

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 5, 2020

LINEHAN: My name is Lou Ann Linehan. I'm from Elkhorn, Nebraska, and represent Legislative District 39. I serve as Chair of this committee. The committee will take up bills in the-- well, we're going to-- Senator Hilgers is going to go first and then we'll have McDonnell, Wayne, and Brewer. If you are unable to attend the public hearing and would like your position stated for the record, you must submit your written testimony by 5:00 p.m. the day prior to the hearing. To better facilitate today's proceedings, I'd ask that you abide by the following procedures. Please turn off your cell phones and other electronic devices. Please move to the chairs in the front of the room when you're ready to testify. The order of testimony is introducer, proponents, opponents, neutral, and then closing remarks. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the page to distribute and I'll introduce the pages in a little bit. We need 11 copies for all the committee members and staff. If you need additional copies, please ask the page to make copies for you now. When you begin to testify, please state and spell both your first and last name for the record. Please be concise. It is my request-- how many people are going to testify today? Raise your hand, I'm sorry. OK, we'll go with green for four minutes and yellow for one minute, but when it's red, I'm going to-- you're done. If there are a lot of people wishing to testify, we will use the three-minute-- excuse me, we already covered that. If your remarks were reflected in the previous testimony or if you would like your position to be known but do not wish to testify, please sign the white form at the back of the room and we'll-- it will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony. I would like to introduce committee staff. To my immediate right is legal counsel Mary Jane Egr Edson. To my immediate left is research analyst Kay Bergquist. To my left, at the end of the table, is our committee clerk Grant Latimer. And then if-- Senator Crawford is not going to be here today and Senator Friesen is going to be late because he's got a bill on another committee, but I would like the senators to introduce themselves, starting with my friend, Senator Kolterman.

KOLTERMAN: Senator Mark Kolterman, representing York, Seward, and Polk Counties.

GROENE: Senator Mike Groene.

LINDSTROM: Brett Lindstrom, District 18, northwest Omaha.

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McCOLLISTER: John McCollister, District 20, central Omaha.

BRIESE: Tom Briese, District 41.

LINEHAN: Noa and Erin, are you here? At least Noa is here. Noa is from Central City, Nebraska-- is this-- is she here? I get confused-- majoring in history at Doane-- history and political science. Please remember that senators may come and go during our hearing, as they may have bills to introduce in other committees. Refrain from applause or other indications of support or opposition. I'd also like to remind our committee members to speak directly into the microphones. Also for our audience, the microphones in the room are not for amplification, but for recording purposes only. Last, we are an electronics-equipped committee and information is provided electronically as well as in paper form. Therefore, you may see members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and is critical to our state government. So with that, we will start with Senator Hilgers' LB891.

HILGERS: Thank you, Chair Linehan and members of the Revenue Committee. My name is Mike Hilgers, M-i-k-e H-i-l-g-e-r-s. I represent District 21, northwest Lincoln in Lancaster County. I'm pleased to open on LB891. Before I do, I wanted to thank the Chair and Senator McDonnell for their courtesy in allowing me to adjust the schedule or to adjust the schedule to allow me to go to, to-- so I could handle my other commitment. Thank you very much. I'm here to open on LB891, which is, is a tax credit for overtime pay. Essentially, it would allow overtime pay-- functionally, would get overtime pay to zero. Let me tell you how I got to what-- why it is that I'm introducing this and I'll walk through, sort of, the logic of the bill. So there's a couple truisms that I think everyone would likely agree on. One is that-- one of the primary determinants of your ability, as an individual-- your family's ability to succeed in life is your ability to accumulate money, dollars to help your, to help your family. It helps in a lot of different ways. It helps you buffer against-- it creates a buffer against shocks, right? If you have a health problem or medical issue, you lose your job. If you have the ability to have reserves, you can-- you, you are more likely to survive and, and, and be able to get through those, those, those shocks that might impact your family. The same token, the more money you're able to save and deploy for your family, the more likely it is that you can succeed and grow in your career. You can invest in education. You can invest in your family. You can save to buy a house. You can start a business. These are all really, really good things. So how is it that we get to the point where we're able to accumulate some money to be able to do

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something? Well, if you don't inherit it, most of us-- if you're like me or like most of us, you know, you don't inherit your wealth; very few people do. Some people get lucky, right, they win the lottery. But for the rest of us, you do it the old-fashioned way, which is you save what it is that you earn. Now if you are a salaried individual and you make a higher income, it's not necessarily true that you will be able to save and, and deploy your own dollars to help your family. You may, you may spend a lot of money, whatever. But the-- but you're more likely to and if you're like-- you're more likely to have a higher salary if you are-- you would make more money if you have a higher salary. You're a white-collar worker, you're a salaried person. If you're hourly, you have, you have more limited ability to be able to save your dollars. You just have more-- your, your asset that you're putting into the, into the game is your time and you have a limit on your time. And I think it's true, over, over the decades, that hourly rates, hourly salaries-- wages don't go up as much as salaried wages do, our salaries do. And you are maybe less likely to move up the ladder or not able to move up the ladder at the same rate as someone who is salaried. So if you're salaried and you make-- and you have a good income, there's all sorts of ways you can generate assets through the course of your-- or accumulate and generate assets over the course of your career, even when you're 60, 70, 80-years-old. You can buy stock, for instance; one of the most common ways that people are able to accumulate assets. You can buy CDs. Whatever it might be, there's ways where you can help cushion and-- cushion against the, the shocks of life if you're salaried. If you're hourly, it's harder. What is your primary asset when you're an hourly individual that you can deploy? It is your time. And usually, there's only a window of your time where you can really put in overtime hours. That is your-- one of the big things that you can put into the game to help change the game for you and your family is by working more hours. Well, if you work more hours in Nebraska, you get taxed, generally speaking, at the highest rate, 6.84 percent. And so it's-- what had struck me was that that-- we have an opportunity for people who are trying to work to put in more time, to get ahead in the game, to help save for their families, to help build for their future, and we ought not to dissent-- disincentivize that. And we ought to, to say, OK, you know, this is a moment in time where you're going to invest more of your time. You should get more out of it. And so the goal of the legislation is to allow people who are going to invest that time to make it more likely that they can truly use that time to get ahead, to actually start to do the things that I was talking about at the beginning of my opening; save for the future, invest in their education, get ahead, whatever it is, buy a house. That is the ultimate, the-- ultimately the goal of this legislation. It's why I

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introduced it. Now I'll be honest, I don't like tax credits all that much. I don't like specialized deductions. I think part of the reason we're in some of the mess that we're in is because we have "Swiss-cheesed" our tax code. Let me be very clear about that. I would-- my preference would be, on an income tax basis, is to drop our rates. But the reality is when you drop rates, it pulls in a whole lot of other people. And in general, I think this body has been reluctant to cut rates at our highest level because it might cut rates for higher-income, wealthier individuals and the, and the dollar-- the bill might be too high for the state. So this was a way that I thought we could target this type of relief to the people who, I think, could most use it, which are those individuals who are putting more time in on overtime. A couple, a couple of technical issues that I wanted to address. One is we looked at-- it would be my preference to do this, if we could do it, where you could-- it would actually be, be reflected in your paycheck. You could-- in other words, if you worked overtime in a given two-week period, that paycheck would not take the income tax out. You would probably adjust your withholdings, but when we discussed this with the Department of Revenue, that just was-- that was very complicated and not very feasible to do. So that's why it's a deduction versus any sort of other mechanism. Second thing is we've looked-- I looked around the country. No other state in the country, as far as I've found, has done this or looked at it, frankly. So we would be the first to do this, but I-- there are some countries in Europe that have done it with some success. Ultimately, if you look-- there are-- we looked briefly before I came up here. There were a number of-- we looked at just a few different companies that are in my district or districts of members of the committee. You know, Kawasaki is in my district. Duncan Aviation is in my district. Valmont Industries, I believe, might be in your district, Senator Linehan. Union Pacific, I know has got a heavy presence, Senator Groene, in your district. Cargill in Albion, Senator Briese. Senator Friesen is not here, but Hamilton Telecommunications. We just looked online. There are-- they have a lot of really good paying hourly jobs. And I think those people would benefit if we were able to give them a tax credit. Ultimately, I think it's-- you know, try to find zero-- not zero-sum-- win-win-win legislation. I think this is win-win-win legislation that will help the worker. It will help the employer because they will be more likely to have-- be able to fill those overtime hours because their employees will be incented to do it. I think ultimately, it will help the state by ensuring-- helping our working families here in Nebraska be strengthened and thrive. I'm happy to answer any questions that the committee might have. Thank you.

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LINEHAN: Thank you, Senator Hilgers. Are there questions from the committee? Seeing none, you'll stay to close?

HILGERS: Yes.

LINEHAN: Proponents. Are there any proponents for the bill? Seeing none, are there any opponents? Are there-- is there anyone wishing to testify in a neutral position? All the hourly workers have to work 8 to 5.

[LAUGHTER]

LINEHAN: Would you like to close?

HILGERS: I have nothing further to add.

LINEHAN: Well, OK, I have a couple questions.

HILGERS: All right, maybe the committee members would like to ask questions.

LINEHAN: Yes. Did anybody-- does somebody else have questions? Senator Groene.

GROENE: Thank you. Senator Linehan made a good point. The working guy don't have a lobbyist and that's why they pay the high taxes. But anyway, it's a good idea. I don't-- I know some other people are looking for some of that \$4 million [SIC] we got for the floor; \$30 million might take a little bit of that.

HILGERS: Maybe, yeah.

GROENE: Yeah.

HILGERS: And I understand-- and there's ways you could probably-- you could probably work with it to get the number down. I know it's a pretty high fiscal note.

GROENE: Wouldn't it be better to change the tax policy that if-- you tax them on an average so they don't get such a big chunk taken out of their paycheck when they do do overtime? Because you're right, the hourly guy we were talking about today-- the bigger the check, the more they take out and it's not proportionately--

HILGERS: Yeah, I-- that's not an angle I looked at, but I think that would be, that would be worth looking at, Senator Groene, absolutely.

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GROENE: Thank you.

HILGERS: Because I think that's why they don't-- a lot of folks-- it's-- there's not the incentive you think there might be-- the same level for the overtime pay because of that reason.

LINEHAN: Yes, Senator McCollister.

McCOLLISTER: Yeah. Thank you, Madam Chair. Interesting bill, thank you, Senator Hilgers. Until 2006, I was an employer. We had 75 employees, but we really didn't, at the end of year, distinguish between whether they made the money from regular wages or overtime. So I'm trying to figure out how we would, would work this around so employers could-- would, would be obligated to keep track of how much time was overtime and how much was reg-- at regular time.

HILGERS: Well, that--- it's a great question, Senator McCollister. I know we did look at whether or not the overtime hours are reported on any W-2 form and that is-- they are not. I would-- I think, and we're still exploring this, but I do think that from an employer perspective, certainly, when I pay overtime, for instance, in my firm, we have to track all of that, what the overtime hours are. So I, I think the data would be available. At least with our discussions with the Department of Revenue, the data would be available. But, but certainly, that's one of the logistical hurdles. It would, it would be cleaner if we had a line item like you would find--

McCOLLISTER: On the W-2--

HILGERS: --on the W-2 when we don't, unfortunately. And so we do have to work around that logistical issue, but--

McCOLLISTER: OK.

HILGERS: --it's a point we've identified and are trying to solve.

McCOLLISTER: Thank you.

HILGERS: Yeah.

LINEHAN: Thank you, Senator McCollister. Other questions? Do you have any idea-- is there a guess of how many individuals we would be talking about that this would help-- numbers of people?

HILGERS: It would-- no, we don't have that data. I wouldn't-- I don't have that data, but I would say probably thousands, I mean--

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LINEHAN: Maybe-- somehow, maybe the Department of Revenue could find that out?

HILGERS: Uh-hum.

LINEHAN: The other thing-- did you think about any kind of limit, like-- I don't, I don't want to pick on any profession, but there are some professions that get pretty good hourly wages--

HILGERS: Uh-huh.

LINEHAN: --and they often are the people that have to work a lot of overtime. So did you think about-- the fiscal note, did you think about at some level of income, you, you lose this benefit?

HILGERS: I think that's-- we didn't look at that, but that's a great idea, Senator Linehan.

LINEHAN: OK, I would like to--

HILGERS: I would be very open to that.

LINEHAN: --because if somebody is making-- you don't want to get in a situation just because they're hourly--

HILGERS: Right.

LINEHAN: --but they are making \$125,000 a year compared to the salaried--

HILGERS: Yeah.

LINEHAN: --person making \$105,000-- they don't, so-- OK, that's all I had, but-- Senator Kolterman.

KOLTERMAN: You know, I just have a couple of comments. First of all, seriously, thanks for bringing this bill. But in-- Senator McCollister, you know, back when he was in the work force, they still used those things you push across the thing to keep track of things.

[LAUGHTER]

KOLTERMAN: So for his comfort, I think we have Quicken and QuickBooks and stuff like that.

LINEHAN: OK.

[LAUGHTER]

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LINEHAN: It's not even the last day. OK, any other questions? OK, thank you very much, Senator Hilgers.

HILGERS: Thank you very much. Thank you.

LINEHAN: Oh, I'm sorry. We did have one letter in opposition that was from Laura Ebke from the Platte Institute and none proponents and none neutral. We'll close the hearing on LB891 and open the hearing on LB1189. Welcome, Senator McDonnell.

McDONNELL: Thank you, Chairperson Linehan, members of the Revenue Committee. My name is Mike McDonnell, M-i-k-e M-c-D-o-n-n-e-l-l. I represent Legislative District 5, south Omaha. I come before you today on behalf of LB1189, which proposes to adopt the Firefighter Cancer Benefits Act, whereas firefighters, both paid and volunteer, would be eligible for cancer insurance benefits. Over the last several years, it has been shown that cancer among firefighters has increased significantly. When a firefighter must respond to an injury or fire, there are often carcinogens burning in that fire. These carcinogens come from the burning of everyday products that are engulfed in flames. While the effectiveness of firefighting training has improved and cancer awareness as well as prevention techniques have been highlighted, there is still a higher rate of cancer among firefighters. Cancer is a leading line-of-duty death among firefighters today. A study conducted by the National Institution of Occupational Safety and Health in 2013 found that firefighters have a 14 percent increased risk of dying from cancer, as compared to the general population. Firefighters, both paid and volunteer, are taking the same risk on a daily basis, putting their lives on the line for the citizens they serve. The insurance benefits proposed by LB1189 are the same type of benefits which have recently been extended to firefighters in Georgia and New York. The provisions of LB1189 remove the burden of likely litigation in the Workers' Compensation Court in which firefighters are faced with the burden of proof, as well as the cost, time, and delay associated with satisfying the burden of proof that the firefighter's cancer was caused by the occupation. In fact, as others behind me will, will be able to testify, the prohibitive cost of insurance premiums in placing similar coverage in workers' compensation makes it financially impossible for cities, villages, fire districts to afford the increased workers' compensation premiums. I have introduced LB1189 in an effort to provide a more financially feasible option for this type of cancer insurance coverage. To be eligible for cancer insurance benefits, firefighters would have to meet the following two criteria: (1) pass a physical examination, which fails to reveal any evidence of cancer, (2) serve at least 12

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consecutive months as a firefighter at any station within the state of Nebraska. The benefits would include four different levels of coverage, (1) for a diagnosis of a severe cancer, a firefighter would receive \$25,000; for a diagnosis of a less-severe cancer, a firefighter would be paid \$6,250; (3) if a firefighter suffered total disability for six months, a firefighter would be paid \$1,500 each month for a maximum of 36 consecutive months; and (4) there is also a death benefit of \$50,000 payable to the beneficiaries of a firefighter or the estate of the firefighter if no beneficiary has been identified. Finally, Section 11 of this bill states that the funds received by the firefighter as insurance payments for cancer benefits would not be subject to Nebraska income tax. Of the subject matter experts here today, Nick Howe was a firefighter who has successfully won his battle with cancer and John Hanson, an attorney and senior consultant with Willis Towers Watson, a global company, from Atlanta, Georgia's office-- Mr. Hanson has worked in the area of employee benefit packages for several years in which he has worked, most recently, with firefighter cancer legislation and firefighter cancer insurance benefit packages in Alabama, Georgia, Florida, and New York. With that, I would appreciate your support of LB89-- LB1189. I'm happy to try to answer any of your questions.

LINEHAN: Thank you, Senator McDonnell. Are there any questions from the committee? Seeing none, are you going to stay?

McDONNELL: I'll be here to close.

LINEHAN: OK.

McDONNELL: Thank you.

LINEHAN: First proponent, please.

DAVE WORDEKEMPER: My name is Dave Wordekemper, D-a-v-e W-o-r-d-e-k-e-m-p-e-r. I'm a vice president for the Nebraska Professional Firefighters Association. I am also the president of Fremont Professional Firefighters Local 1015. Chairman Linehan and members of the Revenue Committee, thank you for the opportunity to speak this afternoon as a proponent of LB1189. Thirty-three years ago, when I started my firefighting profession as a volunteer and now as a paid firefighter, I think I understood some of the inherent dangers of the job: getting burned, vehicle accident, building collapse, or possibly getting trapped in a structure. Although all those dangers are real, I found out as my career went on, there was also some newfound dangers of PS-- PTSD and cancer. The citizens of the state of Nebraska and all who travel through our state depend on firefighters

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and the services they provide during their time of need no matter what department the firefighters are a member of. It would only seem right that firefighters and their families are taken care of in their unfortunate circumstance if they get cancer. The firefighter or their families should receive a full benefit amount due to them. It should not be shared with the taxing authority. Receiving the diagnosis of having cancer is not the same as winning the lottery. This firefighter cancer benefit that will be paid is not considered as an extra income to get you ahead in life, but it will be used for medical expenses and trying to help your family survive. Nebraska is known for many things. I'd rather not have to explain to the person with cancer or their family why the state of Nebraska chose to profit by taxing a benefit on a firefighter or firefighter paramedic's diagnosis of cancer. I want to thank you for being senators and for your service to the state. Please support LB1189.

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

DAVE WORDEKEMPER: Thank you.

LINEHAN: Next proponent. Good afternoon.

KENNY KRAUSE: Good afternoon, Madam Chair, committee. My name is Kenny Krause, K-e-n-n-y K-r-a-u-s-e. I am here today representing the Fairbury Rural Fire Department, the Nebraska State Volunteer Firefighters Association, and the Nebraska State Fire Chiefs Association, of which I am currently serving as president. I'm here in support of LB1189 and would like to briefly share with you my own experience with firefighter cancer, which fortunately, had the best of outcomes. I did not understand how this real-- how real this was until it happened to me. I was born and raised in Fairbury, Nebraska, and joined the Fairbury Volunteer Fire Department in 1994. I'd found a passion. It's a job I never knew I would love. I've loved the last 28 years and continue to do so. Professionally, now I'm a truck driver, which requires me to maintain a DOT health card. During this DOT physical in 2014, a melanoma was discovered on the left side of my neck. I was fortunate in the fact that the doctor doing the exam was very serious about me having this spot on my neck removed and tested because she had recently lost her sister to melanoma. She made it very clear that I needed to have it taken care of immediately. I followed the instructions and went to my family physician, who was fairly certain it would be nothing. But we did do a biopsy anyway and to our surprise, a biopsy came back; Stage 3 melanoma. I was referred to a surgeon in Lincoln and came up for outpatient surgery to have it removed. And prior to surgery, a radioactive dye was introduced into

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my lymph nodes to see if any of the lymph nodes were involved and thankfully, none were. There was an exorbitant amount of fear while waiting for those results and at this time, I had made no connection between the fire service and this melanoma. In May of 2015, I was asked to speak at a fire school seminar on the impact of firefighter LODD in our department. We lost a firefighter en route to the fire station to get a truck in August 2014. I decided to be ahead of the schedule and I sat in the back of the classroom while the presenter ahead of me was speaking. He was speaking about firefighter cancer, describing a case that fit me to a "T." I could hardly believe what I was hearing. What made this melanoma so unique was the way that it presented itself on my body. It could be described as an ink pen mark drawn in the crease of my neck. It was not noticeable most of the time, only when I would turn my neck and that crease opened up could it be seen. That is what made this unique to firefighting. That is where all the soot and carcinogens find a resting spot on the body. The pores on your body open from the heat and sweat, allowing the carcinogens to enter the skin. Again, thanks to early detection, that's where my cancer story ends. For others, it could only be the beginning. Because of this, we have implemented many changes at Fairbury Rural, including a hood swap-out program where firefighters only wear their hoods once and then I get them to be washed in our extractor. We also decon personnel and equipment on scene and have purchased an extractor for washing our turnout gear. In closing, I support LB11-- LB1189. I understand that firefighters must be prescreened for cancers and serve 12 months prior to any claims. Thank you very much for your time.

LINEHAN: Thank you. Thank you very much. Are there questions for the committee? Oh, Senator Briese.

BRIESE: Thank you, Chair Linehan, and thank you for your testimony here today, great to have you here. Are all firefighters, after a certain amount of time, exposed to carcinogens? Is that fair to say?

KENNY KRAUSE: They-- their chances are very high, especially if they're operating inside of a building where the smoke can penetrate the-- their equipment, yes.

BRIESE: So eventually-- after a certain period of time, essentially, all are exposed to carcinogens?

KENNY KRAUSE: Yeah, if they're an interior fire person, I would say yes.

BRIESE: OK. OK. Thank you.

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LINEHAN: Thank you, Senator Briese. Senator McCollister.

McCOLLISTER: Yeah, thank you, Madam Chair. And thank you for being here, Chief. Do you have health insurance benefits from the city of Fairbury?

KENNY KRAUSE: Do, do I have health-- no.

McCOLLISTER: Yeah, do firemen?

KENNY KRAUSE: No, I-- our-- we're a rural fire district and our rural fire district provides workmans' comp and no other benefits.

McCOLLISTER: No health insurance?

KENNY KRAUSE: No.

McCOLLISTER: So this bill would only apply to rural fire departments?

KENNY KRAUSE: No.

McCOLLISTER: So those, those firefighters that have insurance through the city, would they also be eligible for this program?

KENNY KRAUSE: I would yield that question to Senator McDonnell.

McCOLLISTER: OK, thank you.

LINEHAN: Thank you, Senator McCollister. Other questions? Senator Groene.

GROENE: I have no doubt your cancer was caused by fire, but somebody works two 24-hour-a-day shifts and the other five days he spends at the beach and he gets melanoma from skin cancer, does he get paid \$25,000?

KENNY KRAUSE: I would not be able to answer that.

GROENE: Thank you.

LINEHAN: Thank you, Senator Groene. Other questions from the committee? I don't see any, thank you very much for being here, sir.

JOHN BOMAR: Good afternoon, senators. My name is John Bomar, J-o-h-n B-o-m-a-r. I've been in the fire service for over 43 years and belong to the Battle Creek Volunteer Fire and Rescue. At this time, I am one of the Nebraska representatives to the National Volunteer Fire Council and been doing that for over 25 years. I have served as fire chief in

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Madison Volunteer Fire and Rescue, past president of the Nebraska State Volunteer Firefighters Association, past president of the Nebraska Fire Chiefs Association, and past president of three mutual aids. I am in here to support LB1189, firefighter cancer benefit. This bill is very important to both career and volunteer firefighters, as when we-- as when either of them respond to a fire, the fire does not know if we are a volunteer or a career and, and when we're responding-- so the danger is the same for both departments. The only difference is the volunteers are on seven days, 365 days a year and the career-- they have work one day, maybe off two. It varies on how they work. The best-- the last record I can find is over a 20-month period, dozens of Nebraska firefighters have been treated for cancer and this is only the one [SIC] that were reported. Unfortunately, the volunteers don't get reported like they should. This is where the problem starts is when a career member goes to the doctor, they put down their job as a career firefighter EMT. When a volunteer goes, they tell the doctor that they are a plumber, a farmer, or whatever their job is. And at this time, there is not a lot of data tracking for the volunteer health system. This is something we need to work on also. Career-- cancer is a serial-- serious health threat facing today's firefighters. Studies have shown that firefighters have increased risk of developing several types of cancer due to the occupational hazard they face. However, there are steps firefighters can do to help protect themselves and their crew, as the National Volunteer Fire Council and the International Association of Fire Chiefs' Volunteer and Combination Officers Section released the Lavender Ribbon Report to present 11 specific actions firefighters need to take to help lessen the risks of cancer. I can tell you, over the last two years, there has been many programs put on the state on how to lessen the cancer risk. The Nebraska State Volunteer Fire School, which is held every May in Grand Island, has put on, the last two years, programs on how to prevent cancer. The Nebraska State Fire Training Division has also been across the state trying to educate our firefighters on how to handle it. I, personally, have been traveling across the state with my wife, handing out Lavender Ribbon Reports and explaining to the firefighters in need, to help protect ourselves and keep our gear clean. The, the National Volunteer Fire Council has also-- has done some webinars over the years. In this month alone, they will be hosting two of them live. This is certainly a help, but it sure is not enough. The fires we respond to today are more dangerous than ever. The contents such as plastic, the glues, how the furniture is made of synthetic materials and coatings; the carcinogen toxins they give off when they burn are driving cancer rates up along-- among the first responders. When a first responder gets cancer, we struggle to prove the connection that it came from a fire

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that we responded to. It sometimes takes months and years for cancer to show up so we are uncertain which fire and what was contained during the burning, during the months and years. So in closing, there is a problem in Nebraska with cancer and any help we, as first responders, can get would be greatly appreciated to help us and our families. Thank you.

LINEHAN: Thank you, sir. Thank you for being here. Any questions from the committee? Senator McCollister.

McCOLLISTER: Yeah, thank you, Madam Chair. I suppose that your training includes wearing respirators, doesn't it?

JOHN BOMAR: Yes, sir.

McCOLLISTER: And so when you go into a, a burning house, you wear a respirator--

JOHN BOMAR: Yes.

McCOLLISTER: --as a matter of course?

JOHN BOMAR: Yes. And unfortunately, when I started 43 years ago, our department didn't have one, so I mean, there is, you know--

McCOLLISTER: When did you start wearing respirators?

JOHN BOMAR: I'm going to guess it was probably four or five years after I got started. We finally decided we need to change some--

McCOLLISTER: So hopefully that reduces the incidence of cancer?

JOHN BOMAR: Hopefully, it would. And also, during the traveling around our state, we tell people that when you come out of the fire, take your hood off, get your gear off because the cancer still comes through it so-- to help clear yourself up some.

McCOLLISTER: Excellent information.

JOHN BOMAR: You're welcome.

LINEHAN: Thank you, Senator McCollister. Senator Briese.

BRIESE: Thank you, Chairman Linehan. Thank you for your testimony.

JOHN BOMAR: Thank you.

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BRIESE: Has anyone in your organization tried to ascertain the total amount of dollars we're talking about here in, in terms of increased benefits on an annual basis?

JOHN BOMAR: Unfortunately, Senator, I cannot answer that.

BRIESE: OK, thank you.

LINEHAN: Thank you, Senator Briese. Other questions from the committee?

JOHN BOMAR: Thank you.

LINEHAN: Thank you very much for being here. Next proponent. Good afternoon.

LONNIE MITTEIS: Good afternoon. Thank you for allowing me to speak. My name is Lonnie Mitteis, L-o-n-n-i-e M-i-t-t-e-i-s. I am currently a member of the Grand Island Fire Department. I'm a paramedic firefighter. I'll give you a little history on myself. In 1983, I joined the fire department in Ashton, Nebraska. That's in Sherman County. It's a town with 200 people. In 2000, I was hired by the city of Grand Island as a firefighter. Cancer awareness was starting to become a thing in the early '80s. In '85 or '86, my small town was one of the first ones to put a washing machine in their fire station. So after every single fire, all of our gear went in the washing machine to keep it clean. We had already started-- that was the first step, you know? And then when I came to Grand Island Fire, we continued that and we clean-- try to keep clean as we can. In December of 2018, I was having some serious issues. I went to a urologist. I was scoped. They found a mass in my bladder the size of your fist. January of 2019, I had surgery. They found, found out I had cancer. I had bladder cancer. One of the things I asked the urologist was, where did this come from? And he said, it comes-- we know it comes from smoking. We know that bladder cancer comes from cigarette smoking. And he said, you don't smoke so where do you get your smoke? You get your smoke at work. You get your smoke being a firefighter. So from Jan-- end of January through April this year, I was receiving chemotherapy. May 20, I came down to Lin-- or to Omaha, to the cancer treatment center. They removed my prostate, they removed my bladder, and they took 60 centimeters of my small intestine and built me a new bladder. It's called a neobladder. I asked the surgeon, where did this come from? He said the same thing. We know it's a fact that smoking causes bladder cancer. And where do you get your smoke? You get your smoke at work. I'm here because when I was taking my chemo treatments, when I was taking the chemotherapy, there was no way I could work. It was

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impossible. For three months, I literally sat in a chair and tried to survive day to day. I am very fortunate. I had a full load of sick leave. So for nine months, I was on sick leave from this, from this cancer. And I can't imagine what it would be like if you were a volunteer, if you had a regular job. I was so sick from the treatments there was-- it would've been impossible to do a regular job. Like I said, May 20, I had surgery. That was-- it took till the end of August to recover from the surgery. It was pretty serious if, you know, you can imagine. This bill will protect so many people and make their lives better. You know, the-- when you're sick and you, you don't have an income, you wouldn't have an income, that \$1,500 would go a long ways. If you get the \$25,000 when you're diagnosed-- my surgery on May 20 was \$115,000 so that wouldn't, that wouldn't even touch-- \$25,000 wouldn't touch the surgery, but it would be a start. So I think this bill is important. We got a lot of people in the state in Nebraska who volunteer their time or are professional firefighters. This may help them also. But I think it's a great-- it would be a great benefit. One of the thing it's-- if you look around rural Nebraska, it is hard to get firefighters. It's hard to get EMTs. This bill may help that down the road, too, if they know they had that extra protection. So thank you. That's what I've got. Thank you very much for your time.

LINEHAN: Thank you very much for being here. Thank you for sharing. Do we have any questions from the committee? I'm sorry-- Senator McCollister.

McCOLLISTER: Thank you, Madam Chair. Your cancer diagnosis was when you worked for Grand Island Fire Department?

LONNIE MITTEIS: Yes, sir.

McCOLLISTER: OK, did they provide health insurance?

LONNIE MITTEIS: Yes, sir.

McCOLLISTER: Oh, so was that-- do you think the program that you're suggesting would duplicate what you already have?

LONNIE MITTEIS: No, no, no, no, no. I'm saying it would benefit somebody who isn't in my position. From day one, I have been extremely lucky. The city of Grand Island took very good care of me. The insurance took very good care of me. I was allowed to have the time off to recover from this. I am back to work and working full time, but from-- coming from the volunteer side, I can tell you there are people that don't have those benefits. I know that. I was one of them before I joined-- before I was a member of Grand Island Fire.

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McCOLLISTER: When you were under treatment, did the fire department, the city of Grand Island, provide pay for you?

LONNIE MITTEIS: Yes, I was-- I had, I had nine months of sick leave that I had accumulated since I had started at the fire department. I had never been sick-- in, in 19 years, I'd never taken a day of sick leave other than when I had two knee surgeries. Otherwise, I never took a day of sick leave off.

McCOLLISTER: I'm happy to find you're completely recovered. Congratulations.

LONNIE MITTEIS: Well, thank you very much. I appreciate that.

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

LONNIE MITTEIS: Thank you very much.

LINEHAN: I appreciate it. Next proponent. Good afternoon.

NICK HOWE: Good afternoon, committee. My name is Nick Howe, N-i-c-k H-o-w-e. I'm here representing IAFF Local 4573, Eppley Professional Firefighters Association. One quick fact: since 2002, 65 percent of firefighters of the IAFF Fallen Firefighter Memorial Wall of Honor have died from cancer. That's from January 1, 2002, to December 31, 2018; 65 percent. Cancer is the top cause of firefighter line-of-duty deaths, according to the Firefighter Cancer Support Network White Paper, 2013. My name is Nick Howe and I am a firefighter and I have been in such capacity for the last 16 years; six of those years as a career firefighter. I married my wife Rachel [PHONETIC] and together, we have a two-year-old daughter, Julia. Four years ago, at the age of 31, I was diagnosed with a very aggressive, life-threatening type of Non-Hodgkin's lymphoma. This type of lymphoma is very common and it counts for 22 percent of all lymphoma cases each year. The journey wasn't easy. Upon being diagnosed with Stage 3 Non-Hodgkin's lymphoma, I endured two years of treatments ranging from chemotherapy, immunotherapy, auto stem cell transplant, and more chemotherapy and various medical trials that I kept failing until reaching full remission after receiving a groundbreaking treatment called CAR T-cell therapy. That therapy was my last resort. I wouldn't be here talking to you if it wasn't for that. When I was diagnosed with cancer, one of my first and many fears was losing my career as a firefighter. As firefighters, we are witness to the effects that cancer has on our patients we, we treat, we respond to. And with that exposure, we have a greater understanding that-- greater understanding than that of the

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general population of what we could potentially expect when faced with a cancer diagnosis ourselves. In the time of my initial diagnosis, I didn't know what I was going to do. I remember asking my nurse if, when, and would I lose my hair? Her response was if I do not lose my hair 17 to 22 days after my first treatment, then I probably won't lose my hair at all. The reason behind my question was to see if I would be able to hide my diagnosis from those I worked with. I didn't want my abilities as a firefighter doubted. I especially feared losing my job. Losing my job would mean losing my lifeline and by lifeline, I am referring to my health insurance. I needed my healthcare coverage to fight this disease effectively. A cancer diagnosis leaves you, your family, and your close friends fearing for your survival. Then you add in the stress of the financial burden a cancer diagnosis places on your life. Simply put, life still moves forward and your responsibilities in life do not stop the moment you are diagnosed with cancer. I just want that to sit in. You get a cancer diagnosis, your life doesn't stop. Bills need to be paid, grass needs to be mowed, snow needs to be shoveled. Then you have the stress of how your body changes with every passing treatment you receive in firefighting-- and fighting to maintain your physical ability to do your job as a firefighter. Your life you once knew is quickly becoming unrecognizable. I would lose my hair two weeks after my first treatment and be forced to tell my fellow firefighters that I have cancer. The support would be second to none and due to that support, I would, after two years battling cancer, return to full duty as a firefighter. I have remained in such capacity since. I have read LB1189 several times now and with every read, I can't help but relive my experience as a firefighter battling cancer. I want to express some of the positive impacts this bill will have on our Nebraska firefighters. It will help with travel expenses. It will help relieve financial burdens when you are on medical leave from work. It will help with hospital bills. It will assist with support of household services and responsibilities; lawn care, snow removal. Most importantly, it softens the blow of this horrible situation you find yourself in and helps you find confidence needed to fight for your own survival. I hope I have been able to give you a brief look into the challenges this disease continues to place on our Nebraska firefighters and the value of this bill provides. We, as firefighters, do not ask for help, but that doesn't mean we don't need it. The reality is we do need help. Thank you, committee, for your time today and consideration for this bill.

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

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NICK HOWE: Thank you.

LINEHAN: I appreciate it. Good afternoon.

JOHN HANSON: Madam Chairperson, esteemed committee members, my name is John Hanson, J-o-h-n H-a-n-s-o-n. I work as a senior consultant for Willis Towers Watson, a global consulting risk-management firm. I live in Atlanta, but I manage a national practice. And a large focus of this practice and my team is on the topic that we discussed today in support of LB1189. We have crafted, over the last two and a half years, programs very similar to what is suggested in this legislation in five states, which includes-- the fifth state is Mississippi. Georgia was the first state. New York state with 100,000 volunteer firefighters, Florida with 30,000 firefighters, and now Alabama with 12,000 firefighters. So we have worked on this topic extensively and I will say, exhaustively, for a long period of time. We also provide similar programs for PTSD and other types of diagnoses, which, in some way, are difficult within the comp-- workers' compensation system. And so the legislation, as you look at it-- and I'll speak specifically to some elements within the legislation as well as to answer some of the questions that were raised earlier-- is to, to understand the legislation is to know that it works in a sense of chronology, in a time frame. When you think of the testimony earlier today, how compelling it is, in many ways, these-- this testimony, these stories follow the same pathway; where you have an initial diagnosis of cancer, and that diagnosis may be severe or less severe, depending on the type of cancer, and then there's treatment that follows. The firefighter may return to work or potentially, the firefighter cannot perform his or her responsibilities, occupation as a firefighter and unfortunately, potentially may die from the cancer, right, pass away from cancer. So if you think of the way of the structure of, of the benefits program that's contained within the legislation is to understand it works in a direction. Initially, the lump sum benefit would pay upon a diagnosis of a specific cancer, right, which are listed in the legislation. If the cancer is severe and severe is defined as-- in a number of ways, but specifically, with it's life-threatening, Stage 3 or 4. That cancer would-- that firefighter would be, would be provided a \$25,000 benefit. For a less-severe form of cancer, that benefit would be \$6,250. And less severe, in many ways, is a function of the size of the tumor, right? So you think of melanoma and there are three types of skin cancer, for example. And the determination, and this is captured within the legislation, is really the size of the tumor. So remember, in that first benefit, it's, it's a determination of whether it's severe, life threatening, or less severe, right? And those benefits are paid once the materials

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are received by the insurer or paid, usually, within five to seven days. So it's immediate, it's necessary, and it's received at the time when the firefighter requires that type of benefit, right, because it offsets deductibles, copays, and coinsurance. It's designed to supplement an existing medical program. And the questions earlier in testimony are very true; a lot of firefighters do, in fact, have medical plans. So this is not an effort to recreate a medical program for the firefighters. It's designed to supplement the gap, to fill the gaps that they have when they're diagnosed. And why? Because the effort is to allow them to focus on their recovery, as opposed to the financial impact of a cancer diagnosis. Then again, in a time frame, if after six months, the firefighter cannot return to work as a firefighter, they would begin to receive additional benefits. And those are more-- those are designed more for financial protection benefits, a disability benefit, right, that they would receive for up to 36 months. So for three years, right? So a six-month period where they can't work and then they would begin to receive that benefit and they would receive that benefit for three years. So the three-year time frame is important. One, it balances the cost of the program against the benefits that they receive. And also, as a general rule within disability programs, if a, if a person can't return to work after three years, it's likely that they would be eligible for federal disability programs at that point. And then finally, if a firefighter passes away, there is a cost to that as well. And that \$50,000 benefit is designed to offset that cost to family members who can move forward upon the firefighter's passing.

LINEHAN: OK, you're, you're on your red so maybe somebody will ask you a question. OK, thank you very much.

JOHN HANSON: You're welcome. Any questions?

LINEHAN: Yes. Senator McCollister.

McCOLLISTER: Thank you, Madam Chair. Is this a product that you sell, such as an insurance product or a disability product?

JOHN HANSON: Yeah, so it's, it's a relatively complicated-- it is the-- the first five are designed on a fully insured group insurance chasses, right? So it's built on insurance chasses. But essentially, what we do is remove a lot of the components-- the contractual components that would be in a bit broader pan-- plan to be certain that the cost-- we're able to provide it at a reasonable cost.

McCOLLISTER: So it's a product that you sell?

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JOHN HANSON: I don't sell. I, essentially, stand as the broker for whoever the policyholder is in a particular state.

McCOLLISTER: Who is-- who sells the product?

JOHN HANSON: There are a number of group carriers: Hartford, MetLife, Aflac, Colonial have similar products. But I will say this: the products do require customization at the state level. So there would be work done with the Department of Insurance to, to create a customized insurance product that would be-- that would, would support and satisfy the requirements of the law.

McCOLLISTER: So the particular benefits outlined in this bill, is that what you're offering in other states?

JOHN HANSON: Yes. This bill, specifically, is very close to New York state. Other states don't have-- can't-- don't have a death benefit. And then certain states like Mississippi, for example, have a broader eligibility. So they covered-- they literally are covering the police and fire for cancer and then allow for some sort of cardiac purchase if they wanted to do that.

McCOLLISTER: Is it typical that the states are obligated to pay these premiums or do-- is it the cities or townships or whatever else, do they pick up the premium in some cases?

JOHN HANSON: It, it varies. In New York, you have large fire districts that pay for that-- literally within the budgets to pay for it. But as I envision it here, the municipalities would provide or pay the premium for the coverage for the-- on behalf of the firefighters.

McCOLLISTER: But there's a fiscal note from the state so I'm trying to figure out--

JOHN HANSON: Well, we've actually examined that in some states. It's just-- it has gotten-- and we've gotten pretty far along. There's been efforts to, to determine whether the state could potentially pay for all of it, whether the state could potentially contribute to part of it. So if a, if a municipality were to pay half the premium, the state would provide the other half. And then there are other interesting approaches to using insurance premium taxes, license plate taxes, a host of things.

McCOLLISTER: So if, if we were to adopt this program, would we then obligate the cities to pay for this?

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JOHN HANSON: As it stands-- as it's written and within the legislation, yes.

McCOLLISTER: OK, thank you very much.

LINEHAN: Thank you, Senator McCollister. Senator Briese.

BRIESE: Thank you, Chairman Linehan. Thank you for being here and following up on that, following up on that line of questioning, what would the overall cost be to our political subdivisions in Nebraska if we implemented this?

JOHN HANSON: So on the, on the-- Mississippi is yet to be priced, but on the four that stand today, roughly speaking, Florida is a little different, that the cost runs somewhere between \$150 to \$200 based on what the final plan design would be. That's annual cost, too. So, so, so the point made earlier is that if you can remove a lot of the layers that a bigger disability plan has or a lump sum plan has-- so you're just paying, specifically, for these cancers, it tends to create-- it's best described as balance, where you can provide a meaningful benefit to the fire service, but at an affordable rate to the taxpayers.

BRIESE: And so \$100 to \$200 per year per individual company?

JOHN HANSON: So I-- my estimate is something like 15,000 eligibles. It's got a relatively short eligibility period of one year, which would mean it would be \$3 million to cover all of those eligibles annually.

BRIESE: And have you projected the, the number of individuals impacted by this in Nebraska annually--

JOHN HANSON: In terms of the cancer?

BRIESE: Yes, ones that would benefit from this, how many?

JOHN HANSON: I can, I can tell you from experience in, in two of the programs that are-- that have been-- that were built earlier. So Georgia is by far the best example. So Georgia has been in place for two years. And in Georgia, that-- Georgia covers approximately 20,000 firefighters and there have been approximately 36 cancer claims. So those are cancer diagnoses over the last 24 months. It may vary a little bit based on a claim, a little more, a little less, but that-- and so that runs roughly at what the, the NIOSH study and others show as, as a significant increase above the general population for cancer.

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Some of it is-- some of the discussions are anecdotal. I can tell you in New York when we rolled the program out, just as we've heard today, in the first two months of the New York program-- and the New York program is-- it's a very large program so there's a lot of moving parts and a lot of confusion at times. But I will tell you, I spoke to 24 firefighters who were diagnosed on or after the effective date of coverage, diagnosed with cancer within the first two months of the program. Some of those people were in-- were covered. Some of those were in municipalities that did nothing. They just chose to essentially say, we'll self-insure it. And, and some of those had types of cancer that were so rare they weren't covered under that legislation. But, but it is-- and I would say from the-- if-- to look at the studies, whether it's the-- the NIOSH study is by far the, the primary study that-- out there and it's widely available-- is, is usually the, the white paper that most folks would review to determine, roughly speaking, if we were to look at this on an academic basis, is this true? Is this claim of higher probability or incidence for the first-- for firefighters verifiable? And in fact, as-- NIOSH, which obviously are affiliated with the CDC, makes that white paper very prominent in the discussion.

BRIESE: OK.

JOHN HANSON: There are other white papers, too, by the National Institutes of Health and a few others.

BRIESE: OK, thank, thank you.

JOHN HANSON: Yes.

LINEHAN: Thank you, Senator Briese. Other questions from the committee? Seeing-- Senator Groene.

GROENE: Is the \$50,000 life insurance just for firefighters that aren't covered by a life insurance policy at their work or is it on top of that?

JOHN HANSON: The legislation doesn't speak to that. So it would be on top of that and it would only pay for cancer.

GROENE: But it's life insurance?

JOHN HANSON: Yes.

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GROENE: So a firefighter who died courageously in a fire would get less life insurance than one that died of cancer? Because he would only get the life insurance--

JOHN HANSON: Through--

GROENE: --because he died in the line of work. And this individual would get that plus another \$50,000?

JOHN HANSON: If the, if the individual would receive a death benefit outside of the cancer program?

GROENE: Um-hum.

JOHN HANSON: So the cancer-- let's see if I can answer your question and, and stop me if I miss here. So the cancer program-- with one exception, which I'll mention in a second-- is not tied back to other programs, right? And your point is stacking of insurance policies. So someone may receive two, two life insurance for cancer, but only one for dying in a fire, correct?

GROENE: Um-hum.

JOHN HANSON: So this program would necessarily pay a benefit regardless of-- only if the, only if the firefighter passed from a cancer contained within the legislation and diagnosed that-- in that fashion. The, the, the-- I can tell you that the benefits have moving parts. You can change them if you wish. This is of-- this, this reflects what you see in the New York program. But for example, where there are line-of-benefit-- line-of-duty benefits as well, there is an opportunity to look at that. The, the, the one clarification I'll make is that if a, if a firefighter is receiving benefits as part of a sort of a paid program, cancer benefits, then they would not necessarily be eligible for this benefit.

GROENE: Thank you.

LINEHAN: Thank you, Senator Groene. Senator Kolterman.

KOLTERMAN: Thank you, Senator Linehan. So if-- first of all, if they're killed in a fire, their spouse is going to get a death benefit from workers' compensation and they're also-- their spouse would also get a lifetime income benefit from workers' compensation.

JOHN HANSON: Right.

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KOLTERMAN: So, so these programs are designed around-- I sense that they're designed around the Aflac/Colonial type of approach to cancer policy, is that correct?

JOHN HANSON: No. Well, I'm-- no, I wouldn't-- yeah-- yes, that's correct. The-- they are different in that the, the Aflac/Colonial cancer policies that are, that are widely known are broader, deeper, more expensive policies. The, the-- an indemnity policy, which they have, is very different. It's very simple. So it's, it's upon a diagnosis, you would-- and based on the diagnosis, whether it's severe or less severe, you would receive a benefit.

KOLTERMAN: So would, so would-- I guess where I'm going is if we've got a volunteer that-- or even a paid fireman, either one, that qualifies for these benefits, is there an option available for their families to opt into, into a program to, to buy this as well?

JOHN HANSON: To buy an additional benefit?

KOLTERMAN: Yeah.

JOHN HANSON: Potentially, you could do that. I would-- my recommendation is not to have that within the legislation--

KOLTERMAN: OK.

JOHN HANSON: --but it could be something that is determined as part of the communication strategy. I do get those requests.

KOLTERMAN: And do you have-- inside these programs, as an example, there's mileage reimbursements--

JOHN HANSON: Um-hum.

KOLTERMAN: --typically if, if you are diagnosed with cancer. There's hospitals-- I mean, hotel stays.

JOHN HANSON: Hotel stays, yep.

KOLTERMAN: Those are all covered under this type of a benefit?

JOHN HANSON: Correct. It changes-- it varies a little bit based on the carrier that's selected to be the partner for the program or who is offering it within the state because it doesn't-- this doesn't create a, create a monopoly for any one insurance company. It-- so you'll have insurance companies vary somewhat, but those benefits that you

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mentioned, which are additional benefits beyond just the indemnity benefits, are very common.

KOLTERMAN: And so when you market this type of a product to a municipality or through your organization, are, are they all fully insured or are they partially self-funded or how, how do you do that?

JOHN HANSON: It, it's-- it varies in size. So you see, for example, in Florida, you have very large counties that have firefighters, right, career-- and Florida, by the way, is just career firefighters. So those-- they're accustomed to self-insurance. So they're-- many ways-- and they do go through the steps of creating a self-insured vehicle. It isn't just we'll take the risk, we're on the hook, we'll pay it. They actually create those documents that support and they have the actuarial analysis. In, in most cases, because of the-- because this, this is seen as a, as a responsibility on the part of a municipality to satisfy and because the cost is, is afford-- and I will say rel-- affordable, you would see a lot of-- especially the smaller municipalities would gravitate toward a fully insured provider and simply purchase it every year that way. It makes it-- it's just that much easier. And the other piece of it, too, is small-- you think of, like, a mid-sized municipality or a small municipality, they are uncomfortable with risk that runs like that. So it's much easier for them to, to source a benefit that is, that is relative-- you know, readily available, easy to enroll, and it's renewed year over year. There's no underwriting. It's very straightforward.

KOLTERMAN: So, so once you're in-- so that was my next question-- there's no underwriting?

JOHN HANSON: No.

KOLTERMAN: You have to be there for a year before you're eligible and so a lot of these fire-- especially the professional firefighters, retire early--

JOHN HANSON: Right.

KOLTERMAN: --60-years-old or 55-years-old. Is it portable? Can they take this benefit with them when they're done? Because obviously, it might not manifest itself until five years after they've retired so is that, is that an option as well?

JOHN HANSON: Yes. So-- and it has not been mentioned, but the, the legislation does have a five-year continuation period to it. So a municipality is obligated to continue the benefits for five years upon

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termination of service. And then at that point, that's-- the legislation stops there, but in, in-- with the exception of New York, in all of the other programs, we allow the firefighter to continue the coverage even after the five years.

KOLTERMAN: On an individual basis?

JOHN HANSON: Yes, at the same rate.

KOLTERMAN: They have to, they have to pay the premium, but then--

JOHN HANSON: Yeah and they would pay the premium directly to the insurance carrier.

KOLTERMAN: OK.

JOHN HANSON: It is, it is-- and it's vitally important, especially with the lump sum benefit--

KOLTERMAN: OK.

JOHN HANSON: --and even the death benefit for cancer, that, that they-- and we were just working on this in Georgia-- is to revitalize the communication around continuing the benefits. We had noticed that in the last six months or so, folks were leaving the service without continuing. So we had a number of exceptions we made, but we managed to sort of, I would say, resuscitate the messaging around the continuation of that benefit. It is vital that they continue that benefit beyond the five years. The disability benefit is less important because they're retiring and if they have no income, that disability benefit does them no good. So it's, in many ways, you make clear that not to-- they-- and they can choose which one they want so they don't necessarily have to choose-- take all of it. They could choose just the lump sum benefit or just the, the death benefit, depending on how it's structured.

KOLTERMAN: OK, thank you.

LINEHAN: Thank you, Senator Kolterman. Senator Groene.

GROENE: Where did you say you were from, your company?

JOHN HANSON: Atlan-- I live in Atlanta. I'm originally from New England, but I-- I'm a-- I think I'm on a plane about three times a week these days.

GROENE: And then what does your company do, just this?

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JOHN HANSON: It's a consulting company. So we consult on-- we don't do management consulting, we do risk consulting. So you need someone to help with your workers' comp pool? We would manage the work of-- the risk within your workers' comp pool. I actually work on both sides of the-- our company, which is the human capital side, the benefit side, as well as the property casualty side.

GROENE: So you've, you've got actuaries that figure out the cost, the risk?

JOHN HANSON: I could fill an auditorium with all our actuaries.

GROENE: Thank you.

LINEHAN: Thank you, Senator Grone. Other questions? Senator McCollister.

McCOLLISTER: Yeah, thank you, Madam Chair. What is the name of the insurer that provides this product?

JOHN HANSON: At this point, Hartford has, has done a-- the better job. We have a formal RFP. So we ask insurers to, to quote and present. It's a pretty short list because it's customized insurance, right? You have a lot of smaller second-tier insurers that, that would prefer not to cust-- not to file within a particular state, not to go through those motions of having to work with the Department of Insurance. But companies like Met, Hartford-- Aflac, to some extent, has been here. And then there are two or three other specialty carriers that are more in the P and C side, are interested in, in participating in these programs.

McCOLLISTER: So all the companies you just named provide this product?

JOHN HANSON: Hartford has four of them, but Hartford has done that much better of a job in creating the programs. They were-- in fact, Hartford was, I would tell you, was-- moved faster to understand the risk as well as price it.

McCOLLISTER: Does, does Hartford have the best rating?

JOHN HANSON: Yes, they do.

McCOLLISTER: What is it?

JOHN HANSON: I, I do not know off the top of my head.

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McCOLLISTER: And lastly, the volunteer fire departments that we've heard from, Fairbury and Fremont, I think they're both volunteer, who would pay the premium in that case?

JOHN HANSON: Good question. So you have-- usually with volunteers, you have-- it's-- it may be-- every state is a little different. You could have volunteers who are, who are volunteers who have worked with the municipality directly. And then you have contractual fire protection districts. So they have a contract with the municipality. In that instance, if, if they're working directly with the municipality, the municipality would simply pay for it. If they're contracted with a municipality, it's a budgeting issue. So they, they will add that to their ongoing budgets to be certain that municipality is essentially paying for it.

McCOLLISTER: So if this Legislature passes this bill, then those entities are obligated to pay the premiums?

JOHN HANSON: Yes.

McCOLLISTER: Thank you.

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

JOHN HANSON: Good, thank you.

LINEHAN: Other proponents? Are there any opponents? If you're going to testify, it's really helpful if you move, move up front. Good afternoon.

LYNN REX: Good afternoon. Senator Linehan, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here today in opposition to LB1189 and there are a number of reasons for that. First of all, let me start by saying that I fully appreciate the hard work of the men and women that are volunteers or paid in this area because I know I would not have the courage to do what they do. That being said, I also know there's a cost with these types of programs. And I appreciate the fact that the proponents outlined, I think, five states where this is ongoing. One of the issues that is a little bit different-- let me just read to you what the-- as I understand it and this is based, based on information provided from New York, that is the program available to all volunteer firefighters? An active volunteer firefighter would be eligible for coverage under the program if the following criteria are met: the active volunteer has served at least five years as an interior

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firefighter, as evidenced by passing an OSHA-compliant mask fit test each year. And upon entrance into the volunteer service, the volunteer firefighter successfully passed a physical examination, which did not reveal any evidence of cancer. And that kind-- type of examination is in this bill as well. Must a volunteer firefighter have served for a period of time to be eligible, all firefighters must have served at least five years as an interior firefighter. And there's other provisions too and I'm sure each and every state has some other complications. One of the things that I think is important to note is that with volunteers, especially, municipalities are required to provide workers' comp coverage. They don't provide the healthcare coverage per se, but the workers' comp coverage is there. I think it's important to note that the statute involved-- and 48-115(3) outlines the-- basically the workers' comp benefits. And when you're treated as an employee, as a volunteer firefighter, EMT, and so forth, for purposes of workers' comp, you're treated as an employee of the municipality, the rural fire district, or so forth; 35-1001 talks about the death or disability as a result of cancer and prima facie evidence of that. So there are some provisions here, but I understand this is an enhanced-- and that's how it's being presented, as an enhanced cancer benefit. If, if-- everything comes down to money. If it wasn't a function of money, it'd be great to be doing all of this for police officers, for probably all employees. The most dangerous position in a municipality is a utility worker. That's where most of the injuries happen in terms of workers' comp. But that being said, I think it's important to understand-- and I'm not going to judge what your predecessors did in 1996. But when the levy limits were put in place in 1996 with the passage of LB1114, of requiring a 45 cent per \$100 of valuation, I think it's important to note that of those municipalities, all second-class cities and villages, all the villages were up against the maximum levy limit and they had two years to reduce it. Every, every one of them were over \$1.05 per \$100 of valuation. They are still trying to recuperate from that situation. It is a function of money. The last examination we did in 2018-- we did it last year, but it's based on 2018 numbers from the Nebraska Department of, of Revenue. Of the 529 municipalities in the state in Nebraska, 380 of those are villages, 117 cities with second-class population between 800 and 5,000, and then the first-class cities, 30 of those, Omaha and Lincoln; 215 of the 529 municipalities are up against their maximum levy limit right now. Half of those cannot even raise the money to spend the 2.5 percent on the lid of restricted funds over the prior year that you authorized them to spend. And just on reflection, again, in 1996, your predecessors put in place a levy limit going from \$1.05 per \$100 of valuation for second-class cities and villages to 45 plus 5 for first-class cities; 87.5 down to 45 plus

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5. You had-- they had two years to do that. It really didn't have that big of an impact on first-class cities. It had a devastating impact on second-class cities and villages. They cannot afford this. It's an affordability issue. And I hope that-- and I mean this in the most respectful way, this committee has not provided-- and not you-- your, your predecessors have not provided any exceptions to the lid and levy limits. We've been here before, not with this particular group of senators on this committee, asking for something outside the lid of the levy to fight MEF. The answer was no. If you want to have something like this, we have got to have some way to pay for it if this is the way you want to go. But just to have another unfunded mandate, we have folks who just can't-- they can't do it. And we do have an issue of trying to keep volunteers in the state of Nebraska because other than a very few paid fire departments-- I'll just close with that. We have, we have a real issue trying to keep volunteers. And again, it's a function of cost.

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

LYNN REX: Thank you very much. I really appreciate it.

LINEHAN: Good afternoon.

JACK CHELOHA: Good afternoon, Chair Linehan, members of the Revenue Committee. My name is Jack Cheloha. That's spelled J-a-c-k, last name is spelled C-h-e-l-o-h-a. I'm the registered lobbyist for the city of Omaha and I was asked to testify today in opposition to LB1189. Our perspective might be a little different than the previous witness who was opposed in the sense that in Omaha-- well, Omaha, roughly, just to give you a little background, is a city of about 450,000 people. We have roughly 658 career firefighters or paid firefighters on our employment roster. We think that's a, a full team that can serve our population at this point in time. Within that, we do collective bargaining with them. We offer a generous pay and, and, and benefit package. It's our position that something like this should probably occur, at least for our city, within the negotiations of our contracts. Typically, they run about three years in time. Let's see, what else can I-- within, within our-- obvious-- within our benefits, we have a health insurance plan. We have a sick-leave program. Additionally, I know there were some optional programs offered. In fact-- and I'm not a firefighter, but our firefighter and police have a separate program than civilians do. But on the civilian side, we were offered a program by, I believe, Aflac that offered some cancer benefits if, if you wanted to go ahead and move forward and buy that. Through, through the course of looking up this bill, we sent it to

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both, obviously, our fire department, but our law department, our human resources department. The human resources department looked at it, you know, from a numbers standpoint. If we had to offer this type of coverage, that would be an extra cost to the city, which would have to be put in the budget and we'd have to look at that. Additionally, at this point in time, we weren't able to actually put a number to it because we can't identify, you know, how many firefighters would have cancer within a given year. So we didn't know that but if we offered such a program, if we tried to pursue something, I was relieved to hear that there's products on the open market from the proponents. So maybe we-- if the bill moved ahead, we'd have to look at that. But once again, there would be a cost. When I sent it up to the law department, they had concerns relative to the case itself. You know, right now in workers' comp, there is a, there is a means of going about it and gaining workers' comp benefits if you're injured or develop cancer. We've done some things relative to the burden of proof. We've put, you know, that firefighters have a prima facie evidence of a case now for certain things. In fact, there's a bill moving, I believe it's on Select File now, where the prima facie case would move over to the city to disprove on-- I think it's breast and ovarian cancer. So, you know, there are certain things we've done to, to try and accommodate and, and take care of these things. Obviously, nobody wants to have cancer. But, but once again, there would be a cost to this. And because of the collective bargaining, the cost, what we offer now in terms of health benefits, etcetera, and then just because of the case itself wouldn't even require you to show that the cancer was caused by some element of your job, the smoke on your job; for those reasons, we'd be opposed to the bill.

LINEHAN: Thank you.

JACK CHELOHA: I'll try to answer any questions.

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

BRIESE: Thank you, Chairman Linehan. Thank you for your testimony today. Do you have any reason to disagree with Mr. Hanson's estimate of the midpoint of his range would be \$150 per firefighter per year?

JACK CHELOHA: I can't speak to that. I know that we, we worked with an insurance and benefit consulting firm in Omaha, but we did not get any numbers back before this hearing occurred.

BRIESE: Would you find \$150 per firefighter per year to be problematic?

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JACK CHELOHA: Well, I did a rough, you know, calculation. If we have 658 firefighters, I-- of course, I didn't know for sure so it was easier to calculate it by, you know, 200, which was the higher end of what they mentioned. But, you know, that would be 130-- what was it-- \$136,000 a year in terms of insurance cost alone. Like I said, we think that would be something that we should look at during collective bargaining and, and offer it through there.

BRIESE: OK, thank you.

JACK CHELOHA: Thank you.

LINEHAN: Thank you, Senator Briese. Other questions from the committee? I have one.

JACK CHELOHA: Yes.

LINEHAN: You-- and I should have asked the previous testifier too-- you bring up workers' comp, but does-- workers' comp doesn't cover cancer, does it?

JACK CHELOHA: Well, it depends if you make the causal connection within the line of duty. You file a claim saying that you were injured as a result of it and now the, the firefighter can move ahead because they have already established that if I have cancer, it was caused because of being exposed to carcinogens or smoke or, or whatever, so it helps them move through the case.

LINEHAN: So if you're a firefighter and you get cancer, it's covered by workers' comp?

JACK CHELOHA: Yeah, that's true.

LINEHAN: OK, all right, thank you very much.

JACK CHELOHA: Yeah, thank you.

LINEHAN: Any other questions from the committee? Thank you.

JACK CHELOHA: Thank you.

LINEHAN: Other opponents? Anyone wishing to testify in the neutral position? Senator McDonnell, would you like to close?

MCDONNELL: Yes, thank you. Firefighter [SIC] is a dangerous job. It's a dangerous occupation. There's things we can do to make a dangerous job more safer, but we can't make it completely safe. But through the

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idea of technology and, and training equipment, we have really moved forward in, again, making that dangerous job safer. You've got over 15,000 firefighters in the state of Nebraska, approximately 95 percent are doing it as volunteers. So they're putting themselves in a dangerous situation and they know it and they're doing it for their community. Then they know 14 percent, with these stats, are increased based on the idea of getting cancer because of what they're doing to be volunteers and help their community. These benefits are subordinate to any other benefit you're already receiving. So some of the testimony with what's going on-- and also, it's a lifetime cap of \$50,000. So if tomorrow, we had a new piece of equipment that we knew could make the firefighter's job safer, we would be talking in our local communities about getting that piece of equipment. But there is no piece of equipment that can make sure a firefighter, because of their job, doesn't get cancer. We have to make sure, also in the law, that there is a board-certified physician that is saying this cancer came from their job as a firefighter. They have to have a physical. They have to be a firefighter for more than, than 12 months. It's already been discussed about the idea of the, of the 60 months, the five years after they, they complete their service. We're trying to tell these firefighters: continue to volunteer. And we know they're going to. No matter what we do with this legislation, they're going to continue to volunteer because they want to make a difference. And they know it's dangerous and they know, possibly, they could get cancer. It's been discussed about the workers' comp. Sure, you can go through the Workers' Comp Court and it could be two years, three years later, the expense of that. And in between that time, you've heard the testimony; life goes on. You receive cancer. You would have now been diagnosed with cancer, you know you have it. And you're going to go through this-- a number of things. Your family is going to go through it because you stepped forward and wanted to help your community. The cost; yes, could it be \$12, \$14 dollars per month per person? Yes. Yes, it could. There is a cost to this, but there's also these people stepping forward that are making this sacrifice, knowing that the outcome could be cancer and they could make the ultimate sacrifice. I want to try to answer any of your questions. What we're trying to do here is to address a situation that, unfortunately, we know is going to happen and it is happening daily. And again, 95 percent of our firefighters are doing it as volunteers and approximately 14 percent of them-- or 14 percent will be the-- likely increased of, of getting cancer because of that job they're doing.

LINEHAN: Thank you, Senator McDonnell. Our questions from the committee? So just one quick one: on the workers' comp-- you just said

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in your closing-- it's not-- like, there's paperwork involved in the timelapse, right?

McDONNELL: There's a process and paperwork and yes-- and costs.

LINEHAN: And is your-- what you're saying-- it takes two or three months?

McDONNELL: No, I-- no, it's going to take longer than, than that. And I'll get you the average-- how long it takes to get up to the Workers' Comp Court.

LINEHAN: OK, thank you. Other questions from the committee? Thank you very much for being here. Let me see if there's letters for the record. There are, I'm sorry.

McDONNELL: Thank you.

LINEHAN: Proponents: Kevin Stehl, Bertrand Volunteer Fire Department & Rescue Unit; Joel Cerny, Linwood Volunteer Fire Department Fire Chief; Bruce Benne, Albion Fire Chief; Captain Jason Johansen, Ponca Fire and Rescue Department. Opponents, none. Neutral; Nicole Fox, Platte Institute. With that, we'll close the hearing on LB1189 and open the hearing on LB806. Oh, Senator Wayne is not here. Do we know what the deal is? We'll check where Senator Wayne is, here. Good afternoon.

WAYNE: Sorry for my tardiness.

LINEHAN: That's OK.

WAYNE: Good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha in northeast Douglas County. This is the second time this year I'm going to ask a committee to hold my bill. I like Senator Brewer's bill better so don't read it. I'm not endorsing Senator Brewer's bill, but it's better than mine. So if the public is here to talk on my bill, you can talk on Senator Brewer's bill because his costs a little bit less and has some better controls in it. And he's a genius.

McCOLLISTER: That was quick.

LINEHAN: Oh, that's-- thank you, Senator Wayne. That's very pleasant. We don't have any questions, do we? Senator Groene.

GROENE: Your little-- definition of a little bit is a big little bit.

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LINEHAN: [LAUGHTER] Well, he just-- excuse me, Senator Wayne.

GROENE: Is that true?

WAYNE: No comment.

LINEHAN: OK, he, he quit.

GROENE: He had it written--

LINEHAN: Yes. OK, there will be no other questions from the committee.

WAYNE: I waive closing.

LINEHAN: Thank you very much. Do we have letters for the record? Do we have to read these? Oh, I'm sorry-- wait a minute, is anybody here to testify on LB806? OK, proponents for letter for the record: Connie Hill, Omaha Area Retired School Employees Association; Dr. De Tonack, Nebraska State Education Association; Walta Sue Dodd, Omaha Education Association, retired; Robert Bussmann, Nebraska Association of Retired School Personnel. Opponents, none. Nicole Fox was neutral. And with that, we'll close the hearing on LB806 and open the hearing on the better bill--

[LAUGHTER]

LINEHAN: --LB819. Good afternoon.

BREWER: Thank you, Chairman Linehan, and good afternoon, fellow senators of the Revenue Committee. I am Tom Brewer. For the record, that is T-o-m B-r-e-w-e-r. I represent the 43rd Legislative District, which is 13 counties of western Nebraska. I'm here to introduce LB819. To give you a little background, the way this got started was as I traveled the district, one of the stops you make is, is at events where-- it's either the community center, a senior home, places where there's a lot of people who are, are in some cases, primarily living on Social Security. And so it was through that and through the fact that as I researched it, I found a bill. And I know that Senator Wayne wasn't joking about it being a genius bill. But to be completely honest, it is my my, my good friend Senator Lindstrom's bill, which has been revived from 2017. So any accolades need to go to him. This is literally a, a clone of that bill that he had. So he had the genius idea. What we tried to do is look at how can we help our, our retirees that are primarily living on a Social Security income? But we have, we have some who, you know, have been more fortunate in life. They're not trying to live just on that and so you have to draw a line somewhere.

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And it doesn't take long, sitting in this committee, to figure out that you guys have this gut-twisting requirement to figure out how do you find the resources to do the good things? You can have lots of good things that are needed, but there's a point where-- balancing the checkbook is, is not that hard to do when there's so many requirements and so few dollars. So when I went through and looked at this, what we said was that if, if you are a couple filing jointly, making \$75,000 a year or less, or if you're single filing with \$60,000, then it would be-- 100 percent of your Social Security benefit would be exempt. Now you may already know this, but I probably need to throw it out there for the record. Right now, we've, we've got a number of states that border us that, that also tax Social Security: Kansas, Colorado, and Missouri. The problem with-- here in Nebraska is, is we do put a terrible burden on those that are in that window. And so this bill would gradually step it in over five years. If you, if you looked at the fiscal note, we can talk about the later if you would like. It, it does it so it's not so horribly painful and, and that it's manageable. The other thing that, that I looked at is, you know, why, why are we losing so many Nebraskans and where do we lose them? We lose them at that point that they either go to college or they graduate from college and we lose them when they retire. And part of it is we, we do tax, you know, some think, more than our fair share. I'm sure if you're paying property tax along with the rest, you're in that category. But how do we, how do we stop the bleed? You know, if you look at the normal triage, you got to figure out how to, how to do that if you're going to save the patient. And in this case, the QuikClot, the, the method to do that would be to have a way for those-- and right or wrong, if you're living solely on Social Security, I know it was never meant to be that way, but it is a realistic reality we've got to, we've got to look at. And in so doing, if that's a fixed income and that's all you have, this is a big deal. This, this makes a difference on whether or not you can make the ends meet. So the, the idea behind it-- it would be great to say, OK, let's detax all Social Security benefits. And you can look at it in different ways: have you paid taxes on it once before or haven't you? But in this case, there is that group that are struggling within Nebraska and this would make a difference that would allow them a lot better quality of life. And as we looked at other things that could help, this was the one area where it seemed like we could make some progress and we could do it in this, this stepped-in period over the five years. And it only affects those that truly are in need and, and not necessarily that benefit to those who probably, you know, would not be a critical issue one way or the other. So with that said, I'd be glad to take any questions.

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LINEHAN: OK. Thank you, Senator Brewer. Are the questions from the committee? Senator Lindstrom has a couple.

LINDSTROM: I couldn't help myself. Senator Brewer, thank you for bringing this bill. I love this bill, by the way. I absolutely love it. And in all fairness, it actually-- this is-- it took four years to get to this one where we, you know, we came in pretty, pretty strong the first year and tried to eliminate it all. Of course, I learned quickly "death by fiscal note" was, was an actual term. But this bill, and I guess I'll ask it in a question, really gets to what you've mentioned, the heart of, of the matter; where interest rates are low, people on fixed income, their Social Security is really the only, only source of income to make ends meet. In your district, as I would imagine, most districts have-- property tax is probably number one issue, would that be fair to say?

BREWER: It, it's probably close because I-- we, we did a count this morning and we're probably-- in my district, between the 13 counties, roughly two-thirds are in the position that they're in that is a, is a primary source of their retirement is their Social Security.

LINDSTROM: Sorry, this would be the property tax, maybe number one, then this issue comes in--

BREWER: Yeah, then I would suppose it would be this. You know, there are, there are a number, I imagine, if I'd queried the, the community centers, senior homes, and some of that, some of them may be past the point where they actually own properties so this might actually be more critical to them.

LINDSTROM: OK, I got you. So just as critical?

BREWER: Just as critical, there you go, thank you.

LINDSTROM: Thank you, Senator Brewer.

LINEHAN: Thank you, Senator Lindstrom. Senator Friesen.

FRIESEN: Thank you, Chairwoman Linehan. So I know I look like I'm only 40, but I'm going to be retiring just in time-- probably when this hits its maximum cost and that would be really great. But the fiscal note of \$50 million by '25?

BREWER: Yeah, next year is \$265,000 and then it, it staggers up. But the total at five years would be \$50 million. Now you know, we looked at, at other options. I mean, you could bring that for a single down

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to \$50,00 and, and a married couple to \$65,000. I mean there was way you could, you could tweak it down even more because if, if this is your primary source of income, your numbers are probably going to be lower than that because you know, Social Security, even if you paid a lot in during your life, you're probably not going to see much more than \$2,000 a month or \$24,000 a year. If you're married and your wife maybe was in the same situation, that might put you around \$48,000. So, I mean, there might be ways to tweak it some to bring it down a little bit more, but part of the reason that we did it the way we did is exactly what Senator Lindstrom said, if we tried to do it across the board, it was way too much. If we didn't stagger it, it was way too much. So that's kind of some of the thought process. I wouldn't say that, that we're absolutely at the, at the cap or the bottom. That could still be tweaked because I still think you're going to benefit some that are really hurting and, and need that ability to have a little bit more to, to live on.

FRIESEN: When you look at the state's revenue, if you had to choose between property tax relief and this, which would you choose?

BREWER: Oh, man. Well I'd-- property tax relief is, is, is probably number one. There is just no two ways about that. We need that. There's a lot of people that, that have property that it's draining them so that they don't have any other resources, so--

FRIESEN: Thank you, Senator Brewer.

LINEHAN: Thank you, Senator Friesen. Senator McCollister.

McCOLLISTER: Yeah, thank you, Madam Chairman. How many states have some kind of relief on, on Social Security? Do you have any notion of where Nebraska stacks up?

BREWER: Well, when we researched it, we looked at the connecting states because that was kind of quickest, easiest one to get data on. That's where we figured out the three that currently still are-- that are taxing. But I think the lion's share of them aren't taxing your Social Security benefits. So it just happens that we have neighbors that are doing the same thing we're doing. I mean, I'm sure at the time they did it, it was revenue that was available and-- you know?

McCOLLISTER: You would probably favor a tax on pop and candy if you could get some benefits like this, wouldn't you?

BREWER: Well, I'm not a big fan of taxing folks on anything, but--

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[LAUGHTER]

LINEHAN: It isn't happening to answer your--

BREWER: No.

LINEHAN: Thank you, Senator McCollister. Other questions from the committee? Senator Groene.

GROENE: I should be asking this to Senator Lindstrom, but isn't there already a, a Social Security reduction for the lower end? I think-- didn't we pass something that-- you know, we changed the inflation rate part of it? I'm sure he coached you on all the background on the bill. I don't know. I'm not putting you on the spot, I thought maybe you would remember.

BREWER: No, no, I understand what you're saying. But no, I guess-- if there is, I didn't know that, but I will gladly redirect if I can.

LINDSTROM: I'll-- thank you, Chairman--

LINEHAN: Yes.

LINDSTROM: --Chairwoman Linehan. I'll ask that--

LINEHAN: Let's see how you work that in a question.

LINDSTROM: Yeah, I'll ask again, a question. So a couple of years ago, did we not attach CPI, or consumer price index, to our already existing tax brackets to keep up with ever-- how we treat all other tax brackets in the state of Nebraska?

BREWER: OK, yes.

[LAUGHTER]

LINDSTROM: And, and the fiscal note was not nearly as high as what it is here because we did not change any of the brackets. We just let-- had it keep up with inflation.

GROENE: So it wasn't tied to Social Security?

LINDSTROM: No, it was.

GROENE: Oh.

LINDSTROM: Yeah, it's directly tied to Social Security income, but the, the brackets-- we just linked it. They were not, they were not

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adjusting year over year to keep up with inflation. So we attached the consumer price index so it would match everything else we're doing within the tax code and brackets.

LINEHAN: OK. Other questions? Now I have to figure out a way-- did you look, specifically, if Colorado had any other kind of exclusions for retirement income? Because I think they might have an \$8,000 exclusion on any retirement income.

BREWER: I can double check on that. We did look at Homestead Exemption, but I didn't look at it to see if they had, like, a-- so this would be a set amount that would be given to anyone above a certain age then?

LINEHAN: A retirement income period; \$8,000 tax free, I believe is what it is--

BREWER: I will take a look.

LINEHAN: --which-- I don't know if anybody has ever looked at that legislation, what that would cost here, but-- so and then another question on the fiscal note. This is how much it costs each year so at the end, in 2025-26, total, you'd be giving up \$136 million or whatever it adds up to? OK.

BREWER: Yeah, that's per year. Like, next year would be the \$265,000 and then the \$4.6 million.

LINEHAN: OK, thank you very much, Senator Brewer. Are there other questions from the committee?

BREWER: I'll be sticking around for closing.

LINEHAN: OK. Proponents.

DAVID HOLMQUIST: Good afternoon, Chairperson Linehan and members of the committee. My name is David Holmquist, D-a-v-i-d H-o-l-m-q-u-i-s-t, and I am AARP Nebraska's state president. Thank you for the opportunity to testify today on behalf of AARP Nebraska's 200,000 members and other retirees who may not be members. As you may know, AARP is the largest nonprofit, nonpartisan organization representing the interests of Americans 50 and older and their families and key priorities of our organization include helping all Nebraskans achieve financial and health security. In particular, AARP strongly believes that all individuals have the right to be self-reliant and live with dignity in retirement. We are working hard

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to strengthen retirement security for all Americans by ensuring that workers and retirees have access to their hard-earned and hard-saved dollars. And that's why we support LB819, which would slowly eliminate state taxation of Social Security benefits for middle-income Nebraskans. We encourage all of you to join us in supporting this important legislation. Nebraska is one of only 13 states that currently taxes Social Security benefits. And I will add a side note here, I have heard of statistics that the four worst states to be retired in are in Nebraska, Minnesota, Vermont, and Rhode Island. We are-- we four join the other nine in the 13 states that still tax Social Security. Our state's existing thresholds are at \$58,000 or less for married couples filing jointly or \$43,000 for single residents. This means that a taxpayer's Social Security benefits are not subject to state income tax when their income is at or below these amounts. If you recall, in 2014, the Legislature began a path towards exempting Social Security benefits from state income taxes entirely. And back then, a factor that motivated our support for the bill was the recognition that the initial thresholds for the taxation of Social Security took effect in 1984 and not-- had not been adjusted for inflation. The adjustments that were enacted in 2014, the \$58,000 and \$43,000 previously mentioned, made progress toward bringing the threshold for state taxation of benefits closer to inflation-adjusted levels. So we encourage the committee to build on that progress by supporting LB819, which would raise those thresholds to \$75,000 or less for married couples filing jointly or \$60,000 dollars for single residents. And we continuously hear from your constituents that these taxes on their Social Security benefits could go to several essential issues, like paying for the ever-growing cost of prescription medications as well as food and utility bills. For example, in 2017, 29 percent of Nebraska residents stopped taking medication as prescribed due to cost. They also feel that they have limited options rejoining the work force and virtually no time horizon to increase their savings. Older Nebraskans on fixed incomes clearly feel the effects of inflation more than the rest of us. Freezes on cost of living increases coupled with the decline of traditional pensions make it even more critical that older Nebraskans are able to keep more of their hard-earned Social Security benefit. Within our state, Nebraskans over age 50 create an economic impact much greater than their portion of the population. As the percentage of the state residents over 50 continues to grow, so will their contributions to our economy. According to Longevity Economy, a report prepared by Oxford Economics for AARP, Nebraskans 50 and older generated 40-- 42 percent of the state's gross domestic product in 2015, totaling \$48.9 billion dollars. Moreover, the report found that state residents and ov-- and older-- 50 and older made up just 35 percent of the

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population in 2015, but supported 42 percent of the 580,000 jobs across the state. AARP Nebraska looks forward to working with all of you to enact and implement policies like LB819 that preserve and support this economic engine in our state and help ensure that older Nebraskans can live their retirement years with dignity and independence. We'd love to see the enactment of LB819, but we also recognize that the potential revenue loss may not fit within the parameters of our state budget. Our request to the committee is that you don't think that it-- if you don't think it's feasible to enact LB819 as introduced, please consider working with Senator Brewer and others for finding alternatives for helping to ensure increased financial security for older Nebraskans and their family-- families. Thank you for your time and I would be happy to answer questions as I am able.

LINEHAN: Thank you very much, sir, for being here. Are there questions from the committee? Senator Groene.

GROENE: So you rep-- you're from Nebraska-- there's a chapter here in Nebraska?

DAVID HOLMQUIST: Yes, I am, I am a-- well, the state president, which is a volunteer position.

GROENE: So when you go to your AARP conferences nationally--

DAVID HOLMQUIST: Yes.

GROENE: --what do you-- where do you come down and how do we pay for government? What, what do you recommend we do, tax candy?

DAVID HOLMQUIST: Actually--

GROENE: I mean, that's a serious question, I don't--

DAVID HOLMQUIST: No, I know, I know and I'm, I'm trying to respond. However, my previous position was working for the American Cancer Society and the taxation of candy and soft drinks and so forth was one of those issues that we argued. I actually argued against because unless we can find a public health benefit by making the tax enough to cause behavior change, we didn't support it. So I would say no immediately, that we don't talk about raising the taxes on candy or soda pop or water as a, as a reasonable choice because we want to have some sort of a health benefit in addition to the economic benefits that are-- that ensue. Every state has to find its own way in this arena. We do have very high property taxes. There's no question about

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that. That's probably one of the reasons we're ranked as one of the four worst states to be a retired person in. And I don't-- this-- I don't mean this to sound disrespectful, but we elect the 49 senators to find those solutions for us. I don't know if I've answered the question.

LINEHAN: Thank you very much, Senator Groene. Other questions from the committee? So I didn't-- so are you saying if you make less than \$58,000 as a married couple, that's your net, that you don't pay taxes on Social Security in Nebraska?

DAVID HOLMQUIST: That's right.

LINEHAN: And \$43,000 if you're--

DAVID HOLMQUIST: It's \$43,000 if you're single.

LINEHAN: So what if you make \$59,000, you pay it on all of it then?

DAVID HOLMQUIST: That's right. No? It's in- I know it's indexed--

LINEHAN: OK.

DAVID HOLMQUIST: --and I, and I don't have those details with me.

LINEHAN: Okay, well that--

DAVID HOLMQUIST: But originally, that was the problem. We had, we had thresholds and the minute you made a dollar more, you pay tax on everything.

LINEHAN: OK.

DAVID HOLMQUIST: So there was a cliff effect, I guess.

LINEHAN: Yep, cliffs seem to be everywhere.

DAVID HOLMQUIST: Some of that was solved and I know Senator Lindstrom knows a lot more about that than I do.

LINEHAN: We might cover that in Exec Committee. OK, other questions from the committee? Thank you very much for being here, sir. Other--

DAVID HOLMQUIST: Thank you for your time.

LINEHAN: You're welcome. Other proponents.

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ALTON MUMM: Good afternoon, Senator Linehan and members of the Leg-- Revenue Committee. My name is Alton Mumm, A-l-t-o-n M-u-m-m. I'm president of the Nebraska Alliance for Retired Americans and we are here to support LB819. We were also here to support LB806, but I'm not thoroughly clear what happened there.

[LAUGHTER]

ALTON MUMM: Anyway, the Alliance for Retired Americans, nationally and locally, statewide, has always supported-- been against taxation of Social Security. And Nebraska in particular, as the previous testifiers have mentioned, is one of the states that's picked on as one of the worst places to retire because of taxation. We oppose the taxation of Social Security in principle because that's something that people paid into all their lives and retirement, in general, is, is under attack in many ways in the country. So defined benefit pension plans are disappearing. Social Security and Medicare are often under attack. We realize the fiscal impact is always a big issue with, with any bill. And obviously, LB806 was-- that was a huge impact. LB819 we, we support wholeheartedly because we feel it's a, it's a reasonable approach to get to a place where we should be. On the fiscal note, one of the things I've always felt is if a bill is-- if a law is unjust or unfair, just because it brings in a lot of money, it doesn't justify the existence. So we've always felt that it's unjust and unfair to tax Social Security. So when we look at how much money it brings in, there's a lot of other unfair and unjust ways we could collect money and shouldn't. So that's-- we support LB819. We urge it to come out of committee for full floor debate and I'm happy to answer any questions. I will say one answer possible-- to somebody that asked before about what-- if Colorado-- the taxation of Colorado. I believe Colorado exempts the first \$20,000 of retirement income of any kind and then somehow, they do tax after that.

LINEHAN: Thank you. Senator Groene.

GROENE: What was your organization?

ALTON MUMM: The National-- The Nebraska Alliance for Retired Americans and we're a state chapter of the National Alliance for Retired Americans.

GROENE: Is that an option besides AARP?

ALTON MUMM: Well, it is. It was formed by the AFL-CIO, nationally, about late-- in the late '90s. And it was to-- it is-- we address-- advocate for anything retire-- regarding retirement, particularly

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Social Security, Medicare, Medicaid, defined benefit pension plans. And we also recognize that everybody is a, is a future retiree. So we're advocating for workers now, too, you know, because everybody in this room, if they aren't already, is a future retiree or hopes to be, so--

GROENE: Thank you.

LINEHAN: Thank you, Senator Groene. Other questions from the committee? Seeing none, thank you very much, Mr. Mumm. Other proponents. Proponents? Any opponents?

TIFFANY FRIESEN MILONE: Good afternoon, Chairperson Linehan and members of the Revenue Committee. My name is Tiffany Friesen Milone, T-i-f-f-a-n-y F-r-i-e-s-e-n M-i-l-o-n-e. I'm policy director at Opensky Policy Institute. We're here today to testify in opposition to LB819 for two main reasons. First, most Social Security income is already untaxed in this state. And second, changing demographics would make any level of exemption on Social Security income unsustainable over time. While we agree that ensuring seniors aren't overtaxed is a laudable goal and we appreciate the intent of the bill, we'd like to emphasize that most Social Security income in Nebraska is already untaxed. As a result of legislation passed in 2014, Nebraskans with adjusted gross incomes less than \$58,000 married, filing jointly and \$43,000 for all other returns pay no state income tax on their Social Security income. As of January 1 this year, these amounts will be adjusted for inflation so it will increase annually going forward. In 2017, income tax was paid on only 27.2 percent of Social Security benefits provided to Nebraskans with incomes less than \$75,000, according to Department of Revenue data. While many retirement income tax breaks have been enacted across the country with the intention of providing seniors that live on fixed-- of protecting seniors that live on fixed incomes, the authors of a September 2016 paper published in Public Finance Review found that these policies come at a high cost to the states and accrue to a demographic group whose economic status now often exceeds that of the general adult population. In fact, some states with retirement tax preferences, such as Georgia, Michigan, and North Carolina, have rolled them due-- back due to their increasing fiscal impact. The 2013 Tax Modernization Committee report found the same, saying many states that have exempted retirement income have been and will continue to pull back from this exemption due to demographic changes in their populations. Demographic analysis indicates that the growing population of retired taxpayers and their exempt retirement income will put increasingly difficult pressure on state budgets to maintain such expenditures-- or such exemptions. As

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you can see from the handout, the demographic shift at issue here is projected to be dramatic in Nebraska and so LB19 [SIC] will become-- LB819 will become more costly in the future. The data was prepared by University of Nebraska at Omaha Center for Public Affairs Research for the Legislative Planning Committee and it shows Nebraskans age 65 and older are projected to increase by over 90 percent from 2010 to 2050, while the group of 18 to 64-year-olds only grows by 12 percent. As a result, the ratio of those over age 65 to those aged 18 to 64 will double over the following decades. Consequently, the revenue loss from exempting all or some Social Security income from taxation will grow significantly. At the same time, the number of seniors is growing relative to the number of Nebraskans in the work force supporting them. That means that in order to provide the exemption now, we shift the weight of the tax onto future working Nebraskans to avoid cuts to vital services provided by the state, including those important to seniors such as healthcare. Finally, the assertion is often made that exempting Social Security or other types of pensions is necessary to recruit new residents or keep people from leaving the state. However, academic research fails to find any such correlation between migration and taxes. A June 2012 paper published in the National Tax Journal found that state-to-state movement among the elderly was stable from 1970 to 2000, despite changes in tax-- state tax laws favoring the elderly. In other words, the study found that state tax policies towards the elderly have changed substantially, while elderly migration patterns have not. Other factors generally influenced retirement decisions, including affordability, access to healthcare, and crime rates; all of which Nebraska scores high in. That led Bankrate to name it the best place to retire in 2019. Of the roughly, roughly 570,000 adults aged 65 and older who relocated to a new state in 2018, most cited proximity to family, cost of living, healthcare, and climate as the main factors influencing their decisions, according to U.S. Census data. So out of concern for the fiscal impact now and into the future, we oppose LB819 and I'm happy to answer any questions.

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

GROENE: This is a nice graph, but you should have overlaid the population of the 64 and older.

TIFFANY FRIESEN MILONE: Yeah, that was pulled from UNO. I didn't have it available. I can get you one that shows the population 75 and older.

GROENE: Well, could--

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TIFFANY FRIESEN MILONE: I didn't want to hand this out because they didn't want it to be confusing, but this top line is the population age 75 and older and it starts-- this is 2010. It goes through 2050. And so the peak is going to be-- I think they're projecting the peak to be in 2040 and it'll be 256,695 residents aged 75.

GROENE: OK, I just thought you could overlay it somehow.

TIFFANY FRIESEN MILONE: Yeah, I can, I can probably get them to put that together.

GROENE: Proportion.

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

TIFFANY FRIESEN MILONE: Thank you.

LINEHAN: Other opponents. Other opponents? Other-- anyone wanting to speak in the neutral position? OK, we have letters for the record. Proponents: Dr. De Tonack, Nebraska State Education Association, retired; Robert Bussmann, Nebraska Association of Retired School Personnel; Walta Sue Dodd, Omaha Education Association, retired; Doug Kagan, Nebraska Taxpayers for Freedom; Connie Hill, Omaha Area Retired School Employees Association. Opponents, none. Neutral; Nicole Fox, Platte Institute. Welcome back.

BREWER: Thank you. Just to answer a couple of earlier questions: on the issue of Colorado, retirement income exemptions-- Colorado taxpayers over 65 have a \$24,000 exemption for pension and Social Security benefits. And there are 13 other states that tax Social Security and retirement. So those were a couple of questions, anyway.

LINEHAN: So if you live in Colorado, you don't pay anything on the first \$24,000 in retirement income?

BREWER: Correct.

LINEHAN: Thank you. Other questions? Senator Groene.

GROENE: Is that a single payer or--

BREWER: That's a good question. I would have to assume it is. It says that the same pension annuity subtraction applies to military retirement benefits for current military personnel and those receiving retirement benefits. So that's the taxpayers over the age of 65.

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GROENE: So a married couple would have twice that?

BREWER: Twice that.

LINEHAN: OK. Other questions from the committee?

BREWER: All right, thank you.

LINEHAN: Thank you very much. With that, we bring the hearing on LB819 to a close. Thank you all for being here.