:** Thank you, Mr. President. And I know debate was cut short on the last vote, so-- but I still had something I wanted to say about the school funding. You know, my wife and I, we both attended public schools, had a great education; we sent our kids to public school in grade school, and then we sent them to a, a private Catholic school in Grand Island for their middle school and high school education. And I know that this is after the fact, but the one thing I want to make people understand is that people did have a choice. We did have a choice to send our kids wherever we wanted, and we made that choice. And I think probably the limits for probably some of the private schools isn't so much access for kids with not having a scholarship or availability, but probably class, class-size limits. I know Central Catholic has always limited on a number of class, the class size, and they also had opportunities for people to give money so they could give scholarships. So, that was always available for kids. One of the things I'm going to talk about is probably not so much in Senator Hallstrom's bill or his amendment, but some of the issues I have with maybe parts of the budget itself. And that has to do with-- I sit on the Health and Human Services Committee, and we sit-- we hear a lot of bills, and we're brought a lot bills that deal with maybe some of the cost-cutting measures that Department of Health and Human Services is going to enact, either through an H.R. 1 bill or through-- or, or some cost-cutting measures that they're doing themselves. And I know it maybe it would look on the surface that, that we're going to save money in the short term, but I, I think we're going to see some long-lest-- long-lasting effects from that, either through health care costs increasing, you could see-- you know, I know we're saying that we're going to cut some of these-- make-- have savings so we can cut some of

these programs for people, and that it's going to create these short-term health care needs-- well, it's going to cut these programs, so really what it's going to-- it's going to cut the access to health care for people. I think what's going to happen eventually is, is that you're going to see health care costs go up, and just like it does any time-- when I worked at the-- when I was working and we had employer-based insurance, any time there was an increase in costs, that was passed down to us either through premium increases or also through deductible increases. We also went to an HSA, which means that you-- you're kind of funding yourself, your own health care, along with some small premium that would provide a certain amount of health care. So, my biggest concerns are, you know, that we'd cut some-- the rates for ABA services. I just dealt directly with a mother of a son who, who probably never had the access to ABA services for his whole life. He's 18 years old, his mother struggles with him on a daily basis. He's, he-- he's, he's assaulted her, he has, has, has hurt her in the home, and these type of things. Kids who could have access to ABA services, I think it's crucial, especially in-- not just in our communities like Grand Island, Lincoln, and Omaha, but for rural Nebraska as well. And what, what happened with ABA-- the cuts to ABA services? We saw kids who are on Medicaid lost eligibility for those, for those program needs. That's one of the things that I see. You know, also, we're going to have to pass that zero look-back on Medicaid. I think it's going to be really important that we make sure that we, we don't do the zero look-back, that we keep the one-, the two-month look-back for those Medicaid programs. I think the, the caps on, on the A&D waiver, those are-- that's another area where we're going to see people who are taking care of a loved one in their home, they're providing that 24/7 care, they're reimbursed through Medicaid, and I think what you're going to see happen is, when they aren't reimbursed that, if they do have to go out and get a job to provide for themselves, there's no one there to care for that loved one in the home. These are people who are on feeding tubes, these are people who are on, on ventilators, these are people who need 24/7 care. And so, I think it's-- I think what we're going to see, if we continue down this path of making these cuts in, in Health and Human Services, we're going to see a great effect on not just the people who are, who are-- need that care, but also the cost it's, it's going to-- how it's going to increase for all of us, so. Thank you, Mr. President.

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

**LIPPINCOTT:** Thank you, sir. I am for LB1071, also for amendment AM2162 and AM2522, and I'll yield my time to Senator Hallstrom if he wants it, otherwise I have stuff to read. He doesn't want it. Just as a review, in 2024, a supermajority of Nebraska legislators passed LB1402, a \$10 million scholarship program funded by state appropriation and administered by the State Treasurer. And shortly thereafter, special interest groups and opponents of education choice for families led to a repeal of the Nebraska Education Scholarship Program. But just in a few months, the program was a beacon of hope for nearly 4,000 students, and spent \$9,200,000, which was awarded in 2024. And it's interesting to note that 20-- correction, 84 percent of the funds went to students at or below 213 percent of the federal poverty level. School choice policies that redirect state funding through mechanisms like Opportunity Scholarship of Nebraska do allow public dollars to follow students to private schools, homeschooling, or other educational options. These approaches have expanded significantly in recent years with states like Florida leading in universal access. Proponents argue they deliver multiple benefits supported by research, and one major benefit is improved student outcomes for participants. Studies show modest to positive gains in academic achievement, particularly low-income and disadvantaged students. For example, early voucher programs helped black students in cities like New York City and Washington D.C. outperform peers on tests. Broader reviews of over 200 analysis found 83 percent report positive effects on participants, including higher education rates and college enrollment, and higher completion. Long-term, these lead to better economic outcomes such as higher earnings and reduced reliance on public assistance. Public school students also benefit from competition; when private options draw students nearby, public schools face pressure to improve. Florida's tax credit scholarship program, scaled over 15 years, boosted public school students' test scores in reading and math, and reduced absences and suspensions, and yielded gains equivalent to 120 to 140 extra days of learning, especially for low-income students. Research indicates that these competitive effects were 11 times more cost-effective than equivalent direct spending in public schools. Similar positive spillovers appear in other states. Fiscal savings for taxpayers and states represent another key advantage. Most participants are switchers from public schools-- it's up to 90 percent-- so that states spend less per student on choice programs than full public per-pupil funding. Public schools retain much of the funding that is federal and local portions, plus partial state, relieving budget pressure. Analysis of dozens of programs show overall savings of billions;

that is up to \$45 billion nationwide through 2022, averaging \$1.70 to \$2.64 return for every \$1 spent. This frees resources for priorities without necessarily harming public schools. Parental empowerment and satisfaction increase markedly. Families gain flexibility to select environments matching their child's needs, values, or learning style. Whether for safety, specialized instruction, or cultural fit, parents report higher satisfaction and involvement, fostering engagement that benefits students. Finally, school choice promotes innovation in education completion. Competition encourages schools to adopt better teaching methods, criteria, technologies, and potentially raising quality system-wide. Thank you, sir.

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

**CLERK:** Mr. President, the Retirement Committee will have an executive session at 3:30 under the south balcony. Retirement Committee, 3:30, under the south balcony. That's all I have at this time.

**ARCH:** Returning to the queue, Senator Clements, you are recognized to speak.

**CLEMENTS:** Thank you, Mr. President. I'd like to speak to AM2522 from Senator Hallstrom regarding this \$150,000 for tourism promotion. That's-- that site is-- that, that we're hoping gets funded is near my district. It's in Senator Hallstrom's district, but it's right outside Nebraska City. I've been to the Lewis and Clark Visitor Center, and they're looking for a temporary funding for a year to keep them open. If they close down, this, this land will revert back to the federal government, and it'll take an act of Congress to get it back up and running. And so, this \$150,000 does not affect the General Fund budget; it's from the Visitors Promotion Fund, so it's an appropriate use of the Visitors Promotion Fund to help a visitor center that's right on the border, and I, I do want to support that. I-- on other items, I-- let's see. I've been appreciating some of the debate that we've had on other issues. The-- did want-- I didn't get to speak. I voted no for-- on calling the question, because I hadn't spoken on the school scholarship portion. I'm, I'm told there's about 57,000 non-public students, students that don't go to a public school. And by my calculation, there's at least around \$40 million those families pay in property tax to public schools that don't educate their children. And so, the \$3.5 million allotment from the state is a

small amount of replacement dollars. The other important thing is-- I don't know that it was really mentioned much, but we did put a restriction that you have to be at a 185 percent of poverty level or less to qualify for this scholarship program. And that's-- that is in the budget language; that's food stamp qualification or less. And I think this is going to poor families, lower-income families who will benefit from it, and the higher-income families are not going to receive allocations from these scholarships, so I think it, it-- we will be targeting those who are most in need of a school that better fits them, and helping some families out that would need it, regarding the-- but the Hallstrom amendment is a friendly amendment in my opinion, and it's not affecting the General Fund budget coming out of a Visitors Promotion Fund, which does use funds for this kind of purpose. And so, I, I ask for your green vote on AM2522. Thank you, Mr. President.

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

**JACOBSON:** Thank you, Mr. President. Well, every time the Perkins County Canal comes up, I always have to respond. I want to make it abundantly clear there's no way that I will vote for moving one penny from the Perkins County Canal project. I think it's been made abundantly clear by AG Hilgers that-- who's now working with-- through the Supreme Court, trying to get to the Supreme Court through the Solicitor General, the recommendation that they hear the case. And I will repeat what he told us a week ago Monday, was he believes that there's greater than a 50 percent chance that we will get it to the Supreme Court, and there is a very good chance that they will rule in our favor because it's very clear that we have rights to eminent domain. It was given to us by the state of Colorado to do what we have to do to move-- to bring the canal to where it needs to be. And he also believes that the-- when you look at the Solicitor General's recommendation, that the only real argument that Colorado's been making is Nebraska's not serious because they're not committing absolutely the funding to make this happen. Every time we meet here and we have people stand up and say we need to take that money, you hurt what's happening at-- with the Solicitor General, and what can happen at the Supreme Court. You're working against the state of Nebraska. I'm sick of hearing this argument. When Lincoln needed water-- funding for their water project, this Legislature voted to do that. You didn't hear a rural senator standing up saying, "No, don't let Lincoln have any money." We voted for that bill. Help us do what

needs to be done to get the Perkins County Canal project a reality. Don't stand in our way by getting up and doing floor speeches that you want to take the money away. You know the votes are not there to take it. That money's staying in the canal project, so why are we talking about it? It's not going to come out of that project. So, let's move forward when we go through this budget debate and be focused on things that will make a difference on the floor, that will actually maybe could be changed. But I think we've made it very clear that removing money from the Perkins County Canal project, outside of the interest, is non-negotiable. There's a lot of other places, and there's a plan. Everybody sat through the hearing that could-- of tomorrow-- this morning-- sat through the meeting walking through how we can fix this budget deficit, and we just need to go down the road now and make that happen. We can get a lot done in a very short period of time if we just do what the plan has been outlined by the Appropriations Committee. We can all come in here and say I don't like this part of it, or I don't like that part of it, and we can spend a lot of time debating it and end up where we were before. We've been down this road before. There is a roadmap to get us where we need to be, and we need follow that roadmap. But I don't want to-- I'm really not interested in hearing more about the Perkins County Canal, because I think we've decided what that should be. I can remember John Cavanaugh getting up speaking and saying we can cut that number down, we don't need that much money in it. Will it cost more than what's in the fund today? Yes, I believe it will. It will cost more to complete that project, and it will be worth it. I just can't believe that we're so short-sighted that we are willing to say "Colorado, we're not going to make you enforce that compact that will deliver water to us that we're entitled to;" that we are going to go 20, 30, 40 years down the line and wonder-- we had the opportunity to get this water from Colorado, and we sat on our hands and thought we'd spend it on something else. That's not acceptable. So, let's use our heads, let's do what we originally intended to do when we first put the money in there, and let's move on down the road with a plan that makes sense to get a balanced budget out and, and get the other priorities that we want to get done this session. Thank you, Mr. President.

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

**RAYBOULD:** Thank you, Mr. President, and thank you, Senator Jacobson. I feel that there is an urgent need to continue the

conversation about Perkins Canal because this past budget session and previous budget sessions, we have had no qualms or reserve about raiding other funds, sweeping other trust funds at any point in time. And here, we're also talking about this year, we're going to take \$42 million from the state education land trust funds without blinking an eye, even though it's unconstitutional. And if anybody has been listening to me talk about the Perkins County Canal project, I actually support it. I've been pushing and telling folks we can do it smarter and we can do it more cost-effective, we need to get a reservoir built ASAP that will allow us to capture the surplus waters that we can use, retain, and hold for irrigation purposes when the Platte River is starting to run dry or Colorado keeps going down that pathway. And Senator Jacobson, I sat down with you specifically to show how we are going to need additional funds for the Perkins County Canal. I went over very clearly the statutory authority that provides us to go out for bonding to raise additional funds for highway projects and water projects which the Perkins Canal would qualify for. We would need three-fifths majority votes, 30 votes, to make that happen. I have been in conversation with the Fiscal, and I planned originally to get an additional \$750 million for the Perkins Canal, because this is one reason why Colorado is not taking us seriously. They know full well that we have funded money for the Perkins Canal, they know we are working with the Army Corps of Engineers. But this is what I read before: they can't take us seriously about this issue because we haven't accomplished a lot of things. We need to get these things accomplished before they'll take us seriously. We need to get the 1041 approval from Cedric [SIC] County. We have no approved wetlands mitigation plan; that has to become [INAUDIBLE]. We have no federal permits, no final construction drawings, no crossing agreements for utilities, and no relocation agreements for displaced owners or tenants. That's why they can't take us seriously, because isn't-- we, we have not progressed. And yes, it would be great if it gets before the Supreme Court, but guess what they're going to do? They're going to consent that there is a case, a valid case before us, and then they will have to appoint a special master just like they did with the Republican River dispute, which, by the way, took 19 years. 19 years to resolve the Republican River problem. And that problem with the Republican River was simple; they just wanted us to provide the water flow. This is a much more complicated plan where we're building a canal. We need to be smarter. We need be smarter. We can go out for a bond, and I will put a proposal forward. We can go for a \$500 million bond, quarter-cent sales tax for four years-- four-year sunset, drops

off-- that will allow us to be able to service a debt for the \$500 million bond for 10 years. So, people, we can do it. You just have to be smarter about it. I am not saying tank the Perkins Canal. I'm telling you how to get it done smarter, cheaper, and more efficient. So, those are my recommendations. But in the meantime, I propose-- and my amendment will come before in LB1072-- to take \$78 million. \$78 million that will allow us to swipe \$5.7 million for general funds for the interest, and then I will backfill for the Environmental Trust Fund, veterans, cultural heritage and history, and some other water funds that are more pressing. Perkins Canal, 19-year project, that takes time. We have the funds, we can bond for more funds, because it'll cost a lot more before we actually get that settled. I'm trying to be smart. Taxpayers want us to be smart, they want us show resolve, they want us to show creativity and ingenuity on how to balance our budget. I want to get our budget balanced this year, but what about in our next biennium? That's an \$874 million deficit. I don't want to leave that to the next elected officials. I don't want to leave that for the next generation. We can be smarter. Senator Jacobson knows how to do bonding so effectively. This is a smart move. Thank you, Mr. President.

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

**MURMAN:** Thank you, Mr. Speaker. I rise opposed to 25-- or, excuse me, for AM2522 and for the underlying bill. I think the Appropriations Committee has done a great job in determining what the priorities of the state should be at this time. They've made difficult decisions. I appreciate Senator Clements being chair the committee, especially. I think difficult times like this, it's good that we have a conservative Nebraska banker in charge of the committee, and I do think the school funding was a part that we did need in the committee, as chair of Education. I think it's important that all students in the state have a choice of where they're-- what best fits their family for their education, and limiting it, especially to low-income students, is a very good way to do it when funds are limited, when revenue is limited. It gives-- you know, in, in my district, I'll be honest, there's not a lot of private schools, but there are some, and it is important to support the ones that are there, and there, there are new ones being started both in the district and nearby, and I, I do think the competition is good. We do have good public schools in the state also. I don't want to put

them down at all, but just that choice is a good thing. And with that, I'll yield the rest of my time. Thank you.

**ARCH:** Senator Dover, you are recognized to speak. Senator Strommen, you are recognized to speak.

**STROMMEN:** Thank you, Mr. President. Nothing like budget talks to clear out the room. I just wanted to go over real quick-- we were discussing some of our mainline budget here, and I thought that I would touch on-- I thought I would touch on some of our revenues. I know that that had come up earlier, when we were initially opened up here. And I, I know that part of the discussion about the budget is can we afford, what can't we afford, what are we spending money on? Where are our net receipts? How are they looking going into the future? And if, you know, you're interested and you want to turn to page 4 of your General Fund financial status, line 9-- I know you're interested-- line 9 will show you what those net receipts are. And if we look out going into the '28-'29 biennium, you can see that we are year over year over year increasing that revenue, increasing those net receipts in the state. So, \$6,159,000,000 billion back in '24-'25, and we jumped to \$6,000,900,000. There's a small dip in '26-'27 that has to do with incentive refunds. So, if anyone's curious as to why there's a little dip there, we dropped down because of some of the incentive refunds, PTET, things like that, and we climbed back up to \$6 billion 800, and then \$7.2 billion. And I thought that just for a little comparison I would discuss how these numbers-- how we come up with these numbers, especially in the out years. There's two, three different methodologies that we use. There's a historical methodology, an average of forecasts, and then use of previous growth. And that use of previous growth is based on 6.5 percent. So, if we look at the historical methodology in '27-'28, '28-'29 and compare that to what we have in the budget book, we're actually showing \$7 million-- or, \$7 billion as opposed to \$6.8 billion, so a \$200 million difference there. And then, when we flip to '28-'29, we're showing \$7,200,000,000 billion, and with the historical methodology, we're showing 7.73. And just so people know, we, we are using, or Fiscal uses the 6.5 percent growth, so that's the methodology that they use to determine what these revenues, revenues are going to like going out into the out years. And then, if we look again at the average forecast, it's-- almost directly correlates. So, \$6.8 billion, and then the average forecast is 6.87 as opposed to 6.859. And then, the '28-'29 shows 7.24, and the average forecast shows

7.029. So, from a revenue standpoint, we continue to see those climb, which is positive. We like that. Obviously, we have to continue to pay attention to spending, because spending is the biggest issue. And we want to make sure that as those revenues increase, our spending goes down so that we can offset all of these wonderful programs that we have for people in the state. And yeah, that's my time, I guess. So, thank you very much.

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

**M. CAVANAUGH:** Thank you, Mr. President. I think this is, like, the longest I've gone without first speaking on the budget in my eight years here. I'm so excited, though, that everybody's getting up and talking about it, because you know me, I love talking about the budget. So, I-- actually, I'm not sure. I'm going to talk to Senator Clements, because I heard him say that he was in favor of AM2522, so I will off-- I'm not going to get him on the mic. I'm going to ask him off-the-mic a little bit more about that. So, this bill, LB1071, I was present, not voting on this out of committee; LB1072, I was a no. So, that one, I'm going to have a lot more to talk about. That is the cash fund bill. And if you've listened to me ever talk about the budget, you know how I feel about the cash funds and how we're handling that in the budget. I, I appreciate Senator Strommen was talking about some of the out years and the budget, and I'm just picking that up, that thread up. We do have, as everybody has seen, that in 2028, we're projecting an \$874 million deficit. So, yes, we need to balance the \$125 million deficit this year, but we also need to consider that \$874 million deficit, and I don't think we can cut our way to that, getting that balanced. And also, if you look at the-- on page 5 of the yellow book-- goldenrod, I don't know if that's what the color is called. Yes, I-- thank you for noticing, Senator Clouse. Yes, my dress matches the goldenrod cover. So, on page 5 of the goldenrod book, it has the cash reserve, and as you can see, we-- with the cash transfers we've authorized so far in the budget, we sit at a 10 percent balance. And we really have to be at a 10 percent balance; we can't go below that by statute. And as you can see, in '27-'28 and '28-'29, we do go below that, so that's another thing that we need to be taking into consideration, is maintaining the cash reserve at a better level. So, we've got some work ahead of us. I know that the governor's office is working on some additional proposed cuts, and the committee will be taking those up tomorrow. The thing is, is that we've cut so much over the last couple of years that we have to start looking

at revenue-generating options. And so, I think that's what we're really going to have to have difficult conversations on, is going to be on the revenue side. It's, it's a little hard to do a balanced budget when we don't have, like, a Ways and Means Committee, because we've got two siloed committees kind of doing this work independently. I mean, trying to be collaborative, as we all are, as colleagues. But it is, it is a challenge. So, just wanted to highlight those specific issues as we move forward with this. And people have been asking me about this particular bill, and surprised that there aren't more amendments on it. And what I would say is that this is the mainline budget, so mostly, like Senator Hallstrom is adding funds, amendments would be either to cut something further or to put-- or to increase an appropriation. But we don't have any money, so I'm not going to amend to increase appropriations, so-- unless we want to do a cash fund transfer, which is the next bill, where this bill is a little bit, like, done as it is, so. That's really why you're not seeing a lot of amendments filed on this. Doesn't mean there isn't a lot to talk about. We could certainly go through this bill, and I think have some pretty robust conversations about where we are making the cuts versus where we're not making cuts. But I will leave it at that for now. Thank you, Mr. President.

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

**HUNT:** Having a tall rowmate. I actually wanted to speak about AM2522. This came through the Government Committee, which I sit on. I believe this was also a vote that was not left open for me, but-- so, so my vote is not on the committee statement, but I would have been a no on this. And this-- I wanted to talk a little bit about my recollection of the hearing and what the bill does, and my reticent opposition, because this is a tough one. But I was asking-- I was asking Senator Strommen what he thinks of the amendment. Is he voting for it? Because I know that we were debating the, the school voucher amendment from Senator Brandt, and the queue was very full, and they called the question. And I agree with Senator Clements, who remarked that he was in the queue to speak, and he did not get a chance to talk about that amendment. And that was a very substantive amendment; it was kind of the "Amendment of the Day" this afternoon. And I am firmly against and really disappointed by the hypocrisy of calling the question, no matter who wants to, no matter what political party they are or whatever. I think that when there's people in the queue, particularly people who

have not spoken yet and were not just going through the rigmarole of taking time, that, especially, is when I think it's very wrong to call the question. And I'm sorry, Senator Clements, that you did not get a chance to speak on that measure, because you should have been. So, AM2522, which is Senator Hallstrom-- hey, folks under the press balcony, this has been an issue. You guys have been so loud, I cannot hear. Nobody can hear out here. OK. Senator Hallstrom's bill. Christ. It came through the Government Committee. There were, I think, two proponents, maybe. And what the issue seemed to be-- and, and maybe Senator Hallstrom-- I see he's in the queue, so maybe he can talk about it, too, but-- so, this Lewis and Clark park in his district has lost federal funding under the Trump administration, and so now, the state has to provide the funding now suddenly, because the feds are no longer funding it. And if they don't get the funding, it sounds unfortunately like the park will have to close, and they will not be able to have visitors to the visitor center, and the cost of keeping it closed will actually be more than keeping it open. I'm, I'm probably getting this 30 percent right, but that's my recollection of the hearing, is-- basically, the point was that the cost of keeping the park, the visitor center, closed was so high that we would really be foolish not to fund it with this amendment, given that the feds are no longer funding the park through this federal funding that we lost. I, I-- you know, I might vote to support the amendment, honestly. But I think that we need to not just talk about the budget on this time on the floor, we need talk specifically about the amendments that are coming up. And this amendment, I think, does deserve some discussion, because probably over half of this body, the majority of the people here, voted for the representatives that we have in the federal government that are going through, slashing all kinds of funding that's benefiting the states. And now, in a time of a deep budget deficit and deep financial crisis for our state, where we're cutting everything, it's, it's painful at that time to see you all with your hands out for \$150,000 from the General Fund so that we can keep a visitor center open that was closed by your president. Can we say that? I want everybody to be able to come to Nebraska and learn about Lewis and Clark. I think that we have sadly few tourist-- tourism opportunities here than I wish we did. And I think the story of Lewis and Clark and Sacagawea and everything that happened during their journey is very interesting and very historically relevant to this country, and it's very cool that people can come here and learn about that, whether that it's-- that's at Fort Atkinson or Council Bluffs or this visitor center

in Senator Hallstrom's district. And I do think that \$150,000 is not a lot to ask to keep that open so we don't have to completely shutter it, but I would like to hear some responsibility and accountability about why that would be closing. The federal government is slashing funds, and the states are left to clean it up over and over and again. And what are we doing to generate revenue? Nothing. All we're doing is slashing. So, what's the solution? We give you the \$150,000. It's like when your kid comes up to you and you see they haven't learned the lesson,--

**ARCH:** Time, Senator.

**HUNT:** --but you got to pay for it anyway. Thank you, Mr. President.

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

**ROUNTREE:** Good afternoon, and thank you, Mr. President. And good afternoon, colleagues, and good afternoon to those that are watching online. This has been good debate and good discussion here for this afternoon. I want to thank the Appropriations Committee again for all the work that they've done, and it was really good to be able to have this biennial budget book to take home over the weekend so we could really have some uninterrupted time to be able to look at what we have, and to be able to digest what's in here and see what the proposition is of going forward. It was good to be at the meeting this morning, as we listen to some of the thoughts and inputs. For the amendment that's on the board from Senator Hallstrom for tourism, when I'm coming back from Colorado and get on Interstate 80, I see a sign on the billboard out there that talks about Sarpy County tourism. I know he mentioned some of the cities earlier today in this amendment getting funds for these, but tourism is starting to be advertised a long ways out before we get back here to Sarpy County. Again, in listening to our constituents, we had the amendment on the private school vouchers; that amendment did not succeed in elimination, but I just wanted to read one thing from one of the teachers that I received, said I urge you to vote against this bill which would cut funding for special education. As a retired teacher, I am disgusted with the twisted priorities for tax funds. Public schools are required to educate all, as opposed to private schools, which are not, and do not primarily educate the most challenging students living in poverty, discrimination, unstable homes. They oppose it,

determines it to be unconstitutional. So, I just wanted to read that little part. They go on to talk about the basis of Maslow's hierarchy of needs, a fundamental premise in education, illustrates that before learning can take place, students must have their physical needs met-- food, shelter, safety-- then they can progress onto a sense of belonging. Starts in a healthy family/friendship sense of connection, which comes in a social education, setting esteem, respect, strength, freedom, self-actualization-- that's what we desire. That's what many have talked about today. Self-actualizing, desire to be all they can be. Please study this diagram and help you prioritize what is needed in education. So-- but part of that also goes back to why I really wanted to stand today, was talk about our-- in the budget, what we've done with our developmental disability aid. Looking at those, Program 424 and Program 434, and those with 348 medical assistance. I highlighted a lot of those over the weekend because of looking at the cuts that we are enduring now. And speaking in that 424 program, Developmental Disability Aid, people are going through challenges and changes right now. You know, with assessments, with limitation on services, with others being eliminated from receiving services, these are real families going through real issues. Had one member that wrote and had an appeal on Friday; if that appeal was not successful, they began Friday afternoon to walk into the results of the failure of that appeal, and these things impact us here where we live. Sometimes, it's hard to understand what an impact is if you've never been in that particular position. We might lack empathy and not be, be able to understand what a person or a family is going through. So, those are items that I'm continuing to dig into. I don't have any amendments in those areas right now, but as I dig a little further, there may be amendments that will come, and we'll get a chance to discuss those on the board. But as we stand now, Nebraska touts ourselves as being "Nebraska nice," "Nebraska, the good life," and we want to bring legislation and work with the budget so that everybody can have an opportunity to have a seat at the table and have their needs met. So, with that, Mr. Speaker, I yield whatever time I have remaining, and thank you so much.

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

**FREDRICKSON:** Thank you, Mr. President. Good afternoon, colleagues, and good afternoon, Nebraskans. So, I have been listening to the bait-- the debate here, and I am speaking-- so, the current amendment in front of us is AM2522 brought by

Senator Hallstrom. And I was just reading over that amendment, and I've been kind of catching up on some of the discussion that's been had on that. And my understanding is that this is essentially kind of the A bill from LB1058, which went to the Government Committee. And I just-- I, I guess I just had a few questions. [INAUDIBLE] I don't know if, if Senator Hallstrom might be available to yield to a question or two.

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

**HALLSTROM:** Certainly.

**FREDRICKSON:** Thank you, Senator Hallstrom. So, I, I just had a quick question for you regarding this. So, I, I was just sort of reading LB1058. Am I, am I correct to understand this is-- the amendment that's on the board is kind of-- that's the-- is that essentially kind of, like, the A bill component of that bill?

**HALLSTROM:** Yes and no. And the, the yes part of it is that LB1058 was advanced-- it was introduced with a General Fund appropriation of \$150,000. It was advanced from the Government Committee with an amendment that revised that to come from the tourism cash fund, so there is no General Fund impact. It doesn't impact the budget at all. It's taken or drawn down from the existing cash funds. And so, to that extent, yes, there is funding, but it's not General Fund; it's a cash fund, and AM2522 brings it over into the budget process as a cash fund transfer.

**FREDRICKSON:** OK. So, if, if AM2522 gets adopted, how does that work from, like, the intent language purpose? Would, would the underlying-- would LB1058 also have to pass, or?

**HALLSTROM:** No. And, and when I talked to Fiscal and to Senator Clements, it was indicated to me that the best path for that was to have a floor amendment to get it into the budget process, but the-- because it was introduced before a different committee that we wanted that committee to act on it, make the affirmative vote to kick it out. And once it was kicked out, then it would be eligible to be added in by amendment to the budget package.

**FREDRICKSON:** OK. So, this is a way of not having to go through LB1058 through amendment onto the budget for this--

**HALLSTROM:** Correct. Yeah, I mean, if, if, if I had done what I understood, I, I probably would have preferred just to be more

direct and included it in an Appropriations bill, but it was not referred to the Appropriations Committee. Therefore, we've jumped through all the necessary hoops to have the hearing before Government, to kick the bill out with the amendment that took away the General Fund impact, converted it over to a cash fund from the visitors Promotional Cash Fund, and that's how it was advanced, and that how it's being introduced before the body today.

**FREDRICKSON:** OK, and did you speak with the referencing committee about a re-reference?

**HALLSTROM:** No.

**FREDRICKSON:** OK.

**HALLSTROM:** I think, I think in general, there was some indication that the Appropriations Committee maybe wanted those bills to go somewhere other than Appropriations if they were not directly initially budget-related.

**FREDRICKSON:** OK. And then my other question for you-- and I appreciate you taking all these questions. The other component of the amendment in front of us is \$175,000 for marketing grant related to international volleyball events in the city of the metropolitan class. What, what-- is-- was-- that was not part of your--

**HALLSTROM:** That, that was not part of LB1058, so I, I, I, I probably would not speak authoritatively to it. Perhaps somebody on the Appropriations Committee would want to, to do that in more detail. My understanding is that has to do with the Olympic volleyball tryout event that's going to potentially be awarded to Omaha, or at least they will be in the running for that, and that there has been a partial grant that was applied for and awarded, but only to the extent of \$60,000, so it fell short of the total monies that are necessary for Nebraska to be in the mix for that particular award.

**FREDRICKSON:** OK. And was that a bill as well, or who brought that component of the amendment to you?

**HALLSTROM:** I, I think that was part of the-- it, it is now part of the budget appropriations, the white copy that came out.

**FREDRICKSON:** OK.

**HALLSTROM:** My amendment technically could have only included my part because it's underlined because the, the Bill Drafters chose to strike the entire section regarding tourism.

**FREDRICKSON:** Ah, OK. Understood.

**HALLSTROM:** It's already in the amended copy, or the committee amendment, as I understand it,--

**FREDRICKSON:** Got it.

**HALLSTROM:** --to LB1070 [SIC].

**FREDRICKSON:** So, the volleyball part was not part of what you brought You just put that it was--

**HALLSTROM:** It's not part what I, I did in any respect.

**FREDRICKSON:** OK. That's helpful. Thank you for answering the questions. I appreciate that.

**HALLSTROM:** Thank you, Senator.

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

**MOSER:** Good afternoon, colleagues. Thank you, Mr. President. Just in case there's anybody that didn't understand what Senator Jacobson was talking about earlier when he was talking about the necessity for the Perkins County Canal, the money that we had in the budget that went to the Perkins County Canal was a once-in-a-lifetime windfall. And if we spend that money now on whatever, we'll never have that much money in, in spendable cash in the future. I mean, in somebody else's lifetime, maybe. But it would be absolutely irresponsible for us to spend that money somewhere else and to not perfect our rights to that water. That water flows to the east, into Nebraska, and it-- some of it goes by the-- through the Platte River in my district; some of it will benefit Lincoln's water supply. Water is critical. And it's not exciting, maybe, some-- you know, like some of the things we vote on, lot of the-- or maybe as interesting as a lot of the things we vote on. But it's so important. We can't squander this opportunity. Maybe it's not going to build the reservoir system out of that amount of money, but as long as we build the canal

to perfect our rights to that water, that's what's critical. So, I'd encourage all my colleagues to support the Perkins County Canal regardless of which of our colleagues question the, the necessity for it. Water is critically, critically important. Thank you.

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

**RAYBOULD:** Thank you, Mr. President, Speaker Arch. And thank you, Senator Moser, for giving me another segue to talk about the Perkins County Canal. I, I don't know how many times I need to get on the mic and say, hey, I support the Perkins County Canal. It should be built. I might disagree with Senator Moser that the most important thing we do need to build is the reservoirs, because we know that the irrigators in that area are really struggling, particularly, particularly when there's a drought compounded by the low flow coming from the Platte River. So, they would benefit tremendously from having a reservoir. Early estimations for the cost of a reservoir is about \$210 million dollars. We have the funds right now to get that done. That should be priority number one. We would be working with the Nebraska landowners and not having to deal with a, a long, lengthy legal challenge from the state of Colorado. That is one thing they are definitely committed to doing. But the importance is that we can start the work now, not necessarily sequentially with getting the Perkins County Canal part on the Colorado side done, but the important reservoir on the Nebraska side. We don't-- we will probably face challenges from some of the Nebraska landowners challenging the amount that they're being reimbursed for, or the right-of-way that they are being compensated for, but it's certainly something that we should be pursuing. I just would like to maybe ask some of my colleagues, and I, I might start with Senator Jacobson, if he would yield to a question. And the question to him-- and I don't mean to surprise you, sir, but the question is, why is it OK to sweep funds from so many of the other accounts that we had set up to be accounts that cannot be raided, such as the Environmental Trust Fund, which is comprised of lottery funds and even private donations. So, will Senator Jacobson yield to a question?

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

**JACOBSON:** Yes.

**RAYBOULD:** Thank you, Senator Jacobson. I think you heard the question, but why, why do you feel it's OK to sweep other funds, like the Environmental Trust Fund or veterans fund or cultural heritage and history funds, when I've shared with you before a bonding mechanism that we can easily use to safeguard and get additional funds? Because we know it'll take more than the funds we currently have to build the Perkins Canal.

**JACOBSON:** Well, I would answer that with a question. When was the last time this Legislature voted to bond out a major project? Let's say, for example, when Lincoln needed the water for their secondary back water project, which was funded the same time we allocated money for the Perkins County Canal. Why did we not talk about bonding that out? Because we couldn't get it past the Legislature. This Legislature would not pass a bond issue and go into debt. This-- I can tell you, this Legislature would not vote for that.

**RAYBOULD:** Well, I can easily answer that question, but after you answer mine first.

**JACOBSON:** OK. I think I did, but I would tell you, the other funds we're talking about are not going before the United States Supreme Court.

**RAYBOULD:** OK. I'll, I'll take that as your answer, but I know that you have probably looked at the Republican River challenges, legal challenges, and I'm happy to print out the whole document that shows each of the hearing dates that they've had that, that spanned 19 years. And there is every reason to assume that Colorado will fight this tooth and nail with everything they have going forward. And now, let's talk about Lincoln and the Lincoln's Water 2.0. Those funds came from additional funds that were made available through the federal government for a number of projects, including infrastructure projects, and this is one that's certainly qualified recipient for those funds. And the truth of the matter is the city of Lincoln will also have to go out for additional water bonds-- bonds, because what we have is just seed money for the siting purposes. And the good news is we have a number of other smaller municipalities that would like to be included with a trunk line, so there is revenue to be had from that. But there is no doubt the city of Lincoln will have to go out for additional bonds for the very costly project to create that secondary water source. But what I'm saying with Perkins Canal-- I have an amendment

coming before you on LB1072 that talks about taking some money, and it's \$78,747,941 to be used definitely for sweeping the interest that we've talked about. But that will go towards some of those other funds that have been swept with no concern of the impact that they have, whereas with Perkins County Canal--

**ARCH:** Time, Senator.

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

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

**GUERECA:** Thank you, Mr. President. So, I am on the Government Committee that heard Senator Hallstrom's initial piece of legislation having to do with the visitor center located in his district. But this did not include the \$175,000 cash funds for the volleyball event, so I was hoping Senator Clements would yield a question, just to provide a little background information.

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

**CLEMENTS:** Yes.

**GUERECA:** Thank you, Senator. Would you-- could you talk a little bit about what that international volleyball event is, and kind of where that came from?

**CLEMENTS:** Yes. The Omaha Sports Commission-- I believe that's their name-- is applying to host Olympic volleyball tryouts in 2028 as a host city for Omaha, and they did receive a grant from the Tourism Commission, but the governor is really supportive of that idea, and the governor's staff forwarded to our committee a request to put another \$175,000 toward that promotion idea so they could be a serious applicant for the volleyball Olympic tryouts in 2028. That's my understanding, anyway. We didn't get a lot of details other than that, but that also is coming from the visitor promotion fund, not a general fund out of the budget.

**GUERECA:** Thank you, sir. Appreciate that background. That sounds like it would be a good opportunity, certainly, for the city of Omaha and the volleyball community here in Nebraska, so I appreciate the background on that. I want to talk a little bit about-- well, not necessarily just the, the \$150,000 allocation

for the, the visitor promotion grant. Certainly, if I remember correctly, it's a primarily volunteer-operated-- ran operation. I know Senator Hallstrom had indicated during his testimony that regularly, volunteers would come from Omaha down to Nebraska City to, to run that, that facility. So, something I look forward to stopping by and, and, and looking at, take a look at. I guess I wanted to comment a little bit on the, the vote that we had just-- that was just taken on the \$3.7 million dollars that was not taken out of the budget that'll be sent to private schools. Now, I would like to actually know how much money is needed. Is it \$3.7 million, or is it less to, to, to bridge that gap for the kids making 185 percent of the poverty level? But I guess what-- the part that, that sort of gets to me the most is that, you know, we-- what we were pitched as, oh, this is, this is a one-time expenditure, and you know, these, these kids really need the money, and the-- there's nowhere else to turn. There are places to turn. You know, looking up the 994 Opportunity Scholarships Nebraska, they were sitting on close to \$2 million in assets as of their last 990. Certainly, there is a large philanthropic community that would be willing to step up. I actually had a donor text me say, hey, what's the actual number? Maybe we can just fill that right now and not have to use taxpayer dollars. And what I was saying before I got cut off the last time is that to the Nebraskans out in western Nebraska, reach out to your senators. Let them know how you feel about your tax dollars going to private schools in Omaha that are out there building \$15 million gymnasiums on your dime. And if that's something you're OK with, great. But I have a feeling a lot of folks aren't. And they could afford lobbyists. Certainly, there's a lot a lobby action going on around it. But for this measure, the \$150,000, they just have Senator Hallstrom. So, we appreciate the good work that he does. Thank you, Mr. President.

**ARCH:** Senator Raybould, you're recognized to speak, and this is your final opportunity on the amendment.

**RAYBOULD:** Thank you, Mr. President. I'm hoping Senator Hallstrom might yield to a couple of questions.

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

**HALLSTROM:** Certainly.

**RAYBOULD:** Senator Hallstrom, could you tell me a little bit about the-- how much is the funding for the Lewis and Clark Museum?

**HALLSTROM:** The funding that's in AM2522 is \$150,000. That is a fairly significant portion of their overall budget for operations. They have a lot of volunteer help down at Nebraska City to operate that particular tourism facility, and they had been receiving that \$150,000 component from the-- from a federal grant that was originally approved back in, I think, 2007. It was supposed to initially, under the federal legislation, go for 10 years. I don't know all of the background as to the hows and the whys, but it was continued on at least an annual basis since that time until 2025, at which time they got an indication, probably because of everything that was or wasn't going on at the congressional level, that that funding would not be forthcoming this year. So, what I have done in response to that is try to bridge the gap for one year with a cash fund transfer from the tourism cash fund to fill that gap, and have been working with our federal delegation to try and see if there's a way to get that reinstated going forward. And one of the things that I noted that is, is very serious and of significance is that when Lewis and Clark was originally created, the land on which it is located was conveyed by the national parks commission-- that's not the exact name, but National Parks-- and there's a reversion clause in the federal enacting legislation that says if they ever go out of operations, that the land would automatically revert back to the Secretary of the Interior.

**RAYBOULD:** Thank you, Senator Hallstrom. I-- you know, I was troubled because I know that this is asking for additional funds. But I have visited the Lewis and Clark Museum at least three times, and I can tell you that it is one of the most outstanding museums we have in our state of Nebraska. And if you have kids or grandkids, it is one of the "funnest" and most interactive type of museums. And in addition to that, it has an indigenous person's earth lodge that is a replica of what an actual earth lodge would be like, and it is, it is truly extraordinary. So, I do intend to support this, but I know that I have an amendment coming up on LB1072 that, that I-- you heard me talk about. It's, it's taking funding from the Perkins County Canal-- let's say \$78.7 million from Perkins County Canal-- taking care of servicing and making the interest payments to the General Fund. But this would allow additional funds that can go towards our amazing water resources in the state of Nebraska

Environmental Trust Fund and those other funds. So, I'm saying that-- and Nebraska City has become quite the tourism hub. If you have never seen it, they have an extraordinary tree adventure that is not just climbing a treetop; it's running around to various different trees with nets and fun things that really exhaust little kids and creates tremendous wonder. So, it's an extraordinary thing that we need to combine with the Lewis and Clark Museum. It's, it's truly part of our cultural heritage, it's part of our history, and not only is it a museum, they have a hiking trail as well, where you can go right to the Missouri River and have a look out there. It's, it's worth the money, and it's one of the great tourist attractions, along with all the other wonderful amenities in Nebraska City. So, I will support it, and I ask you to support my legislation that will create additional funding to make this happen. Thank you, Mr. President.

**ARCH:** Senator Hallstrom, you are recognized to speak, and you are last in the queue. You may use this as your close if you so choose.

**HALLSTROM:** I think we've had some good discussion and debate, not only on the budget itself, but on the amendment. I did go down and visit with Senator Hunt when she suggested that we ought to have full and fair debate, and I, I hope that we have to this point. Since I'm the last one in the queue, I will take this as my opportunity to close. I think that we've had good discussion on what the intent of the legislation is. It was originally LB1058; it was originally proposed to take \$150,000 out of the General Fund. In light of our fiscal position, that was changed and amended when the bill was advanced by the Government Committee to make it a cash fund directly-- cash fund alternative directly out of visitors Promotional Cash Fund in the Tourism Commission, and that is the same exact provision that we we have in AM2522. I don't want to be repetitive, but I think the significance of this issue has been talked seriously in terms of what happens if the Lewis and Clark Visitors Center were to close down, in terms of the automatic reversion of the property on which it is located back to the federal government. And with that, I would request your green light on AM2522 to the committee amendment. Thank you.

**ARCH:** Colleagues, the question before the body is the adoption of AM2522. All those in favor, vote aye; all those opposed, vote

nay. Has everyone voted who wishes to vote? Mr. Clerk, please record.

**CLERK:** 34 ayes, 1 nay on adoption of the amendment, Mr. President.

**ARCH:** The amendment is adopted. Returning to the queue, Senator Machaela Cavanaugh, you're recognized to speak.

**M. CAVANAUGH:** Thank you, Mr. President. Wow, I guess I got a little break from debating the budget for-- three hours? Oh, yeah, we've been on it for almost three hours. Almost three hours. So, thanks for that. In the past, I've just done it by myself for the whole time, so. Well, not entirely by myself. Other people have talked in years past, but-- so, let's just go to, in our golden rod-- now, OK, a couple years ago, I think it was 2023, the color of the budget was the "Martian green," and I kept referring to it as "the Martian," and people thought that I was talking about the book/slash movie The Martian. And I was, like, no, it was the-- it was goldenrod. Goldenrod. Last year-- I don't remember what the color was last year. See, now all the fiscal analysts now sit on the other side, so they can't even just, like, whisper to me "it was [INAUDIBLE] crimson, purple." Blue. It was blue. The chair is holding up-- of course he has it. But what was the name of the blue? Cerulean blue [SIC]. That's right. I think there was a count going on as to how many times we mentioned the color of it, and I think Suzanne won on the count of how many times we said the color. Was it the color, cerulean blue? Suzanne's one of our Fiscal Analysts. I-- thank you so much to our Fiscal Analysts for all of their hard work. This has been a, a huge challenge, to say the least. But it also has been tense at moments, one might, might say it's been a little tense. Oh, sure. Could I ask Senator Clements to yield to a question?

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

**CLEMENTS:** Yes.

**M. CAVANAUGH:** Senator Clements, what, what question did you want me to ask you?

**CLEMENTS:** About the color.

**M. CAVANAUGH:** Yes.

**CLEMENTS:** This is celestial blue.

**M. CAVANAUGH:** Celestial blue. Do, do we have an official name for this color?

**CLEMENTS:** Goldenrod is all we have, but we're open to suggestions.

**M. CAVANAUGH:** I think goldenrod is perfect, because obviously, you know, the state--

**CLEMENTS:** Nebraska goldenrod.

**M. CAVANAUGH:** Exactly. I love it. Have you ever had anything from Goldenrod Bakery here in Lincoln?

**CLEMENTS:** No.

**M. CAVANAUGH:** We have to rectify that immediately. OK. Before you and I are done with this Legislature, we will share some Goldenrod pastries.

**CLEMENTS:** OK.

**M. CAVANAUGH:** Thank you so much. Celestial Blue. I think this-- now, this is not a criticism because I think that the goldenrod is beautiful, but I think is the least-splashy color name since I've been here. One year was, like, a hot pink, but it was called something. Celestial pink, maybe? I don't know. So, yeah, anyways. I am going to get back in the queue and we'll, you know, we'll take this to, to the end of today, and we can bring it back tomorrow, and maybe we can have some substantive conversation about what all is happening in this bill. I did not vote for the last amendment because I just wasn't really sure, and it also had the votes, so I knew that it wouldn't make a difference if I voted for it or not. I will not be voting for the bill itself, so, you know, being consistent. I didn't vote for it out of committee either. If you go to page 25, that's where the Legislative Council-- which is us-- where our budget is, and we did make cuts to our own budget. And then, we went back and we made more cuts to our budget after the preliminary budget, so we are not letting anybody off the hook when it comes to these budget cuts. But we certainly are going to have things to talk about that I have concerns over with the cash transfers, which we will probably get to tomorrow afternoon. I also have

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some questions about TEEOSA that I'm hesitant to ask, because I also don't want to learn about TEEOSA in my last days in the Legislature. So, I'm torn there. And I see my light, so I will get back in the queue. Thank you.

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

**CONRAD:** Thank you, Mr. President, and good afternoon, colleagues. Sorry, my voice is very hoarse today, and so I was definitely appreciating the robust debate that we had on the budget from other members thus far. Many members who actually don't spend a lot of time on the mic had a chance to share their perspective, and I think everybody presented their perspective in a really credible and passionate manner. And I think it's a disservice that that debate and dialogue got caught-- got cut short. This is a-- whether or not we uphold the will of the people and whether or not we divert public funds to private schools is a top issue in Nebraska. When I just completed a wrap-- lap around my district last fall and winter, it came up a lot from voters across the political spectrum who wanted to share their ideas and weigh in, and talk about the philosophical and policy underpinnings with either their support or opposition for a measure like that, and then just the broader themes that have emanated over the past couple of years in between highlighting the tension between this Legislature and a radical overreaching executive in terms of undercutting the will of the voters on a host of different issues and topics. And so, I, I was actually really happy to see, not only on one of the most important issues of the legislative session, if not the most issue of the legislative session, a queue full of senators who wanted to share their ideas about our budget. The budget is the most important thing that we do as a Legislature, and we have really significant questions about what our priorities are, what our investments look like, and, and the substance contained in the hard work that members of the Appropriations Committee put forward in regards to the committee amendment that's pending on the board. I'll tell you, as the budget stands today, I'm in full opposition to this committee amendment and to the underlying legislation. And, despite the, the hard work of committee members, which I do not discount, and I remember from eight years there how, how hard that work is, there's a lot of questions about what we're doing, why we're doing it, how we're doing it, whether or not it's legal, whether or not it's fiscally sustainable, whether or not it's good policy. And I think that we should take the full amount of time available and

allotted on the most important bill, the most important issue before the Legislature to ensure that we have a thoughtful budget adjustment. I do have a floor amendment filed later that has some technical concerns that I'll plan to withdraw, but I, I do plan to spend a great deal of time and energy talking about the massive fee-- regressive free-- fee increase that is part of this overall budgetary proposal and that would jack up court fees really in unprecedented ways on Nebraskans. And I know that they are making progress to reduce that number, and I'll take that up separately and down the line, but I did just, just wanted to go ahead and to flag that. Despite the fact that people are working hard and trying to make tough decisions in regards to the budget that's before us, none of the substantive-- most controversial substantive issues really get to the heart of how we address the broader issues of a present and ballooning structural budgetary deficit that's been caused by this body and this, this governor's commitment to protecting millionaire and billionaire tax cuts at all costs. And I know we need a moment of levity, levity to talk about things like the color of the budgetary book, and that's important, too, when serious issues are coming up. But look no further than your inbox, or the rallies that have been held in this rotunda, or the constituents that have come forward to our offices, moms and dads and aunts and uncles who take care of loved ones with significant medical needs that need help 24/7 are begging us to stop the cuts.

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

**J. CAVANAUGH:** Thank you, Mr. President. Well, I appreciate Senator Conrad's comments, and I'm actually hoping to-- looking forward to seeing her amendment when she gets it ready, because I agree about what she said about the, the court fees, and that we shouldn't be just constantly increasing other fees and shifting all the burdens to other places. And I think, you know, Senator Brandt had a great point today when he talked about folks voting-- not voting for his amendment; we're voting for a tax increase, because it was \$3.6 million that's going to go to-- that we're going to have to find the money for. And so, it's either folks are going to find that money somewhere to fill in this gap-- we have \$140 million this year and \$800-and-some million in the out years, and we're not getting closer to where we need to be. And Senator Brandt proposed a, a, a step in that direction today, that whether you agree with the policy or disagree with the policy, you made a decision by leaving it in

there to increase the burden that the state has to meet. And so, that's the same sort of thing we're doing in a lot of places here. And so I, like Senator Conrad, am opposed to the, the budget, and I think there are a lot of problems both in this bill and the bill-- the cash transfer bill that's going to come up. I've been listening to a lot the conversation. I heard some talk again about the Perkins Canal being, you know, something we can't touch at all. I don't know if folks know this, but there is money being transferred out of the Perkins Canal fund in this bill, so apparently, we can touch it if it's the governor's proposal to use it for something that the governor wants to, not for some of the other reasonable steps that have been proposed. So, we don't need to go down the long path of the history of the Perkins Canal again, but it is another one where we've encumbered a bunch of money and it's sitting there, and there are other ways to structure it where it would help us out budgetarily, and we could certainly put the money back in over time when it actually starts being spent. But that's another policy decision people are making here that is making that decision, and you have to understand the consequences of that decision. When you vote to increase taxes in some other capacity, it's to offset that decision that you're-- you are making, and refusing to use the other options available to you. There have been proposals over the years, and I talked about this, that-- just the other day, that when the Legislature voted to decrease the, the income tax in 2022 or 2023, both Senator DeBoer and I proposed amendments that would have been a slower step down than the one that we are currently engaged in, and that if we had adopted either of those slower step-downs at that point in time, then we would be-- we wouldn't have this structural deficit going forward. And so, the reason we have that structural deficit is because we cut the amount of money that's going to be coming in over the future, and one of the reasons we have a huge, ballooning, continuing to balloon amount of deficit is because the stair-step continues to step down. And so, there was that proposal that Senator DeBoer and I made before we started down the stairs to say, well, let's make them a little bit more gradual and not go as far, and that would have helped with this structural deficit problem. And a lot of the problems that-- or, or solutions, we'll say, that have been proposed in the last couple years to balance the budget here have been ones that are just shifting money from one account to another. And so, there are a lot of us who have been opposed to those cash fund raids and things, and then we see when the cash funds get raided, then we come back and ask for an increase in the fees that then feed those funds. So, we've seen that in Game

and Parks, we've seen that in the DMV, we've seen that here-- this is the court fees is what we're-- well, it's not up here right now, but with Senator Conrad's proposal and what we're talking about. So, there have been-- it-- the result has been evident in what's going to happen as a result of the path, the, the choices that have been made here. And so, folks are-- we're in a bit of a bind, as it were, in terms of finding a solution to this because we refuse to take up any of the solutions that have be proposed that would actually help solve the problem. So, at the moment, opposed to AM12-- or, I'm sorry, AM2162 and LB1071.

**ARCH:** Time, Senator.

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

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

**M. CAVANAUGH:** That came up a little bit faster than I was expecting. So-- yeah, so on page 25, that's where we start on the Legislative Council, Supreme Court, Attorney General. I will note that the Attorney General is the only budget that has grown over the biennium, and by quite a bit, actually. They did recommend a \$300,000 General Fund reduction for water litigation, and which was replaced by an increase in cash fund appropriation in the State Settlement Cash Fund, which-- this is an instance where the cash fund shift probably makes sense, because it's money from previous litigations, so using it for current and future litigation is really what it's probably for, for the most part. And there are ongoing litigations that could, potentially, in the future, yield some payouts for the state that could help with the out-year \$800,000-- not \$800,000-- don't we wish-- \$800 million deficit. So, that's certainly something to, to think about. I was talking about TEEOSA and how I didn't want to learn TEEOSA, but I have questions about TEEOSA, so I am having an internal struggle. And as much as I enjoy the company of Bill from the Fiscal Office, I still don't want to learn TEEOSA, so I will probably not ask my questions today in, in hopes of continuing to not understand TEEOSA. It doesn't need to take up space in my brain. But our TEEOSA obligation has gone down. And Bill, I do listen to you in committee, and I know that it went down because the student registration changed, and that lowered the, the amount, the state obligation. See, I pay attention in class. So, I understand at least that part, but I don't really understand

the-- how TEEOSA is fully calculated and we have equalized and we have unequalized schools, and I've never really figured that out, and I'm not going to start now. There were, in the budget, several shifts from General Fund appropriations to cash funds for employees, for FTEs, including constitutional officers, and we did not move any constitutional officers to cash funds. It was the determination of, of the chair and the committee that it was not appropriate to shift that away from general funds. Constitutional officers are a, are a state obligation, and, and so they remained in the state. On page 27, the committee approved a lapse of \$3.9 million of unused general funds for the Broadband Bridge in the prior biennium, and the-- this lapse of excess award money accounting for reimbursements-- this is a lapse of access award money counting for-- accounting for reimbursements made to the award-- awardees. Now, this is something that I think we all should be aware of, is the Broadband Bridge. So, yes, we had a broadband bridge under the Public Service Commission fund, but then there also is the BEAD program, which-- I am unclear as to the status of that program, as we returned the federal money back to the federal government. Initially, I think it was \$420 million, I want to say. It was in the 400s. For some reason, 420 sticks in my head. But we returned over \$300 million; I think we had spent some of it. And so, I don't know, maybe somebody else here knows if the BEAD office is going to continue to exist, or if it's going to be dissolved. It would be interesting to know that, especially since there's FTEs and costs associated with that existing. So, maybe that'll be on the list of things for Appropriations to consider tomorrow. Department of Agriculture-- I see my time is almost up, and I-- the Department of Agriculture has a few interesting tidbits in it. And last year, we did something with the noxious weeds that when-- we then did something different with it with Senator Ibach's bill earlier this year. Thank you, Mr. President.

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

**CONRAD:** Thank you, Mr. President, and again, good afternoon, colleagues. As I understand the budgetary package before us, there is a significant General Fund appropriation reduction in the Supreme Court's budget, which is then replaced by a significant annual appropriation from cash funds, and that the cash funds will come, I guess, primarily from two places: one, a huge hike in court fees, and then also raiding the Nebraska Opioid Recovery Trust Fund, which I'm not quite sure if that's

permissible or recommended by the Opioid Task Force, or sustainable. But we'll have a chance to talk more about that. When it comes to court fees and the court administration, after it was announced in regards to the governor's budget and the Chief Justice's State of the Judiciary address earlier in the session, I filed an amendment to reduce the Supreme Court's funding commensurate with the, the fee increases that they were seeking, and that's filed to the amendment to the bill as it was introduced, which of course would be modified by the committee amendment before us, so there's a technical issue there that we'll need to work through. But I want to lift this for a couple of different reasons. I think it's particularly disappointing that the court and the judges put their own exorbitant pay raises in front of court needs in regards to taking care of the technology aspects to administer court operations. And that came on top of very recent, increased significant salary increases for Nebraska court judges, while everybody else, every other agency is scrambling, while the safety net is eviscerated, and while that puts our judges amongst the top in comparison to our peers in our sister states, in terms of their salaries and benefits. And I think that juxtaposition and push speaks for itself, and I think it's wrong. It's undisputed that court fees are amongst the most regressive fees available for governmental services. It also is particularly disappointing that the courts have huddled behind closed doors to strike a deal with the executive branch and essentially leave the appropriators, the Legislature, out of the equation, and expect us to come in and rubber-stamp it. And I think that's disappointing, and it's not in the spirit of collegiality or collaboration. The court is playing a cynical game, where they offer up the most popular programs they administer, like problem-solving courts, and say, if you don't take this huge fee increase, we're going to cut problem-solving courts. And colleagues, we can't be fooled by that gamesmanship. This is a typical tactic that state agencies employ when they're trying to stave off tough budgetary decisions. And it goes without saying, and it's clearly delineated in the court's own strategic plans, that problem-solving courts not only have better outcomes in terms of public safety and reduced recidivism, but quote, according to the court, have significant cost savings to the courts and for the state. There is a tremendous cost savings for the state when a case is handled through a drug court versus incarceration. Recidivism rates for drug court participants are shown to be less than those incarcerated. Nebraska's 26 drug courts, most designed to work with adult offenders, while some addressing the needs of juveniles and families, incorporate proven practices

and yield positive outcomes. So, why on earth would-- thank you, Mr. President.

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

**QUICK:** Thank you, Mr. President. Yeah, currently, I am still opposed to AM2162 and LB1071, strictly because of the-- what we're cutting to Medicaid and health care services in our state. And I see this as, as, as an area where we're going to see, like I say, loss of health care, especially in rural Nebraska, let alone in Lincoln, Grand Island, Omaha, and some of the bigger cities. I did see in the budget for-- and this is just under the Public Service Commission, but they're going to have-- they're going to have-- they had to increase the appropriations, and actually, it was for a rise in employer share of health care insurance premiums incurred. I see this as something that's going to happen across the whole state. When-- as we reduce-- and I'll, I'll go back a little bit. So, the federal government didn't pass any subsidies for the marketplace insurance. You're going to see people not pay for that marketplace insurance. So now, you're going to find some people across the state, a bigger majority of them who have no insurance at all because they don't have any employer-based insurance, and now, they're going be without insurance. So now, they're going to-- really, what they're going to utilize is probably the emergency room for their care, which is the highest cost of, of health care. And from that point, I'm sure the hospitals will look at-- if they can't pay, to look to see if they will qualify for Medicaid. If we don't do something with a zero look-back right away, they're going to see that cost of, of, you know, from that time that someone actually-- the application is turned in till-- and then before that, any health care and costs incurred would be either at the expense of the person receiving the care or the expense of the hospital, which would be either done through charitable, you know, writing off the, the bill, or having somebody donate money to pay for that care. As that happens, let's just say that the hospitals have to do more charitable giving and, and writing off bills. That's going to be passed down to people who have private insurance, those who have employer-based insurance, people on Medicare, and, and that type. So, I know people who are on Social Security and Medicare right now, every year, you know, when there's that increase to your Social Security, you also have seen an increase in your, in your Medicare premium. And then also, you would see that increase also for your supplement. So, those type of things, even though they're not

being paid for by a taxpayer, you're going to pay those costs, because someone has to reimburse the hospitals to keep them open, make sure that we're providing great care in-- across Nebraska. I think we've all already heard from some of the hospitals that-- I know there's two that were looking at going to emergency room care only in rural Nebraska. I don't think we can afford to have that happen. I'm sure there's some medical providers who are deciding whether they want to-- you know, if, if we're just going to emergency room care only, what's the benefit of them serving in a, in a rural area? Why, why not just go to a, a more populated area like Lincoln or Omaha or Grand Island, or a larger community? So-- and we're doing all this thing to provide more access of care for rural Nebraska, and we're just defeating ourselves, defeating the, the, the purpose of what we're trying to do. I see, like in the budget, in some of the reductions, we're, we're reducing in areas of behavioral health aid, so there's a reduction of \$16 million out of the General Fund that would be set "afide"-- set aside for severe mental illness waiver that agency indicates is no longer moving forward. I, I do have some-- I'll probably have to go and talk to the Fiscal Office to find out what this is about. There's another \$100,000 for behavioral health, mental health training. There's more for another \$6.5 million, elimination of estate support for Lasting Hope Recovery Center and acute care behavioral health service in Omaha, supported by CHI Health. Now, we all know that there's not enough facilities, there's not enough care for mental health in our state. And now, we're going to take away more facilities, or we're going to reduce that funding for people to receive mental health services. And for me, that's, that's really disturbing.

**ARCH:** Time, Senator.

**QUICK:** Thank you.

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

**GUERECA:** Thank you, Mr. President. I do rise in opposition to AM2162. There's just too much that, that I object to, too much that disproportionately affects my district. We're not even getting till tomorrow, folks. Certainly, the, the, the cuts to HHS-- and again, I, I think that, that we can have an argument over how we got here, why we have this deficit, why this deficit came so quickly, decisions that were made before some of us in this body were here. But nevertheless, here we are. So, when the

solutions that's being presented is to take away from the most needy-- and, and I've been hearing all session long from disability service providers, from providers that help women overcome substance abuse, talking about the real fear that they have about being able to keep their doors open, to be able to provide services-- and I know we say and toss that word a lot-- around a lot, but some of the most vulnerable members of our community. So, when I'm weighing that out, weighing out making sure that those folks get what they need to be able-- and, and we're, we're, we're not giving those communities the resources they need to live life with a little bit of dignity. And the reason we're-- we don't have the funds to be able to provide that basic level of dignity is because we're cutting corporate taxes, because we want to keep sweetheart tax deals for the richest Nebraskans, because we want provide property tax relief for some of the largest landholders in the state. That-- to me, I-- it doesn't balance out. Then, we look at the cuts to the Department of Revenue, elimination of 17.5 full-time employees. Well, and I, I asked my colleague Senator Cavanaugh what the number was of uncollected taxes that was floating around in the ether out there. \$310 million. We have \$310 million in uncollected taxes. I refuse to believe that the solution to fill the \$170 million hole we have yet to fill, and the \$0.5 billion hole that this amendment and this bill seeks to help fill, I refuse believe that instead of going after that \$310 million, our solution is to reduce services for the disability-- disabled community, reduce services for mental health, "rederse"-- reduce services for folks wanting to quit tobacco, reduce services for those that want to better their life, that want to live their life with a little bit of dignity. We're going to reduce those services, not go after \$310 million in uncollected taxes. We're going to reduce that tax collector workforce by 17.5 full-time employees. But the red line is the income tax cuts, the red line is the canal, the red line is the prison. Well, gosh, folks, those aren't my red lines. And I am frustrated, and we're going to continue to have this conversation, but the math ain't "mathing" for me on this one, folks, so. And I knew-- I, I told Senator Conrad I'd give her some of my time, but I don't think I have much left. Thank you, Mr. President.

**ARCH:** Senator Machaela Cavanaugh, you're recognized to speak. This is your last opportunity.

**M. CAVANAUGH:** Thank you, Mr. President. Yeah, we did talk about the Department of Revenue's layoffs. And when they had their

hearing, I asked the, the head of the Department of Revenue about that and how it was going. So, what I-- what was stated publicly and what I was told months ago when the layoffs first happened is that they were going to make up for this with, basically, technology. They say it's going well, but I'm not seeing that on our green sheet. So, hopefully it'll get better. And maybe we'll, we'll just-- they'll get us out of this hole. Who knows? But yeah, \$310 million is what is stated to be outstanding in unpaid taxes in this state. So-- and now, they've shut down the Scottsbluff office, and so, you know, those people are-- they were relocated to another office somewhere else, if they wanted to, but I don't know if they were within driving distance. So, that's, you know, an issue. There is another thing of concern in the budget, and I actually was just trying to see if it's in LB1071 or in LB1072, is the child care subsidy cuts. So, DHHS proposed not only-- well, I guess the governor's budget proposes to not only keep the sunset Senator DeBoer's bill, LB304, that most of you have probably heard about, if not all of you. So, her bill removes the sunset that was put in on her previous bill for expanding child care eligibility, and in the current budget, we have the governor's recommendation, which actually cuts eligibility. Now, we did not adopt the language, and when I say "we," it's a royal we. I did not support that measure. But we did not adopt the language that cut the eligibility; we just adopted the fiscal amount that the agency said that they would need if we, if we were to cut the eligibility. So, that's going to be a huge problem for a lot of families and employers in Nebraska. And I know I've had this conversation with Senator Riepe many, many times, when it comes to child care and child care subsidies, about employers actually stepping up and paying for child care for employees. And, and that's great, if the employers can afford to do that. But, you know, when you're working for a smaller business, or when you're working for-- I used to work for the university; that's not part of the university's budget to pay for childcare. So, that was always an issue with-- you know, maybe an employer like UP or Woodmen, or Mutual of Omaha, First National Bank, maybe they can afford to pay for it, and I think actually UP built a childcare, Bright Horizons, for their employees, so. I think the employees have to pay, but it's I think at a discounted rate from other child care. And to be eligible for child care subsidies already, even under Senator DeBoer's bill, it still is not enough. I mean, it still is not enough people having access to that resource. When I had kids-- when I first started in the Legislature, my childcare bill was \$3,300 a month, and I had to leave my job at the university to be here. I made \$1,000 a month

before taxes, and I was paying \$3,300 a month, so I'm obviously making great financial choices for my family. So, you know, that, that was really, really difficult. Those were very, very, very lean years for my husband and I, having three kids in child care. Fortunately, our oldest started kindergarten in the, the fall of that year, so that was down to two. So, it was, like, \$2,200 a month. Still really, really expensive. So, there are some things in here that I would like us to--

**ARCH:** Time, Senator.

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

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

**RAYBOULD:** Thank you, Mr. President. You know, as we've been debating this afternoon on our budget revenue shortfalls and other proposals to request additional funding, I started to rethink about Senator Sorrentino's tobacco tax increase. And I know that there is some value in perhaps revisiting that and restructuring it, but what I can't help but notice in LB1071, in the amended form of it, it seems like we have been slashing funds not only for the smoking cessation operations, but also tobacco prevention and control. So, for example, the adjusted amounts for smoking sensation [SIC] operations, it's \$6,000 for fiscal year 2026 and \$6,000 for fiscal year 2027, and I wonder if that is the quit program, and the fact that that explains why they have so few products available for smoking sensation [SIC] available to those who participate in the, the quick-- quit program. But I'm, I'm hoping that Senator Dorn might answer some of the questions about the, the tobacco dollar amounts.

**ARCH:** Senator Dorn, would you yield to a question?

**DORN:** Yes, I sure will. Thank you.

**RAYBOULD:** Thank you, Senator Dorn. I know you and I spoke earlier about this, but can you help me understand what-- why some of the amounts have been decreased in the budget for this year pretty substantially? And, and some are just down to zero.

**DORN:** Part of it, when you and I talked earlier, it was about the Health Care Cash Fund and the tobacco prevention control there, that's on page 48 of the budget. And we had in there that we've decreased it from \$2,570,000 to \$1,770,000. And those,

when we looked at-- in Appropriations, we looked at all of these, had a handout for all of these funds and what they were-- what they were using or what they allocated for the funds, and that was a program there that was not-- in the last two years, had not spent their full amount of funding, so that's why we decreased that in there. I don't know specifically why, I call it, otherwise, we would have had a drop in what you were talking about, some funding from the tobacco industry. I can tell you that some of the lobbyists or some of our people over here underneath the Fiscal Office would definitely have a better answer on that.

**RAYBOULD:** OK. Thank you very much for that. I think you kind of covered that. And again, that is something I think we'll probably have to revisit to make sure that we have the appropriate amount of funds. We also talked about the tobacco settlement, and I know the city of Lincoln, as other health, health departments throughout the state of Nebraska, do benefit from some of those tax dollars. But if you're going to reconsider a tobacco tax increase and vaping product increase, then we probably need to talk about the smoking cessation to make sure there's enough funds appropriated for that that are actually used to help people quit smoking. Thank you, Mr. President.

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

**CONRAD:** Thank you, Mr. President. Good afternoon, colleagues. I was hoping that perhaps Senator Clements, as chair of the committee, might yield to a question.

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

**CLEMENTS:** Yes.

**CONRAD:** Thank you, Senator. I have a lot of questions about the budget, so I'm just going to start at the start. Looking here on page 2 of the goldenrod book that was passed out, the Appropriations Committee really wants to make clear to the members to help contextualize this budgetary proposal kind of where we are today, and kind of what this means not only for our present biennium, but for the out years, too. And so, right out of the gate, there's an emphasis on the fact that the Appropriations and Revenue Committee have voted to utilize a 6.5 percent rate and base-adjusted average annual revenue growth

moving forward, and then a 2.5 percent average annual appropriations growth. The average annual appropriations growth seems to make sense to me, based upon the budgetary numbers in regards to growth, but the growth for the out years annual revenue doesn't quite seem to make sense to me. And since I'm not on Revenue or Appropriations, can you tell me what that number is based upon? It seems high to me. It doesn't seem realistic.

**CLEMENTS:** Oh, that's interesting. The, the Fiscal Office suggestion was 9.4 percent because they would like to see the average for five years be 5.2 percent. But the lower averages increases that we've had in the previous four years are low, so it takes 9.4 to get to an average of 5.2 percent for five years, and I thought that was too high, so I asked [INAUDIBLE] discussing fiscal, I thought I would reduce it some, but that's-- it's just an estimate. I, I don't think we'll have 9 percent growth, and we may not have 6.5 percent, but we may be less than 2.5 percent of spending. So, I'm not-- those are just estimates.

**CONRAD:** Very good. Thank you, Senator. And I think it is definitely in alignment with our approach to budgeting and our political culture to take a, a fiscal approach to, to our budgetary work, a fiscally-conservative approach to our budgetary work. We always want to be more skeptical, and then, you know, if things go a different direction, then we have more latitude in the future. But it's better to plan in a more conservative way. So, thank you for shining some light on that, because that part just wasn't very clear to me.

**CLEMENTS:** Yes.

**CONRAD:** Another larger kind of contextual piece that I know that perhaps we could discuss now or in the transfer bill, but there's a pretty significant reliance upon transfer from the cash reserve into the budgetary proposal that would bring our cash reserve down to about 10 percent or so of expenditures. I think typically, through Nebraska law and otherwise best practices, usually want to see that more in the 15, 16, 17 percent kind of range so that we have a cushion that we need to deal with unexpected emergencies or downturns. Can you just share a little bit about kind of why you feel, or the committee felt that 10-- excuse me-- that 10 percent number was appropriate or sustainable? If you wanted to help contextualize that, thanks.

**CLEMENTS:** Yes. Yes, that-- excuse me. The budget deficit has to be filled somehow, and we built up to 16 percent when we had extra funds, and those-- that would be great if we could keep that, but those were set aside for years when we have a shortfall. And I like the 12 percent; 10 percent is a, a minimum, in my opinion, and don't plan to be taking any more, if we can avoid it. And I think we'll try to cover the rest of the shortfall other ways rather than the cash reserve.

**CONRAD:** Very good. Thank you. Thank you, Senator. I was wondering kind of where the bottom was, or where the, the, the floor might be, so to speak, just in terms of your proposal or what other members felt comfortable with, in terms of-- are we going to have more reliance on the cash reserve, or is, is this kind of--

**ARCH:** Time, Senator.

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

**ARCH:** Mr. Clerk, for items.

**CLERK:** Mr. President, your Committee on Health and Human Services chaired by Senator Hardin reports LB825 to General File, File with committee amendments. Additionally, a gubernatorial appointment from the Nebraska Retirement Systems Committee to the Public Employees Retirement Board. New A-bill from Senator Brandt: it's a bill for an act relating to appropriations; to appropriate funds to aid in the carrying out of the provisions of the LB759. Senator Hansen, LB1236A. It's a bill for an act relating to appropriations; to appropriate funds to aid in the carrying out of the provisions of LB1236; and declare an emergency. Amendments to be printed from Senator Holdcroft to LB1235; Senator McKinney to LB1114; Senator McKinney to LB838, LB967, LB1114, LB525, LB962; Senator Raybould to LB1072. Senator-- excuse me. Series of name adds: Senator Machaela Cavanaugh, name added-- Senator Machaela Cavanaugh, Quick, DeBoer, all name added to LB762; Senator Andersen added his name to LB1205. And a priority motion, Mr. President: Senator Dorn would move to adjourn the body until Tuesday, March 10 at 9:00 a.m.

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