

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

von GILLERN: Good afternoon, and welcome to the Revenue Committee. I'm Senator Brad von Gillern from Elkhorn, representing Legislative District 4, and I'm the chair of this committee. The committee will take up bills in the order posted. This public hearing is your opportunity to be a part of the legislative process and to express your position on the proposed legislation before us. If you're planning to testify today, please fill out one of the green testifier sheets that are on the table at the back of the room. Please be sure to print clearly and fill it out completely. When it's your turn to come forward to testify, give the testifier sheet to the page or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also a yellow sign-in sheets back on the table for each bill. These sheets will be included as an exhibit in the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name, and spell your first and last name to ensure we get an accurate record. We'll begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally, by anyone speaking in the neutral capacity. We'll finish with a closing statement by the introducer, if they wish to give one. We'll be using a three-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you'll have one minute remaining, and when the red light indicates, you need to wrap up your final thoughts and stop. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of the bills being heard; it's just a part of the process, as senators may have bills to introduce in other committees. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room; such behavior may be cause for you to be asked to leave the hearing. Finally, committee procedures for all committees state that written position comments on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. Written position letters will be included in the official hearing record, but only those testifying in person before the committee will be included in the committee statement. I'll now ask the committee members with us today to introduce themselves, starting on my left.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

SORRENTINO: Tony Sorrentino, Legislative District 39, Elkhorn and Waterloo.

KAUTH: Kathleen Kauth, LD31, Millard area.

BOSTAR: Eliot Bostar, District 29.

JACOBSON: Mike Jacobson, District 42.

MURMAN: Dave Murman, District 38. I represent eight counties along the southern border.

DUNGAN: George Dungan, LD26, northeast Lincoln.

von GILLERN: Thank you. Also assisting us-- the committee today will-- to my right is legal counsel Sovida Tran, to my left is our legal counsel Charles Hamilton, and to the far left, committee clerk Linda Schmidt. We have two pages helping us out today. Ladies, could I ask you to stand and introduce yourselves, please?

LAUREN NITTLER: Hi, I'm Lauren. I'm from Aurora, Colorado. I'm in my second year at the University of Nebraska-Lincoln, and I'm studying agricultural economics.

JESSICA VIHSTADT: Hi, my name is Jessica, I'm from Omaha, Nebraska. I'm in my second year at the University of Nebraska-Lincoln, and I'm studying political science and criminal justice.

von GILLERN: Great. Thank you. Thank you for your help today. With this, we'll begin today's hearing with LB399. Welcome, Senator Wordekemper.

WORDEKEMPER: Good afternoon, Chairman von Gillern, members of the Revenue Committee. Senator Dave Wordekemper, D-a-v-e W-o-r-d-e-k-e-m-p-e-r. Today, I'm introducing LB399, a bill that would keep-- that would help ensure our rural fire protection districts can access critical state funding for their operations and equipment needs. Every Nebraska community depends on reliable fire protection and emergency services, but our rural areas face unique challenges in funding these essential services. While the state currently sets aside significant funds through the Mutual Finance Assistance Act, hundreds of thousands of dollars go unused each year, funds that could be supporting our rural first responders. For example, in fiscal year '23-'24, \$921,440 in designated funds went unclaimed, and was transferred to the General Fund. This year, another \$813,680 meant for

rural fire protection went unused. LB399 addresses this issue by modest-- modestly adjusting the population requirements that currently prevent some rural fire districts from assessing [SIC] these funds. This change will also ensure that rural counties with changing populations can continue to qualify for the Act, and rely on these funds to support their communities. The Mutual Finance Assistance Act, created by the Nebraska Legislature in 1998, provides aid to rural or suburban fire protection districts-- FPDs-- and mutual finance organizations-- MFOs-- for financing operational and equipment needs for fire protection, emergency response, and training within their joint areas of operation. MFOs may be created by an agreement among members pursuant to the Interlocal Cooperation Act. These agreements span three years, and must include a provision requiring all MFO members to levy the same property tax within their boundaries for jointly funding operations for at least one out of three years. Currently, to qualify for this aid, rural fire districts must have 80% of their population residing outside of the first primary or metro city. LB399 would lower this requirement to 60%, allowing more rural communities to form MFOs and access this vital funding while ensuring current members can continue to receive funds as their populations change. This adjustment maintains the program's focus on rural areas while recognizing our state's changing demographics. The funding mechanism remains unchanged. 10% of the state's insurance premium tax collection is appropriated for the Mutual Finance Assistance Act. The current aid calculation would continue with the assumed population, plus the population of any first-class city in the fire protection district or the MFO, being multiplied by \$10 to determine the total state aid, maintaining the maximum amount of \$300,000. This bill also clarifies the treatment of bonded indebtedness and lease purchase agreements entered into after July 1, 1998. As confirmed by the Treasurer's office, this has been a common practice not to include these provisions when calculating an MFO's property tax rate. This straightforward change will help ensure that funds specifically designated for rural fire protection are used for their intended purposes, keeping our rural community safe. Following my testimony, you'll hear from Kevin Edwards and Jerry Stilmock, who can provide a more detailed expertise on this matter. I thank you for your time, and respectfully ask to advance LB399 from committee, and I'll try to answer any questions.

von GILLERN: Thank you for opening. Questions from the committee members? Senator Jacobson.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

JACOBSON: Well, I know enough about this to be really dangerous, but-- I know that in my district, particularly when I look at the counties outside of Lincoln County, this is becoming and continue-- continues to be a challenge. And, and I, I know as I understand it, if you have a fire truck that, say, gets destroyed in a fire, that you could potentially access this fund to repair or replace it. Is that right? Or?

WORDEKEMPER: I would believe that they would turn that into their insurance, and if-- they apply for this fund, and then, if they have money to use for that they can, or they can use it for other operational costs.

JACOBSON: OK. And you're saying the funding for this fund is coming from the insurance premium tax?

WORDEKEMPER: Yes.

JACOBSON: So, 10% of the insurance premium tax goes into this fund,--

WORDEKEMPER: Yes.

JACOBSON: --and that's a statewide fund, or for those counties that qualify. You're trying to make more eligible by moving us from 80% living outside of the city to 60%. How much of a diff-- who's that going to bring in, and how, how many does that add? Do you have that?

WORDEKEMPER: I believe it was a few more counties. I can get that-- I have that information. I can get that for my closing.

JACOBSON: Maybe, maybe one of your test-- other testifiers can bring that when they come up [INAUDIBLE].

WORDEKEMPER: OK.

JACOBSON: All right. Thank you. I'll-- I, I know these other guys, so I'll, I'll beat up on them about that.

WORDEKEMPER: Certainly.

JACOBSON: All right. Thank you.

von GILLERN: Got that to look forward to. Any other questions from the committee? Seeing none, thank you for opening. And you'll stay to close, I presume?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

WORDEKEMPER: I will. I only brought two testifiers. So,--

von GILLERN: OK.

WORDEKEMPER: --you know, he can only beat up on two.

von GILLERN: Well, I'm sure they're anxious. Let's see who wants to be first. We will-- our first proponent.

KEVIN EDWARDS: Members of the Revenue Committee, my name is Kevin Edwards, K-e-v-i-n E-d-w-a-r-d-s. I represent the Millard Suburban Fire District and the Papillion Rural Fire District. The Mutual Finance Assistance Act has been very useful in creating cooperation between fire districts, cities, and villages since 1998 when it was introduced. There are 93 counties in the state, however, there are only 41 mutual finance organizations formed, and are receiving the financial aid provided by the act. The number of MFOs formed could be increased by reducing the population threshold for qualification. The reduction in the qualifying threshold proposed in LB399 from 80% of the population in a county outside the first primary- and metropolitan-class cities to 60% of that population will make participation in the program more attractive to other counties in the state. The potential new MFOs would benefit by being able to purchase needed equipment and apparatus while keeping their reliance on property tax lower. The aid formula was increased with the passage of LB664 in 2020, which grants \$10,000 for each governmental entity that is a member of an MFO. This increase raised the funding of their MSOs [SIC] significantly. For example, there are 14 MFOs that receive an additional \$100,000 or more annually because they have ten or more entities included in them. The Millard Suburban Fire District receives aid, and has used it most recently to remodel our fire station to include individual sleeping quarters for firefighters, as opposed to open dorm-style area. This makes it more amenable to both sexes, and private to all. The aid that Millard receives is equal to approximately 5/10 of a cent in property tax levy, which we did not have to use to complete the project. Most years, we use the aid to reduce our property tax levy while continuing to provide the same level of service to our residents. Page 2, item 2 of the bill continues to exclude bonded indebtedness and lease purchase agreements in existence on or after July 1, '98; previous wording excluded those in existence after July '98. All bonds or lease purchase agreements with-- have matured by now. This is consistent with the way the State Treasurer has administered the program over the years. I've handed out an analysis for current-- of current MFOs and the aid they received in

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

fiscal year '23-'24. I hope you'll find it useful in your deliberations, and I would be glad to answer any questions that the committee may have.

VON GILLERN: Thank you for your testimony. Is there a question, potentially? Senator Sorrentino.

SORRENTINO: Thank you, Chairman von Gillern. On your handout, which I assume you have in front of you--

KEVIN EDWARDS: Yes.

SORRENTINO: At the bottom right corner, we have a total of \$7,228,560, on page 1?

KEVIN EDWARDS: That's correct.

SORRENTINO: If I turn my page to the second page, the fourth number down is \$7,138,560.

KEVIN EDWARDS: I, I can't-- I can't explain that exactly, except that I think there was an error in one of the columns that I-- either I did or the state did. I would say it's in the column that I did.

SORRENTINO: So, there's 90,000-- they're, they're supposed to match up. Right?

KEVIN EDWARDS: Right. They should match up, yeah.

SORRENTINO: Well, that [INAUDIBLE]

KEVIN EDWARDS: And I apologize for that.

SORRENTINO: [INAUDIBLE] get heartburn over it. I just thought-- I just wondered if they were supposed to match.

KEVIN EDWARDS: Yeah, they were supposed to match.

SORRENTINO: OK. Thank you.

VON GILLERN: Other questions? Senator Jacobson.

JACOBSON: So, getting back to your chart, you got the MFO aid and you got LB664 aid. So, what's the difference between those two?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

KEVIN EDWARDS: Well, LB-- the, the MFO aid was developed in 1988-- 1998. And it's \$10 per person per population that, that it qualifies. And that's capped at \$300,000 per MFO.

JACOBSON: And does that just automatically flow?

KEVIN EDWARDS: Yes.

JACOBSON: OK.

KEVIN EDWARDS: You apply every year for the aid,--

JACOBSON: Gotcha. OK.

KEVIN EDWARDS: --and then every year you qualify. And then, the LB664 aid is that every entity that's a member of the MFO-- governmental entity-- gets \$10,000 awarded to the MFO for that participation. It was a, a very welcome boost to the aid, because the 10 pers-- \$10 per person hadn't been changed since 1998. And as you can see in the middle column of the handout that I give you, it shows-- that indicates how many entities were in that MFO. For example, in Antelope County, there were 15 different entities. So, they qualified for \$150,000 of additional aid. So, their aid then totaled \$209,180.

JACOBSON: So I, I-- and these are all-- are these all volunteer?

KEVIN EDWARDS: Not all of them. Some of, some of the-- like, Dodge County has Fremont in it, and Fremont has paid firefighters, and they're in the MFO, so they receive a portion of the aid. The aid is given out by the interlocal agreement, whichever way those communities chose to divvy up the aid. Some divvy it up by population. If you've got a certain amount of population attributable to your area, that's how much aid you get. If-- others do it by need. For example, in Butler County, which I'm from originally, they use the aid to fulfill needs that any community may have. Like for example, the city of-- or village of Dwight may need a new tanker. Well, that tanker is valuable to all of the communities, because it would respond to rural fires in, in any community. And so, they'll use the aid to help Dwight buy a new tanker. The next year, Rising City may need a new jaws of life, so they'll use some of the money to help them purchase a new jaws of life. And so, they, they spread it around more based on need rather than, than they, they look at the whole county as being the need area.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

JACOBSON: Well, I, I raised that with the, with the volunteers I know in North Platte; they're probably unique, because they have a paid and a volunteer force,--

KEVIN EDWARDS: Right.

JACOBSON: --and they operate out of the same building.

KEVIN EDWARDS: Right.

JACOBSON: Which is pretty unique. I've always had a soft spot for volunteer firemen because they're doing the same, putting their lives in danger and going out and going towards the fire rather than from the fire, and they're not getting paid for it. In fact, they're even driving their own vehicles to get there. Which is, is kind of amazing when you think about today. But at the same time, those ranks are getting more challenging, and I see that particularly in the northern counties in my district, that there's not a lot of folks there, and it's hard to get younger people involved, and, and this is becoming more and more expensive. And when you look at the wildfires that we had here a couple of years ago, this was a huge challenge, and, and that's where I've got-- and, and this is not today's subject, but this mutual aid and some of the issues that are becoming a problem, trying to make sure we can keep that going as well, but. I think I get what you're trying to do here. I guess I would just ask you, how, how many do you see that are going to be brought in with this bill?

KEVIN EDWARDS: Well, for example, I think that Platte County is one county that's not in now, and I don't know why. However, it may be-- it may be a, a population issue that they can't get enough of the, of the districts, fire districts or villages in Platte County together to reach the 80% population threshold. Our hope would be, is that at 60%, more counties could get into that, could meet that requirement.

JACOBSON: One last question for you, and I'll let you go here. But if-- by bringing in this lower threshold, are we going to use all the money, and then have to ration for those people that are already receiving this?

KEVIN EDWARDS: I would hope not. As the Senator had worded-- had commented, there's aid that's not being used, and I can't imagine that there would be any more, because these would all be counties that are, are relatively small in population, but probably large in need and area of responsibility.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

JACOBSON: Well, it baffles me that there is money left over, because I would think there'd be enough needs out there that somebody is monitoring the balance and there'd be applications to fully utilize the fund, but I, I--

KEVIN EDWARDS: Right. I don't know if some of it is, is that some of the counties may not be aware of it. For example, Logan County is a county that I helped about six years after the fund was actually established that called and asked if-- about it, and the treasurer had pointed them towards me because I was kind of involved in the initial bill. And we helped them fill out the form, and they qualified because there's virtually-- there's 75-- what? In Logan County, there's what? 662 people. So, they qualified because the fire district covers the entire county. In fact, it covers some area outside of that county. And they then receive the 6-- \$6,620 in MFO aid, and then because they have just one entity in the MFO, they receive another \$10,000. So, they receive \$16,620. When they called and stuff, they were amazed because that, that original amount that they got, the \$6,000 was more than their total budget for their fire services.

JACOBSON: Well, I appreciate you helping them. They're in my district, so thank you.

KEVIN EDWARDS: Yeah.

von GILLERN: Other questions? Seeing none, thank you for your testimony.

KEVIN EDWARDS: Thank you.

von GILLERN: Next proponent.

JERRY STILMOCK: Mr. Chair, members of the committee, my name is Jerry Stilmock, J-e-r-r-y S-t-i-l-m-o-c-k, testifying on behalf of my clients, the Nebraska State Volunteer Firefighters Association, and the Nebraska Fire Chiefs Association. Thanks to Senator Wordekemper for introducing the legislation. This, this legislation has a tremendous history; it was already covered by the senator, a little bit by the last gentleman. But the, the theory used by Senator Bob Wickersham at the time back in 1998 was this: counties were formed, fire districts came thereafter, and there were some fire districts that had a value-rich valuation, or a valuation that was rather more significant. And then, counties that-- fire districts that had a lower valuation. He attempted one thing in year one in 1997, and that was to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

have a-- actually, a merger of fire districts within a county. That did not pass, it did not work, and so the second year, he added the carrot. The carrot, of course, is what we have before us today, the Mutual Finance Assistance Act. Initially, I-- once the legislation passed as a part of that framework with Senator Wickersham at the time-- went out and spoke to various counties. We had 12 counties sign up in year one, now we're up to 41, 42 counties. As was stated, the, the funding-- the state side comes from insurance premium tax that is paid. And Senator Wickersham did a very prudent thing: rather than involving the counties and the cities that were also recipients of those funds, a part of those funds at the time, he took it from the state side. And so the, the, the funding was there, it's been wonderful. There are times-- even with the legislation that is in place before the \$10,000 Trump addition, if you will, the bonus edition that was spoken of earlier-- there were times where the amount appropriated was not enough to fund the request. So, as those requests grew--and this is back in the time, in the time frame before the \$10,000 bonus was added. So then, of course, the legislation provides for pro rationing. That becomes very difficult, then we end up, up Appropriations asking for more money. And so, usually it, it balanced out pretty well. So, now we're in a situation that we're \$8 million-plus in appropriations and about \$800,000 that is-- was available after the application period closed last year. And it would be nice, I think, to, to see if this works. The way-- the only way it can work is by word of mouth. I started in Lincoln County, went out to North Platte in 1999-2000, got the-- those-- that county and them formulated to get going. I do have a historical handout. If you could, please. One of you ladies. Thank you. That sets out the framework of how the act was created, the different amendments. Will it work? Will it bring in more? Hopefully so. Will it exceed the 8, \$8 million-plus that's there? Possibly. Where's the money going to come from? We know that collectively, there's about \$10-\$11 million that comes from-- just from that 10% that's allocated for the program. The red light's on. I'll be courteous with your long afternoon, and I'll cease my comments. And--

von GILLERN: Thank you.

JERRY STILMOCK: --just encourage you to consider moving this on to General File. Thank you, Senators.

von GILLERN: Thank you. See a question, Senator Kauth?

KAUTH: Thank you, Chair von Gillern. Hi.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

JERRY STILMOCK: Greetings.

KAUTH: A couple of questions. Number one, will this increase taxes?

JERRY STILMOCK: No.

KAUTH: OK. Will the maximum of \$300,000 still be capped?

JERRY STILMOCK: Yes.

KAUTH: OK. And there's no fiscal note on this?

JERRY STILMOCK: No, because it was in the-- it was in-- within the amount appropriated already.

KAUTH: OK.

JERRY STILMOCK: You know-- and Senator, you ask a very-- it is in line with another question that was asked a Senator Wordekemper-- of Senator Wordekemper when he was up there. Will-- won't this-- the idea is to encourage more players, and if there's a set amount of appropriated funds, which next week, the appropriation is going to committee to look at that same amount, \$8 million-plus. We may be back in two years, saying "now, we're up to \$9 million, but you're only appropriating \$8.6 million or \$8,060,000 [SIC]. So, we're going to need some more money, which means less going to the General Fund. But the critical question you asked, will property taxes go up? No, they won't. But they're probably-- the idea was, is so that they actually be reduced so that levy by a fire district wouldn't have to be as much. Why? Because the-- it's kind of like school aid, somewhat "kinda-sorta," in that then, the amount that the school would need to levy, the amount that, in our situation, the rural fire district would need to levy would be reduced because the state aid is coming and doing tremendous things for these rural districts.

KAUTH: OK. Thank you.

JERRY STILMOCK: I'm glad you asked. Thank you.

KAUTH: Of course.

von GILLERN: Other questions? Senator Jacobson.

JERRY STILMOCK: Sir.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

JACOBSON: How does a self-respecting lobbyist not allow them to take-- get them to take all of the funds that are left in [INAUDIBLE].

JERRY STILMOCK: You know-- what, what would [INAUDIBLE] how many pair of ties, or do you go through, advocating for the Unicameral-- not until the tires, but a Zoom meeting to Chadron, and-- don't, don't let that show up in the record, sir, that "how did a good lobbyist end up not spending all the money?"

JACOBSON: Well, I, I just look at the fact that--

JERRY STILMOCK: Sir.

JACOBSON: --as I agree with you that, that this fund-- these dollars are basically helping to offset what would otherwise be property taxes to pay for the apparatuses and the things that these, these districts need. And so, basically, right now, the state's funding some of them, the insurance premium taxes funding some of it, so you'd hope that it would get fully utilized, and, and that would be going to the-- because a lot of these counties, as you can imagine-- I'm looking at, at Logan, I'm looking at, at Thomas, I'm looking at, at Hooker County. This is real money, and if you look at what that would mean for local property taxes, getting this money this way rather than trying to assess it through property taxes is, is a big deal, so--

JERRY STILMOCK: Absolutely.

JACOBSON: So, I'm, I'm glad you're doing it. Just don't leave money on the table.

JERRY STILMOCK: I'm making that effort, sir. You bet. You, you, you know, you raise a good que-- he didn't ask a-- Senator Jacobson didn't ask a question, if I may. And if, if time's up, I'll stop.

von GILLERN: Quickly.

JERRY STILMOCK: Thank you. Rural setting. There were attempts in the early 2000s to allow cities of the first class to participate, and, and we fought that very hard, very strenuously. It is a rural function that this money is geared towards, sir. Thank you for making that point.

JACOBSON: I agree.

JERRY STILMOCK: Yes, sir.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

von GILLERN: One more quick question.

JERRY STILMOCK: Sir.

von GILLERN: The funds that have not been spent, did those turn back?
Where are those dollars?

JERRY STILMOCK: General Fund.

von GILLERN: They are? OK.

JERRY STILMOCK: Yes, sir.

von GILLERN: All right. OK. Thank you. Thank you for your--

JERRY STILMOCK: Yes. Thank you, members.

von GILLERN: --testimony.

JERRY STILMOCK: Appreciate it.

von GILLERN: Any other proponents? Seeing none. Are there any
opponents that would like to speak regarding LB399? Seeing none.
Anyone who'd like to testify in a neutral position? Seeing none.
Senator Wordekemper, would you like to close? We had no online
comments.

JACOBSON: How can that be?

von GILLERN: I, I just read. I don't make it up.

WORDEKEMPER: Thank you, Chair Gilman [SIC]. I'll make this quick.
Senator Jacobson, from our estimates on our rough modeling, there
would be two new eligible counties. Possibly they would include Cass
and Washington, and possibly Otoe County. But along with this change,
Dawson and Seward are getting close to maybe being kicked out of it.
So, in reducing the 60-- to the 60, they should stay in it. So, we, we
didn't want to-- you know, there's other options we could have
possibly done, but we don't want to drop the fund too fast to
negatively affect the ones that are already getting money. So, we--
we're trying to do a balancing act with that, so. As someone who spent
30 years as a firefighter, I know the difficulties these rural
counties face. It is paramount that they rely on the work with one
another in ensuring our communities have access to emergency services.
The fundamental aspects of the program remain unchanged. The modest

change simply ensures both existing and new rural communities can access the designated funds. Now, I'll speak to Mr. Stilmock. And, and the gear is for rural departments, but first-class cities are in that. I can speak to Fremont. As many of you know, we help augment the rural communities, and they come and help us. Staffing, we don't have enough staffing. Volunteers, we work across the lines and, and-- basically, for firefighters-- you know, me personally, I don't care if you're paid or volunteer; you're doing the same job, and we're supporting our communities, so it is a-- it's a team effort out there, so. You know, I would, I would appreciate moving this to the floor. And with those counties we were thinking of bringing on, we estimate that there may still be around \$400,000 left in the fund because we don't want to drop it too much. So, this is just an incremental thing, so.

von GILLERN: Any questions from the committee? Seeing none. Thank you, Senator Wordekemper. This will close our hearing on LB399, and we will open up on LB575, and welcome Senator Hallstrom.

HALLSTROM: Chairman von Gillern, members of the Revenue Committee, my name is Bob Hallstrom, B-o-b H-a-l-l-s-t-r-o-m, and I appear before you today as senator representing Legislative District 1 to introduce LB575. I am here this afternoon to introduce the bill due to the fact that it's no secret that Nebraskans overwhelmingly feel that property taxes are too high. Constituents in my district are at risk of being taxed out of their homes, multi-generation farms are at risk of being lost, and small businesses are also struggling to stay on pace with rising costs to do business. When I ran for the Legislature, I made a commitment to propose ideas that would provide real and meaningful tax relief to families, farmers, and small business owners. Nebraskans understand that valuation increases are a significant contributor to high property taxes. They understand that even if levies are lowered, they may still pay a higher tax bill than they did the year before because of increased property valuations. In addition to my own observations, I have had conversations with both constituents and elected officials about Nebraska's truth-in-taxation process. Several have said that the process would serve citizens better if the process occurred prior to the annual budget process. This is why I bring LB575. In a nutshell, the bill proposes that 1) a political subdivision's levy limit would be no more than the levy needed to raise the same amount of property tax revenue as was raised in the previous tax year. Exceeding this levy limit would require a two-thirds majority vote in favor to do so by the members of the governing body of the political subdivision. LB-- secondly, LB575 proposes date changes to the Property Tax Request Act. Under current

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

law, the direct postcard notification and joint public hearing processes occur in September, after political subdivisions subject to the Act hold their budget hearings; LB575 moves the process up by two months. The intended outcome with this bill is to have increased transparency when it comes to property taxes levied. LB575 will force local taxing authorities to take conscious public actions to increase their tax asking, and therefore, their budgets. LB575 also will promote increased taxpayer engagement with locally elected officials prior to the budgeting process. This bill is fairly similar to a bill that Chairman von Gillern introduced last year. The primary change is the fact that we have a supermajority, or two-thirds requirement of the board in order to override the reduction of levies to match the increase of valuations. And I think with regard to the truth in taxation, I'm hopeful that there's a sweet spot that we can find. I've been informed by some of the political subdivision representatives that moving that up two months is before they even get their certified valuation, so I understand that's probably a, a, a difficult transition for them. But by the same token, it appears from the folks that I've talked to that the current timing doesn't really provide much substance to the ability to go in and have your voices-- your voices will be heard, but not likely be acted upon if it's after the budgets have been formulated and ready to, to finalize and package up. I did appreciate the fact that most of my friends from the political subdivision community have told me in advance that they will most likely be up here towards the end of the hearing when the opponents show up, and so I appreciate the fact that they've let me know in advance of the hearing, and certainly more than happy to work with, with them to try and put something together that will make a meaningful change with regard to property taxes. Be happy to address any questions.

von GILLERN: Thank you, Senator Hallstrom. Questions from the committee members? Senator Kauth.

KAUTH: Thank you, Chair von Gillern. So, Senator Hallstrom, so you're not getting rid of the postcards, correct? You're just changing the date.

HALLSTROM: Correct. And, and I think, Senator Kauth, the, the distinction, as I, I mentioned, is I'm hoping there's a sweet spot where, where you can really have meaningful input to the process instead of, you know, saying "thank you for being here, but we've already pretty much made up our minds and not much is going to change."

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

KAUTH: OK. And then, the two-thirds vote, are, are you using that standard to keep it parallel to how you break a filibuster in the Legislature?

HALLSTROM: I hadn't really thought about that, but I've had some--

KAUTH: I think it's a good parallel.

HALLSTROM: Had a little bit of experience with that lately.

KAUTH: Thank you.

HALLSTROM: Thank you.

von GILLERN: Senator Ibach.

IBACH: Thank you very much. Wouldn't the meaningful conversation be taking place currently, when they're formulating their budget? Like, schools will have a hearing before the pink card hearing, when-- I think they even have to post it in three different locations that you can show up and contribute to the budgeting process.

HALLSTROM: Yeah, I, I, I would hope-- I think the, the, the postcard process is designed to bring it home more, more thoroughly to, to the constituents or the voters as to their ability to, to participate and have meaningful dialogue. I'm not sure that happens without the postcards. May not happen as much as it should with the postcards.

IBACH: Yeah, I agree. Thank you.

von GILLERN: Senator Duncan.

DUNGAN: Thank you, Chair von Gillern. Thank you for being here, Senator Hallstrom. Can you-- the, the part that kind of gets my red flag up a little bit more is the, the two-thirds vote required to exceed the previous year's tax asking. Can you speak to the interplay of that cap with some of the other caps have been put in place in the last year or two with LB34 during the special session, and some of the other requirements that have been put--

HALLSTROM: Yeah, I, I think that's, that's one of the issues that I've struggled with in terms of trying to find someone that knows more about these issues than I, that can say this is conclusively, exactly how the interplay is. But my, my, my design here-- and primarily, again, from what I heard when I was on the campaign trail-- is that if

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

the valuations go up, the levies have to go down. That ought to be the starting point. We start the discussions from there, and then it becomes more transparent as to if the levies are increased, that we all know where we started, and now we know what the reasons are for doing that. I think the, the exceptions for public safety and the, the percentage increase are all things that are then-- once they've made that decision with a two-thirds majority, that obviously they've got that, that leeway to go up to those, those restrictions. And I understand-- I've talked with a representative of the NRDs that, that their budgets are a little bit different, and there are some, some political subdivisions that don't have any type of cap. The school districts are different than what the counties and school and cities have; some don't have those caps currently, so there will be a differential impact for those that don't have the caps where this would be more, more significant, probably, to them.

DUNGAN: So, you-- OK. So, you kind of envision this as the, the first step; the first-- before any increase happens, have to have the two-thirds vote, and then it moves on, taking into consideration with the public safety exceptions and things like that. This is sort of a gatekeeper function?

HALLSTROM: Yeah. And more, and more of a-- here, here's where we start, we leveled the playing field, and now if we're going to have increases from there, there's a little more likelihood that we'll all understand the whys and the wherefores into how they went from that point up to the maximum that they're allowed.

DUNGAN: Do you have any fears that sort of-- how do I-- how do I put this bluntly? Public pressure and fear over being seen as voting for increased taxes is going to result, then, in underfunding or defunding things like public safety?

HALLSTROM: I, I don't think that's historically been the case. I, I think that's why we're where, where we are.

DUNGAN: OK. Thank you.

von GILLERN: Senator Jacobson.

JACOBSON: Well, I've always felt like I know this concern about not knowing exactly what the certified valuations are, but I think you've got a pretty good idea where valuations are going to come in as political subdivisions before the certified values are there. But it

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

seems to me the values shouldn't really matter. We ought to be working on what are our expenditures, because that's where the problem is. And I always found over the years in banking that if I have a farmer come in and bring me a cash flow, I want to see what your expenses are. And then you come back and run what's your income going to be, and that's going to be based upon yield and price. And it's always interesting how there's a balancing act; here's what my expenses are, and then you-- your, your yields have to be adjusted higher or the price needs to be adjusted higher to make it balance. OK? Which is always a unique concept, but it still seems to me that it would be interesting to have budgeting done without knowing what the revenue is, and that maybe forces you to zero-based budget and say maybe we ought to-- rather than saying we're going to do what we did last year, plus 3% or whatever, that we re-think "do we really need this line item?" and "what is our barebones budget?" And having some input from the public in terms of, of more granular bud-- budgets of expenditures for the public to really see in a pink postcard meeting. But the problem is still spending. I mean, that's really what it comes down to, no matter what, what business or political subdivision you're dealing with. It's, it's, it's a spending issue.

HALLSTROM: Yeah. And, and Senator, I don't know that there was a question in here, but thank you. I think, I think the issue is-- and I, and I-- that's what I hear from the constituents as well, is, you know, if you, if you talk to the political subdivisions from, from the individual perspective, they're looking at it and they're saying, what I do know is my taxes are too high. And what causes my taxes to be too high is more spending than we need somewhere.

JACOBSON: So, the question, of course, comes back to why do we care what the certified valuations are before we have these meetings, and before we set preliminary budgets?

HALLSTROM: You may have a good point.

JACOBSON: All right.

von GILLERN: Any other questions? Senator Hallstrom, I had-- first of all, congratulations. You've already advanced a bill that I couldn't get advanced last year. So, this might be your second one. We'll see, so. Keep bringing that on. The interplay between the valuations and the levy rate, there's an im-- there's, there's a potential impact to TEEOSA, as far as the local effort rate. Have you had conversations with any of the school districts about that?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

HALLSTROM: I have not. I, I--

von GILLERN: OK.

HALLSTROM: --had my first conversation with the school districts the other day, and we're going to set up a meeting,--

von GILLERN: OK.

HALLSTROM: --and I'll try to see if that's one item that I can visit with them about.

von GILLERN: OK. That was a-- that was a hurdle in past conversations on this one, so. I'm sorry, I didn't mean to--

HALLSTROM: Yeah.

von GILLERN: I didn't want to blindside you with that today, but it just came to mind, so. All right. Thank you. Thank you for opening. Seeing no other questions, we'll invite up our first--

HALLSTROM: Thank you.

von GILLERN: --proponent. Good afternoon.

DOUG KAGAN: Good afternoon. Doug Kagan, D-o-u-g K-a-g-a-n, Omaha, testifying for Nebraska Taxpayers for Freedom. This bill, in our opinion, is a veritable smorgasbord of good ideas for property owners. Our members frequently tell us that they do not bother to attend the postcard joint public hearing because they understand that local taxing authorities already have voted on their fiscal year budgets, and soon must follow them with the state. The months of July and August are the months in which, by law, most local taxing subdivisions hold individual public hearings to finalize their budgets. So, the proposed new public hearing dates conveniently would fall within this time range. Actually, attentive taxpayers can scrutinize local budgets months ahead of July by attending regular school board, county board, utility board, et cetera budget presentations. This new joint hearing date, therefore, would offer taxpayers another timely opportunity to demand that elected officials justify tax hikes before budget's finalized. If a large crowd of taxpayers appear with questions for attending officials without sufficient time to hear everyone, taxpayers could attend regular local budget meetings to obtain answers. Secondly, taxpayers are so disgusted at hearing public officials boast that they did not raise the property tax levy,

believing residents ignorant of the fact that valuations raise total taxes paid. A prime example is the city of Omaha. This legislation would cancel the ruse of aggregating additional tax revenue without raising the levy itself, and placing into statute the tax rate that, when multiplied by the new total assessed value of property, offer the same amount of property taxes as the prior year. This section of LB575 would prevent local officials from misleading taxpayers about the relationship between valuation and taxation. There is an escape clause whereby two-thirds of a governing body can exceed the levy lit [SIC], which can fund an emergency situation as a natural disaster or fire, but a clause that, hopefully, local officials will not cynically abuse. Thank you.

von GILLERN: Thank you for your testimony. Questions from the committee members? Mr. Kagan, the, the two-thirds, do you feel that that's an appropriate ratio for, for an override?

DOUG KAGAN: You know, that's even arguable within our own group, because what we've seen, like with the school districts in recent years, they had an escape clause, too. And so many of them used it. Some of them used it for valid reasons, like they had a natural disaster of, you know, two roofs blew off their schools. Others, we thought, were for reasons that weren't anywhere near labeled an emergency.

von GILLERN: OK. All right. Thank you. All right. Thank you for your testimony. Appreciate you being here. Next proponent.

NICOLE FOX: Chairman von Gillern, members of the Revenue Committee, Nicole Fox, N-i-c-o-l-e F-o-x, representing the Platte Institute. We support LB575, which would make Nebraska's truth-in-taxation law more effective and would improve Nebraska's property tax asking by adding a rate rollback provision. Nebraska's property tax ranking is very uncompetitive at 45th in the nation, according to the Tax Foundation. Nebraska's property tax is uncompetitive because the overall property tax burden is so high, and this is because Nebraska's property tax caps are too loose. Over time, effective property tax caps slow the growth in the overall property tax burden. On the other hand, taxes grow more quickly when property tax caps are ineffective. LB575 would improve upon Nebraska's caps, and help slow the grope-- growth in the tax burden. Additionally, it would bring greater transparency to local property tax decisions. Nebraska's truth-in-taxation law is an important policy tool to develop citizen buy-in for property tax increases and to bring greater transparency to decisions to increase

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

property taxes. The truth-in-taxation law requires local governments to hold joint public hearings when certain taxing authorities are looking to raise property taxes beyond allowable growth. This provides an opportunity for those taxing authorities to explain their proposed tax increases to the property owners who will pay the taxes. One weakness to the truth-in-taxation law is that the joint public hearings are held too late in the budgetary process, and I know we had a discussion about this last week with Senator Storer's bill. Under current law, joint public hearings occur in September, however, many budgetary decisions are made before this. As a result, these joint public hearings-- which reveal the tax increases that are a result of spending increases-- occur after spending decisions have already been made. LB575 will improve this process by moving those hearings to earlier in July, or in the whole process. As a result, spending decisions will be better synced with joint public hearings on resultant tax increases. This improves transparency and taxpayer buy-in to local government fiscal decisions. LB575 also requires a rate rollback when property values increase. Every property tax should occur through an affirmative vote of local government authorities, but under current law, property tax increases occur automatically when home values increase unless the taxing authorities affirmatively vote to lower the tax rate. But we also see sometimes that levies are lowered, and they still generate more revenue. This is upside down; tax increases should only occur if taxing authorities vote to raise the rate. You have an example there, and I won't read through that. But basically, at the end of the day, LB575 makes two important changes that will increase transparency and engagement in local government taxation and spending decisions. As a result, Nebraskans will have greater understanding and buy-in to local government spending decisions, and the property tax burden hopefully will rise more slowly over time. And I'm happy to entertain any questions, particularly if you'd like me to expand on how I envision how LB575 interacts with LB34.

von GILLERN: Thank you for your testimony. Questions from the committee? Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Yeah, if you'd like to speak to that a little bit more, the interplay between--

NICOLE FOX: Yeah.

DUNGAN: --LB34 and these caps. I'm just curious how you envision these working together.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 20, 2025

Rough Draft

NICOLE FOX: Yeah. So, I see them as complementary. So, when I, when I think about LB34, I think of it kind of as-- in terms of, like, a floor and a ceiling. So, with LB34-- well, first-- well, also, LB34 only applies to cities and counties, whereas LB575 applies to all political subdivisions. But I see it as-- with LB34, what they did was they established spending caps, where the floor, basically, is last year's revenue. And then, you know, there was, like, the-- what was it? I call it "slice;" I can never remember the acronym, but-- the state, the state and local spending percent. So, it allowed, you know, for that. Then, there were certain exemptions, for example, for public safety. But it-- but basically, it established, like, what-- how-- where they could go from last year's revenue, whereas with LB575, like I said, it, it applies to all political subdivisions. But what this does is says that instead of, you know, establishing a floor, it's kind of trying to establish a ceiling whereas, you know, the cap with LB34 would be the ceiling. So anyway, it kind of-- it, it, it establishes a lower ceiling, saying we're going to start with last year's revenue. And if valuations go up, then the levy rates automatically adjust so that the rate is equal to what last year's revenue generation was. And if they want to go over that, they-- within the LB34 caps, they can. It's just that they have to first vote to exceed the revenue-neutral what I'm going to call "ceiling." I hope that made sense.

DUNGAN: No, that, that does.

NICOLE FOX: OK.

DUNGAN: And I think that's kind of what Senator Hallstrom was getting at as well,--

NICOLE FOX: Yeah. Yeah.

DUNGAN: --it's a gatekeeping function, where there's first the decision to do it,--

NICOLE FOX: Yes.

DUNGAN: --and then once you've made that decision, then the LB34 caps sort of operate as your guidelines within which you have to operate.

NICOLE FOX: As to how much more you can spend. So, this-- I mean, we don't see this as an absolute, you know, they can't spend more than that, but they have to take an affirmative vote to do so.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

DUNGAN: OK. Thank you.

von GILLERN: OK. Other questions? Seeing none. Thank you for your testimony. Any other proponents? Good afternoon.

BRUCE BOHRER: Good af-- good afternoon, Chairman von Gillern, and members of the Revenue Committee. I'm Bruce Bohrer. For the record, that's spelled B-r-u-c-e B-o-h-r-e-r. Pleased to be here this afternoon in support of LB575 on behalf of the Lincoln Chamber. Our Chamber appreciates Senator Hallstrom for his introduction and leadership on this issue, which we believe is part and parcel of ensuring transparency, encouraging greater public engagement and public support. As each of you is very keenly aware, there are many issues and complaints around local property taxes. I think we've heard some-- quite a few of them already, and I'm sure you've always-- you've already heard them. I have to say, however, I think the issue that already has been mentioned that irks citizens the most is the idea of the valuation change and then no move in the levy, still creating an increase in their property taxes. Yet, it's spun as if they've had fiscal discipline, or maybe even lowered their taxes. And I, I think that really does quite a bit of harm to public confidence. So, I think sometimes-- not always, but sometimes-- this is the case. Now, as I say this, I want to also give credit to those local boards that do an excellent job engaging the public in their budget process. I don't want to too broadly paint the brush here, but the central idea behind LB575 is meant to get at this issue. I think also it moves us to a practice that boosts rather undermine-- rather than undermines confidence and trust in government, something that I think we all should probably agree to. I want to add, too-- this topic was a, a topic of discussion as part of a property valuation working group that the governor organized. I served on this working group, and I think I'm giving it a fair representation when I say that this idea was a consensus idea. Now, this group never voted on any of the policy proposals that came out of it, so I can't say it was supported one way or the other. I'll close by noting that I anticipate you will hear opposition on the-- this proposal from community partners that I and the Chamber work closely with. We value and respect their opinion, and would hope to be part of any discussions aimed at finding common ground that might follow. Of course, at the discretion of the committee and Senator Hallstrom, of course. That concludes my remarks, unless there are any questions you can have for me.

von GILLERN: Thank you. Questions from the committee? Seeing none.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

BRUCE BOHRER: Thank you.

von GILLERN: Thank you for your testimony. Any other proponents for LB575? Seeing none. Are there any opponents for LB575? Good afternoon.

JON CANNON: Good afternoon, Chair von Gillern and distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I am the executive director of the Nebraska Association of County Officials, also known as NACO, here to testify today in respectful and conditional opposition to LB575. I appreciate the candor that Senator Hallstrom has had with us. He's been very gracious with his time. We've talked through a lot of the issues, and he recognizes a lot of the issues that, that we have with the, with the bill, and particularly the timing of the bill. And we're certainly willing to work with him on how to make it a, a-- how to make it better or, or-- in a cleaner process. As far as the cleaner process is concerned, we've been advocating for a cleaner process with the timing of this bill since LB644 and unfortunately, fell on deaf ears. And that's fine; we soldiered on, we, we did what we were supposed to as counties to produce the pink postcard, which is-- falls largely on the counties. Got those out. We had-- I think the hearings have gone as they're supposed to. The, the only issues that I, I am aware of are when the U.S. Mail has taken 7 to 10 days to deliver to some more remote and rural parts of our state. But as far as the timing in this bill, it is-- under the terms of LB644 and the, the pink postcard as we like to refer to it, this bill is literally impossible to implement. We do not have values, particularly for centrally-assessed. In some counties in western Nebraska, centrally-assessed property makes up more than 25% of the total valuation base. And so, without those values, you're, you're not going to have a levy rate that you're going to be able to use to accurately provide any kind of-- not even an estimate; it would be an estimate of an estimate for the individual values per parcel that LB644 requires. Now, if we want to get away from individual parcel valuation-- and, and that's something we could talk about. And, and frankly, I think in order to improve the process, it could actually even go a little bit further. I'll get to that in just a moment, though. Crucially, the part that requires the two-thirds majority, which we have soft opposition to. I-- 50 counties have, have a three-member board and so, you know, to have a-- requiring a two thirds majority is requiring a simple majority. You know, if you go from four to five on a seven-member board, you go from three to four on a, a five-member board, you know, those percentages are, are a little bit different, but that's something I think can-- that can be talked through, but what I would really like to talk

about, though, was the calendar that we have for assessing property, taxation of property. I know I'm going to run out of time, but I'll try and get through this as quickly as I can. The assessor is obligated to provide a valuation of all real-- parcels of real property in their county. Honorable for-- as of January 1, those values have to be sent to the property tax administrator through an abstract of assessment on or before March 19, or March 25 in the three largest counties. On April 7, the property tax administrator presents a report and opinion for each county to the Tax Equalization and Review Commission, and that is her findings as to-- or her findings as to what the equalization of property across, across the state is, and whether values are out-of-whack from one market area to another. On or before May 15, TERC finishes their statewide equalization meeting, where they review values on an, on a abstract basis. I'm out of time. I'll-- happy to take any questions.

von GILLERN: Please continue.

JON CANNON: Sure. Thank you. TERC finishes their statewide equalization, which is their annual meeting to determine whether or not as a whole, from a mass appraisal standpoint, properties are equalized-- real property values are equalized across the state, which is a, a, a pretty important and very crucial step in this process. It's only after those values have been certified, by-- or, not certified, those, those values are essentially blessed by TERC-- after May 15, that the assessor is able to prepare the notice of valuation change, which goes out to all holders of real property whose valuation has changed, gone up or down, in the, in the prior year. The assessor is required to do that on or before June 1, and this is where we start getting into some of the, the, the dates that, that I, I think are very crucial to this whole process. People have an opportunity to protest their values, and, and-- I, I have to be clear: someone whose valuation has changed will get the notice. A person whose valuation has not changed will not get a notice, but they still can process [SIC] their value on or before June 30 of each year. OK? Between June 1 and July 25, the Board of Equalization will hold hearings on valuation protests on or before August 10. The property tax administrator will certify centrally-assessed values to every county assessor across the state. OK? And, and again, like I mentioned, there are some counties where centrally-assessed values make up more than 25% of the valuation base, so that is a very crucial date. You know, it-- running in parallel through the summer, the property tax administrator is sending values to the centrally-assessed companies; they're having meetings with railroads, pipelines, telecoms in order

to determine what those values are, whether there's going to be a, a protest that's filed, which is, you know, that-- that's like DEFCON 5 [SIC] when that happens at the Department of Revenue. But after all that has taken place, then they certify centrally-assessed values across the state. And like I said, it-- it's, it's a big portion in some counties. I'd say that for most counties, it's probably between 2% to 6% of their, their overall value. Which still moves the needle as far as a-- what a-- you might estimate a tax to be when you're looking at trying to project something into the future. On or before August 20, the assessor will certify their-- those values-- all the values to all the political subdivisions in the county. On or before September 30, budgets are finalized. On or before October 20-- that is the levy date, and so that is when every political subdivision says we know what our valuation base is, we know what our budgetary need is, we divide one into the other; that establishes our levy rate. And those rates are sent to the county Board of Equalization; they certify those on or before October 20. On or before November 22, the tax list is delivered to the treasurer from the assessor, and on or before December 31, taxes are due. That's the due date. However, as everyone knows, we have a delinquency date. So, just because the taxes are due on or before December 31, that-- you still have the opportunity to pay the first half taxes on or before May 1-- or-- in, in most counties. April 1 in the three largest counties. The second half is due on or before September 1 in 90 counties, August 1 in the three largest counties. That is the delinquent date. That's the process that we have to go through. There is-- there are a lot of moving parts. It is a very delicate mechanism as far as getting value certified and the whole thing out the door. Yes, sir?

von GILLERN: So, so I do have a question.

JON CANNON: Yes, sir.

von GILLERN: First of all, we need a copy of your grid or whatever the schedule is that you're working from there--

JON CANNON: Sure.

von GILLERN: --so that we can consume that. To, to Senator Hallstrom's point earlier, is there a sweet spot?

JON CANNON: Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

von GILLERN: OK. All right. And have you guys had the conversation about where that fits?

JON CANNON: Yep, we have.

von GILLERN: OK [INAUDIBLE].

JON CANNON: And I've, I've had it with a number of members of, of the committee, I've had it with Senator Hallstrom.

von GILLERN: OK.

JON CANNON: And then I'll, I'll advocate for another bill that's not being heard, but in LB683, the, the premise is that we take that notice of valuation change that we do on or before June 1, and [INAUDIBLE] notice of valuation change-- it's a notice valley-- of valuation that goes to every holder of real property in the court-- in the county. Right? Everybody. They will have two columns, and I'll, I'll maybe suggest a bonus third column depending on where the committee wants to go. You'd have two columns: one would be for the, the prior year, one would be for the current year. The first line of that-- of, of all those columns would be: here's what your property's value was last year, and here's what your property's value is this year. Every line after that is going to be: here's what every single political subdivision-- not just the counties, not just the cities, not just the schools-- every single one of them. NRDs, ESUs, all, all the way on down the line. Here's what they levy as a tax against you in the prior year. In the current year, it's going to say: and here is what-- where the time and the place for each of their budget hearings is going to be. You have a disclosure at the bottom that says, if you think that your valuation is in error, we would welcome a, a value-- a protest be filed with the county clerk on or before June 30. If you are concerned about how your valuation is going to affect your taxes, you really need to get to the budget hearing. Period, full stop. I could suggest my friends at, at the schools and cities might be a little irritated with me, but I could suggest we put on a third, a third column that says if the, the levy remains unchanged, here's the amount of taxes you would pay based on your current-- on your valuation that's been, been given to you, that you can protest. We think that's a much cleaner way of getting there. I would-- and I'll testify more on this when we get to L-- LB683. But frankly, it satisfies a lot of the concerns that people have as far as the timing, as far as providing proper notice and, and having, you know, that full and fair debate as to, OK, what the heck are you guys doing as far as,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

you know, raising up your values. It addresses your concerns, Senator Jacobson, because if, if-- when you get to that point, people will say, well, you know, what-- are the levies going to go up, or are the levy rates going to go down? And-- at the budget hearing. So, happy to take any questions. Thank you very much.

von GILLERN: I'd be interested to hear Senator Hallstrom's thoughts on, on that. Senator Jacobson.

JACOBSON: Well, I'm going to go back to my earlier statement, when Senator Hallstrom gave his open. But if I understand it right, on 3/19, the counties are submitting really what their, what their numbers are. They're submitting that, and then, and then TERC is going to review it. TERC is going to come back with, with their certification on May 15. You're later going to get the centrally-assessed numbers, and you're going to do protests. But at the end of the day, how much of them numbers moving from even 3/19 to the final? I mean-- and you look at centrally-assessed and you say, well, it's this percentage per counties, but aren't the centrally-assessed valuations more-- I mean, how much do they, do they move from year to year, other than if there's new pipelines or something new? I mean, how much does that really move? And are we really talking about an insignificant amount of valuation change? And don't we already have the pretty good idea where the value is going to be even as early as 3/19, but certainly by 5/15?

JON CANNON: So I'll, I'll, I'll, I'll, I'll give you the, the classic lawyer dodge of "it depends," but I'll, I'll try and answer to explicate it a little bit more fully. The reason it depends is the, the Department of Revenue used to track-- I don't know if they still do, because I haven't looked and I apologize-- but the Department of Revenue used to track, track what the difference was between the abstract of assessment filed on 3/19 and the certificate of taxes levied, which is filed on December 1. And so, that, that gives you an idea as to what the movement is on an annual basis.

JACOBSON: Mm-hmm.

JON CANNON: And, and if there is movement there, I-- and I don't know what that movement is, and I apologize. The, the issue about centrally-assessed property, you know, it, it really depends-- back in, I, I think it was 2008-- when, when Warren Buffet bought Burlington Northern, their valuation spiked. You know, he bought them for \$89 billion. They weren't valued at \$89 billion or, or--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

[INAUDIBLE] the number's right around there. They-- but they still took in a significant increase in their value. So, it-- it's, it's going to depend on certain market factors. And, you know, of course, Class I railroads don't-- aren't bought and sold every-- you know, on an annual basis. But there are events that cannot-- and can affect the, the value of centrally-assessed company. And like you said, if a new pipeline comes in-- or not even a new pipeline comes in. A new pipeline, they flip the switch and turn the thing on, all of a sudden that's going to increase a, a significant amount of value.

JACOBSON: Well, at the end of the day, I'd, I'd just be curious to know how much has that number moved from 3/19, or even if you used 5/15 when TERC has done their piece?

JON CANNON: Sure.

JACOBSON: How much have we really seen that total valuation move? And is it significant enough? Because I'm betting that every political subdivision knows exactly what that valuation is when it comes from TERC. And they're already starting to calculate that into their budget development. So, it still seems to me, if we want to do these hearings during the development of the budgets, then-- and "caveating" that we don't know what that exact number is going to be, it could move slightly.

JON CANNON: Mm-hmm.

JACOBSON: And I would guess in most cases it's still moving higher.

JON CANNON: Potentially.

JACOBSON: But maybe not. But I think you need to-- I, I just feel like that-- I'd be curious to just know how much, historically, those have moved from 3/19, but certainly between 5/15 and the final certification.

JON CANNON: I, I, I don't have that information.

JACOBSON: But you'll find it, I'm sure.

JON CANNON: But I, I can probably go find it, yeah. You know, I, I guess the-- one of the things, though, that, that occurs to me on this is a reaction to the, the question you have, sir, is-- you know, what, what the, the Property Tax Request Act requires is for us to print a valuation and to say here's what an estimate of your tax is going to

be, based on the valuation of your property. And again, having, having this done in July 4 before budgets are certified, we don't know what the levy rate's going to be. And so, we might have-- we could, we could estimate it, but it's going to be an estimate of a levy rate against an estimate of a value. Which is-- I mean, the numbers aren't always entirely accurate on the pink postcard as it is; they're going to be even less so, more of an estimate if, if we move it back to July 4. The-- and again, I, I know I'm advocating for a different bill, but the, the beauty I think of, of having it go in parallel with the notice of valuation as it-- as opposed to notice of valuation change is that you say, here's your value, you know, here's every political subdivision, here's what you, you, you paid last year. And people can-- they'll be able to draw that connection as to whether, you know, if the levy goes down-- and, and then Senator Hallstrom wants it to go down unless it's-- there's a, a two-thirds majority-- if the levy goes, goes-- doesn't go down, then I'm going to pay X, you know, on the-- in that third column. I, I, I think that's a cleaner way of doing it, and it provides a lot more useful information to the taxpayer.

JACOBSON: One last question on the centrally-assessed.

JON CANNON: Yes, sir.

JACOBSON: So, Warren Buffett buys Burlington Northern and for a big premium, spikes the value. Now, if I'm a farmer out there that has a farm, and farms are selling at much higher prices, it tends to raise up the value of all the other farms that have the same, you know, that, that, that, that have same characteristics.

JON CANNON: Yeah.

JACOBSON: So did U.P. see a big increase, and their valuation increased for centrally-assessed?

JON CANNON: Well, I, I need to make sure I don't get myself into trouble.

JACOBSON: That's-- well, I don't care about you getting into trouble.

JON CANNON: But-- as-- is-- as I-- you don't care if I get in trouble? Fair, fair enough. My-- yeah, Union Pacific saw-- they saw a concomitant increase in value.

JACOBSON: OK. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

JON CANNON: Yes, sir.

von GILLERN: Any other questions? Seeing none. Thank you for your testimony.

JON CANNON: Thank you very much.

von GILLERN: Is there any other opponent testimony? Good afternoon.

PATRICK BROWN: Good afternoon. Thank you so much. My name is Patrick Brown. I'm the assistant city administrator, chief financial officer for the city of Grand Island, Nebraska. Today, and it's--

von GILLERN: I, I need you to spell your name for the record, please.

PATRICK BROWN: Oh, sorry. P-a-t-r-i-c-k B-r-o-w-n.

von GILLERN: Thank you.

PATRICK BROWN: So, these comments that I have, you've already heard today. The growth percentage for the political subdivisions are determined when local assessors certify value to political subdivisions on or before August 20 of each year. So, having a joint public hearing in July would not be beneficial to those folks for-- due to lack of information. Now, with that being said, as, as a person who does the budget for the city, if that August 20 date was moved back to July 20, you could have those hearings in August. At that time, the city isn't adopted the budget yet, which usually it does in September, but you would be able to have those hearings before the adoption of the budget. Another concern is Section 12 does not address the allowable growth as written, nor last year's special session LB34 requests for public safety services and emergencies. As stated, any increase to property tax would then trigger the joint public hearing process. Cause-- costing taxpayers thousands of dollars that the city would have to pay for the postcards. I would say that maybe another solution is changing the wording on the postcard not to be so detailed as to per parcel. Maybe it's, it's a, you know, possible tax increase and leave it at that. But those are my comments. Thank you.

von GILLERN: Thank you for your testimony. Questions? Senator Jacobson.

JACOBSON: [INAUDIBLE] double-back with you. So, you're involved in, in developing the budget for the city of Grand Island?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

PATRICK BROWN: Yes, sir.

JACOBSON: So, do you do a sneak peek? Do you go back and look, like, on 5/15 kind of what Grand Island's valuation is going to be?

PATRICK BROWN: I will tell you, sir, that we are-- we have the same tax ask since 2018.

JACOBSON: But that, that-- but my question is, do you go back and look at when, along the way that these valuations are submitted,--

PATRICK BROWN: No. No, sir.

JACOBSON: Are you looking at those? So, you're just completely surprised come August 20 as to what the valuations are?

PATRICK BROWN: We, we contact the assessor, and the assessor will give us a range.

JACOBSON: From-- when do you contact the assessor?

PATRICK BROWN: It's usually early August.

JACOBSON: And the assessor is working off of what information?

PATRICK BROWN: What, what-- whatever information they have.

JACOBSON: OK. But--

PATRICK BROWN: And they're usually pretty, pretty darn close.

JACOBSON: That's what I thought. Which, which gets me back to-- I don't know that we have to wait for the certified values. You have a pretty good idea what the valuations are going to be.

PATRICK BROWN: Correct, as, as-- depending on how, how that information-- how exact you want that information.

JACOBSON: Yeah. Thank you.

PATRICK BROWN: Again, it's to the postcard information.

JACOBSON: Sure. But I appreciate it. Thank you.

von GILLERN: Senator Kauth.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

KAUTH: Thank you, Chair von Gillern. You just said that you've had-- Grand Island has had the same task-- tax ask since 2018? Is that correct?

PATRICK BROWN: Yep. Yes.

KAUTH: So, do you mean you've had the same levy, or you've collected the same amount of money since 2018?

PATRICK BROWN: We've collected the same amount of money. Our levy has gone down every single year.

KAUTH: Thank you very much.

von GILLERN: Senator Jacobson.

JACOBSON: Just to fill in that blank. So, you're talking about the same amount of money in property tax collections, correct?

PATRICK BROWN: Yes, sir.

JACOBSON: OK. So, you're getting the rest of the funding through local option sales taxes and other fees.

PATRICK BROWN: We are.

JACOBSON: Yeah. And that's probably gone up significantly.

PATRICK BROWN: It, it has, especially during the inflationary period that we've experienced. Yes.

JACOBSON: So, the percentage increase in your budget, how much is-- in spending, what's that done?

PATRICK BROWN: We try to keep it at 3% to 4%. Two years ago, we did about a 7% or 8% because of the cost. However, sales tax revenues were good at that time.

JACOBSON: Right. Thank you.

von GILLERN: Thank you. Seeing no other questions, thank you for your testimony.

PATRICK BROWN: Thank you.

von GILLERN: Any other opponents?

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 20, 2025

Rough Draft

KYLE FAIRBAIRN: Chairman von Gillern, members of the Revenue Committee, my name's Kyle Fairburn, K-y-l-e F-a-i-r-b-a-i-r-n. I represent the Greater Nebraska Schools Association. My organization represents 25 of the largest school districts in the state, and those 25 districts educate about 70% of all the children in the state. Today, I'm also representing Nebraska Council of School Administrators and the Nebraska Rural Community Schools Association. Today, I come to you in opposition of LB575. This bill contains two issues that could hurt schools in the future. The moving of the date of the postcard hearing and freeze in new property tax without a two-thirds vote of the Edu-- Board of Education. The date that has been set on the postcard hearing has been passed, and the legislation sets date in September. This bill would move that date in July. As you've heard in previous testimony, school valuations come to schools on August 20. So, having a hearing before you knew what the, the valuations were would be tough. Also, would put a tremendous amount of pressure on the counties to, to come up with that valuation for us. The other thing I'll say is each political subdivision has a hearing on their budget every year before the budget's filed and before it's approved. Maybe it would be an idea to, to move the, the postcard hearing to the actual hearing on the budgets of the political subdivisions and advertise that way. The other issue is freezing the tax rate from the previous years. This would be a double hit on equalized schools. Any equalized school would see their valuation on the LER go up per the valuations of the, of the actual property values, whether-- while their fundraising would be frozen with the property tax without a majority vote of-- two-thirds majority vote of the board. This would be a double hit on equalized schools, because you would be losing state aid and you would be losing property taxes at the same time. The two-third vote of the-- is different than the majority, which is law in, in, in-- currently in law. Why would we require a greater threshold for voting in this matter? Please do not advance LB75 [SIC]. I'd be happy to answer any questions.

von GILLERN: Thank you. Senator Jacobson.

JACOBSON: So, Greater Nebraska Schools Association-- how many equalized school districts do you have in Greater Nebraska?

KYLE FAIRBAIRN: As of last year, about 18.

JACOBSON: 18. OK. Out of?

KYLE FAIRBAIRN: 25. No, 18-- my organization is just 25 schools.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

JACOBSON: All right, 18 out-- how many, how many school districts are in the Greater Nebraska Schools Association?

KYLE FAIRBAIRN: 25.

JACOBSON: 25 total school districts in your association?

KYLE FAIRBAIRN: Yes, sir.

JACOBSON: OK. I'm going to ask you the same question I asked others. So, you guys just-- your school districts wait until the 20th of August and say, gee, I wonder what the valuations are going to be. They don't go back and have a-- I mean, people I've talked to, school board members and others, they know what this valuation is back-- they know what that 3/19 number is.

KYLE FAIRBAIRN: We, we have an estimation. Absolutely, Senator.

JACOBSON: OK.

KYLE FAIRBAIRN: I wouldn't stand here and tell you we didn't. We have an estimation where [INAUDIBLE].

JACOBSON: And how much do you guys see that it's moved? Has it moved significantly enough from then to August 20 that you can't start budgeting off of--

KYLE FAIRBAIRN: Well, you do--

JACOBSON: --the earlier numbers?

KYLE FAIRBAIRN: Yeah, you start budgeting you off of a number, but it-- it's not the exact number, so you, you can't put final documents in place, obviously, because you don't have a final number.

JACOBSON: But you could have a hearing, talking about here's what our estimates are and here's what our spending is, and we'd like your input on what--

KYLE FAIRBAIRN: Yes, you could. And I-- you know, I want to go back to-- Mr. Cannon talked about-- we have a budget hearing every year. Every year, of schools and every, every political subdivision has a hearing before the budgeting process. It's already in place, it's already there. Maybe we use the postcard and advertise that date. I, I

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

don't know what the answer is, but, but again, we're, we're doing this twice already, so I'm not sure the, the purpose, I guess, Senator.

JACOBSON: Well, I would suggest that probably what we're looking at, the reason for the pink postcard is that there's one date when all the political subdivisions in the county are getting together to talk about what they're doing, which allows for people to go to one hearing instead of multiple hearings. And it also allows them to show up with more people than just one person who may be intimidated to speak to the school board and, and express concerns. So, I think that would-- from my perspective,--

KYLE FAIRBAIRN: Valid.

JACOBSON: --that's what the concerns are.

von GILLERN: Any other questions? Seeing none. Thank you for your time.

KYLE FAIRBAIRN: Thank you.

von GILLERN: Next opponent to LB575?

DAVID BLACK: Chairman von Gillern,--

von GILLERN: Mayor Black, how are you?

DAVID BLACK: --Revenue Committee. My name is David, D-a-v-i-d, Black, B-l-a-c-k, mayor of the city of Papillion. I'm actually representing the United Cities of Sarpy County, which is Bellevue, Papillion, La Vista, Gretna, and Springfield. I'm not going to read the testimony that's being handed out to you, because a lot of it is a repeat. I think what I'll just mention is on the, on the Section 12, the levy increase and that interplay, I think that's where maybe we got some concern, is how does it interplay with the others? Looking-- doing a plain reading of it, I'm not sure what that an-- how it interplays. So, I think that's one of the concerns. My plain reading of it does say it disallows growth. Sarpy County, we're a fast-growing area, and so our ability to take new growth in is, is a big deal, because the new growth causes new investment. We need the associated revenues with those capital expenditures. Also, if we do an annexation of an SID, when we do that annexation, in almost all cases, we lower the SID's property tax levy. If I can't take that growth, I'm not going to do the annexation. And so, we're really confused on 12. So, until there's clarity, that's one of the reasons we're opposed, there. On the

postcard, I think what I want to say there is there's actually multiple votes and multiple hearings. There is the vote and the hearing to set the budget-- and Senator Jacobson, you're right, at least from Papillion's perspective. I don't care what the levy is, what's my need? And then, I determine from there. And so, we have budget hearing separate from levy. We have vote on the budget separate from levy. Then, we have a series of votes and hearings on the setting of the levy. And the postcard is really for the levy. And so, we need that levy information in order to do the postcard. And I'll say in Papillion's case, we've never been to the joint hearing. We've never increased enough to go to the joint hearing. So, if the goal is to get all of the taxpayers to talk at the joint hearing to their entities, they're not talking to me, because we're not going. I think the goal, again, is from a transparency-- how do we get them to come to our budget meetings? And I will tell you, you're right. One person doesn't come to the hearing; they're intimidated. They'll fill the room in our hearings. We've got a-- we've got a hearing on an item on March 4. Our room is going to be full, and they're in opposition to what we want to do, so. I think it's something in the process, and some of it is that timing. We could do it a little bit earlier on the levy, but I won't think two months works with the process because of what the county needs to do.

von GILLERN: Very good. Thank you.

DAVID BLACK: You're welcome.

von GILLERN: Senator Jacobson.

JACOBSON: Well, I, I truly appreciate your testimony. And you've-- you have-- and the folks that you're representing, you're in a very unique situation because of all that rapid growth. And, and I like the way you think in terms of how you're putting this together. I guess the one question I would have is at what point, given that growth-- I mean, I realize when you're doing annexation and you're bringing in the SIDs and, and then you're also-- but you said you're lowering-- generally lowering their assessment. That's because they're coming in at the same assessment as the rest of the, of the district. But aren't they also, at that point, bringing in enough tax dollars to really support what you're going to need? And at, and at what point as you bring them in and they're in place-- and then you got new growth, but you got that old growth now that's paying big dividends to you. I mean, doesn't that ultimately equal out?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

DAVID BLACK: It does. And specific to annexation and the SIDs, when-- we do an analysis of each side SID every year. Once we get their audited financials, we go through and look at it, and it's basically a break-even analysis. We look at what's the valuation on that audit of the S-- that SID, and with our current levy, we now know our revenue. And then, we look at what's it going to take to service that. We're going to have to play-- fund police, fire, public works. We know lane miles. We can calculate what's the cost of the city to serve that SID. And then, the other component is that SID will have debt when we annex them, so that becomes our debt. And so, we'll have to service that debt as well. So, we'll look at doing some refunding if we can get better rates, et cetera. But we'll look at cost of services, we'll look at debt service, and if that equals the revenue based on their valuation on our current levy, we'll annex them. It's a break-even analysis.

JACOBSON: Yeah, that makes sense.

DAVID BLACK: Yeah.

JACOBSON: And as a banker, I appreciate when you guys take over the debt, because it's, it's [INAUDIBLE] a lot easier.

DAVID BLACK: Yeah.

von GILLERN: Any other questions? Seeing none.

DAVID BLACK: Thank you.

von GILLERN: Thank you for being here. Next opponent.

DENNIS MEYER: All right. Good afternoon, Chair von Gillern and members of the Revenue Committee. My name is Dennis Meyer, D-e-n-n-i-s M-e-y-e-r. I'm the budget and fiscal officer for Lancaster County. I'm here to testify in opposition to LB575 on behalf of the Lancaster County Board. You've kind of heard everything about the dates, the two-thirds vote, everything like that. I, I maybe just want to kind of address a few items that take place in Lancaster County. As we talk about certain windows in, in the tax year-- you know, that August 20, it doesn't-- it would not be real easy to move that date, because we start talking about protests, we start talking about items, and all those windows start closing up. So, when we start moving everything, that's why-- you know, that's why the pink postcard hearing is kind of where it's been. And there's been-- they've-- the windows have been so short it kind of penalizes everything. Now, we talk about things

changing on valuations and stuff like that. Lancaster County, this last budget year, we actually changed our property tax request at our budget hearing that was held on, like, August 27 because the allowable growth percentage tweaked a little bit, and what we had been projecting was a little bit different. Lancaster County has never participated in the pink postcard meeting, and because that tweaked, we went ahead and adjusted the property tax down so that we did not have to attend. So, it doesn't happen very often, but that was kind of an example this year. If we would have worked off a projected number, we would have been, like, we shouldn't have to be at the pink postcard. When that actual number would have come out, people could have went back and looked, and said, "Hey, wait a second, you guys were off by that slight calculation; you should have participated." So, that's not going to come into play a ton, but it did come into play this last year for us. So, when, when we think about that a little bit, you know, we have not participated in the, in the pink postcard meeting, but I've emceed about 90% of them, so I'm there for them. You know, the difference between a budget hearing and that pink postcard meeting-- that pink postcard meeting, you show up and you've got your-- you've got a, a set number of items that, that you as a political subdivi-- subdivision need to address. Those are, those are kind of completely different than when you're at the budget hearing. The budget hearing, you get into a lot more details, so it kind of-- it kind of depends on what kind of questions do you have, what kind of information do you receive, because, because you receive different information at either one of those. So, I'll just kind of end it with that. If you have any other questions, I can try to answer them for you.

von GILLERN: Thank you. Any questions from the committee? Seeing none. Thank you for being here.

DENNIS MEYER: OK.

von GILLERN: Next opponent.

LYNN REX: Senator von Gillern, members of the committee. Good afternoon. My name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here respectfully opposing the bill, although we're always willing to work with Senator Hallstrom and others. And I think that Senator-- or, not Senator. My goodness, not Senator. But Jon Cannon-- not a senator-- basically, I think he outlined a strategy with LB683 that really works and provides people some information in a timely way, and would address a lot of the

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 20, 2025

Rough Draft

issues that are being addressed not just by this bill, but by some other bills as well. Just a couple things to point out. I frankly don't know exactly how this would interface with the LB34 caps on municipalities and counties, and hypothetically, assuming that the committee would make some technical corrections to reflect the intent of what LB34 was supposed to do in those caps, were-- basically were to accomplish-- if that was done, there still are some questions about how exactly one proceeds, and no matter what-- how-- however you cut it, you would have to take the lowest number that all these caps would put in play. So, in other words, we have 528 municipalities in the state of Nebraska, and as I've indicated to this committee before, half of them were up against their maximum levy limit of \$0.45 plus 5. That's been in effect since 1996. The reason for that, by the way-- why that number so high-- in large part is because when this committee, back in the day, put in those levy limits and the Legislature passed them-- at that time, for second-class cities and village, their maximum levy authority was a \$1.05 per \$100 of valuation. Every city of the first class-- I'm sorry, every city of the second class and every village. Not first class cities, everybody else. They were already over \$1.05 or at \$1.05 because they bought a fire truck, because a-- because something like that happened. So, they had two years to go from 1996 to 1998 to reduce by more than half what their levy was. That's why that number's so high. And some of them have never recovered. In fact, half of those that are up against their maximum levy limit can't even raise the money. So, you have that issue that comes into play. And so, looking at how it would work with the slice index and the 0% and everything else, I think that's something that we obviously are willing to work through, in terms of how the order of that would occur. But I would underscore for you, if you look on page 14 of the bill, and certainly the line 20 that talks about at least a two-thirds vote. The-- basically, right now, under the lid on restricted funds, July 1, 2025, that goes away for municipalities and counties. That stays in place in Chapter 13, article 5 for the other political subdivisions except schools. And right now, what schools have basically under 13-519(2) is they already have a requirement-- not, not a requirement, but an option; if they want to increase by an additional 1%, they could do that with a 75% vote. Their cap is basically you cannot go more than 2.5% of restricted funds from the prior year, plus 1% with a supermajority vote. But the overlay on all of that-- and I'll stop there.

von GILLERN: Thank you. Questions from the committee? Did you have a brief comment to add at the end of [INAUDIBLE]?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

LYNN REX: I'll just finish the sentence. The overlay on all of that is the levy limit.

von GILLERN: OK.

LYNN REX: So, you already have hundreds of municipalities are up against the maximum levy limit. So, that's an impact. But I do think that-- I mean, we're certainly concerned about the two-thirds here, but we're willing to work with the committee on all of this and the dates. The August 20 date for basically getting the certification is a big deal, especially for the smaller municipalities, because those little increments really matter.

von GILLERN: Thank you.

LYNN REX: So, thank you so much for your consideration today.

von GILLERN: Thank you. Thank you for your testimony. Any other opponents? Good afternoon.

COLBY COASH: Good afternoon, Senator von Gillern, members of the Revenue Committee. My name is Colby Coash, C-o-l-b-y C-o-a-s-h. I represent the Nebraska Association of School Boards. We are here in opposition to the bill. A lot of what I was going to say has already been covered. We agree that the truth-in-taxation provisions are better served for the political subdivisions and the taxpayer if it's done earlier. But as you've heard, there's some logistical concerns. We would repeat what we've said in different hearings, that the best place is these-- is, is the budget hearing. Certainly, we haven't experienced some of the thing-- we haven't experienced people afraid to come to budget hearings if they know that's where they can have some impacts. Mr., Mr. Kagan back there is a frequent flier at the, at the budget hearings in, in his district. So, we believe that's, that's a, a better place to do, to do that. As the governor put out in one of his press releases back in November, the, the growth in spending has been slowed in schools. I would say part of the reason is part-- of these, these pink postcard meetings. If you look at the number of schools who had to-- or were required to participate in them when this bill was first enacted versus subsequent years, you will see a steady decline. And I think that's because if you're right on that line, I think, districts are saying what can we not do so we don't have to go to this, this meeting? I know that that's been the case, because they've, they've shared that with me. So, I, I think there's, there's been a, a good intent, but I think for the taxpayer to have some real

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

impact, going to those, those budget hearings does, does make sense. They are separately noticed, so there's-- and-- there, there is an opportunity for, for districts to-- or for patrons to, to talk to their districts. My-- [INAUDIBLE] piece of our, our objection-- and this has popped up so much in the last couple of years that our, our association just had to take a broader look at a lot of provisions that have been proposed to be changed or have changed, which move some vote from a simple majority to something higher, whether it's two-thirds, three-quarters, supermajority. I mean, there's kind of a, a several different places in the statute where sometimes it says two-thirds, sometimes it says supermajority, which can mean something different to si-- depending on the size-- on the size of your board. And so, we made that argument with the governor's bill a couple of years ago, where he instituted a supermajority to raise your tax asking. We raised it last year in a bill that required a different voting majority for passing bonds, things like that. And so, our, our organization has, has decided that a majority is a majority, and, and that's the best way to govern at that local level. And so, we would ask to keep that threshold.

VON GILLERN: Thank you.

COLBY COASH: Leave it at that. Thank you.

VON GILLERN: Questions from the committee? Senator Murman.

MURMAN: Yes, thank you. And thank you for testifying, Mr. Coash. Could you explain the difference between an equalized and unequalized school, about how the automatic adjustment down with the levy when valuations go up, about how that-- the differences in, in addressing that issue? Between--

COLBY COASH: Well, I, I think you just kind of did in your question, which is--

MURMAN: Yeah. There is a difference.

COLBY COASH: --which is-- particularly for, for equalized districts. And this has been a real frustration, I think, obviously for the, the taxpayer. And I live in Lincoln, so I'll use my own home as an example. When I got my valuation notice and I saw my home value jump up 25%, and then I see where that money is going, my initial reaction is to say, boy, the school district where I live must be getting a, a windfall because of all this extra property tax that I'm paying. And

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

my neighbors thought that, and I thought that until I-- I would have thought that, I should say, prior to understanding the formula more deeply, which is-- now I understand, is when my valuation goes up and I live in an equalized district, that just puts the state on the hook for less dollars to go to the local political-- or, at least to the school. So, those valuation increases in equalized districts like Lincoln, where I live, have really taken the state off the hook for some significant dollars for funding public education. And so, that's a-- that's an important play here, and the number of equalized districts, because of valuation increases over the last couple years, is going to-- it's going to change as a result of that.

MURMAN: So, that-- so, you explained an unequal-- or, an equalized district. Could you explain an unequalized districts, the difference there.

COLBY COASH: So-- and I-- you're giving me a, a TEEOSA 101?

MURMAN: Don't mean to put you on the spot.

COLBY COASH: 101 lesson, here. Well, for a, a district who's not at that, that levy limit, right? So, the valuations go up. Then, it, it doesn't have any-- it's just-- it's-- it, it affects the LER, which means that district has more dollars within the formula to, to put to use for their school. Now, they still have needs, but it doesn't mean they take them all. But the valuations move, but it doesn't affect the state's budget in the way that an uneq-- or, that an equalized district is affected when, when those valuations increase.

MURMAN: Because an unequalized district is, is-- well, until the last couple of years, almost totally dependent on property taxes, correct?

COLBY COASH: All-- yes. Yep. All, all districts get some state aid, but very few get equalized aid anymore.

MURMAN: OK. Thank you.

von GILLERN: [INAUDIBLE] you answered the question that I asked Senator Hallstrom earlier about the interplay with the LERs, so. On the appraisals. Thank you. Senator Jacobson.

JACOBSON: Well, the other side of that coin on equalized districts is if you lose student population, you're also going to lose state aid.

COLBY COASH: That's correct.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 20, 2025

Rough Draft

JACOBSON: And in many cases, with the open enrollment, you're losing population because they're using the open enrollment program to transfer to another, smaller school that in many times need additional facilities. So, they pass a bond issue and now the local taxpayers in that district are paying for a bond issue that they hadn't planned on; now, they're getting roughly 11-- \$11,500--

COLBY COASH: Little over-- a little over \$10,000 per, per, per student.

JACOBSON: A little over \$10,000 per student that goes with them when they transfer, which is paid for by the state.

COLBY COASH: Yep.

JACOBSON: So, I want to make sure we understand that that's-- it works both ways. But probably the biggest concern I have is when I get emails from people that say "what are you doing to lower my property taxes?" And my general response is, well, what are you doing yourself to lower your property taxes? Because those are local taxes. The state doesn't charge a property tax. And they're immediate response-- reaction, in a very frustrated sort of way-- and I would use a different word, but I think I'll probably stick with frustrated-- is you guys need to fix it at the state level. And the point comes back to where, if I am a businessman in a town and I go to the school public hearing, and I raise Cain about what they're spending, I just well closed my business.

COLBY COASH: Yeah.

JACOBSON: So, that's why they're saying "State, you do it."

COLBY COASH: Yeah. I-- yeah.

JACOBSON: [INAUDIBLE] So, that's one of the problems. And I know we try to-- I think we-- obviously, there are, there are people out there that represent organizations that don't have any problem going to these meetings. But John. Q Public, I think, is intimidated, and that's one of the problems. And I think we-- that's one of the reasons we need to continue to look at the pink postcard program, because they could have more people show up, and it's just not them alone going to a budget hearing of any of the political subdivisions.

COLBY COASH: Sure. Well, I would say from the school's perspective, we would welcome citizens-- there's a lot of citizens that don't impact

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

the budget because they're not part of the pink postcard meeting, but they don't go to the budget hearing either. And so, we would welcome participation in the budget hearing whether or not you hit that level that requires a, a, a postcard to go out anyway. And I think we should, we should look at the, the data like I said. There's a, a declining amount of political subdivisions that are having to participate in that. So, that's just one less opportunity for the citizen to, to, to engage. But that budget hearing is always an opportunity, and-- I don't know if I have a solution for the situation that you presented, with regard to a taxpayer feeling intimidated about going to the budget hearing, or worried about the ramifications. Every district's a little bit different, but I would certainly-- you can give them my number, and I'll put them in touch with the right people. They can have one-on-one conversation. It's not always in, in the-- have to be in the public eye, but I do know that school board presidents, superintendents will always be-- they've always met with-- one-on-one with concerned citizens. And I want to put Mr. Keegan [SIC] on, on the, on the record here, but I know he does that, and I think it's been impactful, and I think it's been a--

JACOBSON: Well, the other thing I, I would just mention is I, I think that we need to remind ourselves that the only ones getting the postcards are the property owners. If you're a renter, you're not getting it.

COLBY COASH: Yep.

JACOBSON: And, and--

COLBY COASH: But you're still affected.

JACOBSON: Well, you, you are affected, but you don't, you don't know you're affected. OK? And when it comes to bond issues, that's the frustration that people have with bond issues. Everybody has one vote, and the only ones that are paying for the bond issue are the property owners.

COLBY COASH: Yeah.

von GILLERN: Any other questions? Seeing none, thank you for your testimony.

COLBY COASH: Thank you.

von GILLERN: Next opponent. Good afternoon.

DEAN EDSON: Afternoon, Senator von Gillern, and members of the Revenue Committee. My name is Dean Edson, D-e-a-n E-d-s-o-n. I'm presenting testimony in opposition to LB575 on behalf of the Nebraska Association of Resource Districts. I want to be upfront that we're not opposed to property tax reform. Natural resource districts are very concerned about the heavy reliance on property taxes to fund schools and other political subdivisions. The tasks before you are going to get complex. We support reforms that reduce property tax reliance and provide adequate funding for both rural and urban areas. We believe right now you're on the right path to start looking at addressing school financing. Local NRD boards have worked hard to keep taxes low, and find other sources of revenue. However, this proposed restriction not only hampers our efforts to protect natural resources, but it also sends a signal to never reduce taxes. I've attached a graph from the Central Platte NRD, the last ten years of their property tax collections. Note the upward trend until 2015 and '16, and then a downward trend until fiscal year '22-'23. Here's what causes this. The Central Platte is in a plat-- is in the Platte Rec-- Platte River Recovery Area, and has an obligation imposed on it by the state to come up with projects that will increase flows to the Platte River. The first increment had to be in place by 2019. They finished their projects in 2016, and then lowered their collections from the high of just over \$6 million in '15-'16 down to \$4 million in '21-'22. Now, the second increment targets need to be in place by 2029. You will note their collections are starting to increase to pay for these new projects. If this bill was in place back in 2015, the incentive would have been to keep the collection at \$6 million and not decrease them. If this bill was in place in '21-'22, we wouldn't be able to get to a level to pay for these new projects. The other districts in the Platte River Recovery Area, North Platte, South Platte, Twin Platte, and Tri-Basin all have similar patterns and tax collections. All peaked around 2016 when the projects got in place, and then lowered them. Now, they're all on a trend for the next [INAUDIBLE]. Entities worked with local citizens to develop these workable solutions on complex issues. As the entities navigate these complexities of water "manages", we ask the Legislature to consider ongoing commitment to keep Nebraska number one in water management and efficiency. The current and evolving demands "nessitates" a thoughtful and collaborative approach to spending controls. LB575 does not do that for us. And I'll end right there. I want to note that we-- I provided to you also some additional background on the law back-- passed in 2004, LB962 and what it's required for us to do.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

VON GILLERN: Thank you for your testimony. Any questions from the committee? Seeing none. Thank you for being here.

DEAN EDSON: Thank you.

VON GILLERN: Any other opponent testimony? No other opponent testimony for LB575? Any neutral testimony? Seeing none, Senator Hallstrom, you're welcome to close. And as you come forward, we had 3 proponent letters, 4 opponent, and zero neutral online comments.

HALLSTROM: Thank you, Mr. Chairman. Just a couple things from the testimony. I do appreciate the comments that were made, and some constructive suggestions on areas that may need to be clarified in the bill. I would note the, the two-thirds vote, when I was visiting with folks about how we should handle this, there was quite a bit of interest in having a vote of people, and that was a bridge a little too far for me at this point. I think the supermajority or the two-thirds vote was where, where I settled in at, as the bill provides. In looking at-- and, and Senator von Gillern, you asked my, my comments on 6-- LB683 that Mr. Cannon had suggested. I guess I-- my, my concern is there seem to be even more information in LB683 that would be put on the, the, the postcards or whatever goes out to the, to the electorate, and I'd be concerned about losing sight of what the real target is here. Mr. Cannon talked about a, a third column; he talked about estimated valuation, last year's levy and this year's taxes. I think the important thing would be maybe even a fourth column that would say "last year's taxes," because what the people are going to be interested in most is what do I think the comparison is going to be between this year and last year? And that's the very root of the problem that the bill's designed to address, is valuations go up, levies don't go down commensurately, and the check that I write is inevitably larger. So, I think that's where we are. And Senator Jacobson, all kidding aside about your, your question, I think you're on-- on to something in terms of saying a good estimate is going to allow the people to see-- particularly if they've got that fourth-column type of information that says, oh, now I see what's happening; that's what I find out after the fact. Now, I know upfront and personal that this is what I can anticipate is going to happen next year, and I can go in and let people know I'm mad as heck, and I'm going to do something about it. I, I think in closing-- or, I-- one other thing, the Section 12, the confusion over whether new growth is, is covered, what the interplay is with LB34 caps. I admitted when I came up here the first time, I've got those same concerns, but I think we can work on making sure that it's clear. I think the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

important thing is we know that there's a starting point, and if they can justify going up to the caps or somewhere between that floor and the ceiling, as, as Miss Fox had, had indicated, it's that we know where the starting point is. They don't have to go up to that cap, but they have to show and be transparent about why they're making changes. And I'll close by saying there's an old saying on the tax side, "don't tax you, tax me; don't tax me, tax the guy or the girl behind the tree." On the spending side, no one seems to be at the root of the problem. And if that's the case, then we might as well just say, "toughen up, Buttercup." There's, there's no way to resolve this. I don't think that's the ultimate conclusion. I think we need to keep working on it. So, I'd be happy to address any questions.

VON GILLERN: Thank you. Any questions from the committee? Seeing none. Thank you, Senator Hallstrom.

HALLSTROM: Thank you.

VON GILLERN: That'll close our hearing on LB575. We'll move on to LB613, welcome up Senator Andersen.

JACOBSON: Toughen up, Buttercup.

VON GILLERN: That's on record, now. Good afternoon.

JACOBSON: You know how to clear a room, Bob.

ANDERSEN: What's that?

JACOBSON: You know how to clear a room.

ANDERSEN: I have that effect on people.

VON GILLERN: You're welcome to open.

ANDERSEN: Thank you. Good afternoon, Chairman von Gillern, members of the Revenue Committee. My name is Senator Bob Andersen. That's B-o-b A-n-d-e-r-s-e-n. I represent District 49, which is northwest Sarpy County and Omaha, Nebraska. Today, I'm here to introduce LB613, a bill intended to increase local option sales and use tax transparency for local municipalities. LB613 allows cities to audit and local option sales tax [SIC] and use tax receipts remitted by the state to ensure they're receiving the projected amount. Currently, municipalities have concerns that local option sales tax revenue collected within their jurisdictions is not always being properly allocated. In some cases,

funds that should be dedicated to voter-approved projects may be diverted elsewhere, leaving local governments without the resources they expected and budgeted for. LB613 provides cities with a tool to verify these allocations and ensure tax dollars are being distributed as intended. This bill is not about creating other additional burdens for either the state or local governments. Rather, it fosters a cooperative and transparent process where cities can monitor tax revenue collection, ensure accurate distribution, and to better anticipate budgetary changes. The three specific changes to existing statute are rather minimal, and include the following: the first change requires the tax commissioner to provide municipalities with requested information related to local option sales and tax receipts for three yearly-- for three yearly requests. The current statute gives the tax commissioner discretion to determine whether they give any information or not. The second change makes it easier for municipalities to receive the information requested. Currently, municipalities must designate one person to review the information in person at the Department of Revenue in Lincoln. This one designated person is subject to criminal charges if they share the information with others, even other employees of the municipality. The changes proposed here will allow the information to be transferred electronically in a manner approved by the tax commissioner, and would allow the information to be shared, but only for explicit tax-related purposes. The third change allows a municipality to request from the Department of Revenue a list of qualifying businesses that have filed applications for certain tax accept-- incentives. This just keeps a municipality updated on what businesses are filing for the incentives; it does not change anything else related to these existing tax incentives. Thank you for your time and attention. I look forward to working with the committee to advance LB657 [SIC] to the entire Legislature for consideration. I'd be happy to take your questions, and there are experts behind me to provide additional details.

VON GILLERN: Thank you, Senator Andersen. Questions from the committee members? Seeing none. Thank you. Did you have-- I'm sorry, Senator Sorrentino.

SORRENTINO: That's all right, Chairman. Senator Andersen, as a co-sponsor of the bill, what-- the driving force behind this bill is that certain sales and tax revenue isn't getting to the projects where they're supposed to be. Is there anything you want to expand on there, just to make sure? I mean, it's a big bill. I think it's very necessary. But do you want to add some color commentary in there, just as to what's been going on and why?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

ANDERSEN: Sure. Mayor Black is here. He can expand--

SORRENTINO: OK.

ANDERSEN: --on the details, but what I would share with you is that when I was campaigning for election, I met with the five mayors in Sarpy County, and this was a recurring theme, was that they were-- they're oftentimes caught unaware. And what they received back in, in sales tax revenue, their-- the taxes was not what they expected, and it made it very difficult for them to execute a budget, whether it was overage or under-collected funds, without any prior knowledge or any ability to go look and see what they should be getting made it very difficult for them to compensate. And there are times when you had revenue coming from, from one business that was allocated to a different business in a different area. So, giving them the insight, the whole thing is the-- is transparency, and open the books and show everybody what's going on.

SORRENTINO: Thank you.

von GILLERN: Any other questions? OK. Seeing none, thank you for opening, and we'll invite up our first proponent testimony. Mayor Black's loaded and ready to go.

DAVID BLACK: I'll answer your question, but not during [INAUDIBLE] testimony. I'll run out of time.

SORRENTINO: I'll ask you to finish.

DAVID BLACK: Chairman von Gillern, members of Revenue Committee, again, my name is David, D-a-v-i-d, Black, B-l-a-c-k, mayor of the city of Papillion. I'm representing both Papillion and the United Cities of Sarpy County: Bellevue, Papillion, La Vista, Gretna, and Springfield. I'm here in support of LB613, and want to sup-- thank Senator Andersen, Clouse and Sorrentino for putting their names on this. It's a very critical component to us in modernizing the sales tax process, and an important part, actually, of the property tax reduction conversation. Property tax is a municipality's stable, predictable, and auditable source of revenue. Sales tax is variable, unpredictable, and from a practical perspective, unauditable. And so, there are other bills that are already being introduced-- we'll talk about one tomorrow-- or that are being discussed that address, address other parts of the problem, but LB613 is specifically about auditing of the receipts and then planning on some of the potential negative

impacts to the municipality from the state incentive programs. So, three important parts from the municipality. One is the audit. One, it removes a deadline that's in, in statute right now when we can make the request to the Department of Revenue to look at the sales tax information. It increases from one time to three times a year we can go-- actually go request them, look at the information, and then it removes it from arbitrary to mandatory that the tax commissioner is required to give us supplemental information about that retailer. They're not disclosing income and expense, but contact information, some of those types of things. So, that's down the auditing side. The information sharing-- today, we actually have to go down to the Department of Revenue. Now, think, if you're sitting in Chadron, you're not going to do it. Even in Papillion, we tend not to do it because we have to go down there. This will put in the ability to modernize and use secure delivery of the information to us. And then the other is the-- there's only one individual that-- well, we can only identify a couple of certified individuals, and as was mentioned, they can go down, they can see the information, they come back, they can't tell us what they saw. So, I'm in budget planning-- I'm answering your question a little bit-- I'm in budget planning, I want to know if Retailer X has paid revenue. I can ask that person to go down if the timing is right, and then when they come back, I'll say, "Are they paying it?" and they said, "We can't tell you." Literally, that is the current law. The other is state incentive planning. So, currently, when when a mun-- the municipalities today are blind to when a-- the state signs an agreement with a business on state incentives. And so, we don't know what our outstanding liability is to that business, and we have voter-approved sales tax for a specific purpose that's clawed back by the state. And so, the requirement in Section 2(7)(b) gives us the ability to once a year request a list from the state of what businesses are enrolled in the program. Now, with that data, we can start doing some projections and planning of what our future liabilities are. So, just in summary, it's the ability to audit the businesses that have submitted their sales tax. Today, it's not practical; I explained that a little bit. The enhanced process will give us more timely requests, more information. Red light's on.

von GILLERN: Thank you.

DAVID BLACK: Please support.

von GILLERN: Thank you for your attention, and I'm betting you have a question.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

DAVID BLACK: And I did, I did divert a little bit-- I started to answer your question, but pra-- from a practical perspective, we fought for a long time. There was a period of time when I was in office we couldn't even--

von GILLERN: Let-- let me let-- let me let Senator Sorrentino ask you a question. Senator Sorrentino, did you have a question?

SORRENTINO: Thank you, Chairman von Gillern. Could you please finish?

DAVID BLACK: Thank you. When I first got into office, we couldn't even go to the Department of Revenue and ask for the information. We tried, and, and we-- it was blocked. It took us about four years coming to the Legislature, and we got a baby step, and that's the one we have now, where once a year we can make the request, we can come down, we can look at a secure terminal, but then that person can't tell me what they saw. That took a legislative change that we sponsored, and so we've been battling this for a long time. It hasn't-- it's been an annoyance because property tax has been stable, but there's three things that have really raised this-- you know, the urgency of this issue. One was online sales tax, when that was passed five years ago, I think. When online sales tax was passed, that was our first big opportunity to start reducing property tax. But I don't know if people are paying their online sales tax, and that's more of tomorrow's testimony on a different bill. But that raised the urgency, because this is an important source of revenue now. The other one is with the state incentives, with all the growth at Highway 50 and 370, we had a lot of businesses enrolled in the state incentive program. And now, because of the rebates, we're literally going two years without sales tax. Sales tax-- I-- my sales tax revenue was larger than property tax and-- recently. When I got into office, property tax was everything; we've grown to the point sales tax exceeded property tax. Now, because of state incentive, I'm going over two years without no sales tax. I don't know if it's accurate or not. So, we want-- we just want the ability to audit, and there's a couple other reasons that raise the urgency. But for sake of time--

SORRENTINO: Could I ask further-- it, it's now available, but there's transparency built around it so you're not impinging on the privacy through HIPAA or anything else. You're just getting the numbers. That's, that's--

DAVID BLACK: It, it-- it's available, but it's absolutely impractical. Cities would-- probably within about hour of Lincoln might be able to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

get the information a little bit, but if you're sitting in Wisner or all the way up to Chadron or Scottsbluff, you're not-- you're not driving into Lincoln to get the information to come back and not be able to tell anybody what you saw.

SORRENTINO: Thank you.

DAVID BLACK: You're welcome.

von GILLERN: Thank you. Senator Jacobson.

JACOBSON: Well, I always appreciate your testimony because you, you bring a lot of facts when you're here, and you understand what you're doing. I, I wanted to confirm that from your standpoint, if you look at sales tax, sales tax is being paid. I would expect that they're fairly consistently moving up. But the net sales tax that you receive-- largely, as you pointed out, because of state incentives like the-- what was the Advantage Act and now the Imagine Act. Unfortunately, when you have businesses that get approved under that-- and we learned that out in North Platte, when Walmart Food Distribution qualified for the Advantage Act-- we didn't know the fact that we were losing most of our sales tax receipts because we had to pay back that, that, that piece of it. And I, I think people missed that. I'm a big believer that local option sales taxes-- North Platte, for example, the last two years, they've reduced their property tax ask. Not just-- not-- their valuations went up, but the mill levy went down enough that the net taxes asked for from the taxpayer went down two years in a row because of local option sales tax.

DAVID BLACK: Absolutely.

JACOBSON: And, and-- but yet, you better be careful, and you're going to need to be able to budget for any of these. And for you, given the growth that's going on in, in, in Sarpy County, I'm sure that's a challenge to figure out how many are applying for incentives and how is that going to impact you. That'd be right?

DAVID BLACK: It's impossible because the state signs the agreement with the business, and there's a confidentiality agreement. And unless the business voluntarily tells us, the state will not tell us. So, you are correct. The other issue-- and, and to just fill in a little bit-- when we get our sales tax receipt today-- so, you go buy something, retailer pays their sales tax estate, two months later we get a check. There is zero backup documentation on that check, which is why we're

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

getting to auditability. We get a check; we have no idea what's that made up of. It'd be nice to be able to audit and say, "did the right people pay them?" That's kind of what this is doing. But because we were absolutely blind from that perspective, we do, year-over-year, see sales tax go up. How much of that is because of organic growth that we should be able to use, and how much is because of a business in an incentive program? And I think we learned-- and I think it was from North Platte-- we were at least smart enough to say, hey, when there's spikes in revenue, the state may give that away in about 3 or 4 years. So, we actually built a fairly complicated model at the local level where we look at trends, and so, we try to identify-- here's a normal trend; if it's within the trend, we can probably use that money. But if there's an anomaly in there, we're at least smart enough to say, well, maybe the state's going to come and take that, so we set that off into a reserve, and that's the only thing that has saved us. Now, this period where we're going two-and-a-half years with, with zero sales tax, we're not pulling from that reserve. But that was just us on our own, from discipline of doing that. But this gets to the core of being able to manage a lot of that. So, thanks for recognizing that.

von GILLERN: Other questions? Am I hearing you correctly that in two and-- you have not received sales tax receipts in two-and-a-half years?

DAVID BLACK: We've had periods of time where we haven't received a per part-- for partial years, but the current budget year we're in, we have no sales tax, and we've had enough notices next year we're getting no sales tax. That is correct.

von GILLERN: But you don't know why?

DAVID BLACK: Well, yeah, because of the state incentives.

von GILLERN: OK. But-- OK. But you're presuming that's why.

DAVID BLACK: No, we know it is, because--

von GILLERN: OK.

DAVID BLACK: --we get a notice from the state that we're--

von GILLERN: OK. All right.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

DAVID BLACK: --holding back your sales tax to give back to the private business.

von GILLERN: OK. But you, but you don't have any way of doing the math to verify how they arrived at that?

DAVID BLACK: Because we can't get the information. Well, I have one person that get the information, but they can't tell me what it is.

JACOBSON: I, I do have another question.

von GILLERN: Yes.

DAVID BLACK: And I'm not being facetious.

JACOBSON: So, I don't-- I haven't studied the Imagine Act enough, but is that also the case under the Imagine Act, or is this carryover from the--

DAVID BLACK: It's all the incentive programs. They've all got the confidentiality. And the, and the confidentiality is valid, and I think the Department of Economic Development and the Chamber will say it has to be there because otherwise businesses aren't going to come here because you know their trade secrets, and there's validity to that.

JACOBSON: Right.

DAVID BLACK: But there are other states that have put mechanisms in place to allow the local municipality to be in the know.

JACOBSON: Yeah. Thank you.

DAVID BLACK: You're welcome.

von GILLERN: Thank you. Thank you for your testimony.

DAVID BLACK: Thank you.

von GILLERN: Other proponents? Good afternoon.

PATRICK BROWN: Good afternoon. Patrick Brown, P-a-t-r-i-c-k B-r-o-w-n.

von GILLERN: Thank you.

PATRICK BROWN: I am an assistant city administrator, chief financial officer for the city of Grand Island. So, I'd just like to expand-- and I totally agree with what Mayor Black has just presented to you. So, what I-- what I'm going to present or testify to is kind of a wish list. The wish list is-- the information, the sales tax, it-- Mayor Black is so correct. The property tax is stable, it's consistent, you know what it is; sales tax is volatile. So, when we're doing our budget process, it would be wonderful to have a tool to use in trending sales tax. Now, it would-- also, my idea behind this is the, the state Department of Revenue develops a database and then could assign a login to a governmental official of the city or whatever political subdivision, and have access to the local option sales tax receipts. Not per-business, but through the business classification system. So, there would actually be no named, no store, whatever it may be, tied to this database. But if I'm looking at revenues in the city of Grand Island, and I notice, hey, furniture store sales are going down, is this just in our city, or is this statewide or is it regional? I could go into the database and look at the trend. So, I see this as an opportunity for our budgeting process to get better numbers, and it would also help in keeping property taxes down, because you're looking at the sales tax, you know what-- what's trending, so. Yeah. And with that, you have less work for Department of Revenue workers, so they don't have to do all the, all the requests. So, thank you for, for that.

von GILLERN: Thank you. Questions from the committee? Seeing none, thank you for your testimony.

PATRICK BROWN: Thank you.

von GILLERN: Any other proponents?

LYNN REX: Senator von Gillern, members of the committee, good afternoon. My name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're in strong support of this bill, and really appreciate Senator Andersen introducing it. I think that Mayor Black outlined some of the major issues, but I would just point out one that kind of makes, makes it clear why this is such a hammer in terms of the current law. On page 9-- if you turn to page 9, lines 6 and 7, "any person who violates the provisions of this subsection shall be guilty of a Class I misdemeanor." I think he mentioned that. So, the code of the West, if you are the one designated a person to come down to the Nebraska State Department of Revenue and look at information, and now you go back-- and you are now pretending to be

the city council, and you're the mayor, Senator von Gillern-- and you ask, well, what, what about this major project we have to do? If I'm that one designated person, all I can tell you is maybe this is not the time to look at that. And that's code for "we're going to get a big refund coming our way." And so, it just seems to me that I think it's important for the state of Nebraska to do some major things. If former Senator John Stinner was here, as the former chair of the Appropriations Committee, he would also suggest that what's needed is the same information that the Appropriations Committee cannot get, and that is to be able to say how much of the state sales tax is due to online sales tax? What kind of trending can you do? You don't have that information either. But this type of information is really needed, and we appreciate the fact that there does need to be confidentiality on certain things. We understand that. But in terms of-- for budgeting purposes, to be able to know some of this-- and by the way, it's not just a Sarpy County sort of thing. Look at Kearney, Minden, Scottsbluff, Gering, some of those types of situations. And the concern is, are those municipalities getting the appropriate amount of sales tax? And I think more importantly, as a state, are you getting it? The state of California and some other states actually let their municipalities audit the Department of Revenue on this-- on the local option sales tax side, and the reason for that is because-- as a hypothetical, let's say that Mayor Black knows that he's got a new business in town, and if his designated person comes back and says, you know, they're not even paying taxes, that can generate your 5.5%, too. And so, it's been a real moneymaker for the state of California to be able to have others come in and do that type of audit. And I would submit to you perhaps the state of Nebraska itself needs to look at that kind of thing. So, in order to do what is required here-- again, in deference to the Department of Revenue-- they would need updated software. I know that's expensive, but that's really what we're talking about, and how other states are tracking so that you, even as a Legislature, would know what the trends are, what the online sales tax are in terms of what projections you would be able to have, and certainly your Economic Forecasting Board. So, we think this bill is extremely important. We really thank Sir Andersen for putting it in. I will tell you that with the ImagiNE Nebraska Act, which was the-- obviously, the last major incentive act, we appreciated the fact that the Chamber-- and in, in particular, Jenny Creager, who's here-- spent a lot of time and effort negotiating with us in terms of how certain things can happen, and we do appreciate that and their involvement in all of this. But this is critically important. I've handed out to you the list of the 265 municipalities in the state with

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

local option sales tax. It is the single most important way in which municipalities have been able to reduce property taxes and to provide needed services. And again, with a vote of the people. We-- and plastic-- or Papillion, rather-- yes. Never mind. But if you-- I could just--

von GILLERN: Finish that thought, please.

LYNN REX: OK. Real quick. Papillion is not the only municipality that has faced having no local option sales tax for a long period of time. We've had other municipalities that do that. For example, Ravenna and others. And you get to the point, then, where citizens vote for a bond issue for a library that's going to be paid for on that same ballot with local option sales tax. The money's not coming in. The citizens want to know what about that library? Where did that go? Or, the library's just being the process of being built and everything comes to a halt. Those are the kinds of things that can happen with this. So, I appreciate your consideration. And again, thanks to Senator Andersen for introducing it.

von GILLERN: Thank you. Any questions from the committee? Senator Jacobson?

JACOBSON: I just have a-- right now, as we look at this, municipalities can charge 1.5%, and then they can go to a vote of the people and do another half a cent to a total of 2%?

LYNN REX: They actually have more options in that. They can do a half cent, they can do 1%, they can go 1.5%, and they can do one-and-three-quarters. Lincoln is going in actually for a vote of the people here, for another quarter percent for streets and roads specifically, to place that on the ballot. So, they're at one-and-a-half now, but they will go to one-and-three-quarters, and then we have a number of municipalities already at 2%. Each and every one of those require a separate vote. To go from one-and-a-half to two takes a whole-- that's-- you've got to have in your local agreement, you've got a number of other things you have to do.

JACOBSON: But is there not a maximum for-- even with the vote of the people, or not?

LYNN REX: 2%. I mean, you cannot go above 2%. Yes.

JACOBSON: 2%, yeah. That's what I'm saying. But you're limited to 2% even if you had a vote of the people.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

LYNN REX: You have to have a vote of the people and you can't--

JACOBSON: [INAUDIBLE]

LYNN REX: --the highest you could get is 2%.

JACOBSON: They can't vote for more than that.

LYNN REX: Oh, no, I'm sorry. No, they cannot.

JACOBSON: That's, that's-- yeah. I, I mean, I'm just tell you-- again, a North Platte example. They-- there is so much adversity to-- as there should be-- to property taxes that when they came to replacing their rec center and swimming pool that was built back during World War II, that-- the, the pool-- they, the city council went out and did a vote of the people. There, there was an overwhelming support for a \$0.50, \$0.50 addition to the sales tax. So, it took us from one-and-a-half to 2% on a local option sales tax. That's going to fund the bond issue to take care of building these things as opposed to going to the property tax payer, because now we're capturing everyone who's buying goods in North Platte, including people outside of North Platte coming and, and paying. And then, of course, you've got EEA's and you got other ways to collect-- to do certain infrastructure things. I'm still a big proponent that this is another one of those avenues to how do we shift away from property taxes and get a broader group of people paying electively, these-- the-- to, to, to pay for government needs. I am concerned-- and I hadn't thought about that in this case, they've used that dol-- those dollars to bond out these two big proj-- or these two projects. So, we, we approve another major incentive project out there that-- that's, that's a state incentive, we run the risk of having that clawed back by the state to pay for this new property, and then we lose-- I'm assuming we're going to lose our ability to service that debt. Is that what you're-- is that what you're saying?

LYNN REX: I'm not sure I understand the question.

JACOBSON: Well, I'm just saying that--

LYNN REX: I'm, I'm sorry. I'm trying to follow.

JACOBSON: --that since we've, we've approved that extra \$0.50--

LYNN REX: You mean North Platte? The city of North Platte?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

JACOBSON: Yes. Yes.

LYNN REX: OK, yes.

JACOBSON: Then, if there was a Imagine Act project that was, that was approved--

LYNN REX: Oh, I see what you're saying. Well, what happens is the municipality doesn't get the money. OK?

JACOBSON: Right.

LYNN REX: So, it's, it's-- I suppose maybe semantics, but it doesn't get clawed back per se. But to your point, they don't get the money, then.

JACOBSON: Right.

LYNN REX: And that is-- that does occur. I will also tell you that this kind of ties in with one of our-- the hearings that this committee had yesterday in terms of lending the credit of the state, which is why LR11CA was passed in 1990 that allows LB840 programs-- North Platte has one of the best in the state, and that allows North Platte to do certain things with the private sector that no other municipality can do without a vote of the people, which-- and they used it with local option sales tax--

JACOBSON: Yeah.

LYNN REX: --and they tied in to LB840 to do that.

JACOBSON: Correct. Yeah.

LYNN REX: So-- but it is-- but this issue about losing those funds in the refunds-- I mean, that is-- it's, it's been problematic. But we also understand--

JACOBSON: We're going to keep that-- we're going to keep that in mind when any of these incentive acts come back for re-upping or being changed, that these things have got to be considered, you know. So, thank you.

LYNN REX: As a point of history-- if anybody would like to know, I could tell you a little bit of history just in three sentences.

JACOBSON: Yeah.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

LYNN REX: Would you like to know?

JACOBSON: Go for it.

LYNN REX: Yes? OK. So, basically, you may go back to the days of ConAgra, and basically, at that time, their CEO said, well, you know, we're gonna, we're gonna leave the state of Nebraska unless you give us all these incentives. That was transformed into LB775, and that's the first time that we weren't asked at the table, it was just the-- basically, local option sales tax was taken at that point as that incentive program. The state of Nebraska had lost Enron, there were other concerns-- U.P. at that point was making some consternations about whether or not they were going to stay in the state. So, that's when that all began. And I understand the need for incentive programs. We support the incentive programs along the way. But this issue is really important in terms of what municipalities can and cannot do and how they fund major programs, and then property tax relief, too. Because what happens in a North Platte, Senator, when again, that money is not going to be there?

JACOBSON: And ConAgra rewarded us by leaving the state afterwards.

LYNN REX: Others have said that as well.

von GILLERN: Thank you. Seeing no other questions,--

LYNN REX: Thanks for your consideration.

von GILLERN: --thanks for your testimony. Any other proponent testimony? Seeing none. Is there any opponent testimony? Seeing none. Is there any neutral testimony?

JENNIFER CREAGER: Chairman von Gillern, members of the Revenue Committee. For the record, my name is Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r. I'm a registered lobbyist for the Greater Omaha Chamber, here today in a neutral capacity. I am also authorized to offer testimony on behalf of the Lincoln Chamber of Commerce, the Nebraska Chamber of Commerce and Industry, the Nebraska Retail Federation, and the Nebraska Grocery Industry Association. I'd like to thank Senator Andersen for bringing the bill. Any time a bill obviously deals with incentive programs or opens up those statutes, that's something that we pay attention to, so I did reach out to the tax incentive lawyers that we work with, both in their own companies and our member companies to see-- to evaluate the bill and, and they all returned the opinion that there's no negative impact on business.

Transcript Prepared by Clerk of the Legislature Transcribers Office

Revenue Committee February 20, 2025

Rough Draft

Miss Rex "talksed" about this, but when we worked on ImagiNE Nebraska, we worked extensively with the cities, the League of Municipalities in particular, and the United Cities of Sarpy County. They, I think it's fair to say, had significant concerns about transparency issues prior to ImagiNE Nebraska, so we were receptive to their input, and they did support ImagiNE. So, I feel like we really did a lot of important improvements to the transparency that they were looking for. The only issue that I would like to raise today-- and it's just a thought, and it's sort of similar to what the Grand Island testifier talked about-- is one of data security. And I think we just have a little bit of concern about sending out digital emails or notices. One of the incentive professionals that we work with suggested that the Department of Revenue has a system, which is sort of similar to a drop box type scenario. I think it's called share-- file share? Share file? And taxpayers, when they submit information to the Department of Revenue, they can upload it to that very-- via a secure link that they're assigned by the department, so we'd probably just suggest to the committee that that's a potential solution here for the same-- to achieve the same outcome, but just a little bit more secure, from a data perspective. So, would urge you to consider that. And I probably would be remiss, as a lobbyist for the Omaha Chamber to-- who resides at ConAgra Drive to indicate that ConAgra's largest employment base continues to be Omaha, Nebraska, and they have not left the state of Nebraska, so. Thank you, Chair von Gillern.

von GILLERN: Thank you, Miss Creager. Thank you for your testimony. Any questions from the committee? Seeing none, I'd run. Any other neutral testimony? Seeing none. Senator Andersen, you're welcome to close. We had 1 proponent letter, zero opponent, and zero neutral letters filed online.

ANDERSEN: Thank you, Chairman von Gillern, and members of the Revenue Committee. I want to thank the testifiers today. I appreciate their time. LB613 is a transparency bill which implements the following three changes as we discussed: first, it requires the tax commission to provide municipalities with requested information related to the local option sales tax receipts for three yearly requests. Second, it simplifies the process for the tax commissioner to send requested information electronically to municipalities and allows the information be shared for explicit tax-related reasons. Third, the change allows municipalities to request the Department of Revenue to provide a list of qualifying businesses that have received applications for certain tax incentives. LB613 will help with municipalities and their plans, programs, and budgeting for their

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

cities. This is a common-sense bill which increases transparency and efficiency. And with that, I'm happy to take any final "questions."
Thank you.

von GILLERN: Thank you. Any questions from the committee? Seeing none, thank you for your--

ANDERSEN: Thank you, Mr. Chairman.

von GILLERN: --testimony today, and for your closing.

ANDERSEN: Thank you.

von GILLERN: That will close our hearing on LB613. We will move to LB628, and welcome up Senator Dover. Good afternoon, Senator Dover.

DOVER: Good afternoon.

von GILLERN: Feel free to open.

DOVER: All right. Thank you, Chairman von Gillern, and good afternoon, committee members. My name is Robert Dover, R-o-b-e-r-t D-o-v-e-r, and I represent District 19, which is Madison County and the south half of Pierce County. I've introduced LB628, the Recreational Trail Easement Property Tax Exemption Act on behalf of the Nebraska Trails Foundation and the property owners. This legislation is essential because some land owners who have generously granted trail easements are still being charged property taxes on the portions of their land used for public recreational trails. This bill remedies that by exempting those portions of land from property taxes, offering a fair solution for landowners who contribute to the public benefit. This legislation provides landowners with equitable tax relief while encouraging the development of recreational trails and enhance economic growth, tourism, and the quality of life across Nebraska. Modeled after successive initiatives in South Carolina and 14 other states, LB628 promotes private-public partnership separate for the land-- reserve land ownership while fostering trail development. Aligned with Nebraska's State Comprehensive Outdoor Recreation Plan, this bill is fiscally responsible, with a net-neutral impact. It ensures the landowners who retain ownership and grant trail easements are not unduly taxed, preventing the need for municipalities or nonprofits to take ownership, and removing those lands from the tax rolls entirely. By providing landowners with a fair and equitable solution, this bill encourages contributions to the public good without imposing excessive property tax burdens. This approach not only preserves land ownership,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

but also incentivizes the creation of recreational trails that benefit entire communities. Modeled after successful initiatives in South Carolina and 14 other states, LB628 represents a proven strategy that has fueled trail development and community enrichment. By aligning with the State Comprehensive Outdoor Recreation Plan, this bill promises to enhance our state's natural resources and ensures a sustainable legacy for future generations. Additionally, 6-- LB628 is fiscally responsible, with a net-neutral impact. By allowing landowners to retain ownership while granting recreational trail easements, we prevent the need for costly transfers of ownership to municipalities or nonprofits. This ensures that landowners are not unduly burdened by property taxes on land used for public good, while promoting the development of trails that enrich our communities. You also have in front of you AM328, given to us by the Department of Revenue, which would eliminate their portion of the fiscal note on this bill. Thank you for your time and attention.

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

KAUTH: Thank you, Chair von Gillern. On the fiscal note, it states that there's an estimate of no impact on General Fund revenues. How is that possible if you're taking-- if you're removing some of the property tax from the, the rolls? And maybe I'm reading the bill wrong.

DOVER: Well, I, I think it's considered itself as-- it's net neutral because you're not having to, to spend money, so you're kind of trading for the benefit. But it actually isn't-- it originally was thought-- I think with the Department of "Evenue"-- Revenue, and someone can speak, probably following me to that, to that. But it's really a, a, a county issue, and then you're also going to have a benefit of tourism, sales tax, those kind of things, so, to offset any lost revenues. And lodging, and those kind of things.

KAUTH: OK. That, that makes sense that it's a county issue, too. OK. Thank you.

von GILLERN: Further questions? Senator Dungan?

DUNGAN: Thank you, Chair von Gillern. Thank you for bringing this, Senator Dover. I think this is a really exciting idea. As a cyclist, I really enjoy encouraging those things. Do you have any estimate, or

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

does anybody coming after you have any estimate as to what the impact of this would be on future trail development in Nebraska?

DOVER: I don't, but I'm sure someone following me could speak to that.

DUNGAN: OK. And then in the fiscal note, they, they do specifically have fiscal notes from, I think, Lancaster County and Douglas County that essentially say they think it's going to be-- one of them says "negligible" in terms of the fiscal impact. But the reason there's not a General Fund impact is, as you said, it's a property tax issue, so it'd be the counties that would see any kind of change there. Correct?

DOVER: Correct.

DUNGAN: Thank you. I appreciate it.

DOVER: Yes.

von GILLERN: Any other questions? Thank you. We'll invite up our first proponent.

JASON BUSS: Hello. My name is Jason Buss. Thank you for your-- for this opportunity. Thank you, Senator Dover, for bringing this bill. I'm an unpaid volunteer--

von GILLERN: Could I get you to spell your name for the record, please?

JASON BUSS: Oh, sorry. Jason Buss is J-a-s-o-n B-u-s-s.

von GILLERN: Thank you.

JASON BUSS: I'm an unpaid volunteer who's been building trails in Nebraska for about 18 years. I-- we're really excited about the opportunities this bill provides. It addresses fairness in the opportunity and a new approach for, for trail creation, providing easements for public recreational use. Currently doesn't have any method to give any property tax "allevement" for that property being used for the public good, so this gives us a new tool for many communities, municipalities, agencies, even, to, to build trails without having to acquire land and give the property owner an equitable tax incentive. You know, really that's, that's the main thing, and, and many other states are doing it. It'd allow us to open up a lot of other things, other than just old railroad corridors and other things. It makes it easier for us to work directly with land

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

loader-- with landowners on those projects. Nebraska has a good public-private partnership model, and this will help continue that. The Statewide Comprehensive Outdoor Recreation Plan surveys Nebraskans on what the most desired recreational amenities are in the state, and trails have been overwhelmingly the top thing that people want. It gives us a new way to help make that happen. It will accelerate trail development and strengthen those partnerships. You'll hear more about how municipalities can use it, so I'll skip past some of that, but it's going to make things easier; an easement is much easier than land acquisition. It's-- it is a fiscally-neutral option. You know, you have that, that, that trade instead of having to acquire land and then a nonprofit or municipalities no longer-- they don't pay taxes. It's now just providing that directly to the landowner who does the easement, and, and it's a, it's a good, safe option for that, so. I welcome your questions.

von GILLERN: Questions? Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Thank you for being here, sir. We've talked a number of times about trails in Nebraska. Could you just give us a brief overview as to what Nebraska is currently doing in terms of trying to increase tourism, folks coming to the state for cycling? I know other states, like Arkansas very famously has done a lot of work on that; Missouri, even Iowa. What is Nebraska currently doing in terms of trying to encourage that sort of tourism to our state?

JASON BUSS: Sure. We have a, a huge partnership in different areas of the state between the Cowboy Trail Coalition, the MoPac coalit-- Alliance, which are building trail town groups that are, that are working on economic development, tying together the businesses and communities to the trails. We've seen some huge uptick in events, like the pie rides in Elmwood and other things like that that, that bring people around. We've been on Tour de Nebraska and BRAN and other things that bring thousands of people to, to towns, and you'll hear from some of the municipalities who've experienced that. Just a lot of different activities. This year, we'll be celebrating the 30th anniversary of the Cowboy Trail, and you'll hear more about that with some more activities.

DUNGAN: Yeah, I think it's-- there's been a lot of amazing work done by yourself and a number of other people with regards to bike tourism, and also encouraging, I think, folks like myself to go into smaller towns that you wouldn't normally visit. I've done the Golden Ride now

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

a couple times, and have had the chance to go through Pickrell and have the Pickrell pig, the famous food from there. So, it's, it's a great opportunity, and I appreciate all that you do for that. Lastly, can you, I guess, speak at all to the amount of money that we, as a state, spend on trails currently, compared to other states?

JASON BUSS: I-- depending on whether you're talking trail maintenance or other things, there's a lot of different numbers there, so I-- I'd probably leave it up to the, them-- there is a lot of opportunity for that, and I would say if you compare what we're spending compared to other states, there's a-- there's-- we're spending less; we could invest more. This is a very low-cost way to open that up, because there's not really a cost impact. Land acquisition is the toughest part when I go to build a trail. If I could have a, a nice tool to get the land, things go together much easier.

DUNGAN: Awesome. Thank you.

von GILLERN: Other questions? Senator Murman.

MURMAN: Yeah, thanks for testifying. I did do a lot of training on a trail near Grand Island when I was training for-- or not-- Kearney, when I was training for Kilimanjaro, but-- so, I do have interest in the trails. But my specific question is-- it is going to cost the state, I see, over \$900,000 to implement this bill. And you mentioned that there is savings to cities and maybe counties where they could use easements rather than acquiring land for trails. Do you have any statistics as to maybe what the savings would be?

JASON BUSS: Just a clarification. I think he-- Senator Dover clarified that that will be dropped, that fiscal note will be dropped by the Department of Revenue because they, they-- if they don't have to manage it at the state level, they won't have to add the FTE or the website, so it's, it's-- that's all going to be dropped.

MURMAN: Well, great. That's even better.

JASON BUSS: But the savings-- I, I think, I think we've got the city of Norfolk here to talk a little bit about how they could use it. In, in my organization, you know, being able to acquire land takes a lot of time; it's a, it's a hard ask for a lot of people, and there's a lot of steps to that process versus an easement. I've got a landowner in Platte County who I've, who I've been working on for almost 18 years that I think, if they had an opportunity to have a property tax

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

waiver, they were sign an easement for their field road to be improved into a trail, I think it'd be a win-win.

MURMAN: Well, maybe some others might have some figures out--

JASON BUSS: More detail about the-- yeah. More, more figures about--

MURMAN: --what the savings would be. Thank you.

von GILLERN: Any other questions? Thank you for your testimony. I just-- this last week's-- the story on Nebraska Stories about the trails, I think it was in Platte River State Park, which was very cool, so. Thanks for what you're doing.

JASON BUSS: Thank you.

von GILLERN: Appreciate your testimony. Next proponent.

ANNA ALLEN: Good afternoon. Thank you for your time. My name is Anna Allen, A-n-n-a A-l-l-e-n. I am the assistant city engineer for Norfolk, Nebraska, and I'm representing the city of Norfolk. In my role as the assistant city engineer, I have been planning, designing, budgeting, and overseeing construction for several large projects throughout the city in the past few years. For these projects, the city has spent a lot of time and money working with title companies and property owners to negotiate land purchases and pay for temporary and permanent easements to get the right-of-way needed for these projects. It's estimated that we spent about a half a million dollars on acquiring right-of-way for these projects. The city is in favor of LB628. The bill will be a valuable tool for the city of Norfolk and other cities around the state to expand their trail networks. The tax waiver will encourage landowners to partner with the city and develop these valuable trail connections. The-- it would reduce the project costs and maximize cities' budgets, and make it more attractive to grant easement agreements at no cost to the city instead of going through the costly and lengthy process of negotiating land purchases. Recreational trails are beneficial to landowners by increasing property values, providing direct access to trail systems for recreation and active transportation. Granting an easement as opposed to selling their property will preserve their property for their use. The city was recently awarded a RAISE grant for a four-mile trail throughout town, and it would connect the south end of town at the Cowboy Trail all the way up to the northwest side of town, where we have our Skyview Lake. This will provide a great connection for

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

members of the community, as well as visitors, to recreation destinations and other destinations such as our historic downtown, where they can dine and shop. It will also give them opportunities to promote outdoor recreation and active transportation. We urge you to promote this bill.

von GILLERN: Thank you. Questions from the committee? Seeing none. Thank you for your testimony.

ANNA ALLEN: Thank you.

von GILLERN: We love hanging out in Norfolk, by the way.

ANNA ALLEN: It's a good place.

von GILLERN: We go through all the time in the summertime, and we always try and stop. Leave a little bit of money behind. Good afternoon.

JASON BRUMMELS: Good afternoon. Chairman, Vice Chairman, members of the Revenue Committee. Thank you for giving me the opportunity today to testify. My name is Jason Brummels; that's J-a-s-o-n B-r-u-m-m-e-l-s, and I serve as the executive director of Trails Have Our Respect, which is a nonprofit that's been serving Nebraska and western Iowa since 1996 by building and maintaining natural-surface trails. And I'm going to deviate a little bit from my written testimony a little bit, because some of the topics have already been covered, and I'd like to address some of the comments and questions that some of you all have already mentioned. One is our organization, for example, helps build and maintain the trails at Platte River State Park that you mentioned. And, and according-- you know, you were asking, I think, about what-- like, what the rate of development is, or what the investments are, or what would be unlocked, maybe, by this change. What I can say is that we're not the same as Northwest Arkansas, but we have huge opportunity here; we have a beautiful state, we have a lot of land. One of our challenges is that much of it is private, which is also lovely for our, for our citizens. But in terms of access to recreation, as Norfolk mentioned, sometimes that can create impediments or cost increases to developing that recreation. So, we're supporting LB628 because over the past few years, we've been part of stewarding about \$6 million in trail investment in the region, but that truly is limited by the land available, land connections available, and the planning and design challenges that are created by disconnected parcels and properties to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

develop recreation. So, with this sort of a tool in our tool set, it will help increase trail development, investment in trail development, and access to all the benefits that the other folks here are testifying to today. And with that, I appreciate, again, your time. If there's any questions that I can answer, I would be happy to do so.

VON GILLERN: Thank you. Senator Kauth.

KAUTH: Thank you, Chair von Gillern. So, I just want to make very clear, is participation voluntary? You're not using eminent domain or forcing property owners to provide easements, correct?

JASON BRUMMELS: So, my understanding-- yes.

KAUTH: OK.

JASON BRUMMELS: I'll just say yes.

VON GILLERN: That would be our suggestion. It's--

JASON BRUMMELS: No more explanation.

KAUTH: Thank you.

VON GILLERN: Any other questions? Speaking on. Thank you for your testimony.

JASON BRUMMELS: Thank you.

VON GILLERN: Next proponent. Afternoon.

KENT McNEILL: Good afternoon, Chairman von Gillern, Vice Chairman Jacobson, members of the Revenue Committee. My name is Kent McNeill. I'm a Papillion, Nebraska resident. Name is spelled K-e-n-t M-c-N-e-i-l-l. I serve as the CEO of the International Mountain Bicycling Association. I am here today to express my strong support of LB628, the Recreational Trail Easement Property Tax Exemption Act. This legislation represents a crucial step forward in expanding access to outdoor recreation, bolstering Nebraska's outdoor economy, and ensuring that our state remains competitive in attracting and retaining a strong workforce. Outdoor recreation is a fundamental part of Nebraska's identity and quality of life. According to Nebraska's Statewide Comprehensive Outdoor Recreation Plan, trail-based recreation is among the most in-demand outdoor activities in our state, with over 80% of Nebraskans participating in trail-related

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

recreation. Yet, many communities face challenges in expanding these valuable assets. Nebraska ranks among the lowest states in terms of publicly-accessible land, with less than 2% of our total land area designated for public use. This lack of access significantly limits out-- opportunities for outdoor recreation and hinders the economic growth that comes with it. Providing property tax exemptions for recreational trail easements is a common-sense way to incentivize private landowners to expand access to trails, directly addressing this deficiency. Great trail access will increase participation in outdoor activities, which in turn stimulates economic activity. Nationally, the outdoor recreation economy contributes \$1.1 trillion to the U.S. GDP, supporting 4.5 million jobs and, according to the Federal Bureau of Economic Analysis, Nebraska's outdoor recreation generates \$3.5 billion annually and supports over 27,000 jobs. Expanding trail networks will only enhance these economic benefits by increasing tourism, boosting local businesses, and encouraging greater participation in outdoor activities. LB628 provides a direct solution to our state's access challenges by alleviating the property tax burden on landowners who offer trail easements. This bill encourages private participation in a public good. More trails mean more Nebraskans and visitors engaging in outdoor activities, increasing local spending, and contributing to our economy. Moreover, a well-connected, accessible trail system enhances community health, fosters tourism, and strengthens our ability to compete with neighboring states for talent and investment. I urge you to support LB628 and take this important step in growing Nebraska's outdoor recreation economy. Thank you for your time and consideration. I'm happy to entertain any questions.

von GILLERN: Thank you. Any questions from the committee? Senator Jacobson.

JACOBSON: Well, I missed the open, and I apologize for that, but I-- and this question may have been answered, but obviously, the fiscal note's going to go away because the state's not going to have to be as involved here. But, but this is a property tax exemption, so it's going to be felt at the county level. Do we have some indication of what we think that number could be, to the counties?

KENT McNEILL: I think there's other colleagues of mine that are prepared to answer that.

JACOBSON: I'll wait for them.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

KENT McNEILL: Yeah.

JACOBSON: I'll let them answer it.

KENT McNEILL: I'll let them answer it. Thank you.

von GILLERN: Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Thank you for, for being here. We've talked a little bit about some of the investments that other states have made with regards to this kind of recreational tourism. Do you have any idea-- not specific stats, just ballpark, even-- of what the return on investment has been in those states where they made those investments?

KENT McNEILL: Yeah. So, right now there are 26 states that have set up offices of outdoor recreation to better facilitate their general fund appropriations for this purpose. We've been talking a little bit about Northwest Arkansas; the initial economic impact study from that was that they-- the initial investment was \$75 million within [INAUDIBLE] trail system. On an annual return, they're seeing \$150 million economic return annually, based on that \$75 million investment. So, that's just one example, and I have plenty of other economic impact studies to share, if you're interested.

DUNGAN: If you could share those with the committee, I think that'd be helpful. I--

KENT McNEILL: Yeah, I'd be happy to do so.

DUNGAN: Anecdotally, I've, I've done the Razorback Greenway down in Arkansas and spent four days down there investing in the community and staying in local hotels and restaurants. So, personally, I've seen that, but I think having data-- to Senator Murman's point-- about what the ROI that we're going to see from any kind of trail investment is helpful. So, if you could share that with the committee, that'd be great.

KENT McNEILL: I'd be happy to do so. And I think it's important to note that that whole effort was done in order for Walmart to compete in workforce attraction and retention, with Amazon having Seattle on a much broader outdoor-based recreation economy, so.

DUNGAN: Yeah. Well, thank you for being here. Appreciate it.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

KENT McNEILL: Thank you.

von GILLERN: Thank you. To your last point, that-- well, and, and not contesting anything you said. But to Senator Jacobson's point, that was a private investment of \$75 million.

KENT McNEILL: That was a private investment, yes.

von GILLERN: Yes. OK. OK. And then--

KENT McNEILL: Actually, to be fair, it was public-private.

von GILLERN: OK. All right. Thank you. I see-- and, and I know I'm opening up a fight here-- non-motorized recreational use. There is, there is quite an-- a large number of folks that use motorized vehicles on trails.

KENT McNEILL: Correct.

von GILLERN: So, that's motocross, ATVs, whatever. Is there any anticipation of accommodating the, the-- certainly, you would not want them on the same trail system. Is there any anticipation of accommodating that? And if you're the wrong testifier [INAUDIBLE]--

KENT McNEILL: I will, I will say that I agree that that needs to be considered. In my understanding-- I'll let Senator Dover and others speak to it-- I think that's already being addressed.

von GILLERN: OK. All right. Thank you.

KENT McNEILL: Because I think trail based recreation, from my standpoint, is motorized, non-motorized, and to be fair, water trails as well. These can create access points for put-ins and take-outs as well, so.

von GILLERN: And one other question. And you may not, not know the answer to this, but I look for a nod from Senator Dover if I get it.

KENT McNEILL: Yeah.

von GILLERN: If he's paying attention. Senator Raybould had a bill, I think last year or the year before, that categorized e-bikes as non-motorized to be allowed to use on trails?

KENT McNEILL: Correct.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

von GILLERN: And so, those would qualify as-- yes or no? I, I should say--

KENT McNEILL: Those-- yeah, those would be categorized as non-motorized--

von GILLERN: OK. All right. OK.

KENT McNEILL: --with the way the current legislation reads.

von GILLERN: All right. Thank you. Thank you for your testimony.

KENT McNEILL: You bet. Thank you.

von GILLERN: Oh, one other question. Is the International Mountain Biking Association really headquartered in Papillion, Nebraska?

KENT McNEILL: No, I am.

von GILLERN: International vice-- or, Mountain Bicycling Association is headquartered in Boulder, Colorado.

von GILLERN: OK. Thank you.

KENT McNEILL: Yes, sir.

von GILLERN: I thought there was a little irony there, so.

KENT McNEILL: Yeah.

von GILLERN: Thank you.

KENT McNEILL: Thank you. Thanks for putting that on the record.

von GILLERN: Oh, sure. Yeah. We're happy to. We're here to help. Next proponent. Good afternoon.

CAIT DUMAS-HEIN: Good afternoon. Hello, Chairperson von Gillern and members of the Revenue Committee. My name is Cait Dumas-Hein, C-a-i-t D-u-m-a-s-H-e-i-n. I am the associate director of Bike Walk Nebraska, the state's active transportation advocacy organization. Others supporting the bill have highlighted Nebraska's desire for-- Nebraskans' desire and demand for trails, which I can second based on my experience as an advocate for the last decade. However, I would like to speak about the economics of trails, and what LB628 could provide to the state. Trails have the power to transform our Nebraska

communities through tourism, economic development, small business support, and job creation. In some cases, it's been shown that every dollar spent on trails, there is over a \$4 return. Additionally, LB628 would provide an opportunity to thank landowners for supporting an asset that brings value to their area. With property taxes being a pressing issue in our state, LB628 is an opportunity for trails to contribute a portion of the solution and provide some leaf-- relief to Nebraska landowners. An example of this is the Cowboy Trail, a 320-mile trail system in the northern part of Nebraska suitable for biking, hiking, and horseback riding. The passing of LB628 would bring relief to the rural landowners, who have miles of property alongside the Cowboy Trail. I proudly and loudly advocate for trails in communities of all sizes because of their impact on the surrounding areas. LB628 doesn't establish an urban-versus-rural scenario, but instead is an opportunity to support all Nebraska communities. I grew up in small towns across Nebraska, with family still residing in Doniphan and Trumbull. Therefore, the potential of trails to revitalize even the most rural communities I still call home is near and dear to my heart. Statistics show that some communities-- as small as those with 300 residents-- who have invested in trail systems have seen a 7.7% job growth rate over the last five years. Additionally, cyclists are known to spend five times more with businesses than someone arriving via a car. You can look just over the border to the Wabash Trace Trail in Iowa to see single-road towns with thriving downtown districts, farmers markets, and even a bike shop, due in part to the trail running through their community. Within urban communities, housing and property alongside trail systems have a higher value, and are beginning to be likened to beachfront properties. The passing of LB628 would provide multiple entities pursuing trails in Nebraska with another tool in the development process, offer a som-- small solution towards property tax relief, and provide an opportunity for neighborly collaboration between the trails and landowners. And, to speak to the e-bike question, yes, e-bikes are considered a bicycle, so they would be allowed on the trails. I ask you to support LB628 to help our state become a thriving, connected, and neighborly community. Thank you.

VON GILLERN: Thanks for your testimony. Any questions from the committee members? Seeing none, thank you for being here. Oh, I'm sorry. Senator Sorrentino.

SORRENTINO: I'm just short.

CAIT DUMAS-HEIN: Me too.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

SORRENTINO: Thank you. Thank you, Chairman von Gillern. I would just-- you mentioned the Iowa--

CAIT DUMAS-HEIN: Yes.

SORRENTINO: --Wabash Trail. I-- which-- I'm a frequent user of it. Senator Dungan testified that he's a biker. I would just like to remind all bikers that when you're passing us runners on the left, please announce your presence. [LAUGHTER]

CAIT DUMAS-HEIN: Absolutely. Trail etiquette is important.

SORRENTINO: Yes.

von GILLERN: There's a bell on there for a reason.

SORRENTINO: That's it.

von GILLERN: Any other questions or helpful comments? I think we're [INAUDIBLE]--

DUNGAN: If, if I could, real quick.

von GILLERN: --Senator Dungan's retort.

DUNGAN: I would just say, generally speaking, that when the biker yells "on your left," don't then jump to the left.

SORRENTINO: I have, I have done that.

KAUTH: And don't assume there's just one.

SORRENTINO: I just don't know left from right. All right, thank you.

DUNGAN: Thank you for being here. I appreciate all your work and advocacy. Thank you.

CAIT DUMAS-HEIN: Of course. Thank you.

von GILLERN: Thank you. Next proponent.

Speaker 5: No problem.

von GILLERN: Yes, sir. Is there any other proponent testimony? All right. Seeing no other proponent testimony, is there any opponent

testimony? Anyone like to testify in opposition? Seeing none. Is there anyone who'd like to testify in a neutral capacity? Good afternoon.

ALEX DURYEYEA: Good afternoon, Chairperson gon-- von Gillern, and senators of the Revenue Committee. My name is Alex Duryea, A-l-e-x D-u-r-y-e-a, and I work for the Nebraska Game and Parks Commission at 220 North 33rd Street, Lincoln, Nebraska 68503. I have the great fortune to work as the recreational trails manager and serve as the state recreational trails coordinator for the state of Nebraska, and I come before you in the neutral capacity on LB628. I'm here to offer some context on how this tack [SIC] exemption might be used. And part of my role here at Nebraska Game and Parks Commission is to administer a federal grant program called the Recreational Trails Program, which, which helps eligible entities-- mainly municipalities-- fund development of their trail projects. And I work with many communities on developing trail projects, and have seen the challenges they face when piecing together a trail alignment. And frankly, alignment creation is one of the most challenging aspects of trail development, like Jason said. But, for example-- so, we recently awarded a rec trails project to the city of Imperial, who will be developing their first trail. It'll be a concrete path which follows the boundary line of the Chase County Community Hospital. And if this bill passes, the city could propose this opportunity to a landowner to facilitate their trail becoming a complete loop, because as it stands, it's kind of just a "C" shape around the facility. And, and this might be the incentive the landowner needs to, to make that happen, so. I want to add, this tool just wouldn't benefit land trails, as Kent mentioned. You know, these trail easements could be used to benefit water trail access. And with Nebraska being 97-ish percent privately-held property, many of our waterways are only accessible via, via scarce strips of public land adjacent to them. So, LB628 would give trail groups another tool to negotiate with willing landowners about providing trail access where access is limited. And the reason I am coming in the neutral capacity is today is, is our agency doesn't have-- the capacity of our agency to obtain recreational easements is a little bit on the limited side, so we really wouldn't see a lot of direct use by our agency. But, you know, I think this would be an important tool for our, our trail partners to use. Let's see here. So, these places, you know, they'll be treated with respect and be used by many residents, students, tourists, families, Boy Scouts, Girl Scouts, and many other trail users seek to have memorable outdoor experiences right here in Nebraska. And that concludes my testimony, and I

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

appreciate the opportunity to speak about this bill. I'm happy to answer any questions.

VON GILLERN: Thank you. Questions from the committee members?

MURMAN: I've got one.

VON GILLERN: Senator Murman.

ALEX DURYEA: Yes.

MURMAN: Yes. I'm a little hesitant to ask this because, well, for-- I'm a landowner, but I, I don't think I have any land that would be, you know, possibly be used for a trail. But my concern-- if I had any land close to a trail-- as a farmer would be, you know, spraying for pests and so forth, especially aerial spraying. Is there any way that that issue can be addressed?

ALEX DURYEA: Yeah, and I think what this bill offers is a lot of flexibility. I think those kind of things could be integrated into whatever the easement agreements are. If there are times where the trail needs to be closed for a certain period of the, of the year, whether it be for hunting or for pesticide application, that kind of thing.

MURMAN: OK. Thank you.

VON GILLERN: Senator Ibach.

IBACH: Thank you very much. Can you-- nice to see you, by the way. Thanks for helping us with the Cowboy Trail award. Can you speak a little bit to Game and Parks' oversight or responsibility in managing any of these trails?

ALEX DURYEA: Yeah. So, we operate over 600 miles of trail within our park areas, and then we kind of provide information about over 600 miles of water trail, and, and there's kind of a distinction because we don't necessarily own the rivers or anything, but we do want to provide information for people that want to take those trips. And then I also, in my position, offer technical assistance to communities, individuals that are looking to help develop trails in their areas, and also provide technical assistance to our park superintendents when they want to revitalize or fix or add new trail to the park areas.

IBACH: Perfect. Thank you. Thank you, Chair.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

von GILLERN: Thank you. I'll ask-- I've got a couple of questions. The water trails, are those-- do you port-- are they-- you portage in a kayak? A, a canoe? I'm not familiar with the water trails.

ALEX DURYEA: Well, so it'd just be go-- you know, traveling down a river in a canoe, kayak, paddlecraft, whichever.

von GILLERN: Oh, OK. All right.

ALEX DURYEA: Yep. Yep.

von GILLERN: So, at a public access point--

ALEX DURYEA: Yes.

von GILLERN: --put in, and pull out at a different-- OK. All right. Thank you. And then the question I asked earlier about motorized vehicles, ATVs, motocross. Any comment?

ALEX DURYEA: Yeah.

von GILLERN: Comments? Is there an existing [INAUDIBLE].

ALEX DURYEA: So, I believe there's an-- I believe there's-- yeah. Excuse me. And I'm sorry. I believe there's an amendment to change non-motorized to just "trails." And so, then that could potentially help facilitate motorized trail as well.

von GILLERN: OK.

ALEX DURYEA: And I'll tell you, actually, with the recreational trails program that I administer, a component of that can help fund motorized trail projects as well.

von GILLERN: OK. All right. Great. Thank you. Because there is a-- quite a contingent that is-- the-- that's a serious hobby, also.

ALEX DURYEA: Absolutely.

von GILLERN: This is like putting sailors and motor-boaters in the same conversation. So-- Senator Jacobson.

ALEX DURYEA: Yes, sir.

JACOBSON: So, just to be clear. Out my way, they use stock tanks to go down the river. Are those allowed, too?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

ALEX DURYEA: I have done that personally.

von GILLERN: You're done for the day. Did you have any question?
Senator Ibach.

IBACH: I do. Thank you very much. Can you speak a little bit to the liability, and who-- and this is in reference to Senator Murman's question as well, as far as adjacent farm or ground that could be impacted.

ALEX DURYEA: Yeah. So, for liability, we have a couple of things at play here. So, you probably could address liability in that easement. You know, if the actual easement holder-- they could potentially pick up the liability on that easement ground. And then in addition to that, there is the "Recreational Liability Act" statute, which-- as long as you're not being compensated for access to the property for a recreational use, the landowner, theoretically, is not liable. So.

IBACH: OK. Thank you. Thank you.

ALEX DURYEA: Yes.

von GILLERN: Senator Kauth.

KAUTH: So-- thank you, Chair von Gillern. Along those lines, would this be considered compensation if you're, if you're removing their property tax. [INAUDIBLE] I just want to make sure we don't write something that's going to trip them up.

ALEX DURYEA: Good question. I'm not a lawyer; I couldn't answer that.

von GILLERN: Good answer. Yeah. All right. Seeing no other questions, thank you for your testimony.

ALEX DURYEA: Thank you.

von GILLERN: Any other neutral testimony? Seeing none. Senator Dover, you're welcome to close. We had 5 proponent letters, 3 opponent, and zero neutral.

Unidentified: This is the.

DOVER: The Cowboy Trail-- this was some numbers reviewed with Lee Will-- cost \$5,600,000 roughly, and generates just a hair over \$12 million annually. So, I think that's a pretty good return. I think

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2025
Rough Draft

whether you're running or jogging or you're biking, I think we all like trails, and I think one of the few things that we have in Nebraska is recreation and, and wonderful-- the wonderful outdoors. And I think it's-- I don't think we really utilize those as much as we should. LB628 is a critical step forward in supporting the development of recreational trails throughout Nebraska. By providing property tax exemptions for recreational trail easements, this bill remove barriers to creating and maintaining trails that improve public health, boost local economies, and connect our communities. I respectfully ask your favorable consideration and support for LB628 to ensure Nebraska remains a leader in outdoor recreation and community development. Thank you for your time and attention.

von GILLERN: Any questions? I do have one, one question. The-- and forgive me because I didn't read the bill as thoroughly as I could have. Once it's in the easement, is it there for perpetuity, or is there a time limit? Or is that open?

DOVER: It says perpetuity right now, yeah.

von GILLERN: OK. All right. OK. Thank you. All right. Seeing no other questions. Close our hearing on LB628; that'll close our Revenue hearing for the day. If I could ask some to use.