

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate May 4, 2021

HILGERS: Morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the seventy-first day of the One Hundred Seventh Legislature, First Session. Our chaplain for today is Senator Dorn. Please rise.

DORN: Good morning, colleagues. Good morning, Nebraska. Let us pray. We thank you, Lord, for placing us here as members of the Nebraska Legislature. Help us not to take this responsibility lightly and always be mindful of the people we represent. We are grateful that you promised to give us wisdom when we asked for it, and we are asking for it now as we take up important issues in the coming days. We pray that all of our decisions be in line with your will for the good of all Nebraskans and beyond. Remind us, Lord, that we are to love our neighbors and respect one another, whether we agree or disagree. Give us ears that truly hear, hearts that are willing to truly listen, and minds that desire to understand each other. We are thankful for health and safety, something we do not take for granted. We are thankful to live in the beauty and peace of a state like ours. And most of all, we are forever grateful for your son, Jesus Christ. In his name we pray, amen.

HILGERS: Thank you, Senator Dorn. And Senator Lowe, you're recognized for the Pledge of Allegiance.

LOWE: Will you please stand and join me in the Pledge of Allegiance. I pledge allegiance to the flag of the United States of America and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

HILGERS: Thank you, Senator Lowe. I call to order the seventy-first day of the One Hundred Seventh Legislature, First Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

ASSISTANT CLERK: I have a quorum present, Mr. President.

HILGERS: Thank you, Mr. Clerk. Are there any corrections for the Journal?

ASSISTANT CLERK: No corrections this morning.

HILGERS: Thank you. Are there any messages, reports, or announcements?

ASSISTANT CLERK: There are, Mr. President. Your Committee on Enrollment and Review reports LB388A and LB336 as correctly engrossed. Those will be placed on Select File with E&R amendments.

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Additionally, LB2, LB108, LB108A, LB247A, LB273 and LB307, LB485, and LB644 have been correctly engrossed and placed on Final Reading. LR116, introduced by Senator Williams, that will be referred to the Exec Board. Additionally, LB306A, from Senator Brandt, appropriates funds to aid in-- aid in the carrying out of the provisions of LB306; and legis-- LB3-- LB485A, by Senator DeBoer, appropriate funds to aid in the carry out provisions of LB485. An announcement: The Banking Committee will hold an Exec Session at 10:00 in Room 2022; Banking, Exec Session, 10:00, Room 2022. That's all I have this time, Mr. President.

HILGERS: Thank you, Mr. Clerk. Do you have any personal announcements?

ASSISTANT CLERK: I do, Mr. President. Senator Walz would have a personal announcement.

HILGERS: Senator Walz, you are recognized for a personal announcement.

WALZ: Thank you, Mr. President. And good morning, colleagues. I hope you all had a-- a nice weekend. You each received a little pencil, a goody pencil on your desk, because it's an im-- a very important day. I, first of all, really quickly, want to thank my staff for the-- their creativity in putting these pencils together and their patience. If it was left up to me, you guys would not be receiving them, so want to thank my staff for that. I rise this morning to recognize today as Teacher-- national Teacher Appreciation Day. I ask that today you recognize and appreciate all teachers in schools across our great state at all levels, early childhood, elementary, secondary and postsecondary, for the hard work they do every day and for the influence they leave on our students long after those are distant memories. A very special thank-you to those of you in this body that have been or continue to be teachers. I'd like you to all just please take a minute out of your day to thank teachers in your district for their dedication to our kids, to their families, and to their communities. And with that said, thank you to all teachers. We appreciate you.

HILGERS: Thank you, Senator Walz. Turning to the first item on our agenda, General File, consent calendar. Mr. Clerk, first bill.

ASSISTANT CLERK: Mr. President, LB407, introduced by Senator McDonnell, is a bill for an act relating to Nebraska Workers' Compensation Act; provides changes and eliminates definitions; includes certain county correctional employees within provisions concerning mental injuries and mental illness; harmonize provisions;

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repeals the original section. Bill was read for the first time on January 14 of this year and referred to the Business and Labor Committee. That committee reports the bill to General File. There are no committee amendments, Mr. President.

HILGERS: Thank you, Mr. Clerk. Senator McDonnell, you're recognized to open on LB407.

McDONNELL: Thank you, Mr. President. Good morning, colleagues. I'd also like to thank the Speaker for including LB407 in the consent calendar. LB407 adds county correctional employees working in high-population county correctional facilities to the provisions of the Nebraska Workers' Compensation Act that specifically relates to mental injuries and mental illness. Correctional workers is undoubtedly regarded as a stressful occupation. Like first responders, correctional officers are constantly at significant risk of bodily harm or physical assault while they perform their duties. On a daily basis, they are pro-- potentially susceptible to emotional and behavioral impacts of job-related stressors while they keep themselves, their coworkers, the community, and the population they oversee safe. Trauma-related injuries can become overwhelming and manifest into post-traumatic stress, which may result in substance abuse disorders and evenly [SIC] tragically, suicide. It is important to recognize these potential occupational injuries related to post-traumatic stress and for workers to promptly seek diagnosis and treatment. Nebraska has taken great strides in recognizing that the jobs of first responders and frontline state employees are stressful and dangerous. LB407 continues to align the mental aspects of the occupational injury with the physical and aspects of occupational injury by recognizing the high-population-county correctional officers whose duties involve regularly and direct interaction with high-risk pop-- individuals are-- and are just as susceptible to these mental injuries and illnesses as those working within our state correctional facilities. I would like to thank members of the Business and Labor Committee for unanimously advancing LB407 to General File. The bill received no opposing testimony at the hearing, has no fiscal impact to the state of Nebraska. I would appreciate your support moving leg-- this legislation forward. Thank you.

HILGERS: Thank you for your opening, Senator McDonnell. Debate is now open on LB407. Seeing no one in the queue, Senator McDonnell, you're recognized to close. Senator McDonnell waives closing. Question before the body is the advancement of LB470 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Please record, Mr. Clerk.

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ASSISTANT CLERK: 32 ayes, 0 nays on advancement of the bill.

HILGERS: LB407 is advanced. Next bill.

ASSISTANT CLERK: Next bill, Mr. President, LB90, introduced by Senator Halloran, is a bill for an act relating to agriculture; it changes the amount of pesticide registration fee credited under the Pesticide Act; change provisions relating to fixing the rate of inspection fee in the Nebraska Commercial Fertilizer and Soil Conditioner Act; harmonize provisions; repeals the original section. Bill was read for the first time on January 7 of this year and referred to the Agriculture Committee. That committee placed the bill on General File. There are no committee amendments.

HILGERS: Senator Halloran, you are recognized to open on LB90.

HALLORAN: Thank you, Mr. Speaker. Good morning, colleagues. Good morning, Nebraska. I wish to thank Speaker Hilgers for placing LB90 on the consent calendar. LB90 is introduced on behalf of the Department of Agriculture to adjust the fee structure in two programs. However, I would characterize this bill as routine funding maintenance to preserve current policy in how these programs are funded. First, LB90 would reallocate a portion of the current \$160 pesticide product registration fee under the Nebraska Pesticide Act. The fee is paid by manufacturers or distributors of pesticide product for each pesticide product sold or distributed in Nebraska. While LB90 would not increase the overall fee, it would reduce the amount of the fee flowing to the Buffer Strip Incentive Fund from \$60 to \$50 and increase the amount allocated to the Pesticide Administrative Cash Fund from \$15 to \$25. The pesticide program is currently funded at about 30 percent by cash funds generated mostly through pesticide registration fee, which serves as the state match to federal cost-share funding at 70 percent of the program. The department's budget request projects the cash fund reaching a negative balance by the end of the fiscal year 2023. LB90 would enable us to maintain the state's funding base to continue to qualify for federal funding. LB90 also adjusts the statutory annual inspection fee cap under the fertilizer and soil conditioner program from 10 cents a ton to 15 cents a ton. The fee is paid by distributors of fertilizer and soil conditioners based on the tons of product delivered to the consumers. This fee has been set at 10 cents a ton since 1982. Also, this fund has been subject to transfers and additional funding uses in recent years that have quickly drawn the balance down. Under current budget projections, the cash fund is expected to end this fiscal year in negative territory and the cash deficit will continue to grow. This program is currently partially

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funded around 30 percent with General Funds. If the cash fund is not able to maintain its share, General Funds may need to be diverted from other priorities to fully fund this program. Please bear in mind that the bill authorizes an increase in the statutory cap. While I would anticipate that the department may utilize a portion of the additional fee authority, I would not expect that cap would be reached for the foreseeable future. Also, LB90 would couple the cap increase with a fund management tool. Essentially, the tool would direct the department to annually set the fee, but would limit the director to establish a fee that would not be expected to result in revenues more than 107 percent of the cash fund appropriations, nor result in carryover balance of more than 17 percent of the cash fund appropriations. This mechanism is one we have utilized in a number of other programs to avoid accumulation of large carryover balances while still leaving sufficient fee authority to meet expenses over time. I would like to thank the Agriculture Committee for advancing LB90 on January 26 from the committee by a vote of 8-0. I would move the advancement of LB90.

HILGERS: Thank you, Senator Halloran. Debate is now open on LB90. Seeing no one in the queue, Senator Halloran, you're recognized to close. Senator Halloran waives closing. Question before the body is the advancement of LB90 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Please record, Mr. Clerk.

ASSISTANT CLERK: 37 ayes, 0 nays on advancement of the bill.

HILGERS: LB90 is advanced. Next bill.

ASSISTANT CLERK: Next bill, Mr. President, LB166, introduced by Senator Geist, is a bill for an act relating to motor vehicles; provides for Josh the Otter-Be Safe Around Water plates; creates the Josh the Otter-Be Safe Around Water Cash Fund; provides power and duties for the Game and Parks Commission; harmonize provisions; repeals the original section. Bill was read for the first time on January 8 of this year and referred to the Transportation and Telecommunications Committee. That committee placed the bill on General File with committee amendments.

HILGERS: Senator Geist, you're recognized to open on LB166.

GEIST: Thank you, Mr. President. And first I'd like to thank Speaker Hilgers for adding this to consent calendar. And I am pleased to introduce to the Legislature LB166. This creates the Josh the Otter-Be

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Safe Around Water specialty plates. I'm introducing this because I believe that teaching water safety to children is very important. I introduced this bill in hon-- to honor the memory of Joshua Collingsworth, who tragically lost his life when he was two years old in a drowning accident in his home. The Josh the Otter Foundation was created by his parents, Kathy and Blake Collingsworth, in his memory. The extra \$5 fee from the Josh the Otter-Be Safe Around Water plate will go to the Josh the Otter-Be Safe Around Water Cash Fund. The Game and Parks Commission will use the funds to create a grant program for nonprofits to receive funding to teach water safety to children. About ten people a day lose their lives to drowning, and drowning is the leading cause of accidental death for children ages one through four. This grant program would hopefully help to lower the number of childhood drownings in Nebraska. There is a Transportation and Communications [SIC] Committee amendment that makes a couple minor changes to the bill that Senator Friesen will introduce. The bill was voted out of committee at 8-0, and I ask for your support for LB166 to help me raise awareness for water safety. Thank you, Mr. President.

HILGERS: Thank you, Senator Geist. As the Clerk noted, there are committee amendments. Senator Friesen, as Chair of the Transportation and Telecommunications Committee, you are recognized to open on AM389.

FRIESEN: Thank you, Mr. President. This is just a-- it gets the-- the dates and everything set with the department and it changes-- the department may charge a postage and handling fee in the amount necessary to recover the cost. It goes into the Department of Motor Vehicle Cash Fund, so it's just a technical change kind of to get it to-- dates to work and everything else with the way they operate. Thank you, Mr. President.

HILGERS: Thank you, Senator Friesen. Debate is now open on AM389. Seeing no one in the queue, Senator Friesen, you're recognized to close. Senator Friesen waives closing. Question before the body is the adoption of AM389. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Please record, Mr. Clerk.

ASSISTANT CLERK: 39 ayes, 0 nays on adoption of the committee amendment.

HILGERS: The committee amendments are adopted. Returning to debate on LB166. Seeing no one in the queue, Senator Geist, you're recognized to close. Senator Geist waives closing. Question before the body is the advancement of LB166 to E&R Initial. All those in favor vote aye; all

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those opposed vote nay. Have all those voted who wish to? Please record, Mr. Clerk.

ASSISTANT CLERK: 39 ayes, 0 nays on advancement of the bill.

HILGERS: LB166 is adva-- is advanced. Next bill.

ASSISTANT CLERK: Mr. President, LB166A, introduced by Senator Geist, it's a bill for an act relating to appropriations; appropriates funds carrying-- aid in the carrying of provisions of LB166.

HILGERS: Senator Geist, you're recognized to open on LB166A.

GEIST: And the-- LB166A is the appropriation for the implementing the grant program for the Josh the Otter-Be Safe Around Water license plate.

HILGERS: Thank you, Senator Geist. Debate is now open on LB166A. Seeing no one in the queue, Senator Geist, you're recognized to close. Senator Geist waives closing. Question before the body is the advancement of LB166A to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Please record, Mr. Clerk.

ASSISTANT CLERK: 39 ayes, 0 nays on advancement of the bill.

HILGERS: LB166A is advanced. Next bill.

ASSISTANT CLERK: Mr. President, LB1-- excuse me, LB317, introduced by Senator Cavanaugh, John Cavanaugh; it's a bill for an act relating to motor vehicle registration; provides for Nebraska History plates; creates a fund; provides powers and duties; harmonize provisions; repeals the original section. Bill was read for the first time on January 13 of this year, referred to the Transportation and Telecommunications Committee. That committee placed the bill on General File with committee amendments.

HILGERS: Senator John Cavanaugh, you're recognized to open on LB317.

J. CAVANAUGH: Thank you, Mr. Speaker, and I-- thank you, Mr. Speaker for placing this on consent calendar. LB317 is a bill to create the Nebraska History license plate, benefiting the History Nebraska Foundation to replace the sesquicentennial plate, which expires next year. I'd like to thank Speaker Hilgers replacing this on consent calendar. History Nebraska is focused on historical preservation and education. The Gerald R. Ford birth site and Conservation Center,

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located in District 9, is a regional conservation center that repairs rare and fragile works of art and artifacts. The Nebraska 150 plate, which expires next year, are an important source of funding for the History Nebraska Foundation, and this bill will allow the foundation to continue to receive that funding from a license plate celebrating Nebraska history while allowing Nebraska residents to celebrate Nebraska history with a license plate. The proceeds from the sale of this license plate will go to the Support Nebraska History Cash Fund and will be directed towards increasing digital access to History Nebraska and supporting history education for children. I'd ask for your green vote on LB317 and the committee amendment. Thank you.

HILGERS: Thank you, Senator Cavanaugh. Debate is now-- oh. Oh, I'm sorry. There-- as the Clerk noted, there are committee amendments. Senator Friesen, you're recognized to open on AM398.

FRIESEN: Excuse me, I will get to the right bill. OK. This amendment, too, it changes the implementation date designed by the director to on or before January 1, 2023, and it talks about delivery of plates again; and if they're mailed out by the department, they'll charge a postage fee that would be similar to if the county handled it. So they still have their choice, picking up by the county or have mailed them out by the department. Thank you, Mr. President.

HILGERS: Thank you, Senator Friesen. Debate is now open AM398. Seeing no one in the queue, Senator Friesen, you're recognized to close. Senator Friesen waives closing. Question before the body is the adoption of AM398. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Please record, Mr. Clerk.

ASSISTANT CLERK: 38 ayes, 0 nays on the adoption of committee amendments.

HILGERS: The committee amendments are adopted. Returning to debate on LB317. Seeing no one in the queue, Senator Cavanaugh, you're recognized to close. Senator Cavanaugh waives closing. Question before the body is the advancement of LB317 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Please record, Mr. Clerk.

ASSISTANT CLERK: 37 ayes, 0 nays on advancement of the bill.

HILGERS: LB317 is advanced. Next bill.

ASSISTANT CLERK: Next bill, Mr. President, LB317A, introduced by Senator John Cavanaugh, is a bill for an act relating to

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appropriations; appropriates funds to aid in the carrying out of provisions of LB317.

HILGERS: Senator John Cavanaugh, you are recognized to open on LB317A.

J. CAVANAUGH: Thank you, Mr. Speaker. LB317A is the A bill for L-- LB317, with a small cash fund appropriation to the Nebraska State Historical Society and the Department of Motor Vehicles to implement LB317. I'd ask for your green vote on LB317A.

HILGERS: Debate is now open on LB317A. Seeing no one in the queue, Senator Cavanaugh, you're recognized to close. Senator Cavanaugh waives closing. Question before the body is the advancement of LB317A to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Please record, Mr. Clerk.

ASSISTANT CLERK: 36 ayes, 0 nays on advancement of the bill.

HILGERS: LB317A is advanced. Next bill.

ASSISTANT CLERK: Next bill, Mr. President, LB256, introduced by Senator Matt Hansen, is a bill for an act relating to the Nebraska Workers' Compensation Act; changes provisions relating to lump sum settlement approval and the filing of releases; and repeals the original section. Bill was read for the first time on January 11 of this year and referred to the Business and Labor Committee. That committee placed the bill on General File with no committee amendments.

HILGERS: Senator Matt Hansen, you are recognized to open on LB256.

M. HANSEN: Thank you, Mr. President. And good morning, colleagues. Today I rise to L-- introduce LB256, which clarifies that in workers' compensation cases, that a release of lump sum settlement for indemnity benefits only need not contain allegations regarding eligibility for Medicare if the employee's right to receive future medical services is specifically excluded from the settlement. This bill was brought to me by the Nebraskans for Workers' Compensation Equity and Fairness. Some background on why this bill was brought to me. Under current law, a lump-sum settlement is required to be submitted to the Workers' Compensation Court for approval under a variety of circumstances. The Workers' Compensation Court reviews those settlements to make sure that they are in the best interest of the employee. If an employee at the time of settlement is eligible for Medicare or has a reasonable expectation of becoming eligible for Medicare within 30 months after the date the settlement is executed,

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the settlement must be submitted for review and approval for the Nebraska Workers' Compensation Court. This is the case, even if the right to medical benefits is not being settled. This process seems to be unnecessary as there are situations in which workers' compensation claims are settled with respect to indemnity benefits only and with future medical benefits subject to following resolution. Under LB256, if an employee is Medicare beneficiary but is not settling the right to future medical benefits to be paid by the employee insurer, the need for the court review process would be eliminated and the parties may settle the indemnity benefit claims under the release waiver process. This bill came out of the Business and Labor Committee unanimously and had the support of both the Workers' Compensation Equity and Fairness and the Nebraska Association of Trial Attorneys at the hearing. With that, I would like to thank Speaker Hilgers for making this a consent calendar bill and ask for your green vote. Thank you.

HILGERS: Thank you, Senator Hansen. Debate is now open on LB256. Seeing no one in the queue, Senator Hansen, you're recognized to close. Senator Hansen waives closing. The question before the body is the advancement of LB256 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Please record, Mr. Clerk.

ASSISTANT CLERK: 36 ayes, 0 nays on advancement of the bill.

HILGERS: LB256 is advanced. Next bill.

ASSISTANT CLERK: Next bill, Mr. President, LB479, introduced by Senator McKinney, is a bill for an act relating to the Convention Center Facility Financing Assistance Act; changes the membership of a committee as prescribed and repeals the original section. Bill was read for the first time on January 15 of this year and referred to the Revenue Committee. That committee placed the bill on General File with committee amendments.

HILGERS: Senator McKinney, you're recognized to open on LB479.

McKINNEY: Thank you, Mr. Speaker, and thank you for placing this on consent calendar. LB479 would amend the community finance fund committee which was created in the past. The reason I decided to bring this bill, while running, I heard multiple comments from constituents about the disbursement of the funds from this committee and where the resources were going. Once I was elected, I had a conversation with Senator Chambers about this specific committee, and he had mentioned

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to me that it may be good to amend the committee to add a member of the Legislature for transparency and accountability, and which I did. I think it's big because a lot of times when funds are distributed in the community, you don't necessarily know where they're going or they're going to the same people every year, and it creates a lot of issues. And I think if we create more transparency and accountability on this committee, the better off we'll be in the long run. There's also a committee amendment that adds some more to-- to this bill from the Revenue Committee. Thank you.

HILGERS: Thank you. Senator McKinney. As the Clerk noted, there are committee amendments. Senator Linehan, as Chair of the Revenue Committee, you're recognized to open on AM372.

LINEHAN: Thank you, Mr. Speaker. And good morning, colleagues. Senator McKinney has provided us with an overview of LB479. Senator McKinney, working with the Revenue Committee, agreed to changes in AM372. AM372 was amended into LB479 on an 8-0 vote and LB479 was advanced to General File on an 8-0 vote. AM372 makes several changes to the committees formed under section-- subsection (b)-- excuse me, (3) (b) of 13-2610. These committees identified and research-- these committees identify and research potential products-- projects to be completed in an area with high concentration of poverty or with close proximity to such an area. Two residents, rather than one resident, in the area with a high concentration of poverty will be appointed to the committee. Additionally, the member of the Legislature whose district contains the area with a high concentration of poverty will be a nonvoting member of the committee. The amendment adds assisting small businesses to the qualified expenditure of funds by these committees. It requires publication and solicitation for residents to apply for the membership on the committee and requires public hearing prior to an appointment being made. The com-- the committee will be required to submit a report to the Legislature on or before July 1, 2022, and every July 1 thereafter. The report shall include a description of the projects funded, the location of the projects, the description of the outcomes of the projects, and a ten-year strategic plan on how the committee will meet its goals. Thank you, and I urge your green vote on AM372 and LB479. I'd be happy to take any questions. Thank you.

HILGERS: Thank you, Senator Linehan. Debate is now open on AM372. Seeing no one in the queue, Senator Linehan, you're recognized to close. Senator Linehan waives closing. The question before the body is the adoption of AM372. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Please record, Mr. Clerk.

ASSISTANT CLERK: 38 ayes, 0 nays on adoption of committee amendments.

HILGERS: The committee amendments are adopted. Returning to debate on LB479. Seeing no one in the queue, Senator McKinney, you're recognized to close. Senator McKinney waives closing. Question before the body is the advancement of LB479 to E&R Initial. All those in favor vote; all those opposed vote nay. Have all those voted who wish to? Please record, Mr. Clerk.

ASSISTANT CLERK: 37 ayes, 0 nays on advancement of the bill.

HILGERS: LB479 is advanced. Next bill.

ASSISTANT CLERK: Next bill, Mr. President, LB628, introduced by Senator Morfeld. It's a bill for an act relating to the Dentistry Practice Act; changes provisions relating to faculty licenses and repeals original section. Bill was read for the first time on January 20 of this year and referred to the Health and Human Services Committee. That committee placed the bill on General File. I have committee amendments, as well as additional pending amendments, Mr. President.

HILGERS: Senator Morfeld, you're recognized to open on LB628.

MORFELD: Thank you, Mr. Speaker. I'm pleased to introduce LB628, a proposal that seeks to modernize the Dentistry Practice Act for faculty licenses. First of all, I'd like to remove AM997 and AM1129. AM1185 replaces both of those amendments and reflects the negotiated agreement with the Nebraska Dental Association, UNMC and Creighton. Senator Arch will address those in the amendment. This bill was brought to me by the University of Nebraska Medical Center and Creighton University School of Dentistry, who have programs with faculty members, mostly out-of-state recruits who seek and receive faculty licenses under the Dentist Practice Act. The issue of modernizing the existing act has been a part of ongoing discussions and negotiations with UNMC, Creighton University School of Dentistry, and the Nebraska Dental Association. LB628 as amended updates the statute with consensus from all parties. LB628 as amended allows our higher education institutions to recruit out-of-state faculty through utilizing this updated licensure process. Once again, I want to thank the University of Nebraska Medical Center, Creighton University School of Dentistry, and the Nebraska Dental Association for coming together to the negotiating table and working on this issue together to a solution that helps them both. I also want to thank the Speaker for

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putting this on consent. With that, I'd be happy to answer any questions that you may have.

HILGERS: Thank you, Senator Morfeld. As the Clerk noted, there are committee amendments. Senator Arch, as Chair of the Health and Human Services Committee, you're recognized to open on AM1185.

ARCH: Thank you, Mr. Speaker. Good morning, colleagues. AM1185 is the committee amendment to Senator Morfeld's LB628. AM1185 strikes the original provisions of LB628, becomes the bill. The amendment breaks dental college or dental-- or school of dentistry faculty licensees into two basic categories: faculty members who have graduated from an accredited school or college of dentistry, subsection (3), page 2, and faculty members who have graduated from a nonaccredited school or college of dentistry, subsection 4, page 2. AM1185 removes some initial requirements to obtain a faculty license and instead shifts those requirements to the renewal phase for licensure. Upon initial licensing, a faculty member no longer would have to prove he or she has a contract of employment at a college or school of dentistry, or that he or she agrees to continuing clinical competency as a condition of initial licensure. However, for renewal of licensure, the faculty member must complete continuing education and demonstrate continued employment as a faculty member, subsection (5), page 3. On page 1, subsection (1), the amendment clarifies that a faculty member of either category may teach or practice as a member of the school or college of dentistry's faculty in an off-campus setting for either category of faculty member. The individual may be eligible for a faculty license if he or she has had a faculty license, teaching permit, or license to practice within the past three years in another jurisdiction. For a faculty member who has graduated from a nonaccredited school or college of dentistry, new language allows eligibility for licensure if the individual has additional education in dentistry at an accredited school or college of dentistry equivalent to a postgraduate certificate or degree in operative dentistry. That's bottom of page 2. This individual must also pass one of five examinations in addition to the jurisprudence examination issued by the board. An individual who's graduated from nonaccredited school or college of dentistry applying for faculty licensure based upon this new language must present a portfolio to the board which includes academic achievements, credentials, certificates, letters of recommendations, and a list of publications to be reviewed and approved by the board. AM1185 has an emergency clause. This am-- this amendment was agreed to by the University of Nebraska, Creighton University, and the Nebraska Dentist Association. It was voted out of

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committee as amended 7-0. With that, I urge your green vote on AM1185 and the underlying bill, LB628. Thank you, Mr. Speaker.

HILGERS: Thank you, Senator Arch. Debate is now open on AM1185. Seeing no one in the queue, Senator Arch, you're recognized to close. Senator Arch waives closing. The question before the body is the adoption of AM1185. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Please record, Mr. Clerk.

ASSISTANT CLERK: 39 ayes, 0 nays on adoption of the committee amendments.

HILGERS: Committee amendments are adopted. Returning to debate on LB628. Seeing no one in the queue, Senator Morfeld, you're recognized to close. Senator Morfeld waives closing. Question before the body is the advancement of LB628 to E&R Initial. All those in favor vote aye; all those opposed vote nay. Have all those voted who wish to? Please record, Mr. Clerk.

ASSISTANT CLERK: 41 ayes, 0 nays on advancement of the bill.

HILGERS: LB628 is advanced. Turning to 2021 senator priority bill, General File. Mr. Clerk.

ASSISTANT CLERK: Mr. President, the first bill, LB454, introduced by Senator Friesen, it's a bill for an act relating to revenue and taxation; adopts the School Property Tax Stabilization Act and changes valuation of agricultural land and horticultural land as prescribed; harmonize provisions; provides an operative date; and repeals the original section. Bill was read for the first time on January 15, referred to the Revenue Committee. That committee placed the bill on General File with committee amendments.

HILGERS: Senator Friesen, you are recognized to open on LB454.

FRIESEN: Thank you, Mr. President. And I can see everybody is really glad to be back here on a Tuesday morning and looking forward to a very short week. So if everything just keeps running smoothly, let's just run this through on to Select, and move on. There's nothing to see here. Everybody just stay quiet. So here in the Nebraska Constitution, it talks about the state shall be responsible for the free instruction of our kids K-12. So here is-- everybody gets a chance to where we can help fulfill that dream a little bit. So LB454 creates the School Property Tax Stabilization Act, which is designed to bring aid to unequalized school districts. Under this proposal, a formula is created that would distribute aid to school districts based

on the amount of property taxes a school district relies on to fund their school. After state aid is certified to school districts through TEEOSA, the Department of Education, using the same data used for calculating TEEOSA aid, would calculate property taxes required for a school district to fully fund its formula needs after accounting for TEEOSA aid and other receipts. So basically this formula would be a formula needs minus TEEOSA-certified aid, minus other actual receipts, equals property taxes required. The school districts whose property taxes needed to fully fund the formula needs exceeds 70 percent of the formula needs, it would be eligible for stabilization aid through the act. For eligible schools, the department will calibrate-- calculate the difference between property tax required and 70 percent of formula needs. Stabilization payments would equal 50 percent of that difference calculated. The stabilization payments shall be certified by the department and distributed to schools similar to TEEOSA aid. It's the intent that the act would become effective for aid distributed for school year '21-22. In the original bill, we also talked about lowering the value of ag land and-- and there'll be a committee amendment that removes that section, so I don't need to talk about that, only in the past, you know, we have-- we've always tried reducing the value of ag land down to a lower number and we've received push back, so I decided to remove that. Since the introduction of LB454, we've had, you know, a lot of these conversations about these unforeseen consequences with this legislation and most of those concerns will be hopefully alleviated by AM789. You may be asking yourself what the need for this legislation is. After all, according to the handouts that were delivered to your desk a little bit ago, many of the districts receiving stabilization under this proposal are large geographically. My intent with this legislation is to try and right the wrong of how schools are funded in the state. Just because it appears on paper that there may be wealth of resources in a school district, that may not translate into an individual's ability to fulfill those obligations, whether they reside in a residential or agricultural area of the district. Another handout that was distributed to your desk shows the amount of poverty that exists in rural schools by participation through the free and reduced lunch program. Poverty is not just an urban issue for, as you can see, it exists in every corner of the state. So you-- you have schools out there. And I know their argument is going to be, well, you're giving state aid to low-levy districts that don't need it. But you also have some pretty high-poverty areas where now the state is not picking up any of the obligation to fund those schools, and so it's still reliant on those citizens to fund their schools with property taxes. So in-- in school year '20-21, 84 out of 244 school districts will receive

equalization under TEEOSA. This means that 160 school districts will rely largely on property taxes to fund the education of children residing in those districts. Total TEEOSA aid for this school year as a share of formula needs ranges from 0.2 percent in some schools to 85 percent across schools. An incredible number of schools, 62 of them, will receive less than 1 percent of their formula needs in TEEOSA aid. Another 86 schools will receive between 1 and 10 percent of their formula needs in TEEOSA. In other words, 61 percent of the state's schools are receiving less-- 10 percent or less of their formula needs in state aid. The state is shirking its duty in providing an education for children in these districts and equalizing the burden of paying for education. LB454 would establish a baseline for state support of K-12 schools. It says the state will commit to making sure property taxes to support schools will not exceed 70 percent of the cost of funding schools as measured by formula needs in each district. The stabilization payments in LB454 would assure state aid makes up a greater share of the cost of education. After TEEOSA aid is calculated, schools required to fund more than 70 percent of the formula needs through the property taxes would receive stabilization payments, and the aid would make up 50 percent of that excess above the 70 percent of the formula needs, but the reimbursement percentage can be adjusted depending on state dollars that are available. I will let Chairman Linehan of the Revenue Committee introduce the-- the amendment and then I can talk further about this. But I just-- I want to be clear to everyone. And I know we're-- we've sent a lot of bills to the floor on tax cuts and some other spending bills and now we're at the end of the-- kind of getting to the end of the session and we're trying to find a way to fit some of these bills into our budget. And I will tell you, this is a very scalable, adjustable formula that we can work with and try and stay within a budget. Once we kind of determine where we're at, it is easily adjusted to make that work. The reason we picked the 70 percent number is that's the number that included all of the nonequalized schools and then a few equalized districts that receive just a little bit of stabilization-- or TEEOSA aid. So if we would raise that number, we would exclude some schools; if we lower the number, we include more schools. The percentage, 50 percent, is just a number we chose in order to kind of fit within a fiscal note that we thought might be appropriate this year. But again, that's the number probably that I would look at adjusting. We could go up or down depending on the dollars that are available, and if we leave the-- you know, in the amendment it does make some changes, but we can talk about that after the amendment introduced. I urge everyone to just keep an open mind and see once if we can change a little bit on how we fund education in

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this state. And this is just one of the bills this year that actually changes how we fund schools in the K-12 system versus just straight property tax relief. And I just want everybody to keep in mind that-- look at the poverty in your district. We have this broken down by legislative districts and you can see which schools get aid and which ones don't. And I know the large urban schools, they don't get anything. If we could have fit something in the budget, I know we-- we would have tried to do that. But in trying to hold the budget down to a reasonable number, we really couldn't address the-- the large schools in the-- the really high-levy districts separately. There's-- there's a possibility of doing that if you had more dollars to work with. But right now, when-- what we were trying to do is just level that playing field for all K-12 schools across the state so they at least receive some sort of basic level of state aid to help fund their education. With that, thank you, Mr. President.

HILGERS: Thank you, Senator Friesen. As the Clerk noted, there are committee amendments. Senator Linehan, as Chair of the Revenue Committee, you are recognized to open on AM789.

LINEHAN: Thank you, Mr. Speaker. Thank you, Senator Friesen, for providing us an overview of LB454. The committee amendment, AM789, becomes the bill. The Revenue Committee voted 7-1 to move LB5-- excuse me, LB454 as amended to General File. I will give you an overview of the committee amendment. AM789 creates the Property-- the School Property Tax Stabilization Act. School districts that qualify for property tax stabilization payment will receive the payment in ten equal installments beginning on the last business day in September and through the last business day in June. School districts receiving less than a \$1,000 total payment will receive a lump sum on the last business day in December. The total school property tax stabilization payment paid to an eligible school district will be equal to 50 percent of the prop-- school property tax stabilization base. The school property tax stabilization base shall equal the amount that eligible school district's property tax requirement exceeds, 70 percent of the formula need calculated for the school fiscal year '20, '21, '22; 60-- 65 percent of the formula need for schools fiscal year '22-23; 6 percent of the formula need for school district, '23-24; and 55 of formula need for school district, '24-25, each school-- each school fiscal year thereafter. The school district property tax requirement will be equal to the formula need calculated for each school district, minus the sum of the amount of TEEOSA aid and other actual receipts. To be eligible for the property tax stabilization payment, the property tax requirement for the school district must exceed 70 percent of the formula need calculated for the school fiscal

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year '21-22, 65 percent for the year '22-23, 60 percent for '23-24, and 55 of the formula need for fiscal year '21-25 [SIC] and each fiscal year thereafter. The Department of Education will determine the total property tax stabilization payments for each eligible school district in school year '21-22 on or before September 15, 2021. For each school thereafter, the Department of Education will determine the total school property tax stabilization payments on or before June 30. All monies received from the School Property Tax Stabilization Act shall be shown as budgeted non-property tax receipts and deducted prior to calculating the property tax request in the local system's general fund budget statement, as provided to the Auditor of Public Accounts. AM789 contains intent language to appropriate the funds necessary to carry out the School Property Tax Stabilization Act and to fully fund the Tax Equity and Educational Opportunities Support Act before the funding school prop-- before funding the School Property Tax Stabilization Act. I would appreciate your green vote on AM789. I'd be happy to answer any questions.

HILGERS: Thank you, Senator Linehan. Mr. Clerk, for an amendment.

ASSISTANT CLERK: Mr. President. Senator Friesen would offer AM1231.

HILGERS: Senator Friesen, you are recognized to open on AM1231.

FRIESEN: Thank you, Mr. President. So basically this is just a-- a shell amendment that I put in place in case I needed to make some changes. But with that, I'm going to talk a little bit about the amendment that was proposed there by the Revenue Committee. And it talks about scaling this in from 70 percent down to 65 percent, to 60, to 55 percent. And what you'll see on the-- on the fiscal note, and this-- the actual fiscal note from the-- from the Legislature, I-- I guess, is based on the original bill. So what I handed out is a summary kind of-- of what Jay Rempe from the Farm Bureau has come up with, analy-- analysis. He's compared it to what OpenSky ran, and they're very similar. And I think the Department of Education also probably ran a spreadsheet that comes in really close with these amounts. And so that first year we've had a \$65 million fiscal note and we'd end up helping 177 school districts. And as we move into year two, you would add \$30 million to that \$65 million and you'd be then jumping the number up to 189 schools. In year three, you'd add another \$35 million to the total and you'd be bringing in 197 schools. And this is-- year four is the final year. It'd be \$37 million and you'd-- and as you see, as you start to bring in more equalized schools, the cost starts to rise up. And so initially we had thought about going to-- getting down to 50 percent on the first number, a 50/50-type

thing. But it really blows the budget up when you start to drop below 55 percent. So not knowing if revenue was there or not, we-- we stopped at that 55 percent number. But theoretically, you could start to move this number even lower as revenue came in and you would include more schools that would-- you would be saying to all schools, this is the amount of property taxes that should be required for your school, the rest should be picked up by the state in order to meet its obligation. So in the final year, we'd-- we'd be helping 207 schools with some property tax relief. And so at that point, there should be no school using more than 77.5 percent in property taxes, I believe. So we-- we removed the-- the lowering the land valuation. We're going to leave that the same. We're not changing that and yet we're trying to get the fiscal note to where it was probably doable. And it really-- it does a nice job of helping out the nonequalized districts. It-- it hits all of those. Now there are some exceptions out there and if you look through, if you're a district and you see the numbers on some, they either don't get stabilization aid because they get a lot of equalization aid or else they get a lot of money from option students. And, you know, there's a couple of schools in my district. I have Grand Island Northwest who basically gets no stabilization aid throughout the four years because they're very heavily reliant on option students. And so I think they're somewhere in that 80 percent range of option students, so they really don't qualify for any of the stabilization aid or TEEOSA aid as we know it. And so when you look at the-- on the poverty side, too, you'll be-- I was at least surprised at number of free and reduced lunch kids in school and the poverty that is out there in rural Nebraska, and it equals that of some urban areas. So I think when you start to look at this, I mean, and when you-- when you look back at these small schools out there, these people with low income are paying this property tax also. And-- and I think at some point the state has some obligation, again, for all students, to fund part of their education. So we-- when we looked at least most of the rural schools in my legislative district and several others, if you look at the-- the increased spending that's happened over the past five to ten years, all of them have held their costs below 3 percent. Once in a while, you'll see an outlier that has had a jump in their cost of education. But you can probably, if you check with them, it could be that they had a couple of special needs kids move into the district, they either had to purchase a new roof or a bus or something like that. There's usually a reason for that spike. They just have tried their best, I think, to hold down spending. So when you-- I-- I know we'll hear it in debate probably that if you give schools more money, they're just going to spend it. But I think in-- in reality, the nonequalized schools that have not been getting

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state aid have done a really good job of holding down their spending, and you're always going to see some outliers. But what we can do with this bill here is-- is reach out to a lot of schools right now that receive very little state aid to their education. And I think this is an opportunity, it's a unique opportunity that we can bring some dollars into those communities. It's not a large amount. It's not a-- a windfall by any means, but it's a start in the right direction of reforming a look at TEEOSA and seeing how we can at least bring all the schools under one umbrella where everyone cares. When you start to work with TEEOSA and whether or not it's fully funded, I think you'll have all senators engaged in that debate. And one thing that we have included in here is there is intent language that it is the intent of the Legislature to fully fund TEEOSA before funding stabilization aid. And that was the concern of the large districts, is that and they've constantly come to us in hearings and basically said, we will not support giving one dollar to nonequalized schools because they don't deserve it, and we are protecting our state aid in TEEOSA by keeping you from taking money from the General Fund. And I-- I find this kind of fascinating because I don't see the schools weighing in. When we do our different tax cuts, when we've created the Imagine Act, when we give away revenue in other forms, the schools are silent. But when we want to help kids in rural Nebraska, when we care about those kids, then we don't seem to care as much. We say, hey, you take one dollar, you're putting our TEEOSA aid at risk and, therefore, we are protecting our kids, but your kids really don't matter as much, we don't care. So I think we-- we need to look at this long and hard and-- and when the large schools come in in opposition to this-- and I knew they would. They never have supported anything for these nonequalized schools. I-- I see this and I-- I just-- I look at this and I say, how can you not care about every kid in this state? And right now, our TEEOSA formula does not care about every kid in the state. We do not properly fund some schools. And maybe the argument could be made we're not funding some of the large schools. I-- I'm not familiar with that. I couldn't tell you that. But I've heard over and over that just more money in education is not going to provide a better education. We need to do a better job with the money we have. But right now we spend roughly a billion, over a billion dollars in state aid to schools, and 180 of those schools-- 160 of those schools don't receive really any of that money, or very little. And as you heard, some of them receive just 0.6 percent of their needs in state aid to education. So I think this is an opportunity to-- for at least a small amount of money. And again, we're-- we're willing to try and fit this into the fiscal note as best we can. It is very adjustable, but it does start a program where at least some of these schools can

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finally get some state aid and those individuals living in those districts now can at least have a little bit of property tax relief, if that's the way it is. I think most schools, when you look at their spending, this is going to be property tax relief for those low-income residents and everyone else there. But it does just finally fund K-12 property. I'm not really talking about this as a property tax relief proposal. It's just that those schools out there with limited resources-- and we don't have 165 different courses to offer in rural schools; we don't have flight simulators for our kids. We offer a very basic good education, but very little of that funding to provide that education comes from the state of Nebraska. Thank you, Mr. President.

HILGERS: Thank you, Senator Friesen. Debate is now open on AM1291. Senator Friesen, you're next in the queue.

FRIESEN: So another handout just-- just came, and it was color coded. And if you look through there, you can see which schools-- and this is just-- they're not grouped by legislative district. They're just grouped by schools themselves. And it shows you each school, what they get an equalization aid in 2021. You'll see the net option funding number in 2021, and then you'll see once what they would be provided if we go with the 60-- 70 percent threshold, 65 percent threshold, 60 percent, and then down to that 55. And I would urge you to-- to glance through that, look at your schools. And again, you-- the urban senators, I realize I'm not doing anything for the urban senators. There's a lot of school districts there that do not get any of this state aid. I wish we could do more, but right now it's not feasible. But I think down the road, we still have to continue to work on property tax relief for everyone. But I know there's just a-- there's a lot of schools who basically receive very little state aid and, again, this bill provides that basic start. And then as future legislators get down the road, they could either increase the amount of schools that are covered by this by dropping down to 52 percent or 50 percent and ramping up the portion that's reimbursed by state aid in order to cover those costs in-- in school districts. And then slowly the state would take over more of that obligation of funding K-12. Thank you, Mr. President.

HILGERS: Thank you, Senator Friesen. Senator Pahls, you're recognized.

PAHLS: Thank you, Mr. President. Senator Friesen, I have a-- may I ask you a question?

HILGERS: Senator Friesen, will you yield?

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FRIESEN: Yes, you may.

PAHLS: I do think we need to take a look at the total state. Although I am from the urban area, I did teach in rural area at one time. The question I have before we get into some of the detail of what you're about is I took a look at the brochure or the handout that you had dealing with free and reduced lunches. Do you have that in front of you? That came from you, I'm sure.

FRIESEN: Yes.

PAHLS: You know, as I peruse this packet of information, it humbles me a little bit. I see the number of students throughout the state who are receiving free and reduced lunches throughout the state. It is amazing. I mean, I look at these and I just cannot believe it. There's not urban. We have our issues. Rural, you have your issues, too, with free and reduced lunches. Having been an administrator of a school that was a good deal of free and reduced lunches as opposed to a school that had no free and reduced lunches, there is a difference. The children who come to school, the free and reduced lunches, they have the same abilities, capacities to learn, but they have so many things in front of them. Before we start talking, like you say, the other issues, I am still seeing, I am shocked. This is what really upsets me when the media, they talked about how we vote yes or no on a bill, make a big deal about it. They don't get into the inner workings of the bill, of some of the issues that we're talking about. Again, if you have the information from all of the districts throughout the state and I am urging the senators to take a look at that because there are other bills that will affect these young, young children, bills that sometimes we may vote against because, well, it's too much like a welfare or something. But I still, I cannot get over the numbers, all the districts. Nobody is just sitting there smiling. There are a few school districts that are in pretty good shape. But the majority of the students in the state of Nebraska, I shouldn't say a majority, but a good number of the students need help. I wish I had had this information when we were talking about offering scholarships to private schools. I say, let's take care of us first. Let's take care of the students that we are primarily responsible for. That's what I'm saying, if you want to give money to a foundation. I heard that, Senator. I know this is going against what you're proposing, but I'm really concerned about these students. Continue to smile. I get it, but I'm being very serious here. This is an issue that we just cannot put under the table. We do need to take a look at the state, these schools throughout the state, the state, because there are a

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number of them out there that really, truly need help. It's more than just TEEOSA. I-- I-- I--

HILGERS: One minute.

PAHLS: --just hope that you are looking at these because some of these numbers are scary and not scary in a good way. When we take a look at the TEEOSA formula, I think there's going to be a study on that, I hope this is really becomes part of that formula. I should say more than just a part of the formula, but it should. I think that would help some of the schools out who are not receiving aid. A little later on, I will talk about sales tax and property tax, things like that. But I'm asking the media to take a look at this broch-- this piece of information that is handed out to us. And you would be amazed at what it is telling us. I can see why it's hard for some people to even survive. And we talked about the great state of Nebraska.

HILGERS: That's time, Senator.

PAHLS: Thank you.

HILGERS: Thank you, Senator Pahls and Senator Friesen. Senator Blood, you're recognized.

BLOOD: Thank you, Mr. Speaker. Fellow Senators, friends all, I-- at this time, I don't know whether I stand opposed or in support, but I would ask that Senator Friesen please yield to a question.

HILGERS: Senator Friesen, would you yield?

FRIESEN: Yes, I would.

BLOOD: Senator Friesen, I'm-- I'm looking over the bill, the amendments, the fiscal notes, and I'm still confused. Can you explain to me what is going to make this program sustainable? Where is the dedicated revenue source? I'm not seeing that. Can you help me find that?

FRIESEN: There-- there is no dedicated revenue source other than growth in our General Fund revenues. In the past, I've always tried to bring a bill that created that revenue growth, but I was blocked at every turn for providing new revenue. We've talked about numerous methods, so this time, with money in the budget and looking ahead, I think we have revenue growth coming in the state. That's where the revenue growth is going to come from. That's how we fund it.

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BLOOD: So do you feel that it does enough to address-- building on what Senator Pahls was just talking about, does it do enough to address the poverty? I mean, I'm looking at projections from NDE and what OPS has sent us. I think with those projections, it-- it shows that this could be ultimately unsustainable. Have you seen those projections?

FRIESEN: I-- I have no idea if this is unsustainable or not. It's whether or not we choose a priority to fund K-12. You have heard the equalized schools talk about their concerns in how we tweak TEEOSA and change it whenever we have revenue concerns. And so what this bill would do is it would give every state senator a reason to protect TEEOSA and make it a priority when we come to fund education.

BLOOD: Thank you, Senator Friesen. And I-- I'm-- and I appreciate you answering my questions. And I do appreciate what Senator Friesen is trying to do here. And I think that the more people that have been involved, the closer we are getting to really solving what's going on with TEEOSA. But I'm not sure, by pushing forward bills that really have no identified revenue source, really no identified revenue source and that we can't really say whether they're sustainable or not, I don't know if that's good policy and I have grave concerns about this. I'm going to continue to sit here and do research and listen to debate. But I-- I look at the numbers that are-- are coming towards us when it comes to NDE, Nebraska Department of Education, and what we've gotten from OPS. And I've been reaching out to my other school systems and so far everything that I'm hearing is that this bill is not going to address the poverty that's coming to us, based on the current projections, and that it quickly will become unsustainable. And we've done very well financially. But I think a lot of, and I've heard Senator Friesen talk about this on the mike, a lot of what we're experiencing has to do with money that we've received from the federal government. And I think we're in for a really big surprise here in the next few years that we're not going to be as flush as we think we are. And I've seen a lot of money grabbing this year. I've not been one of those senators doing it. A lot of that money is going towards really excellent programs, but I think that we're kicking the can down the road that we're going to leave for other senators to try and fix, and I'm not sure I'm OK with that. That's what happened with property tax and continues to happen with property tax. And I know this is Senator Friesen's part of the puzzle where he thinks this is going to help all of that, but I'm not seeing it. And I'm hoping that as we move forward that I'll hear some answers to my questions beyond what we just had--

HILGERS: One minute.

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BLOOD: --because I'm not seeing any sustainability and that's bad policy. I do have concerns, especially for our smaller school districts, but I'm not sure this is the answer. So with that, I would yield any time back-- I have left back to the Speaker.

HILGERS: Thank you, Senator Blood and Senator Friesen. Senator Ben Hansen, you're recognized.

B. HANSEN: Thank you, Mr. Speaker. I do appreciate Senator Friesen's passion and interest actually in trying to help especially unequalized school districts, of which I have many. The nine school districts in my three counties, I believe eight of them receive minimal or hardly any TEEOSA aid. And so I think anything we can do to help kind of further the cause of making sure that our students get a quality education that the state can help pay for is a noble cause. I just want to make sure that we do it the right way. I've always had concerns, something I've mentioned on the campaign trail, something I've mentioned the microphone before, about fixing problems as opposed to just addressing symptoms, and that's kind of one of my concerns with this bill. Right now, I'm still undecided on LB454. I'm kind of listening to debate, listening to what Senator Friesen is saying, among others. So I do appreciate the discussion. I hope we have good discussion here about this bill, because it is important. And according to fiscal note, it-- it is significant. And so I think just one of the core questions that I have, I think that should be answered and should be on the mind of pretty much any senator here, that I was hoping Senator Friesen would be able to yield to a question.

HILGERS: Senator Friesen, will you yield?

FRIESEN: Yes, I would.

B. HANSEN: So I understand that we are providing more aid to some of these unequalized school districts. How does this, if you could answer, how does this directly lower property taxes?

FRIESEN: Well, again, if you look at those districts that this money goes to, they have not shown that they're increasing taxes the way some are. Most of their increases have been below 3 percent. But I'm-- I'm open to an amendment, if that's what it takes to get this done, that we could put some spending controls in place. I am not opposed to that. But when I do look at the schools out there that this impacts the most, they don't have a spending problem. They-- they have been holding their increases down because they are small schools. They are

lower income communities that just don't have the revenue to play with.

B. HANSEN: OK, I-- I appreciate-- I appreciate that. And-- and I think, to most of the extent of what Senator Friesen was saying, he is correct, in my opinion, that most schools have done a very-- actually, a-- a good job about controlling spending, about doing their due diligence, a lot of them, because they have to. Blair, for instance, in-- in my district, has to; they have no choice. They're just not getting any finan-- they're not getting any aid from the state. And so they have no choice but to control spending, lay off teachers, close schools in our district, which is what-- what they just had to do. And so I understand the need that they might need more funding, they might need more money, but I think the whole goal of this bill should be to lower property taxes for the-- for our-- the property tax owners. And so we can give the schools more money, which is-- which is-- which is obviously what they want. But then how does that relate to lower property taxes? That is the core thing I have to make sure that we get out of this for-- for me to support it. We have to have direct property tax relief. I just don't want to throw more money at the problem, more taxpayer money. That's one of the things I always said. We can throw money at a problem. We can give good lip service here and say schools are great and let's give more money and support teachers, which I think we should. However, I want to make sure that if we are going to get more taxpayer money to schools, that it actually directs-- is directly related to property tax relief. And a lot of people here also know that my-- my thoughts about TEEOSA in general, I think one of the best ways we can do-- actually correct the-- get to the core of the problem of school funding in our state is just pretty much to scrap TEEOSA all, entirely, anyway. I would like to see do more of a per pupil-based funding system or something different. I think it's time. I've introduced that legislation before, LB1213 last year, at least to start the conversation, I think, so that we can look at the future. But I think one-- but I think some of these issues need to be looked at a little bit closer when it comes to our school funding.

HILGERS: One minute.

B. HANSEN: So I'll be on the mike again probably later on to ask some more questions that I listen debate. So I appreciate Senator Friesen for answering a lot of questions and I'll yield the rest of my time back to the Speaker. Thank you.

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HILGERS: Thank you, Senator Hansen and Senator Friesen. Senator Murman, you're recognized.

MURMAN: Thank you, Mr. Speaker. I rise in strong support of LB454. I'd like to thank Senator Friesen for bringing this bill, which addresses state aid to school districts that are heavily reliant on property taxes. I have heard from many of my constituents in the District 38 who strongly support LB454 to invest in education funding for schools that currently receive little financial support from the state. LB454 addresses a longstanding inequity in our school funding system, where the state covers a majority of education funding cost for some students while providing little financial support for others. This bill will help address this issue by establishing aid for these schools that receive little support from a pha-- through a phased-in approach over a four-year period. LB454 seeks to treat Nebraska students and taxpayers more fairly while reducing the state's reliance on property taxes by increasing state aid to K-12 education. LB454 would provide some relief to agricultural landowners, while at the same time fully funding TEEOSA. I really appreciate the handouts that Senator Friesen passed out. They're very telling. As a member of the Education Committee, I've always suspected that free and reduced lunches that actually are a strong indicator of poverty are higher, or at least as high, if not higher, in rural parts of the state as compared to urban parts of the state, and the one handout really tells that very clearly. The good thing about this-- another good thing about this bill is that it will generally get-- get funding to parts of the state with the higher poverty according to the free and reduced lunch schedule, and also parts of the state that have less income, that-- there's another handout that compares income to schools with-- that are in part-- in-- in the state that have less than 25 percent of their funding from property taxes, and this will help to address that inequity also. And as Senator Fri-- Friesen mentioned, school spending in greater Nebraska is, in general, very conservative. The school boards are very careful about how they spend their funding, so increasing this funding to these lower income, lower-- higher free and reduced parts of the state, I don't think will increase their-- their total spending in a big way because they are very conservative in their spending. And as-- as I've mentioned before, property is not-- is a terrible determinant of the actual wealth of the citizens and the districts. Income tax is a much better determinant of the wealth of the citizens in the district. Just because a district has a lot of property value, does not mean that the citizens in that district have the ability to--

HILGERS: One minute.

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MURMAN: --to pay for a larger part of their funding for their school. So I think this goes a long way to address that problem also. It's-- the important thing about how-- how the people can support their district is their income, not necessarily the amount of property in the district. So I support the creation of the Property Tax Stabilization Act through LB454 as amended with AM789. Thank you very much, Mr. Speaker.

HILGERS: Thank you, Senator Murman. Senator Brandt, you're recognized.

BRANDT: Thank you, Mr. Speaker. Thank you, Senator Friesen and the Revenue Committee, for bringing LB454. I support it. I support the amendments. There's been some fascinating numbers handed out this morning. On the first handout that Senator Friesen handed out on free and reduced lunch rates, how we measure poverty levels in our districts, they summarized it by legislative district, second page from the end. So the three highest are District 35, 67 percent, that would be Senator Aguilar; District 17, Senator Albrecht, at 66 percent; District 48, which I believe is Senator Stinner, at 62 percent; and in fourth place, Senator Gragert, 47 percent. Those are our four highest free and reduced lunches by legislative district. Some districts have one school, some districts have twenty schools in them. Going from the bottom up, so who's got the fewest kids in poverty, it's listed other urban areas. That's Gretna, Bellevue, Papillion, La Vista, 25 percent; Lincoln, 25 percent; District 2, Senator Clements, 28 percent. And we hear a lot about poverty in Omaha. Omaha is 36 percent. It's about half of what District 35 is. I never thought that till I looked at these numbers. So I find that very interesting. There's a lot of schools in those numbers that I gave you that receive no equalization aid. When I look at the other handouts, Senator Fries-- Friesen gave us by district on how this bill will affect, and I'll just use the 32nd District, if this were enacted, at the year one, my district would receive \$4 million spread over 13 schools; year two, \$5.8 million; year three, \$7.3 million; year four, \$8.9 million. The reason my district gets so much is 12 of my 13 schools receive no equalization aid today. Today, 20 percent of our state budget, \$1,045,000,000 goes to mainly large urban schools, and we have 159 districts, 12 of which are in District 32, that receive no equalization aid. How is that fair? How do you have these high-poverty rural districts receive nothing? And if you back up, it goes to valuations. How we value property in the state of Nebraska is the root of the entire TEEOSA problem, and I've spoke about this before. What happens in a rural community, what happens in our urban communities now, is you sell one house on a block and they value 50 houses at that value. And you're seeing that in Lincoln, Omaha. You have a housing

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shortage. The houses that are for sale skyrocket and, therefore, the next year the assessor, doing their job correctly, raises everybody's house valuation. And what happens like in Lincoln is, when that valuation goes up, their share of state dollars goes down, and then that requires a bigger ask of the local property taxpayers. We've seen this effect in agriculture for the last ten years. We sell one farm in Jefferson County, our assessor will come in and raise the value on 200 farms. And there are two ways to combat that. One, we passed a law that says just the farm that sold the valuation goes up and leave everybody else alone, which is like Prop 13 in California. Or the second thing, that all of our neighboring states do except for Nebraska, is put a capitalization rate--

HILGERS: One minute.

BRANDT: --on ag land, and that puts profitability into it. You know, we talk about low-levy districts, doesn't make any difference. Where I'm from, if your levy is \$0.30, \$0.60, \$0.90, \$1.05, the check that you write is the same every year for the taxes, and that levy is a result of how we value property in the state of Nebraska. So I applaud Senator Friesen for what he's trying to do here. This is very easy to figure out. It helps get money to those 159 school districts out there that have nothing for our kids. And I think it's a-- it's a simple way to address the problem. It does not take any dollars away from our urban schools. I would think our urban senators would support this. This is a relatively low-cost equation when you compare it to that \$1,045,000,000 that doesn't go to all the kids in the state of Nebraska.

HILGERS: That's time, Senator.

BRANDT: Thank you.

HILGERS: Thank you, Senator Brandt. Senator Linehan, you're recognized.

LINEHAN: Thank you, Mr. Speaker. I hardly know where to start. I'm not supporting this bill. It isn't a little amount of money, it's \$90 million over the biennium. It's 10 percent of TEEOSA. So I don't know when-- a little amount of money-- it's not a little amount of money. It's very familiar. I do-- and this where I should start. I do applaud Senator Friesen's efforts here. I know he's frustrated. We have worked on this and worked on this. He's worked on it since he's been here, and I get where he's coming from and I appreciate all his hard work. I appreciate where Senator Brandt and Senator Murman are coming from. So

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last year, LB1106, which we couldn't get passed, we did exactly what this bill originally did. We took agricultural land from 65-- from 75 percent to 65 percent to 60 percent to 55 percent over three years. And if you look at the numbers, and I can-- I will hand this out when I sit down, it cost, surprisingly, about \$100 million to do that over three years. So we know what this costs. But the NRCSA schools didn't support it, even though they were going to get \$100 million in new state funding, and they didn't support it because we were reducing their valuations. So I am very skeptical that if we send out \$100 million in new state aid, that anybody is going to lower their property tax fund. We have no-- there's no proof of that. It doesn't happen. It-- you can't-- I know it's really hard, and I know there's a bill later today that we need to have a study. It--it's-- the really hard part here-- and we're not going to get this fixed until we decide that local property tax entities have to live within some kind of budget like all the rest of us do, like we do here in the state. We had LB408. We couldn't get to 33. We got to 29. But unless we, like, do something about-- you can't just keep throwing money at it, folks. We cannot. We are-- if you have this \$90 million, plus we have 313, and now I guess it's going to be \$340-some million, and the income tax credit and \$313 million in the Property Tax Credit Fund, that's a-- almost a billion dollars, a billion dollars, and we still have high property taxes. We need comprehensive reform. And the Legislature, there are enough people in this body that know how this works and all of you are capable of figuring out how it works. It's not as complicated as people say, and we need to solve that inside this body. On the poverty, I-- I have not had time to quite figure out what's going on here, but, no, I did smile when it came up. I'm not surprised there are poor kids all over Nebraska. I came from Lewiston. I know, Senator Brandt, Southern is Wymore. it's been poor since I can re-- when I was a child. We have poor po-- Lexington-- Lexington's like 80 percent poverty. But OPS-- and we can talk Omaha. You've gotta-- these numbers, you can't just take each school and figure out what the average here is, because in Omaha Public Schools you have 54,000 children, 77-- almost 78 percent of them are free and reduced lunch. That's a different set of problems than any other school district in the state has. The most-- and I've known this for quite some time now.

HILGERS: One minute.

LINEHAN: Senator Stinner has, well, if you go by free and reduced lunch, has the poorest school district in the state, Minatare, 85, almost 86 percent poverty. Yes, we have low-income kids clear across the state. Senator Arch could handle this better, but I think it's over 40 percent of the children born in the state are born on CHIP. So

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it's a little surprising that we have people that we don't know we have poor kids everywhere. We do, and we do need to fix the school formula, but not by little nicks and picks. We need to do the whole thing and the state needs to step up and do more of the job and take it off the backs of the property taxpayer. Thank you.

HILGERS: Thank you, Senator Linehan. Senator Briese, you're recognized.

BRIESE: Thank you, Mr. President. Good morning, colleagues. I rise in support of LB454 and AM789. I thank Senator Friesen for his work on the issue of property taxes and education funding reform. And we do have a property tax crisis in this state, and it's born of our failure to properly fund local government and K-12 education at the state level. And this bill, this amendment goes straight to the heart of the matter. It-- it injects more dollars into unequalized districts, and this is a kind of education funding reform that those of us from rural Nebraska have been talking about for years. But Senator Ben Hansen, he hit upon an important issue there. He-- he asked, how do we ensure that this yields property tax relief? Well, how-- how do we make sure that that happens? And personally, I would prefer a mechanism in place to ensure that that happens, and so over the weekend and yesterday I had an amendment drafted that would help do that. I-- I haven't dropped it. It's-- we can discuss-- discuss it going forward. But it would require a district that receives stabilization aid to lower its property tax asking by an amount equal to that increase in stabilization aid. But it's not quite that simple. We still have to allow for necessary revenue growth. So before subtracting the increase in stabilization aid, we need to allow a district to increase its property tax asking by a reasonable amount over the previous year and we need to provide some exceptions for it, such as fire and flood mitigation, Life Safety Code violations, disasters, things of that sort. And the voters need to be able to override the-- the limitation, and unused taxing authority should be able to be carry for--carried forward. But-- and finally, I-- I believe we need to make the receipt of these stabilization payments optional then. So if a district can't live with a cap, with a property tax is asking cap, they can-- they can simply opt out of this thing and-- and forgo the stabilization payments. Anyway, my amendment was put together yesterday, may need some adjustments, but I think as we go forward to Select, you know, it's probably something we need to be talking about. But it is a tool that we can utilize to help ensure that these dollars do yield property tax relief for our taxpayers. Anyway, I want to hear more of the discussion today. I'm generally in support of LB454, AM789, but

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I-- I do think that some tweaks are-- are necessary. Thank you, Mr. President.

HILGERS: Thank you, Senator Briese. Senator Day, you're recognized.

DAY: Thank you, Mr. President. Good morning, colleagues. I-- I-- I sympathize with what Senator Friesen is trying to do here, and I've been trying to get to the bottom of this bill. And for me, the bottom line is always, how is this going to affect the people in my district? And Senator Groene and I had a really great conversation about that and he had some insight for me, being the former Chair of the Education Committee, on how it would impact the farmers in my district. So with that, I would be wondering if Senator Groene would be willing to yield to a question.

HILGERS: Senator Groene, would you yield?

GROENE: Yes.

DAY: Thank you, Senator Groene. So you have a handout that I think was delivered to everybody's desk today articulating, in my district in particular, where farmers are paying the highest levies in the state, how much they're paying per acre. And it says here on that first page, if you look at it, they're paying \$158 per acre. Is that correct?

GROENE: Yes.

DAY: And then \$91 of that is going to the schools, correct?

GROENE: For the general fund. If you look below, on the bonded part, they're also paying an unbelievable \$32 an acre for school bonds.

DAY: OK. And we could compare that to a smaller, more rural district, like Wallace in your district, where they are paying \$32 per acre.

GROENE: Yes, \$32 an acre--

DAY: OK.

GROENE: --\$37. That's a seven.

DAY: Thirty-seven, oh, I'm sorry, \$37--

GROENE: No, wait a minute. Wait a minute. I got the wrong one here. Well, my handout--

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DAY: I think yours is-- your district is on the last page with Wallace.

GROENE: Yes, on the last page, \$32.72 an acre--

DAY: OK.

GROENE: --for irrigated ground, similar ground--

DAY: OK, and then with this--

GROENE: --not as-- quite as productive, but similar ground.

DAY: So in my district, they're paying \$158 an acre. In a smaller, more rural district, they're paying \$32 an acre. And what would the farmers in my district get with this bill?

GROENE: Zero.

DAY: Zero. OK. And the-- in a district like Wallace, if we were to pass LB454, would they be getting anything from this bill?

GROENE: Oh, yes. They start off with-- with only a school budget, a max budget of \$4.3 million, they start off by getting \$215,000, then \$301,000.

DAY: OK, thank you, Senator Groene. I appreciate you articulating that for us. So I-- again, I'm-- I understand what Senator Friesen is trying to do here, but I think there has to be a better way of going about this because we can't be providing-- you know, we're talking about property tax relief or stabilization aid in an area where farmers are paying the highest levies in the state. I can't support something that doesn't provide them with any kind of relief and goes directly to other, more smaller districts where they are paying less, significantly less. So I will have to say that I would be voting no on LB454. Thank you.

WILLIAMS: Thank you. Senator Day and Senator Groene. Senator Pahls, you're recognized.

PAHLS: Thank you, Mr. President. I-- a couple days ago, I did run off a number of counties dealing with property tax. I'm going to do this a couple of times because we always have a different audience watching us, just to give you an idea, because I do know we need to find some-- I'm going to call it, some cure to the issue. But I-- I'm trying to put things in perspective because we do talk about property tax.

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Douglas County pays more property tax than 72 other counties. Property tax is an issue in Douglas County that I don't think there's a lot of farmland in Douglas County, so that's-- if I'm looking at farmland compared to, of course, further west, and I think we all understand that. But right now, it appears to me that we pay our fair share of property tax. It's over a billion dollars of property tax. And I'm going to say it one more time. There are 72 other counties that do not pay as much, so there's some imbalance here somewhere. And I-- I've told you several times, I'm looking for balance. I'm trying to be fair. And I understand in some-- in some areas of the-- of the state, we need probably to help find that balance. I also took a look at income tax, and my information shows that we pay-- or we collect more income taxes in Douglas County than 90 other counties. So we start getting into the sales tax, is what I'm stating, Douglas County pays, I think, its fair share to the state, etcetera, etcetera. So it's not like Douglas County is-- is reaping all the benefits, because when we do talk about some of our larger school systems, especially the Omaha school system, which has some high needs, I think we are asking the taxpayers quite a bit of help and we are sharing some of our-- the-- some of the taxes that are collected in Douglas County. We are part of the state. I get it. That's why I'm looking for balance. And like I say, I've-- I've used these figures several times. But I do need to emphasize, when it comes to sales tax, 90 more-- 90 counties do not pay in as much as Douglas County; and when it comes to property tax, 72 counties do not pay. So we need to take a look at Douglas County and we need-- we need to be fair to them. We also need to be fair to the others. But when I'm in some of the committee hearings, I've heard say, well, we can't do that for Douglas County. I've heard that from some of my friends. They said, well, we can't give Douglas County that break. I-- we should take a look at all of the taxes, of course, the income tax, property tax, sales tax. And I think the big-- big one that's in the room that nobody's really talking about is all the exemptions that we have. Again, I'm not saying do away with them, but put them in part of that formula. Are you getting a lot of exemptions in rural or in Douglas County? Because you have agriculture, then you have business inputs, big chunks of money, over a billion on both. So it's not just--

WILLIAMS: One minute.

PAHLS: Thank you. It's not just a simple "let's take some property tax from this group and move it to this group." That is one reason why, although I think I wouldn't-- may not-- good chance I would not vote for it, but I did vote to get consumption tax out just so we could talk about it. So I'm-- I'm helping that Senator a little bit by those

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comments. Again, take a look at the state as a total. We need property tax relief also in Douglas County, but I would say fair property tax relief. When we bring a bill in front of the Legislature, let's make sure that it's fair to everyone. Thank you.

WILLIAMS: Thank you, Senator Pahls. Senator Hughes, you're recognized.

HUGHES: Thank you, Mr. President. Good morning, colleagues. LB454 is about fairness, about the state of Nebraska providing a portion of the funding to educate our children, who are citizens of the state of Nebraska, regardless of where they live. This is not a property tax issue. This is about a fairness issue. This is about the state of Nebraska doing what our State Constitution tells us, that the state of Nebraska does owe our children support for education. Now, that being said, of course, this has devolved into property taxes because that's how we fund a majority of our education in this state. And I don't think there's anybody here on this floor will disagree with the statement that our TEEOSA formula is broken. It does need to be fixed. Is LB454 the fix? Not completely, but I think it moves us in that direction. I think it provides some ability to allow the state to provide education for all children. I-- I was-- I'm like Senator Pahls. I'm shocked when I see the handout of the free and reduced lunches. I had no idea those numbers were that high in my district and, quite frankly, everybody else's district across the state. As far as giving low-levy districts more money and worrying about spending controls, they've already proven that they're good stewards of the money because they are not at their levy limits. Providing additional funding for those schools, whether they're at 50, 60, 70 cents, is a good idea because they've shown that they are good stewards of the tax dollars. There's a lot of disparity between school districts in the state. There's no question about that. When you talk about levy limits, when you talk about course offerings, when you talk about students per classroom, you know, the size of the classrooms, we can't fix all of those things, but we can fix the state of Nebraska providing for the bill to educate our kids. There's a couple of things that I-- that I wanted to talk about. So Senator Day brought up the handout that Senator Groene brought to us. And Senator Groene may have misspoke just a little bit about the difference between the Gretna 71 acres-- 74 acres and the Wallace 81 acres. Senator Day, there's quite a little difference in the valuation between those two properties. The valuation of the Gretna property is \$650,000 for that property and the valuation, from Nebraska Taxes Online, of the Lincoln County property or the Wallace property is \$200-- under \$250,000. That's why there's a difference in the taxes, because we do base our taxes off of what the

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value of that property is. And quite frankly, the farther east you go, the more it rains, the more valuable the property is.

WILLIAMS: One minute.

HUGHES: So being-- taking-- you're not comparing apples to apples by looking at those two parcels of property. I-- I'll be happy to share this information if you would like. And the last point I want to make, Senator Blood, you're concerned about the sustainability of this? What's the sustainability of TEEOSA? How do we fund TEEOSA to close to a billion dollars every year? It's because this body has made a commitment for the children of Nebraska that they deserve a quality education. That's the sustainability. And that criteria is not being met today in a lot of our school districts because they are receiving no funding from the state to educate those young citizens. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Hughes. Senator Groene, you're recognized.

GROENE: Thank you. Senator Friesen and I have gone around and around for six years about this issue. At the end of the day, we actually agree on most things. But I've always looked at fairness. This bill favors those who pay the lowest property taxes now and does nothing for those who pay the highest: in the North Plattes, the Schuylers, the-- I say Schuyler because I grew up in that area-- the Columbuses versus the Columbus Lakeviews, the North Plattes versus the Wallaces. I've got another high district, Maxwell, in my district who gets a lot of options students. They got a very high levy. They get nothing because option money in this bill counts as aid. This doesn't fix it. It-- what it does fix is a couple of constitutional issues I've always had with TEEOSA. Children shall have a free instruction in our common schools. The other constitutional dictate is the state shall not-- does not have the authority for property taxes to use property taxes for state issue. When you force local people to pay for their schools with property taxes for a state issue, I got a constitutional concern about that. There is a fairness issue. We all pay income and sales taxes. If I was looking after myself, where I plan on retiring, this would be great for me. But I do not represent myself. I represent the people in Lincoln County and-- and North Platte. Those farmers who pay high taxes would get nothing for this. The people who pay high home taxes would get nothing from this. The people in Wallace, Nebraska-- and I'm not picking on them, very well-run small school-- who pay very little taxes comparable would get a lot from this. It makes no sense. We have to first fix inequity of those farmers and ag land that are

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located in equalized districts. This does nothing for that. Those are the burdened ones. Those farmers in Gretna raise pretty close to the same amount of corn. We're at 300 bushel a lot of years. We have out west irrigation costs, granted, Senator Hughes, we do, and limited irrigation in that area because of dictates from the state on the Platte-- Republican River Basin. But the reality is \$158 versus \$30 and we're getting more money to the person who pays \$30? Come on. That's a fairness issue. There is a way to fix this, and we attempted last year and everybody said it was too complicated, you ought to be able to put it in one paragraph, something like the-- similar to this. LB1106, formally LB974, fixed it. It looked into all the inequities in public education. It fixed it. We do not need-- the constitution says free education for children. It doesn't say free education for a school district. We keep talking about school districts. Education is about children. It's not fairness between districts. It's fairness between children. We need foundation aid per student so no matter where they go to school, the-- the aid follows them from the state. We tried to fix that in the past. That is fairness. Next year, maybe we can-- Senator Friesen and I can finally, after we've butted heads for seven years and he lost and I lost, we'll get together and come up with a bill together. He hasn't lost yet. But anyway, we know what's wrong with TEEOSA. We don't need more studies. We know what it is. There are some of us that institutional knowledge will leave with us. But anyway, this bill doesn't fix it. I'll-- I'll go over it, when I speak again, about a spreadsheet I handed out that will give you a lot of insight on this whole debate about funding for schools and taxation.

WILLIAMS: One minute.

GROENE: As far as the poverty, I've always argued with those when I was on the Education Committee. Do not tell the the poor kid-- kid he's got a disadvantage. Do not tell a kid you got an excuse not to learn because you come from a poor family. Human nature is to take advantage of an excuse. Poverty has nothing to do with intellect or work ethic. These poverty numbers say who receives it. We have whole schools now that get 100 percent free and reduced lunch. Even if you're the-- the-- the surgeon in town making a million dollars, your kid gets it because of changes in federal law. Those numbers are not accurate. They're not accurate because it averages in all those schools that have decided to go 100 percent free lunch. If it said those students who are- qualify for free and-- that would be an accurate number. But to say those who receive it--

WILLIAMS: Time, Senator.

GROENE: --is not accurate.

WILLIAMS: Thank you, Senator Groene. Senator Dorn, you're recognized.

DORN: Thank you. Thank you. Mr. Speaker. Sit here this morning listening to the conversation. And one thing I've always said is I appreciate the conversation, especially in this topic, because we-- I-- I know we-- most of us would agree in here we do have an issue with, as Senator Brandt said, our valuation of the property, but also the way TEEOSA maybe is funded, the lack of funding and how this would fit in to certain things. Wanted to bring up a little bit, though, of another sideline of this discussion, my superintendent, Freeman Public Schools in Adams, sent me the information from his budget for the last ten years this morning. In that, he has in there that the last five years Freeman Public Schools raise their taxes an average of 1.9 percent, their property taxes. We talked for eight hours the other day on a 3 percent cap. The last five years was 1.9 percent. There are, though, some factors in there that I would consider factors that maybe allow them to do that. The valuation hasn't gone up, but I think it was less than 4 percent in the last five years. But they do get option-in students. And I think when Senator Linehan and Senator Groene always talked about the last couple years, opt-in students do favor those schools getting those students because now they're getting so much funding or whatever. That district has done very good the last five years when valuation hasn't gone up, when earlier, the five years before that, they averaged, I think, around 6 percent increase in property taxes because valuations was going up. But we do have schools out there doing a very good job. But our issue here, I think, with LB454 is, I call it, the funding part of that. And if Senator Friesen would answer-- answer some-- yield to some questions?

WILLIAMS: Senator Friesen, would you yield?

FRIESEN: Yes, I would.

DORN: And I didn't talk about this before with you or Senator Groene or anybody, but yours is basing your, I call it, part of the equation here on equalization aid. Senator Groene just talked about last year or last several years we've been foundation aid. Could you explain the difference in what those are looking at?

FRIESEN: Well, what we were-- what we were trying to do in the past is we've tried to either base it on a per-student or what I call basic funding, either one. This is a different way of coming at it. It's kind of arriving at the same endgame maybe, but it's just using a

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different method of getting to where a school-- each school gets some-- some state aid, so how we approach it is one thing. It's semantics.

DORN: But-- but-- but in yours here, each school, each student will get some basic funding in the equalization part.

FRIESEN: Right. But it's not based on the number of students; it's based on their needs formula--

DORN: OK.

FRIESEN: --which, you know, you have-- you have schools out west who have a high cost of education because they're-- they don't have full classrooms. They'll have 10, 15 kids per class. And so I-- this is based off the needs to educate that student, not just on how many kids they have in the class.

DORN: So it does look at, I call it, some different parts of the kind of TEEOSA part of that formula and how we calculate it. One other part, though, in your bill here, I think, if I remember reading it right, you-- the-- the property tax part of yours has, I call it, a little bit of a property tax protection in there. In other words, your budget next year, if you were at this level of property taxes, that's where you'll go back to start. You'll take off your equalization aid, and then that's where you will start at calculating your next budget.

FRIESEN: Well, what-- what this bill does is, how it addresses this, is a school district would create its budget, get it certified. The state would then say--

WILLIAMS: One minute.

FRIESEN: --how much equalization aid they get. They would-- or stabilization money.

DORN: Um-hum.

FRIESEN: And so it would come off of their budget request then, so they would actually lower their tax asking at that point. But it doesn't stop them from jumping their budget much higher than whatever that-- whatever spending controls are in place today.

DORN: But your bill does, what I call, give some property tax protection in the fact that this new aid that they get, they would

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have to lower that off of what they were the year before. Thank you.
Thank you.

WILLIAMS: Thank you, Senator Dorn and Senator Friesen. Senator Bostelman, you're recognized.

BOSTELMAN: Thank you, Mr. President. I want to-- I am supportive of LB454 and the AM789. I will say that the force is strong with this one, with Senator Friesen. This is something that he's been involved with and been very hard as far as trying to find a-- some help to two-thirds, two-thirds of school districts out there, two-thirds. So 84 school districts get support, but the rest do not, 160, or very little. In fact, one school district that I know of, a couple of years ago, when the-- when the TEEOSA formula ran, they actually owed money, owed money. Really? So it's those who have against those who have not, is what we're seeing, so we do have a choice. Do or do not. There is no try. Are we going to do something this year or not? I find your lack of faith disturbing, especially in our rural senators. Our rural communities are asking, begging for relief. I remember last session, I believe it was, I had a farmer from Schuyler wrote in and said, well, I think we're about this time of the day. He said, well, you know, I support the-- whatever bill it was for property tax relief, and, oh, by the way, I farm, but I'm-- I got to leave now because I got to go to town to work, because I can't make a living, I can't make ends meet on my farm operation, but I have to go get another-- I have to go get a job in town to make that happen. The taxes that are applied to farm ground across the state, some areas more than others, is insurmountable for some. So to those you say, good luck, you're going to need it. You're going to need luck? I don't think so. I think they need-- you need action by this body. I think Senator Pansing Brooks has a saying that she says, is, let-- let's don't-- what is it, something-- let's not perfection be in the way of progress, or whatever it is. Let's not make sure it's perfect before we move something on. We've been talking about this for five years that I've been here. We talk about a billion dollars given to schools. Well, that goes to a few schools, not all. When are we going to start making some changes? We have opportunity now with a bill to-- from, as Senator Friesen has said, we heard Senator Briese and others have said they are willing to work on it, willing to compromise, willing to find something to move this forward, to provide something to the children across the state. Twenty-one to 58 percent of free and reduced lunches in my school districts, from 21 percent to 58 percent. Those families don't have a lot of money. A lot of those families do-- are ag producers. We need to do something and saying we're putting money in the Property Tax Credit Relief Fund, whichever it is, well, that's--

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that's fine, but it's still not reaching those who need it the most. It helps, but it's still not enough, in a sense, not enough as far as what are the students' need. What do the schools need and funding to help them? Some say, well, there's no caps.

WILLIAMS: One minute.

BOSTELMAN: Well, OK, let's do something about that. We had LB408 and you said no. I heard a majority of the bo-- the body stand up and say property taxes is very important to them, they need to reduce property taxes, but now we have opportunities to provide property taxes, nope, ain't gonna to do it. Let's have another bill. Nope, we're not going to do it. Let's have this bill. Nope, we're not going to do it. When? When? It's-- the final quote I have to say is, it's not wise to upset a Wookiee, and I think that Wookiee here is our big schools, the 84 that are getting the funds and the 160 that's not. When are we going to start making a difference? There's a bill right now that we're discussing. If this isn't it, what is it? Make the changes. Move it to Select. Make the changes. Let's do something. Thank you, Mr. President.

HILGERS: Time, Senator. Thank you, Senator Bostelman. Mr. Clerk, for items.

ASSISTANT CLERK: Mr. President, your Committee on Enrollment and Review reports LB406, LB406A, LB103 to Select File. LB406 having E&R amendments. Amendment to be printed: Senator Wayne to LB454. LB566A, introduced by Senator McDonnell, is a bill for an act relating to appropriations; provides for transfer funds and declares an emergency. That'll be placed on General File. Finally, Mr. President, Education Committee will have an Executive Session in Room 1525 following their 12:15 hearing, Education, Exec Session, 1525, after their 12:15 hearing. Senator McCollister would add his name to LB496. And a priority motion, Senator Hilkemann would move to recess the body until 1:30 p.m.

WILLIAMS: Members, you've heard the motion to recess until 1:30. All in favor say aye. Opposed say nay. We are in recess till 1:30.

[RECESS]

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

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ASSISTANT CLERK: There is a quorum present, Mr. President.

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

ASSISTANT CLERK: I have no items.

HILGERS: Thank you. We will now proceed with the afternoon's agenda.

ASSISTANT CLERK: Mr. President, LB454. When we left it this morning, we had committee amendments pending, as well as an amendment from Senator Friesen, AM1231 pending.

HILGERS: Thank you, Mr. Clerk. We'll pick up with the queue with Senator Hilkemann, Senator Friesen, Senator Wayne, and others. Senator Hilkemann, you are recognized.

HILKEMANN: Thank you, Mr. Speaker. It's a nice day out there to take a nice, invigorating walk and enjoy the wonders of spring may be really here in Nebraska, so-- Senator Friesen, thank you for bringing LB454. I like some things about LB454 and some of the things I like about it is, is that we're discussing student aid to all Nebraska students. It concerns me that we have school districts who get and students who get no aid from their state and I appreciate that. Secondly, I also think that this talks-- this focuses again on our TEEOSA formula, a formula that I have felt for a long time needs to be upgraded and I look forward to maybe that we will look at upgrading the TEEOSA formula. And it's also-- points out partly, Senator, that I think that there's a lot that-- that we have to really look at our overall tax structure. And Senator Friesen, you have commented several times last week about how that's one of the things that we want to do over this interim period and I-- I look forward to-- to what we may come up with as a solution for the overall. We-- we-- we have issues of-- of overtaxation and I'm concerned about that and so I hope that the-- that's the good part about this bill. I also-- one of the things that I've always been concerned about is our cost per student for a pupil student. And we have-- with such a variety-- such a disparity from \$10,000 to \$35,000, how do we put this all together and make some sense out of it? What I don't like about this is, is that this bill, once again, as far as I can see, will put the school districts that I represent at a disadvantage and at the short end of the stick on this. And so I'm hopeful that this just gives us a sense of discussion of looking at our entire tax structure. I can-- we keep talking about how property taxes are so high on ag land. I can tell you that property taxes are too high in my district on the residential property and then the business property. I have people in my district very concerned

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about their income tax rates at work that we have. I have a lot of people that are really hoping that we'll start making-- moving forward and exempting Social Security tax or income. Our sales tax has been mentioned several times as having areas that we need to work at. I believe and brought legislation about our automobile taxes this year, which I think are too high. So Senator Friesen, I encourage you, along with other members of the Revenue Committee, as you work forward. I've been here for seven years. The big buzzword when I first came in was they had just completed the tax modernization study and they had gone around the state to try to improve the-- come up with some solutions for the tax problem in Nebraska and see that that and-- that it was wonderful to study it. I don't see anything direct that happened with it. I'm hopeful that we will look at this opportunity and maybe look at being creative about some new tax structure that we come up-- and then in the final note, I want to talk just a minute about--

HILGERS: One minute.

HILKEMANN: -- about the the Forecast Board coming in and there was a comment made that well, we can give a whole lot more in tax breaks or tax-- so forth and I think we need to look at that and say, you know, this is also a time when-- a lot of instability in this-- in, in the world and it might not be bad just to have a little bit of extra cash in the bank as well. So we don't have to spend everything that we have. Thank you, Mr. Speaker.

HILGERS: Thank you, Senator Hilkemann. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. I'm going to talk about a-- just a couple of comments that I've been-- I've been listening and I hope some others are-- in this empty Chamber are listening, but it would be nice to have the discussion a little bit on-- on property taxes collected and taxes in general. And I have a-- a handout that I sent out and this one came from OpenSky, but it shows property and income taxes per person and I know the data is a little bit old, 2017, but there it shows that the areas with the most ag land pay the highest taxes per person by far of any areas with the least amount of ag land. So it's not as though rural Nebraska and those ag land areas are not paying taxes. And the other handout I collected or sent out to the floor was property tax collections and, and that's the paper that our Legislative Research Office has done and it talks about-- it was called Counties at a Glance. And if you want to look it up, it was put out about two years ago, maybe three years ago, but it looks at, at just different demographics of all the counties around and so what it

had in the back of it I found kind of interesting. It had income tax, sales tax, property taxes, and federal taxes collected per capita. And Senator Pahls was talking about how much Douglas County collects in property taxes, but if you look at the property tax collections per capita, Douglas County doesn't show up until you get down to number 86 in the state. Number one would be McPherson County with \$7,764 per capita in property tax collections. Douglas County is \$1,792, so we have quite a disparity. Lancaster County is \$1,657. So the property tax collections per capita, they're quite different. And when you talk about sales tax collections, I've always found this fascinating that the number one county in sales tax collections in the state is Madison County. It's not Lancaster or Hall. So we have a, a weird thought process sometimes here when we say that certain areas don't pay taxes, others pay taxes and if you look at the data, everybody's paying taxes. And sometimes I've said we are a high tax state, but I for one will say that we have not prioritized education funding in K-12 because obviously we're number 48 in the nation when it comes to state help in our K-12. Now, we really do a good job in higher education. I think we're towards the middle of the pack or a little higher when it comes to higher education, but when we talk about K-12, we're number 48 in the country in how much we give to our schools. And we can talk about being more efficient and there are some schools maybe that spend too much and I've-- I've been on both sides of that argument. I supported LB408. But when I look at my schools, they're not spending more than 3 percent. A lot of them are at 2 percent. Heartland, the school that I-- district that I live in, was actually a minus 2.95 (percent) five-year average. They've been lowering their levy, but property tax collections are going up because school expenses do go up. Health insurance, wages, they continue to rise and we get no state aid, so it all comes-- or very little state aid, so it all comes from property taxes and so property taxes continue to go up.

HILGERS: One minute.

FRIESEN: Even if the property tax relief fund gets money added to it, over time, it's going to dilute down to where it doesn't provide much anymore. LB1107, that money at least has a growth factor built into it eventually. But at some point we're going to have to address how we fund K-12 education. We're going to have to look at TEEOSA. We're going to have to make some changes to it in order to support those 160-some school districts who get little to no state aid. So I hope people are listening, I hope they're watching this, and I hope they're watching the vote on this to see where our priority on property taxes and school funding are. Thank you, Mr. President.

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HILGERS: Thank you, Senator Friesen. Senator Wayne, you're recognized.

WAYNE: Thank you, Mr. President. I'll be brief. I have an amendment that's coming up that sunsets TEEOSA and the optional enrollment, otherwise I'll be opposed to this bill. What I'm trying to figure out is if-- we put \$115 million over the next biennium-- or 100-- \$1.5 billion over the next biennium in property tax relief. I'm not sure if the issue is funding schools in western Nebraska or if it's property tax relief and if it's both, then one way you fix the property tax issue is to fund the schools, but in my opinion, we've already put 300-- \$313 million in property tax credit fund. So if this move bills to-- moves to Select File, I'll bring an amendment to move the entire property tax credit fund to the same schools that Senator Friesen is trying to help and we'll just eliminate the property tax credit fund. And you guys have so much faith that they'll lower their levy, then it should all work out and be a wash. So if we're going to, if we're going to stand up and say I have so much faith in our rural schools to lower their taxes, then let's everybody put their money where their mouth is and move the property tax credit fund, \$313 million, to those schools. We can distribute it evenly and they can lower their property tax credit or their property values if they choose to do so and then you guys can decide whether you guys still have faith in them afterwards. Thank you, Mr. President.

HILGERS: Thank you, Senator Wayne. Senator Linehan, you're recognized.

LINEHAN: Thank you, Mr.-- thank you, Mr. Speaker. This is not a tax bill. I think maybe I didn't do a good job of explaining that this morning. When the bill was referenced to the Revenue Committee, it took farm-- ag land valuations down from 75-- just like we did in LB1106-- 75 to 65 to 60 to ultimately the-- it-- that's why it came to the Revenue Committee. And then I think Senator Friesen-- and I could be wrong in this. I think he's next so he can correct me. I think he brought the committee an amendment that took that part out of it. And I think what he said this morning is he did that because there's resistance to that, same resistance we had on LB1106, because the schools don't want to reduce their valuation, what they can tax against. So at that point, probably should have been referred over to Education Committee. I-- I asked some questions-- maybe I didn't work hard enough about it, but this is an education finance bill, the way it is written now. It has nothing to do with taxes. The other thing that's a little disturbing this morning-- and I-- you know, my hometown school district-- not my hometown-- where I live now, Elkhorn, is frustrated with me many times, but today I want to stick up for Elkhorn. We have a needs-- formula needs \$102-plus million,

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\$102 million. Our local effort rate is \$68 million. That's property taxes, folks. The people in Elkhorn School District pay \$68 million in property taxes. So it's not just ag paying property taxes. Our equalization aid in Elkhorn, out of a budget of \$102 million, is \$16 mill-- \$16.7 million. So not even 20 percent do we get from equalization aid in Elkhorn. And then if I'm reading this right-- and again, I haven't talked to Senator Friesen, so I might be off and I apologize to Senator Briese, but it's just too easy. I had my staff run these sheets that we all have alphabetically and Elgin-- it's in Senator Briese's district-- is right above Elkhorn. They have a \$3 million budget and their local effort rate is \$7 million. So no, they don't get any equalization aid. They have twice as much-- their levy is, guess what, very low. Levies in Gretna and Elkhorn and Waverly, Norris, any place you can drive 50 miles to Lincoln or Omaha for a job, the levies are high because they're growing districts. And it's not just the general fund levy, what we talk about here, but as Senator Day in Senator Groene said this morning, there's 30 and 40 cents building fund-- bonding on it so they have to pay about \$1.30, \$1.40 in their levy. Probably taxes are a problem statewide. They're most certainly a problem for agriculture, but they are a problem for commercial indust-- commercial buildings. They're a problem from homeowners and we need to address it in total, not by this. This is simply taking \$90 million, which continues to grow, and handing it to school districts. Somebody will sue over this. This is not going to stand. The Lexingtons and the OPSes, Omaha Public Schools, South Sioux City, Hastings, Grand Island, Minatare--

HILGERS: One minute.

LINEHAN: --they're not going to say oh, that school that's got double what they need in valuation is going to get money and we-- we're not. That's not going to stand. I don't-- and if I-- one last thing. So if I understand the numbers right on Senator Friesen's bill here, if this would pass, Elkhorn would get another 5 percent from the state. So that would mean we'd be still paying almost 80 percent in property taxes. It's not close to fair. Thank you.

HILGERS: Thank you, Senator Linehan. Senator Groene, you're recognized.

GROENE: Thank you, Mr. President. Let me clarify a few things. Everybody's property-- I'll echo what Senator Linehan was hinting at. Everybody's property taxes are high, even the farmers in Wallace that that amount of taxes-- that's confiscatory compared to Kansas or South Dakota or Colorado at \$37 an acre. But what Gretna has is \$158, is

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absolutely absurd, absurd and should never be allowed to happen. I agree with Senator Hughes. There's a higher valuation and less cost of production. Comparably, they probably ought to be at \$75, \$80 compared to Wallace's \$32 or even a little lower, but not \$160. This bill doesn't address that. The majority of my individuals in my district pay high taxes in North Platte. Those farmers get nothing, nothing and they pay the highest property taxes. I gave you that spreadsheet to give you-- if anybody wants to visit with me, I can explain things to you, but basically I-- I put two-- column two and four together. If you add those two together, that is their budget authority, what they tax the previous year and plus their total allowable reserves. So for example, Kenesaw is \$6 million. They taxed-- if you look at the second column, \$4.2 million. Nothing stops them, no matter how much extra state aid you give them in this bill, from keeping their levy the same or even going higher. There's no checks and balances there on the levy. They have that spending authority and they can reach it. If you look at the building fund levy in number eleven, a lot of these small schools are well over the 5 or 6 cents and what they are doing is building brand new schools without the vote of the people. You give more state aid, more of them will do it. They will build new gymnasiums, build-- build school buildings without a vote of the people because they can go to 14 cents. Senator Abrecht-- Albrecht-- I keep announcing her name wrong-- but she-- she has a bill that would fix that. It isn't on the floor. It's on the floor, it's not been heard, but anyway, this doesn't fix anything. Now, I'll never say never. If it became from throwing \$60 million into rural Nebraska or-- or-- or getting rid of the corporate income tax, I would give \$60 million to rural Nebraska because at least the money would stay local. I made an error on Schuyler earlier on the spreadsheet, Senator Friesen. In the third and the fourth year, they would get some money. But then again, look at the spreadsheet on Schuyler. Schuyler is one of those uniques where there's not a lot of land base, has a lot of poverty students because of the packing plant. They are maxed out at their levy. If you give them a minimum amount of \$1 million in the fourth year on a \$22 million budget, guess what? They will not lower their levy. They will not lower their levy. They need the money because they would use it because they would have more access now to their spending authority, which they don't at-- presently. That's Beatrice too, Senator Dorn. They would not lower their levy. They wouldn't have to and they would create the-- they would claim they have the needs and they probably do. Just a comment, I just can't pick anything apart, but on the sales tax, if you look at the people paying the highest sales tax, there's another problem. Those are retail centers, north-- Lincoln County is black. Look at the counties around

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them, all those farmers and come into North Platte and purchase, but you divide the population--

HILGERS: One minute.

GROENE: --into-- of-- of Lincoln County into the sales tax and looks like we pay a lot of sales tax. No, all those counties around there are. You can look at them: Sidney, Valentine, North Platte, Imperial, Nebraska, Columbus, Schuyler, those are the black ones-- not Schuyler-- Columbus, Norfolk. All of those farmers and small communities go into those bigger towns and they pay the sales taxes and that community gets the use of them. There's another problem, unfair taxation. Those little towns, citizens go into North Platte, pay the sales tax, North Platte gets to keep it. They get nothing. There's a lot of injustice in our tax policy. Some of it you can fix, some you can't. This is not fixing anything. This is pumping more money into Main Street, state tax dollars, but it does not lower property taxes. There wouldn't be 20 cents on the dollar property tax relief if this passed. They all have the spending authority to spend more money.

HILGERS: That's time, Senator.

GROENE: Thank you.

HILGERS: Thank you, Senator Groene. Senator Briese, you're recognized.

BRIESE: Thank you, Mr. President. Good afternoon, colleagues, and I agree property taxes are an issue all across Nebraska, from urban homeowners to commercial property owners to ranchers in Cherry County and farmers in Clay County. It's an issue everywhere. It needs to be addressed as such at some point. But here we have a bill that-- it's not a perfect bill. You know, nothing we do here is perfect. It treats many of our schools and hence the property taxpayers there differently than others, but we do that all the time in this body. We do it all the time. And the hope is that over time, it evens out and we bring the state along together. And I keep going back to the state aid formula-- and I mentioned it the other day and I looked again-- and a kid at OPS, you know, we send roughly \$5,500 per child in state aid to Omaha Public Schools and the little school six miles down the road from my farm, we send about \$85 a child there from the state in state aid. And so, you know, I-- I think of this bill as an effort to help to rectify some of that discrepancy in what I perceive as an unfairness. Senator Friesen indicated that he would work on this bill, continue to work on this bill. I think his ask is simply that we move

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it to Select File and I-- I would ask you to help do that. In the meantime, he can work on the bill, he can make adjustments to make it-- hopefully make it palatable to everyone and if, and if he can't do it, then it can be stopped on Select File. So I would urge your support of LB454, AM789 to go ahead and move it forward. Thank you, Mr. President.

HILGERS: Thank you, Senator Briese. Senator Stinner, you're recognized.

STINNER: Thank you, Mr. President and members of the Legislature. I'm struggling also to identify this bill either as an Education bill or a Revenue bill. If it's an Education bill, then it's kind of a modified foundational aid situation that should have gone through and should still go through the Education Committee. So we can have that debate. We can actually probably repurpose some of this \$868 million, apparently not enough for a lot of people in property tax relief. You know, if I hear that again, top of my head's going to explode; \$886 mill-- \$868 million is a fully extended property tax relief that we prospectively are giving out. That means they haven't felt it yet. But you still come in here, we got to address property-- no, we have. We have. Now, if we want to look at this as a property tax because it came through Revenue, let's take a look at what property tax looks like. People didn't like the credit fund, right, because it was inequitable. That \$1 million valuation over here, that's 50 basis points you pay on versus at Millard. Did you pay \$1.05? There was inequities there, right? So what do we do? LB1107, we pass that so a dollar in Scottsbluff is a dollar in Lincoln. That's what that bill does. That's your second tier. Of course, we got gambling money coming in; \$80 million more coming in there too and it might go to \$100 (million), don't know. You know, the property tax-- we've done both of those things. Fully extended, it's \$868 million. Let's do some-- let's do some calculating. Let's-- let's talk about fairness. First of all, this bill decides who gets property tax relief and who doesn't. If you're in a low levy school district, you get property tax relief. If you're in a high levy property tax area, you don't get anything. Now, how in the world could that possibly be a fair tax policy? So it fails on that. It fails on foundational aid, fails in fairness. Now, if we want to get serious about what we want to try to do in this Legislature and we want to take the \$868 million, repurpose it for school aid, fine. We tried that in the '90s, folks. That was one of the things when I first started talking about property tax relief, that was the failure. That's what the Governor said. Don't give it just to the schools directly. They'll lower the property tax for a very short period of time and then boom, boom, it comes right back up

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again. That's why we don't give it directly to them. But if we would, then we have to pass a lid. And guess what? They don't want to have a lid, do they? So this is where we're at; \$868 million is going to go out for property tax relief, \$886-- \$868 million subtracted from \$4.5 million in property tax brings you down to about what we pay in individual and corporate income tax. Jeez, that's kind of getting those legs on the stools right, right? Guess what? If we really had courage, we'd take that \$1.97 (million) to \$5 million in sales tax and we'd run that up to \$3 million using that \$500,000-- or \$500 million and \$500 million, then you'd have \$3 million on each leg. Is that a better plan? We've got more exemptions than what we take in, I get that. That's always a hard subject. And I know Senator Linehan may throw a book at me for even suggesting that much--

HILGERS: One minute.

STINNER: --but that may be a solution. This-- this bill does not pass the sniff test from foundational aid side and the process that came from. It doesn't pass the fairness test because it just-- it picks winners and losers. If you're in that district, then you get money. And we're not even sure it's going to go for property tax relief. I think Senator Groene, he looks at that with kind of a jaundiced eye, he said let's build another gymnasium. I don't know that. I have a lot of trust and faith in-- in the people out there on the education side of things. Anyhow, I will punch my-- I need to come back and talk about budget and actually, it's my "let's not spend all our money in our checkbook" speech, so I'm going to punch back in. I'll be back.

HILGERS: Thank you, Senator Stinner. Senator Hughes, you're recognized.

HUGHES: Thank you, Mr. President. Good afternoon, colleagues. I want to remind us that this is not about levies. It's not about property tax, it's about fairness. This is about treating the kids from Venango the same as the kids from Omaha, the kids from Harrisburg the same as the kids from Lincoln. They are citizens of the state of Nebraska, five to 18 years old, that deserve support from their state for their education. With that, I'll yield the balance of my time to Senator Friesen.

HILGERS: Senator Friesen, 4:15.

FRIESEN: Thank you, Mr. President. Thank you, Senator Hughes. Well, Senator Stinner, tell me what's fair about \$1 billion in state aid going to schools that are just-- 86 of them or 80 of them. Those are

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winners and losers we picked. I don't want to use my dad voice, but again, we pick winners and losers here all the time. We've given away more revenue than we put in education. We talk about tax cuts, we talk about incentive programs, and we've got 180 school districts who don't get really any state aid to speak of. And no, we don't pick winners and losers. It's, it's fair. It's based on resources and yet you can look at the poverty numbers out there and it's-- yeah, it's fair to make them pay for their own schools. Explain to me how that's fair. Let's talk about the per capita collection of property taxes that is three times higher in some areas that fund everything. They fund their county. They fund their schools. There's no state aid there whatsoever. There's no sales tax collection because there's not much there for retail activity and yet, no we're fair. Let's keep talking about fair. We got Omaha with over \$1 billion under TIF funding that doesn't contribute to their schools. And no, I wish I could help the \$1.05 ag land owner in the York School District. I've tried it for six years, been blocked on every effort that I've tried to do. No, you can't lower ag land value. OK, so let's, let's mess with the LER and then we help all the schools except those down in rural Nebraska that's still there's no state aid. Everything we do here picks winners and losers. I was told that before I got here. Every vote you make picks a winner and a loser. There is no middle ground or else you don't need a bill. I know we've passed a lot of bills that don't meet the smell test, I'll tell you that. But let's talk about what's not fair for funding 180 of our school districts, we don't care. Majority of senators have funding for their schools and we'll just move forward and we'll keep throwing money on the property tax credit relief fund. I've supported, I've tried to do everything I could to work with the dollars we have available. And back in the day, two-- probably my second year here, I made the joke that, you know, once I've raised \$1 billion, I can start talking about TEEOSA. Well, we're not to \$1 billion yet, Senator Stinner. We're getting close, though, closer than I ever thought we'd be. But at some point in time, I still think it's a fairness issue to some of those schools. And I-- you-- quit, quit looking at the low levy out there and just look who's paying it and look at the--

HILGERS: One minute.

FRIESEN: --dollars they're paying on an income that's not there. There's high poverty in some of those schools and I can't just pick out certain schools. You just have to-- you know, that would be selective legislation. We're-- we don't do that ever when it comes to a \$25 million shovel-ready project. That won't be going to Venango or Harvard or any of those cities out there. We all know where

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that's headed. We're not picking winners and losers. Let's talk about our budget and our revenue stream and where we're going to give tax cuts and then let's talk about how we fund our K-12. We're 48th in the nation and we sit here and we can't even pass a bill that gives some of the lowest state aid recipients some basic--

HILGERS: That's time, Senator.

FRIESEN: -- simple funding. Thank you, Mr. President.

HILGERS: Thank you, Senator Friesen and Senator Hughes. Senator Hilkemann, you're recognized.

HILKEMANN: Thank you, Mr. Speaker. When I was up earlier, I was-- wanted to just mention one thing. We were passed out this directory of the free and reduced lunches and I looked at this list and I have to say that-- I look at it with a jaundiced eye at this list and I know Senator Pahls even mentioned something about the fact that he was shocked at this list. We look at District 16, it says that the West Point Public Schools are 99.73 percent free and reduced lunch, 99.73. I've been through West Point many, many times in my life. I've always thought West Point was one of the nicer communities in Nebraska and I find that very-- if-- if they're 99.73 free and reduced, I-- I have-- I have some question marks about this. And I look at-- through some of these other schools, this data just-- it-- it-- it rather astounds me, to be quite honest with you, in some of these towns. And I don't know-- I understood this came from the Department of Education, but I'd be interested in how they come up with these numbers. I look at my home school where I was raised up in Randolph. They're-- I think they're about 34, 35 percent and most of the communities around that area are about 34, 35 percent, some up to as high as 50 percent. I can understand that. I really just have a real-- and-- and there are certainly some school districts on here that I understand why their numbers would be that high. But I have a lot of these school districts say where are they coming up with these numbers? And so I just-- it's one of these, it's one of these handouts I look at and I say hmm, I don't quite buy all of the information that's there. And-- and that's not to fault anyone that-- that there. I would just be very interested in how this data was accumulated because it doesn't, as someone said, doesn't quite smell the-- pass the smell test. I've been through-- I have the opportunity when I do my BRAN rides and so forth to stay in some of these smaller communities. I'm always surprised at how well-- some of these communities are doing very well and so when I see them having these high rates, just a question mark. So some of the data that we get here, sometimes if it doesn't look quite right, you look

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at it and say why is that? And therefore, I just-- that was just one of the things I wanted to point out and I thank you, Mr.-- Senator Friesen, would you like any additional time? I would-- any time I have left I would give to Senator Friesen. Thank you.

WILLIAMS: Senator Friesen, you are yielded 1:50.

FRIESEN: Thank you, Senator Hilkemann, and I can answer that question. These numbers did come from the Department of Education, so if they're putting out false data, that tells you what the state of our education is. So again, it, it's-- there is a difference and Senator Groene pointed it out that some schools, if they reach a certain level of free and reduced lunches, they do just determine to give all their kids free and reduced lunches. So I would say that that's happening in some of these schools because they don't look quite right, but I would say that in most of the rural districts, that's not what's happening because most people won't even apply for free and reduced lunch even though they're probably needing it. So these numbers do come from the Department of Education. So if they can't accumulate data, I don't know why--

WILLIAMS: One minute.

FRIESEN: --we trust them to fund TEEOSA. And maybe that needs to be taken away from them because they can't do calculations. Maybe they're using new math. But again, it's data that comes from Department of Education. And yes, there's maybe some schools out there that have everyone as free and reduced lunch, but I know there's a lot of schools out in the rural areas that people are very reluctant to sign up for that and they are not even a part of that, but there is poverty in rural Nebraska. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen and Senator Hilkemann. Senator Bostelman, you're recognized.

BOSTELMAN: Thank you, Mr. President. So I guess the answer-- we have two, two answers to the question, I guess what we're talking about today. One, sell-- if you live in rural Nebraska, sell every-- everything you have, move to the cities, fix this problem, not paying more taxes out there, don't worry about it, someone else's problem. The other one is let's do something. There's been several-- Senator Briese, others stood up and says I've got an amendment. We'll work on it, we'll get it done, so don't-- no more excuses. If you stand up and say well, because there's no caps or there's no spending restraints, there's amendments, there's amendments out there to do that. Let's

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bring them up. Let's get it done. There's no excuse. I yield the rest of my time to Senator Friesen.

WILLIAMS: Senator Friesen, you are yielded 4:10.

FRIESEN: Thank you, Mr. President. So again, I-- I hope people are at least listening and seeing once if we can't come to some conclusion here, because I don't want to waste everybody's eight hours of time. I'm not going to take this to an eight-hour filibuster. We are going to get to a vote. I want to see a vote and I want people to realize that there are schools out there with high poverty levels and those people living in those communities are not receiving any state aid. This is a drop in the bucket compared to the billion-some dollars we send out. I am tired of OPS saying no, we can't have one single dollar. That just tells me they care about their kids. Well, no, they don't care about their kids because I think OPS schools seems like the ones that are broken, that are sending kids out without being able to read and yet we give them hundreds of millions of dollars in state aid and don't expect any results back. I would at least say our schools out there provide a kid a good education, but they sure don't have the choices that you offer here at LPS. We offer a good basic education and then we send our kids to Lincoln and Omaha to work and live and you guys are slowly running out of those good employees that we've been sending you for the 50 years and that's why you can't find decent help anymore. That's why our unemployment rate is so low. We're running out of those hard-working farm kids that we've sent east. Our work ethic is leaving us. There are schools out there struggling, there's communities out there that are struggling, and yet we have our number one industry out there, agriculture, which is expected to pick up the full tab of education, plus those low-income people living in those communities paying their share and the state picks up none of it. I think when we talk about our priorities here, we'll see where the priorities are as we finish the rest of the session. They are going to be more interested in cutting taxes than they are about fixing how we fund K -12. And I have not called this bill property tax relief fund. It's not really what it does. It just provides some of those schools with a little bit of funding so that they continue to provide an education for those people who still are out there taking care of our number one industry, agriculture. And yet OPS, LPS, all the large schools refuse to share one dollar. They got to have it all and they'll stand out there in the Rotunda and fight this. I've supported a lot of things that I call were good for the state, not necessarily good for my district--

WILLIAMS: One minute.

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FRIESEN: --good for the state. And if everybody would just sit back and look at this a little bit, you can see that we're putting more money into K-12 education. It's not going to waste and I think someday we have to look at those other funds out there and repurpose them into state aid to schools. I'm willing to be a part of that, but I'll probably be long gone from here before that ever happens because I've-- we've talked about this for 30 years and-- and no, we haven't done anything, Senator Stinner, but we've accumulated a pot of money. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen and Senator Bostelman. Senator Pahls, you are recognized and this is your third opportunity.

PAHLS: Thank you, Mr. President. When Senator Stinner gave his speech, he reminded me why term limits is not a good idea. I think we're going to lose a pretty powerful thinker. And I use the word thinker-- when he decides to travel, I'm assuming west or maybe where it's warmer. I think I see a lot of merit in what he's-- what he's telling us. Now a couple other things. I-- I need to react to because I hear-- I've heard several times new math. Well, for those of you just to think about it, new math came about in the '60s. We haven't really been dealing with new math for a long time to be honest with you. And I-- I dealt with that myself, so I do understand that. Now I'm going to talk about small, small towns. I'm from a small town. Guess what? My dad was in a business there. A number of-- they're-- those businesses are gone. You know why? Because almost everybody went to the big city to buy their appliances, to buy their groceries. So all of a sudden, over a slow period of time, all those businesses went away. I can remember that. My dad coming home and said oh, yes, this person bought some dishwasher and dryer in this town. Now he wants me to fix it when there's something wrong. So we did that to ourselves to some degree. Also, we became very efficient in agriculture. Remember the day when you had a combine that-- you could put four of them in this hall or in this room? Well, now you would have trouble putting one, one and a half. So efficiency has been an if-- an issue, which is good in the long run. I also keep hearing about the word TIF. I'm trying to collect some information. TIF has moved the city of Omaha ahead. I'm-- I'm trying to figure out just one, like, with First National Bank-- and hopefully my staff can get that information to me so I can share to you sometime in the near future-- how TIF on a piece of property, how it expanded the tax base. Fifteen years later, the school district did get that additional money, so TIF is not the bearer of bad news as some people think it is. But I also wanted to talk about education. I'm not going to talk about the taxes and things like that. If we are so concerned about the education of our youth in rural Nebraska as

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well as in the urban areas, there's data out there right now that shows you that we have over 100 schools ore what they call schools need of improvement. I'm going to challenge the Education Committee to start taking a look at that with the state department and see and try to find out if there's a way we can improve those schools with some additional help. I'm not talking about additional tax dollars to that school, but as I said earlier in the game, have a team come in and say hey, you need to be doing these things. We know the best practices. I think we need to have teams going to some of those schools and see if we can't-- and that will make things better. I-- I-- I know it works. We need to be working with the State Department of Ed and to see how we can make this happen sooner. Right now we only do two or three schools a year. Well, over 100 schools, you know how long that will take. So I think we need to take a look at all directions of this bill--

WILLIAMS: One minute.

PAHLS: --thank you-- and see if we can't find something because I do hear people saying we need to help the-- the children in the small towns, not just in the Omaha area. This is one way of doing it. You improve those schools and in the past, I mentioned some of the schools. I'm not going to do it today-- in some of your districts, that they need additional help so we ought to find a way to help them. I'm not just saying increasing taxes at all, but finding a way-- because I know we have hardworking teachers out there and administrators, let's see if we can't make this game work and improve, and improve not only Big Red, but all these schools out there that are-- will be sending students to places like Big Red. Thank you.

WILLIAMS: Thank you, Senator Pahls. Senator Groene, you are recognized and this is your third opportunity.

GROENE: Thank you. Some points to be made about Gretna versus Wallace and what-- both of them are great schools. Both of them have different circumstances and I don't pick on Wallace. I just want to use an example from my district. There-- at least in Wallace, those farmers had a relief valve. When they reached full equal-- full-- nonequalized, as their valuations went up, their levies went down. There was an equalizer there, a relief valve. Those four individuals in-- in North Platte, in Beatrice, in Gretna has their valuations went up because they were equalized districts, their levies stayed at \$1.05. They got hit twice and really hard. Meanwhile, yes, because we lost equalization in rural Nebraska, we still paid a lot more property taxes, but there was a dampening effect because levies went down.

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State aid, everybody gets some state aid, all special education kids across the state get about 50 percent of the cost. That's-- it's across the state. So whatever we give, the \$275 million-- Senator Stinner can correct me-- divided by how many special education students and it's-- it's dissipated-- it's dispensed across the state. Everybody gets their income tax credit, which is 2.23 percent of what your local patrons pay in income taxes. You get that as state aid. So everybody gets some state aid. Yes, we're 48th in the nation-- rated. State aid to public schools, state aid to public schools. But overall spending, the taxpayers in Nebraska do not have to apologize for support of our public schools. You throw in the property taxes and we're, like, in the 20s, the low 20s. If you look at the school dist-- states around us, we're about \$12,500 average per student, at least \$1,000 higher per student than everybody around us. One thing we're going to have to fix around here-- and I don't know if we ever can do it-- is tell the education establishment that we're going to get off this money thing. We've done it for 100 years, threw money at it as if we're going to solve the problem. They just want more money. Maybe it's time to look them in the eyes and said you're the problem, why you have not fixed poverty in this country. What's wrong with how we educate kids that we cannot break this poverty barrier? It's supposed to be the great equalizer. Money don't do that if you give it to the individual, but giving it to the administrators doesn't do it. We proved that for 100 years. We have to look at the education. We have to look at the classroom. We have to look at the discipline in the classroom and giving kids boundaries from-- no matter where they come from, so when they get a job, they know how to show up for work, period. That's how you start. They will tell you it's more money. I heard here today we give more money to small schools, it's going to fix poverty. It won't do anything. They'll just spend it. Teachers will get more money. Administrators will get more money. They'll go on more seminars and they won't fix the ABCs of education. There's your problem. It's not more money. We need to address how we educate our children. It's not working. Just heard it here over and over again. Public education was supposed to be the great equalizer. Well, apparently it failed and it's still failing. So anyway, you want something I would agree to? All right. Of your needs, if you pay 75 percent under, you get that state aid. Then we look to next year how much you taxed over your 75 percent and it is deducted from your state aid the next year. That would solve it. That would give you property tax relief. And then the year after if you got-- we figure at your needs and 65, 65 percent--

WILLIAMS: One minute.

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GROENE: --if you tax over that, we subtract it from your-- your state aid the next year. No games played. We get state aid. We get property tax relief. If you want to look at that, Senator Friesen, I'll look at it with you. The other thing is I want to deduct out their building fund over 5 cents. I don't think the state should be giving them more state aid to build a new gym or new grade school addition. They should be having a bond election, shouldn't even be part of this equation, but look, look at that column 11 on that spreadsheet. The building fund levy, anybody over 6 cents or so is probably pulling off extra money, putting it aside and going to build a new building without the vote of the people. That has to be taken into account. We get more state aid. They just raise the building fund levy and they build new schools without a vote of the people. Fremont can't do that. Lincoln-- Omaha-- North Platte can't do it. Columbus can't do it. Omaha can't do it because we're up against their levy limit. They have to have a bond election to build a building. There's a lot of things can be fixed in funding in the state--

WILLIAMS: Time, Senator.

GROENE: Thank you.

WILLIAMS: Thank you, Senator Groene. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. Again, what I'm going to do now-- I'm not going to waste everybody's eight hours today. I--- when I get done talking now, I'm going to pull my two amendments that are left and then we'll get to Senator Wayne's amendment and deal with that and at some point in time, we'll get to a vote. We'll see once-- where people land. I'm not going to-- I'm not even going to pretend to take it to a filibuster. I don't have 33 votes. I admit that. It's not what it should take when we're talking about this, but we'll get to a vote. Again, it goes back to yes, there's schools out there that have probably spent too much money. But if you go through this list of schools, the four-year average, there's a lot of them that have been below the 3 percent. They have not spent money. They have people on their school boards who have held restraint. But then you've got the CIR that demands certain teacher pay. That's 80 percent of the school funding, so how much are they actually in control of? You blame the school boards, but 80 to 85 percent of a school's cost is teachers and staff, people, and yet we tell them they're overspending. I know that health insurance went up, wages have to go up, but if they're not in control of their wages, why are we blaming the local school boards for spending increases when in the rural areas, you're-- the state doesn't

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even contribute half a percent in some school districts? Come on. Think about that. Think about how much money we're sending to the urban school districts, which I'm-- I got no problem with. I have not tried to cut it. I've always told school districts I'm not-- I will not harm you, but any more, I mean, I'm getting tired of this game where they don't support anything to 180 different school districts. They don't care. Those kids don't matter. If they would fix their own problems with the education system that they must have at OPS, they seemed like they maybe can't get that done either and yet we keep funding them. There's no performance review. Give them four, \$500 million dollars and nah. So if you send kids out that can't read, no big deal, you're doing your job, everything's fine. Let's-- let's teach over the Internet. Let's, let's homeschool. Let's see how that goes. Our school has at least remained open and that's why people are fleeing some of the cities. So let's just keep, let's keep shoveling money at the schools that are failing performance wise-- you send out kids that can't read and I-- I-- again, I don't think that happens in rural schools. We give them a good education. We just don't have the 165 different courses to offer them or flight simulators or AstroTurf on all our fields and our practice fields. And then we say we waste money in education. Yes, we do. Those AstroTurf fields have nothing to do with teaching a kid, but by golly, we're going to have sports. We're going to open up when it's time to play football. We're going to put in the best track.

WILLIAMS: One minute.

FRIESEN: We really don't care about kids' education. Let's just keep throwing money at it and not demand performance. Let's not fund 180 school districts who are doing probably the best job. So maybe those school districts that have held their levy down to 40 cents, maybe we should give them a reward for holding down their spending. Instead, we criticize them and say well, golly, you're-- you're only at 40 cents. You should have been at \$1.05 and then we could give you some state aid. Oh, that's not how it works. I get it. So it's real frustrating when you spend seven years here and no matter what you try-- you try helping the big schools and the small schools, that gets shot down last year. That would have poured a lot of money into schools. Yes, there were some, some spending constraints in it and I'll bet every one of them could have lived under those restraints if they had had to.

WILLIAMS: Time, Senator.

FRIESEN: Thank you, Mr. President--

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WILLIAMS: Thank you, Senator Friesen.

FRIESEN: --and I, and I want to withdraw my amendment, LB1231--
AM1231.

WILLIAMS: Without objection. Mr. Clerk.

ASSISTANT CLERK: Mr. President, Senator Wayne would move to amend with
AM1234.

WILLIAMS: Senator Wayne, you're recognized to open on AM1234.

WAYNE: Thank you, Mr. President. Colleagues, I'm not going to get into a debate over urban and rural schools and what, what do what and how they do it. At the end of the day, I think schools are trying to do the best they can at their local level. Some of them can obviously improve, but I think we also have to look at how over the last 27 years, we've changed TEEOSA 23 times and it's hard to budget if-- in OPS when you have \$50 million to \$60 million swings in your budget. Let's not ignore the fact that after we started talking about TEEOSA, OPS actually had to sue the state to make sure funding became what it was supposed to and they end up settling for hundreds of millions of less because we as a body decided to underfund TEEOSA. And every time there was a budget cut, we as a body decided to cut TEEOSA. So before we get talking about urban or rural, know the history of TEEOSA before we go there. And it's because of that history of TEEOSA and because of the problems that we all continue to say-- every time I-- I get up on this mike, I hear about property tax relief and everybody says it's a funding of K-12 and now recently in the last year and a half, I've heard community colleges because they've been significantly increasing over the years. So my bill is simple. My bill is-- my amendment is a white-copy amendment that does one thing-- well, two things, I guess. It sunsets TEEOSA to the end of our biennium. It also sunsets option enrollment until the end of our biennium. One thing I've learned about this body over the last couple of years is we don't do anything unless we have to, that we talk a good game and somehow bills get stuck in committee or they come to the floor and they only have enough votes to maybe, maybe go for six hours before they die. Because when it comes to big thinking about how we're going to actually give property tax relief and make sure no matter where you are in this state, Venango or Omaha, we as a body have a duty to make sure we are funding part of your education, if not all. We have that duty and I agree with Senator Friesen in this respect. We should fund kids no matter where they are and what zip code they are in and TEEOSA doesn't quite do that. But we also have put a lot of Band-Aid solutions, such as Senator Briese's

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bill to lower valuations for bonds. We've also did the property tax credit over the years to offset rural versus urban to make up for the TEEOSA injustice that you claim you have. So it seems like we keep debating and dancing around the issue that we all have to solve, which is TEEOSA. So my amendment says let's put our money where our mouth is. Are we going to have faith to get this done in a year or are we not? I've seen this body come together the last seven days of session and pass a whole entire tax incentive and property tax relief to a tune, Senator Friesen-- over the next biennium, it's going to be \$1.3 billion to \$1.5. That's billion with a "b" of property tax relief that you all claim-- there's three reasons. You all claim, one, your local county assessor and the market, and the market is driving it. As Senator Brandt told me, there is this piece of property that we've been watching in our family for years and we just sometime goes crazy as farmer and pay a ludicrous price to just buy that piece of farm because grandfather said we should buy it. I didn't say that. Farmers said that in this body. So the market drove up your property valuations and your local county assessor evaluated it. The second reason I continue to hear is TEEOSA. And then, like I said, the third reason that I just started hearing the last two years was community colleges. There has been this underlining tone of the state keeps pushing down too much on the locals, but I really haven't got a pinpoint of what that is when it comes to unfunded mandates because half of the time we like them and half of the time we don't and both times you say it, it's usually an unfunded mandate that that senator likes, but then doesn't like another one, so I really haven't figured out that point. But the two that I mentioned are resolved in this bill and makes us fix it. The other one, the free market, let me repeat that, the free market, because you've seen a quarter lot over there that you really want, that great-grandpa said we should buy, and you pay an extra \$100,000 for it is not my fault. And I'm quoting Senator Brandt, the conversation that I've had, because he's the only one who told me I could talk about it publicly. But everybody else, we've had that same conversation where prices are going up because of the market, because of the market. And that same thing is happening in urban, so it's not just a rural thing. So again, this amendment is very simple: sunsets option enrollment because that's part of what I consider a grave injustice when it talks about funding kids and treating kids fairly, equitably, and equally across the state and TEEOSA. So everybody who's concerned about property tax, this gives us a deadline. This gives us a goal to fix it or we can always erase the deadline with the same majority vote. We can just get rid of the sunset and go back to where we are, but I'm tired of hearing the same debate over and over. Because we're at \$1.5 billion and I know that's

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not enough for Senator Briese. I think \$2 billion won't be enough for Senator Briese, but that's unsustainable and we've all said that, whether it's Senator Hughes, Senator Friesen, Senator Briese, and on my side of the aisle, Senator Hansen, Senator Cavanaugh, Senator Wishart, we've all said the same thing: what we are doing is not sustainable. So let's put a deadline on it. Let's come together. I don't care how many interim studies we got to have. We have a commission that, that may come through this-- it's in the first round, so it might or might not come through, but let's get it all together. We study TEEOSA, we figure it out, we come back, and we get it done. I think community colleges have to be brought into that because they have been significantly rising too. But this doesn't deal with community colleges, this deals with the education part of K-12, which is optional enrollment and TEEOSA sunset. So I would like to have a conversation about who's not going to vote for it and why and those who don't want to have-- want to vote for it, then let's not talk about property tax relief either because we've danced with this issue too many times. And there's nothing against studying TEEOSA, but the fact of the matter is TEEOSA doesn't even mention poverty. It's actually an allowance that's added on later. It was never even formed for that. It's so complicated that most people in here can't talk about it. And when I was on the school board, we knew we were going to lose \$50 million. We sent our lobbyist down to just make it ten or twenty. I don't care how you get it done, just make it work. And nobody can tell me where actually all the money goes to. We know generally, but we can't account for every dollar that goes into TEEOSA, which is a problem. So yes, Senator Friesen, I hope you-- you know, might not like the whole entire white copy, so on Select File, I have a placeholder amend-- if this passes, we'll-- we'll just add it on. But at the end of the day, we have to stop talking around the issue of funding our schools across the city and stop using property tax as an excuse of how we continue to create Band-Aid solutions to the real core issue, which is how we fund our schools. With that, I would ask for a green vote on AM1234 and that's a perfect, perfect name. One, two, three, four, let's get this moving and let's get out the door.

WILLIAMS: Thank you, Senator Wayne, for your opening on AM1234. Debate is now open. Senator Matt Hansen, you're recognized.

M. HANSEN: Thank you, Mr. President, and good afternoon, colleagues. When I hit my light earlier, I didn't realize I'd be the first one to speak on Senator Wayne's amendment, but actually, I'm glad. I'm glad that worked out and lucked out. I have to give credit where credit is due. I believe ultimately, even if we're not going to get there today,

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Senator Friesen with LB454 is trying to get at a fundamental issue and trying to solve it in a base fundamental way. I believe Senator Wayne's amendment, as currently proposed, is-- I don't know if it's the carrot or the stick, but to get us to respond and react to the same problem of how we finance schools and education in our state. And I appreciate these-- these two senators and actually a number of other senators for trying to focus on this. I found myself agreeing and nodding along with a lot of Senator Wayne's speech in the sense of, you know, we are going to do some bills and taxes this year and a lot of them are Band-Aids. They're, you know, minor things on bond issues or things of that nature rather than comprehensive reform that people have been asking for. And I know ultimately the goal is to kind of leverage that property tax credit fund into some other financing mechanism that we all find adequate. I must say, fundamentally, I'm on board. I'm not opposed to this conversation. A number of senators, including Senator Friesen, knows that I spent-- what was it-- two summers ago-- spent the whole summer and repeated meetings with all-- schools of all sorts of different sizes, ag groups, all sorts of different stakeholders of property tax, trying to get, you know, my head around the issue, my arms around the issue, and figure out where we could go forward. And I think there are some paths forward. I think there are some things we as a body can look at and I don't know what it's going to take or if we're going-- if-- if we are going to get there. One of the things, though, is-- and I think to-- to add on to Senator Wayne's point is I think fundamentally how we view schools is going to be kind of the crux of-- of why we haven't been able to solve TEEOSA, why we haven't been able to solve school funding and the related problem, property tax. It's not necessarily a disagreement on taxes in my mind. It's a disagreement on education policy. Basically, how nice do we want our schools to be? You know, what do we want them to look like? What do we want them to offer? Because that's one of the things that-- it shook me on a prior bill that I never even considered that senators in this body might want more school bonds to fail as and-- as a goal of theirs. And I was having such a hard time debating LB2 because of that because I didn't realize that was a motivation until somebody kind of flat out said it to me under the balcony. And that is such a different worldview from mine, such a different worldview from mine. I didn't even consider that as a hypothetical. I didn't even consider it as a possibility or possible motivation, so I was debating and negotiating and discussing the bill from a totally different worldview and I didn't even get to that point. And I got there eventually and that's something that actually concerns me and part of the reason I'm still opposed to LB2. I don't mean to keep bringing that one up, but that's one we've-- are going to do this

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year. It looks like it's, it's-- I know it's on Final Reading. It looks like it has the votes and traction to go. And that's fundamentally something that we need to look at. I have rose a couple of times on this floor of, you know, kind of why does ag land need to pay for education? You know, if we want to completely divorce ourselves from local, local property taxes, I don't know how other states finance education. Maybe there's a model for that, but fundamentally, you know, all sorts of people pay into our education system regardless of how active they are in it or whether or not they are raising children in our state, whether or not their children attend public schools.

WILLIAMS: One minute.

M. HANSEN: Thank you, Mr. President. So this is all to say I do recognize, as a body, that so many of us want to get to a solution on this. So many of us want to get to this-- this point and I appreciate the people like Senator Friesen, Senator Wayne who are pushing the issue forward. You know, I was getting to the point where I know we need to do something and I hope we can get there. I'm going to stop short of committing to Senator Wayne's amendment at this-- at this moment, but that was a good opening. So with that, thank you, Mr. President.

WILLIAMS: Thank you, Senator Hansen. Senator Stinner, you're recognized.

STINNER: Thank you, Mr. President. Members of the Legislature, I'll try to speak in a hospitable voice. First of all, I want to just comment on Senator Wayne's proposal. It's-- it will make an interesting discussion, but I want everybody to understand my tirade had nothing to do with Senator Friesen. I have a high regard for Senator Friesen. I consider him a friend. I think he's done terrific work and I believe his bill has merit. I also want people to understand I've been an advocate for schools and school funding almost my entire adult life. I was on the Gehring School Board for ten years and since I've been here, I've been an advocate to try to get full funding for TEEOSA and I think over my period of time, we did it my first biennium, we did at this biennium, funded TEEOSA in its entirety. I also-- my number one priority was to see what was possible-- what was possible on property tax relief. When I came into this place, it-- we were \$115 million in the property tax credit fund. Right now, fully extended, probably when we leave, it will be about \$860 million in property tax relief. So when somebody says we need to do more on property tax relief, I'm sorry, that really grinds against

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everything we've done and we've done it. The first two years I was here, we had some extra money. The next two years, the roof fell in. We had to make up \$1.2 billion, \$1.2 billion. We had to do two budgets. Then we kind of came out of that hole, crawled out of the hole, provided more for property tax on any extra dime, any extra money that we had. And if you remember back in August, I stood in front of you and said I think LB1107 will work and everybody here was concerned that it was way too tight, way too aggressive. Right now, it's working. We got-- we got lucky and that really gets me back into the budget and where we're at today. And I think everybody understands we did receive somewhat of a gift, I-- I guess, from the Forecasting Board. And first of all, I'm going to say this isn't-- we don't need to spend everything in our checkbook. Let me repeat that. We don't need to spend the \$34 million that are sitting down here on the green sheet. The Forecasting Board comprises of-- of individuals both from the legislative side and the administrative side, which I've explained from time to time, and they are provided forecasts. Forecasts are guestimates, estimates of future events. They're put together by people who have studied the economy, I get that. They're put together by revenue, they're put together by fiscal. Each one has a Ph.D. in economics. They work on modeling. Interestingly for the Forecasting Board, this time, there was a \$100 million difference between the two forecasts. What that tells you is there's a tremendous amount of uncertainty depending on how you look at the stimulus, how you look at the pandemic, as you look at zero interest rate, how you look at inflation. Those are variables that are contemplated within that forecast. So what the Forecasting Board did was to take a look at the current budget and they were up \$90 million. Why were they up \$90 million? Because we were already--

WILLIAMS: One minute.

STINNER: --well above the February forecast. That \$90 million, actually right after April, which we just went through, is about \$67 million over the February forecast, so we got \$23 million to make up in May. May is now the new filing date. There's a real good chance we'll make that. Because of that, then the next two years, we're actually down in the forecast by \$5 million in the first part of the biennium. The second one they let go, too many variables out there. And I will tell you, when you look at forecasts over a period of time-- and if you want to look at revenue fluctuations and forecast talk, you can look at page 20 in your budget book and it looks like a-- a science experiment or a cardiac, "cardiacagram" or whatever it's called, but it-- it fluctuates wildly up and down. So let's be

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careful. Let's be prudent. When we allocate dollars, let's make sure it's purposeful dollars.

WILLIAMS: Time, Senator.

STINNER: Thank you.

WILLIAMS: Thank you, Senator Stinner. Senator McCollister, you're recognized.

McCOLLISTER: Thank you, Mr. President. Good afternoon, colleagues. I want to congratulate Senator Stinner for his ability to make difficult arrays of numbers easy to understand. He does it, you know, in a way that we mostly-- most of us can grasp and understand the complexity of things. I also want to thank Senator Friesen for his continuing efforts to make property tax a reality in this state. I'm not sure this bill has got the energy to-- to get clear through, but I'm going to support the bill, at least on General File, to see if Senator Friesen can do his magic and make a-- make the bill somehow fit in the budget. I think Senator Stinner made a good point; \$1.4 billion, \$1.45 billion of property tax relief that we're going to give citizens in Nebraska. I don't think that those numbers are reflected in the 48th support of schools or the high property taxes we have in the state. We are rated seventh, eighth, or ninth-highest in property taxes, but it does not reflect the \$1.45 billion we're giving taxpayers directly. So I would like to see what those numbers would reflect, that \$1.45 billion. I do think we need to do continuing efforts to readjust our-- our tax structure. How do I mean that? Well, our sales tax load is particularly narrow and I think it's important for us to broaden our sales tax numbers to include more services. That would generate a considerable amount of money, perhaps \$500 million. We also need to look at exemptions. We did that during my two years on the Revenue Committee, but we really didn't come-- come up with any conclusion and that's something that I think needs to be done. Secondly, we need to look at how farmland is valued. In many states, they look at the productivity-- productivity of the ground, the income it produces, and not only the value of the-- intrinsic value of the property is based on sales and things like that. Thirdly, we probably need to look at Senator DeBoer's bill on the TEEOSA reform and I think it's important for us to do that. It's maybe important-- we haven't done it in any kind of major way for a number of years, perhaps decades, so it's time to do that. Lastly, I had an epiphany when we started looking at those free and reduced lunches and many of those towns that had free and reduced lunches at very high rates are those places that had packing plants: Lexington, Norfolk, Grand Island, Crete. How can that be? If

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we were to compare the unemployment rates in those towns with their free and reduced lunches, I think we would come up with the conclusion that there are virtually no people that aren't employed in those areas, but they aren't making much money, hence the need for SNAP. When we look at the free and reduced lunches, that's a-- a good indicator that people need the help of SNAP. So my office is going to-- preparing a document that looks at those areas with high and reduced lunch with the unemployment rate and I think we'll see those people are not slackers. They are the people working one or two jobs and deserve our help with an extra SNAP benefit that I'm offering with LB108. Thank you, Mr. President.

HUGHES: Thank you, Senator McCollister. Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President. Good afternoon. I appreciated Senator Friesen's comments about building tracks and football fields and all those things that we constantly do and we call that part of education. I had a conversation with Senator McDonnell earlier today. What does the Constitution mean when it says we shall provide free instruction in the common schools, K-12? Does that mean football, basketball, track, all those other things? I don't think it does. So I think Senator Friesen is onto something. The other thing that he said that I think is of utmost importance is he mentioned CIR. And when I was on the school board, that was always the conversation that came up when we were negotiating with the teachers. So that's a circular motion there and it's comparing yourself with yourself. It's pretty hard to catch up. So those are issues, I think, that Senator Friesen nailed. Speaking about Senator Wayne's AM1234, I believe Senator Wayne is onto something, just as I believe that Senator Wayne is right, that he should draw a line in the sand and say this is it and we're going to make a decision. You'll be afforded that opportunity tomorrow to make a decision about our current tax system. We have heard for the last 30 days at least every known bill known to man to put a Band-Aid on the amputation. The tax system is broken and we continue to talk about that and then Senator Wayne stands up and drops in this bill, this amendment that nails part of the problem. So the consumption tax will fix the property tax issue, but it will not fix the funding of schools. So Senator Wayne, I don't know if you know this, but I will vote for AM1234. I think it's the appropriate conversation to have. And you are correct, unless this body is forced to do something, they will do absolutely nothing; case in point, last year's LB1106. We had an opportunity to make a bigger difference than we did and we passed LB1107. And we talk about all of the property tax credit fund that we've given and we've given \$1.5 billion to property tax relief, but

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no one ever seems to mention the fact that property tax goes up \$200 million every year. So we may have given, over a period of years, \$1.5 billion in property tax relief, but in fact, property tax is going up \$1 billion or more. So how much relief is it really? So if you filed your income tax and you claimed your 107 reduction in your income tax, you may find that it was basically a reduction in the increase. That's what happened to me. My property went up 16 percent, my taxes went up 16 percent, but LB1107 allowed me to drop it back to 13.1. So don't get me wrong, that was a decrease, but it wasn't relief. And so we are going to continue to talk about funding schools and the consumption tax, as I will tell you tomorrow, has nothing to do with cutting spending. That's not my job. It looks to me like Senator Wayne is taking that upon himself to pick that-- up that mantle and I appreciate it and I'm going to help him in any way I can because the TEEOSA formula, as he said, has been changed 23 times in 27 years. And I think the only person in this room besides Senator Linehan and maybe Senator Groene really understand what TEEOSA does. And so it needs to be simple, needs to be clear, and when we have complex property tax issues and funding for schools like we have, it hides transparency. And so Senator Wayne had commented in his comments that no one really knows where all those dollars go and so when you can't measure something, you can't manage it.

HUGHES: One minute.

ERDMAN: Thank you. And so, Senator Wayne, I'll just tell you right now that if you bring this amendment again if it doesn't pass today, I will support it in the future and I'll support it today. I appreciate your efforts. Thank you.

HUGHES: Thank you, Senator Erdman. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. That was a slow walk, not intentionally. So Senator Wayne's bill, I'm-- I've had a bill sunseting TEEOSA. It sunset the Advantage Act, it sunset the property tax relief fund. I think I sunset everything in sight one year, didn't even get out of committee. It's true if-- if we would sunset it-- all of those things, lump them all together, everybody would be at the table with their knives out. It'd be a heck of a food fight and rural Nebraska would lose again. We don't have the votes, colleagues. There's what I would call probably eight rural senators and after that, they pretty well support urban areas, so we're outnumbered, folks. I've got one more year left here and I won't give up. I'm not quitting, but it's going to be an interesting year that's left. I think we have an opportunity here and Senator Wayne, I appreciate you

throwing this out there. It's something to talk about and we're going to see a vote. What my fear is a rural senator would be is that we'd actually find a way to take all of the money that goes to rural Nebraska and put it into the urban areas because we just don't have the votes to even protect it. So when we're looking for just a-- a small token here, I'm-- I've always been willing to sit down with a group and try and figure out how we do this. I've-- I've joined numerous groups over the years and we've come up with what we thought was a solution that didn't go anywhere. It was either stuck in committee or rarely did we get anything to the floor and if we did, it was by hook and by crook and we found a way to get it to the floor and it suffered its defeat there and it was gone in three hours. We have an opportunity here, I think, to do something. I'm willing to bring the fiscal note down to whatever is required to get it done because I know we have a limited amount of resources this year. We've sent too much out here to the floor that's already sitting on Select waiting for funding, but we prioritize-- prioritize tax cuts versus doing some other things and I get that. It's the way it works around here and that's fine. No complaints. And now we're sitting at that logjam, that time when we-- everybody has to make a decision and it's going to be what are our priorities again and what are we going to fund, what are we not going to fund? This is the first year since my freshman year that there's actually really been any amount of money on the floor to spend and it's been an interesting session. So I-- I don't know if I can support your amendment, Senator Wayne, but it's, it's-- tempting as it may be, it would bring people to the table, but I think we have to add to it. We have to sunset some other programs, too, because we want everybody at the table. I-- I-- again, I will say I-- I-- I do want to get to a vote. I'm not going to waste everybody's time. It's not been my intention. I thought we were bringing a bill that was doable at first.

HUGHES: One minute.

FRIESEN: I thought it was-- you know, it didn't hit the-- it didn't target the people I would have preferred, but it was a little bit more that we could have done for some of the rural schools out there. And right now, I mean, I-- it-- it doesn't look promising. I-- I was hoping that we could get this to Select and at least be able to have a discussion on how we could fix it, if it's fixable. And from what I'm hearing from some people, there's no fixing because we're not giving a dollar to rural kids. Thank you, Mr. President.

HUGHES: Thank you, Senator Friesen. Senator Moser, you're recognized.

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MOSER: Thank you, Mr. President. Well, we've got a number of problems and I think that this discussion today has highlighted some of those problems and it's been helpful, I think, in-- in maybe motivating us to come to some conclusion. Senator Friesen's bill is certainly a thought-provoking idea and having every student get some funding sounds fair. The problem being is that we've already approved a budget and, you know, there may not be the money available to do this bill the way it's intended. When we were talking about schools having artificial turf and nice new tracks and all those sorts of things, in Columbus, the new track and the artificial surface on the football field and remodeling of the stadium was approved in a bond issue to be paid by a half-cent sales tax and it passed probably two-thirds to one-third and so I can't complain that we have artificial surface to play football on. The citizens approved it. Possibly where the Legislature made a mistake was when we gave the 1.5 to 2 percent local option tax to the cities and let them do with that whatever they wanted. Maybe we should have assigned some of that to the school so that the school wouldn't have to go so heavily on property tax and maybe that's something we need to address in the future. Possibly the state funding should be assigned by the student population, not a whole lot different than what Senator Friesen is suggesting here. Another complaint that I've heard is that the \$1.5 billion property tax relief is not enough. And when you're paying \$100 an acre on farm ground, a discount on that is going to help, but it's not going to take away all the misery. The total property tax is somewhere just short of \$5 billion and somewhere around 60 percent of that is school funding. So you take six times five, that's \$3 billion per year, so times two, that's \$6 billion. And then you consider that the property tax relief is somewhere around \$1.5 billion, that gives us about a 25 percent property tax relief fund-- 25 percent effect on property taxes. Twenty-five percent discount helps, but it-- I don't think it's enough to solve everybody. I saw some smiles when Senator Wayne was saying that that's not enough and I looked around the room and I could see some-- some people agreed with him. I think we also have to look at the way we value farmland. There's no way that you can look at one or two sales and then assign that value to the whole county. In some counties, Colfax County in particular-- it's one county I'm pretty familiar with-- it's only part of my district, but they have so few sales. Some of those farms have been in the same family for around 100 years and to value the whole county based on one or two sales or even a half dozen sales, I don't think is fair. You know, you can look at the bank. I was talking to one of our senators who's a banker, said--

HUGHES: One minute.

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MOSER: --how much money can I borrow if I want to buy a piece of farm ground? And he says, we don't like to borrow a loan more than 50 percent of the value of the farm ground. So that right there tells you that in the bank's estimation or, you know, economically, that farm properties are probably overvalued in their-- their assessed value by 50 percent. So anyway, those are my observations. I don't know. I hope that you, that you consider these as we kind of move forward. I don't-- I don't have the answer. Usually I think I know the answer, but this is one of those times when I don't have the total answer. Well, most of the time I probably don't have the total answer, but not even I believe I have it all this time. Thank you.

HUGHES: Thank you, Senator Moser. Senator Wayne, you're recognized.

WAYNE: Thank you, Mr. President. This is a very interesting conversation and so, you know, Senator Friesen, I mean-- I guess let me talk a little bit about-- I heard a lot about sports. Well, the reason many of-- and the reason I know this is because where my mother is from in Iowa, they actually went through consolidation. And the reason why many of the school districts don't consolidate are because of sports. They love to be able to walk down their Lincoln senator's office and see outside, their volleyball team is at the state championships. They love their Friday night lights. They love their baseball, especially in rural Nebraska, their baseball. That's their community pride and consolidating a school district takes a part of that community of pride, at least in their perspective, away. So where my mom is from is Rolfe, Iowa. Now it's Pocahontas Consolidated School Districts. That community still has their high school there, but it doesn't have the same feel. That's primarily part of the reason why most high school-- most schools don't consolidate. And I can tell you from Imperial to South Sioux City going southeast, there is some consolidation that could occur, but that's the reason they don't. So sports are important and I think part of the learning experience. But to your point of being afraid, if you want to say, or hesitant versus rural, versus urban, let me tell you. What we're trying to do in urban is no different than what you're trying to do with this bill in rural. We are trying to fund schools, not school districts and I think that is a completely different mindshift if you were to talk to-- and I'm not going to speak for any other urban community, at least in Omaha. Yeah, it's great to fund school, OPS school, but in 2013, read their needs analysis. Internally, OPS was not funding their neighborhood schools correctly either and in fact, their Title I schools saw the most significant drop in OPS support to aid. So let me tell you what my dream would be if we had something. My dream would be a very simple formula, Senator Friesen. We would have a core foundation anywhere

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from \$5,000, maybe all the way down to \$2,500. We can play with the numbers to figure it out. We would have a free and reduced lunch factor. We would also have a free and reduced lunch factor as it relates to per school. If that school has more than 50 percent poverty, we know from study after study that changes the dynamics of that school, so we'll give them an additional incentive for that school, not the school district, that school. The second thing we would do is we would also have a factor for English as a second language. That's across the state, we can deal with it. But here's what I would say for the rural part of Nebraska. We also have to have a factor of sparsity. There is some truth that at the end of the day, your buses are going to run a lot longer and a lot longer and I heard Senator Brewer say some of them are riding for three hours. Now that used to be the case when I was in sixth grade and I was being bused around. That isn't necessarily the case anymore in Omaha Public Schools because we have enough buses, but there is a cost to that. So if you simplify a state formula into those five things, that takes care of every school, every kid, no matter where they're at in the-- in the state. There is no jumping around and making sure we're trying to get over on rural because my whole point in this is to make sure kids, no matter where they are, are not being left behind. And the fact of the matter is inside of OPS, there are still schools that are not adequately funded from state aid and I want to make sure that changes. So what this does-- and there's been conversations about is one year too short? Well, here's my-- my answer to that.

WILLIAMS: One minute.

WAYNE: We can always move the deadline another year. The reason I did the end of biennium is because it's hard to make a change in funding for schools during the biennium-- midterm, so it would be while they're relying on that funding. So to me, it would be like either now or three years from now. That's just the way the budget cycle works in Nebraska. So I think we can get it done in a year. We have enough people who continue to study this. It isn't complicated. We have dollars in our property tax credit funds of \$13 million. And if you look at the bill that I introduced in the past, it was around \$13 million. It was actually \$325 million to fund all the schools, like I just said-- in addition, and hold everybody harmless for at least four years. This is not complicated. We are making it complicated. At the end of the day, we're talking about treating kids equitable and equally across the state in some manner and fairly. That's what we can do, but we got to set a deadline to make sure we are forcing ourselves to do it.

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WILLIAMS: Time, Senator.

WAYNE: Thank you, Mr. President.

WILLIAMS: Thank you, Senator Wayne. Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President, and I appreciate that. Senator Wayne, I-- I appreciate your comments and I was wondering if you would yield to a question or two?

WILLIAMS: Senator Wayne, would you yield?

WAYNE: Yes.

ERDMAN: Senator Wayne, can you share with us how you envision option enrollment ending? What-- what will happen when that does-- that happens?

WAYNE: Well, I think we have to look at it almost congressional district by congressional district. To me, it doesn't make sense to have option enrollment inside of Omaha. It just doesn't make sense. But I can't tell you outside of Omaha, if there are towns who are driving past-- literally past each other and how far those are. I don't know so that would be something that I would sit down with rural senators to have that conversation about. But in Omaha, it just doesn't make sense.

ERDMAN: OK, I appreciate that. You know, you made a comment about sports as one of the reasons why they don't consolidate and I want to share a story with you that I was told several years ago. There were two schools in western Nebraska in Senator Brewer's district. It was Rushville and Gordon and they had made a decision to consolidate. And one of the young men that I was talking to happened to be a junior when that consolidation happened and they were getting to the point in football that they weren't able to compete. They didn't have enough players. And so he said the first week of the two-a-day practices was very, very difficult because it was us against them and he said-- then they had a scrimmage and they discovered that they had enough kids to have a scrimmage because they had enough players on both teams. And he said all of a sudden, we began to realize maybe this is not such a bad thing and then they started the season and they were more successful than had ever been individually. And so they blended together quite well and he said after a year or so, we didn't talk about Rushville and Gordon. It was a combination. And so I-- I think some of those things can happen. I think there are some schools out there that probably should be consolidated, but one of the reasons I think they

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haven't is because of option enrollment and, and I think that's a conversation we should have. And so, as I said earlier when I was on the mike, I do appreciate the fact that you've brought this to our attention and I like to have a deadline, a line in the sand so that we make a decision. So thank you for answering the question. So Senator Friesen, I would echo what you said about those things all sunseting: the ImagiNE Act, the Nebraska Advantage Act, also TIF and all those things that we do for tax incentives. And all of those things, under my consumption-- consumption tax proposal will end except for TEEOSA. I did not indicate that I wanted to change TEEOSA because I think that's left up to somebody that understands it far better than I do and Senator Wayne is perhaps that individual. And so we have an opportunity to talk about fixing many things that we've not spoken about before, but we continue-- as I said earlier, we continue to put a Band-Aid on the amputation. And so it doesn't make any sense that we continue to peck away at something we can fix and I think Senator Wayne is onto that same conclusion when he draws a bill up and puts it on the-- on the board that says TEEOSA is going to end at the end of '22, you got to make a decision. And so I would think that the people looking at how TEEOSA is funded, our schools are funded, needs to be people who have financial information, who understand taxes, who understand funding, and not necessarily those people involved in education so that they understand that we need more money. I think it's-- it's a funding issue. It's not an education issue. And as I was on the Education Committee the first two years, I quickly discovered that giving more money to education doesn't improve test scores. And at that time when I was on the Education Committee, Omaha Public Schools had 80-some grade schools and at that time, I think 29 of those 80-some schools were failing in third-grade reading. And we asked the superintendent of Omaha Public Schools what the answer was. And of course, it was more money and so Senator Groene--

WILLIAMS: One minute.

ERDMAN: --thank you-- Senator Groene asked the question show me information, give me proof that one time we gave you more money, it improved the test scores. And so I think there's issues that we need to deal with as well, but we will deal with those as Senator Wayne's bill moves forward and I appreciate him bringing that. Thank you.

WILLIAMS: Thank you, Senator Erdman and Senator Wayne. Senator Bostelman, you're recognized.

BOSTELMAN: I think Senator Wayne has made a great point. I think what he's talking about is something we need to take to heart and be

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serious. If we don't have solid deadlines, if we don't have a time that says we have to do this by X date, we're not going to do it. It's going to continue to be, well, I don't like this about this bill. I don't like that about that, that bill. Well, this just doesn't quite do this or this doesn't quite do that. We'll continue to kick the can down the road. We can say, well, we've given into the property tax relief fund and the other ones, that's fine. But usually when it comes down to the-- to the dollars and cents when you pay your taxes, well, it's-- when you're paying \$100-some an acre, really doesn't give you much relief. So how do we change it? How do we look at that? I think Senator Wayne has some-- some thoughts there and I think that's a good idea. I also think it's not why he's upset as Senator Wayne. I don't think he's upset, but I do believe that he has intent on making a difference when addressing an issue and making sure he sees it through. I think that's important for us to take heart and make a decision. So once again, I'm going to say this: do or do not, there is no try. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Bostelman. Seeing no one in the queue, Senator Wayne, you're recognized to close on AM1234.

WAYNE: I'm debating what to do here. I just realized my amendment has an issue that I want to fix, so I think we might vote first up or down on your bill and I'm either going to reintroduce an amendment or I'm going to bring it on-- let's just leave it. Let's just see what happens. So I will tell you my mistake. My amendment actually has 2022, so it gives us one year, but I kept saying I want to do it at the end of biennium, which is 2023. So I'm debating, do we go 2023 and give us two years to figure it out or do we go 2022? I'm looking over at the crowd, seeing who wants to vote. It's either yay. I'm taking--I'm taking just suggestions, so what I'm going to do is I think I got the support for it so what I'm going to do is I'm going to withdraw this amendment and refile one with 2023. Thank you, Mr. President.

WILLIAMS: Without objection. Returning to debate on the Revenue Committee amendment. Seeing no one-- excuse me, Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. Boy, that was close. We almost didn't have time to draft another amendment. So Senator Wayne, you-- you pulled the amendment. We're not going to get to that vote. It would have been interesting, I think, to see. I-- I don't believe you had the votes, but again, I-- we will be getting to a vote here shortly. I don't know what kind of amendment he's going to throw up

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there, but I-- I do actually want to get to a vote. There's no point in filibustering my own bill. Everybody's tired of hearing it. Nobody's listening anymore. Decisions are made. But I just-- again, I want to point out that, you know, property tax collections per capita: McPherson County, \$7,764 per capita; Lancaster County, \$1,657. Quite a disparity in the per capita collection of property taxes and again, it goes back to we have to properly fund K-12 education and that's constantly what we're trying to work at. And I know Senator Wayne has frustrated me with how OPS distributes its money. Again, they get it in the lump sum. I suppose there's schools in that district that don't get funded properly. They're one of the unique schools in-- in how that-- how that gets funded. So I'm-- I'm looking down the road here and if any-- nobody else wants to discuss this and if Senator Wayne is done, we'll get to a vote here real quick. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen. Mr. Clerk.

ASSISTANT CLERK: Mr. President, Senator Wayne would move to offer AM1234.

WILLIAMS: Senator Wayne, you're recognized to open on your amendment.

WAYNE: Thank you, colleagues. We're going to go back and vote on the original amendment and here's why. I was right. I got-- I over-- overthought it. So it does end in the end of the biennium, but if we don't finish it by the end of next session, there's nothing we can actually do. We would have to call a special session if I were to change it to 2023. So I was correct, but I overthought in my head because I was trying to talk through this while I was on the mike, but I'm right that we need to do it next year. Otherwise it won't fit into our biennium because we have to have a special session. So let me explain that one more time. If we go to 2023, we won't be in session when it goes into effect and we'll have to have a special session to make it work and it will be not in our-- our current biennium. So we have to have it done next year so when we go into our new biennium, our new biennium the following year, we can roll into it. So I was correct. I would ask for a green vote on AM1234 if you want a sunset TEEOSA next year. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Wayne. Seeing no one in the queue, Senator Wayne, you're recognized to close on your amendment. Senator Wayne waives closing. Members, the question is the adoption of AM1234, introduced by Senator Wayne. All those in favor vote aye; those opposed vote nay. There's been a request to place the house under

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call. The question is, shall the house go under call? All those in favor vote aye; those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 24 ayes, 5 nays to place the house under call.

WILLIAMS: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. The house is under call. All unexcused members please return to the Chamber. Senator Wishart, Senator Hunt. Senator Wishart, please return to the Chamber. The house is under call. All members are present. There's been a request for a roll call in regular order. Mr. Clerk, call the roll.

ASSISTANT CLERK: Senator Aguilar voting yes. Senator Albrecht voting yes. Senator Arch not voting. Senator Blood not voting. Senator Bostar voting no. Senator Bostelman not voting. Senator Brandt voting yes. Senator Brewer voting yes. Senator Briese voting no. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh not voting. Senator Clements voting no. Senator Day voting no. Senator DeBoer voting no. Senator Dorn voting yes. Senator Erdman voting yes. Senator Flood. Senator Friesen not voting. Senator Geist voting yes. Senator Gragert voting no. Senator Groene voting no. Senator Halloran voting yes. Senator Ben Hansen voting yes. Senator Matt Hansen not voting. Senator Hilgers. Senator Hilkemann voting no. Senator Hughes voting yes. Senator Hunt voting no. Senator Kolterman voting yes. Senator Lathrop voting no. Senator Lindstrom voting yes. Senator Linehan voting yes. Senator Lowe voting yes. Senator McCollister voting no. Senator McDonnell voting yes. Senator McKinney voting yes. Senator Morfeld. Senator Moser voting no. Senator Murman voting yes. Senator Pahls voting yes. Senator Pansing Brooks. Senator Sanders. Senator Slama voting yes. Senator Stinner not voting. Senator Vargas. Senator Walz not voting. Senator Wayne voting yes. Senator Williams voting no. Senator Wishart not voting. Senator Bostelman voting yes. Vote is 21 ayes, 14 nays on Senator Wayne's amendment.

WILLIAMS: The amendment fails. Returning to debate. Raise the call. Seeing no one in the queue, Senator Linehan, you're-- excuse me, Senator Bostelman just punched in. Senator Bostelman, you're recognized.

BOSTELMAN: Thank you, Mr. President. I think that was a significant vote. I think people outside in the lobby and other places better pay attention. It's time to do something, folks. What's that going to be? We can move this bill to Select, see if Senator Friesen can work on

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something, make things happen. But I think what we just saw was something pretty significant, saying we do have a lot of work that we need to do on TEEOSA. On funding whatever it is, that's what that vote said. So there is no more no, no, no, no, no, no. It's time to roll up the sleeves and make it happen. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Bostelman. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President, and I'll use this kind of-- if this amendment doesn't pass. I mean, this is what makes the bill kind of what I call a lot better. And so I am asking for your green vote. It would be nice to get this bill to Select. I'd be willing to work with anybody. I know we have to take the fiscal note down, and I'm willing to do that. I'm willing to put it in line with all the others. And I know we can easily adjust the fiscal note to fit whatever is required and it will put this process in place so that down the road, if there's funding, we could add to it. If there's not, we wouldn't have to. I've put in there as much as I can to protect TEEOSA. There's no way that we can write legislation that absolutely protects TEEOSA and I know we always tweak it when we don't have revenue. Everybody knows that. And yet we always call it fully funded. I get that. But if we could get this bill to Select, I'm not going to waste everybody's time with eight hours. I'm not going to waste time there either. If I can't work out an agreement, that'll be the end of it. But I do think that this is something we need to be serious about, of setting something in place to getting some more done. And I think each piece that we add it either adds to the portion that TEEOSA that we deal with, it ties up a little bit more money and gives whoever is going to solve this problem some day a little bit more revenue to work with. Because right now, I don't feel that this body has an appetite for doing that. We can do amazing things when we're all being held hostage it seems like. So as far as just doing something on its own, it's almost impossible. And I know that rural Nebraska doesn't have the votes and we are going to struggle and agriculture still being the number one business in the state. I know everybody looks at it as though we've got revenue now, the commodity prices are up, but those times, too, shall end. They always do. And so I'm looking, I know housing markets are shooting up, Omaha and LPS, they're all going to be losing state aid because their valuations are shooting up and TEEOSA needs are going to come down. And this is what happened to agriculture. Those valuations shot up and somebody mentioned it here. Yes, we bid up land just like you guys bid up houses. You pay more than the asking price. You chase the price higher and sometimes it'll get to the point of no return and that bubble will burst and will come back down just like we are in the

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commodity market. It's no different. So your time's coming. It's going to go higher yet until it goes down. And we all know that'll happen when other interest rates go up or whatever else. But we can only print so much money at the federal level or borrow so much until we have inflation that comes and eats it all. And it eats all of our lunch and then we'll be in a world of hurt. And so I-- I-- I know that this property tax issue is a statewide problem. It is not just an ag problem. I have admitted that. So has everybody else. I warned of the valuation increase in housing six years ago. I talked about it. I talked about what happened to ag land and we did nothing. I am looking for a solution yet. We have people who are going to lose their homes because of property taxes. We have farms that are going to lose their farms because of property taxes. We've already had that happen. Property taxes as far as funding schools is not equitable or fair across the state. Looking for a little bit of a solution. And if we can get there, great. Even if it's a little bit, it's a little bit more that we've done in the past.

WILLIAMS: One minute.

FRIESEN: We have set aside a lot of money in the property tax credit funds. I get that. When will it be enough? When the state picks up the education of our K-12 kids and we can use property taxes for funding local issues that are truly local issues. So I do urge you to give a green light to AM789 and then I'll be able to talk a little bit more on LB454. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen. Senator Linehan, as Chairman of the Revenue Committee, you're recognized to close on AM789. Senator Linehan waives closing. Members, the question is, shall the committee amendments to LB454 be adopted? All those in favor vote aye; those opposed vote nay. Mr. Clerk, we'll do a roll call vote in regular order. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 26 ayes, 2 nays to place the house under call.

WILLIAMS: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator DeBoer, would you check in. Senator Wayne and Walz, would you please check in? All unexcused members are accounted for. Mr. Clerk, please call the roll.

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ASSISTANT CLERK: Senator Aguilar voting yes. Senator Albrecht voting yes. Senator Arch not voting. Senator Blood voting no. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator Briese voting yes. Senator John Cavanaugh not voting. Senator Machaela Cavanaugh not voting. Senator Clements voting no. Senator Day voting yes. Senator DeBoer voting yes. Senator Dorn voting yes. Senator Erdman voting yes. Senator Flood voting yes. Senator Friesen voting yes. Senator Geist voting no. Senator Gragert voting yes. Senator Groene, Senator Groene voting no. Senator Halloran voting yes. Senator Ben Hansen voting yes. Senator Matt Hansen voting yes. Senator Hilgers. Senator Hilkemann voting no. Senator Hughes voting yes. Senator Hunt not voting. Senator Kolterman voting yes. Senator Lathrop voting no. Senator Lindstrom voting yes. Senator Linehan not voting. Senator Lowe not voting. Senator McCollister voting yes. Senator McDonnell voting yes. Senator McKinney not voting. Senator Morfeld not voting. Senator Moser voting yes. Senator Murman voting yes. Senator Pahls voting yes. Senator Pansing Brooks. Senator Sanders. Senator Slama voting yes. Senator Stinner not voting. Senator Vargas. Senator Walz not voting. Senator Wayne not voting. Senator Williams voting yes. Senator Wishart voting yes. Vote is 28 nays-- 28 ayes, 6 nays on the adoption of committee amendment, Mr. President.

WILLIAMS: Committee amendment is adopted. Seeing no-- Senator Moser, you're recognized. Raise the call.

MOSER: Thank you, Mr. President. I voted for the amendment just to make the bill better. I'm not going to vote for the bill. I think the idea of painting ourself in a corner or we're swimming across the ocean in a big-- a big rubber boat and punching a hole in the side of the boat and then trying to force us all to swim to shore, I think is a disaster waiting to happen. So I think-- I think we do need to address school funding, but I think we need to have a plan before we jettison what we've got. Thank you.

WILLIAMS: Thank you, Senator Moser. Seeing no one in the queue, Senator Friesen, you're recognized to close on LB454.

FRIESEN: Well, I'd like a call of the house to start and then I'll close. So--

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

ASSISTANT CLERK: 29 ayes, 5 nays to place the house under call.

WILLIAMS: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Friesen, you may continue on your close.

FRIESEN: Thank you, Mr. President. So thanks, everybody, for at least passing the amendment. It does make the bill better and, and I pretty well know how this vote's going to go. So one last, I guess, appeal, and that is, you know, get-- get it to Select. Let's talk about it. I think the odds are pretty small we're going to get there. But we did give it a good shot. And I still-- I will say over and over again, until we somehow address school funding in these rural areas, we are not doing our job as a state. Now whether they have a low level or not shouldn't matter. So are we rewarding people with a high levy, is that our goal? Let's-- let's get them levies up there then, and then we'll get some state aid. So, again, it's we have an opportunity here to do something. And I don't think that more money for education is going to make our system better. I'm talking about just a fairness issue and how we fund our K-12. And right now, I will say that the state does not fairly fund K-12, and that's why we're 48th in the state. And we are too reliant on property taxes, and when we try and get people to move to this state, what we're doing now is we're subsidizing housing, we're putting in workforce housing. We're trying to do all sorts of things with TIF and housing developments. And it's all because our housing costs are too high. It's because property taxes are too high. You get somebody that moves here and they pay for their house over and over and over again. It never ends. So we keep offering incentives or I guess we-- we offer the LB1107 credits. We have the Property Tax Credit Relief Fund and we have TEEOSA. We have all this money going into education somehow. But yet it's not what I would call fairly and equally distributed across the rest of the state. And at some point, I think we need to address how we fund K-12. In the past seven years, I-- we have tried to raise revenue. We've tried to broaden the sales tax base. We've done, between Senator Briese and me, I think we've touched every piece of TEEOSA there probably is to touch and we've gotten nowhere because we've never had revenue. And every senator that comes in here after the election talks about how important property taxes are. But then when it comes to trying to fix how we fund K-12, the votes are going to fail and we will talk about tax cuts instead. And so I'm-- it's time to go to a vote. It's time to get it over with. I think everybody is pretty well tired of being here this year. It's been a different year than my whole six years previously. So I'm

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looking forward to the vote. Let's-- let's-- let's think about it. I urge you to look at how we're doing this. And I-- I know I can get the fiscal note down. But other than that, I don't know if there's much I can do with the bill. I admit that. We can take the fiscal note down, but I cannot-- there's no way to legislate that I can protect TEEOSA. I am disappointed in the large schools and how they're unwilling to share and how they actively oppose giving money to rural kids. That is very disappointing and all they want is more. So when I look at that, I-- we talk about being able to offer preschool in rural Nebraska and all be funded with property tax dollars. And we talk about how important that is, but yet the state is unwilling to step up and even help.

WILLIAMS: One minute.

FRIESEN: So I for one, think we need to pass this forward, at least give it to Select so we have something on the table to look at, to work it into the revenue stream, and see once what we can do. With that, I'd appreciate your green vote on LB454. Thank you, Mr. President.

WILLIAMS: Senator Friesen, how would you like us to vote?

FRIESEN: Roll call in regular order.

WILLIAMS: There's been a request to do a roll call in regular order. Members, the question is the advancement of LB454 to E&R Initial. Mr. Clerk, call the roll.

ASSISTANT CLERK: Senator Aguilar voting no. Senator Albrecht voting yes. Senator Arch not voting. Senator Blood voting no. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator Briese voting yes. Senator John Cavanaugh not voting. Senator Machaela Cavanaugh not voting. Senator Clements not voting. Senator Day voting no. Senator DeBoer not voting. Senator Dorn voting yes. Senator Erdman voting yes. Senator Flood voting yes. Senator Friesen voting yes. Senator Geist voting no. Senator Gragert voting yes. Senator Groene not voting. Senator Halloran voting yes. Senator Ben Hansen voting yes. Senator Matt Hansen voting yes. Senator Hilgers. Senator Hilkemann voting no. Senator Hughes voting yes. Senator Hunt voting no. Senator Kolterman voting yes. Senator Lathrop voting no. Senator Lindstrom voting yes. Senator Linehan voting no. Senator Lowe voting no. Senator McCollister voting yes. Senator McDonnell voting no. Senator McKinney voting no. Senator Morfeld not voting. Senator Moser voting no. Senator Murman

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voting yes. Senator Pahls voting yes. Senator Pansing Brooks. Senator Sanders. Senator Slama voting yes. Senator Stinner voting no. Senator Vargas. Senator Walz not voting. Senator Wayne not voting. Senator Williams voting yes. Senator Wishart not voting. Senator Lowe voting yes. Vote is 23 ayes, 12 nays, Mr. President, on advancement of the bill.

WILLIAMS: Thank you, Mr. Clerk. The bill fails to advance. Raise the call. Mr. Clerk for items.

ASSISTANT CLERK: Thank you, Mr. President, LB-- excuse me, amendments to be printed, Senator Albrecht to LB595. Additionally, LB3-- 39A from Senator Lindstrom. It's a bill for an act relating to appropriations. Appropriates funds to aid in carrying out the provisions in LB39; and declares an emergency. LB529A by Senator Walz. It's a bill for an act relating to appropriations; outright repeals several sections; and appropriates funds to aid in carrying out the provisions of LB529. Those will both be placed on General File. That's all I have at this time, Mr. President.

WILLIAMS: Thank you, Mr. Clerk. Returning to the agenda, LB566. Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB566, introduced by Senator McDonnell. It's a bill for act relating to economic development; adopts the Shovel-Ready Capital Recovery and Investment Act; creates a fund; and declares an emergency. Bill was read for the first time on January 19 of this year and then referred to the Appropriations Committee. That committee placed the bill on General File with committee amendments. I also have additional amendments pending, Mr. President.

WILLIAMS: Thank you, Mr. Clerk. Senator McDonnell, you're recognized to open on LB566.

McDONNELL: Thank you, Mr. President. And good afternoon, colleagues. Today, I bring before you LB566 with AM344, and committee amendment, AM606, to establish a Shovel-Ready Capital Recovery and Investment Act in Nebraska. This bill will provide a much needed investment to stabilize, grow, and in many instances save the nonprofit and hospitality industries that is so crucial to Nebraska's economy. Last year, the world was devastated by an ongoing onslaught of the COVID-19 pandemic, and one of the segments of our economy that was among the hardest hit was our not-for-profit and hospitality industry. Nonprofits rely on donations from their, their patrons, foundations,

and supporters to fund their activities. During this ongoing pandemic, the majority of donors have shifted their funding priorities to support people and families who have been struggling during this pandemic, and rightfully so. However, one of the consequences of this immediate funding shift is the impact on a capital-- capital campaigns that were happening in the communities throughout our state. AM344 is to ensure that nonprofits that were working on sports facilities to serve youth and host tournaments are not excluded from qualifying because the intent is to include all nonprofits who had their capital campaigns impacted due to the pandemic. When a nonprofit organization is planning to build-- building something to benefit their community, they do this through fundraising campaigns. Since the donor priorities have shifted to support individuals during this pandemic, many of these organizations are deciding whether or not to cancel or postpone their planned expansion. This bill is to prevent that decision from having to be made by injecting immediate support to many of these projects provided that they had already begun planning prior to COVID-19 and were in the plan-- planning or to break ground or resume construction in 2021 or by June 30 of 2022. There are a number of key reasons to make this investment into our nonprofit sector. Nonprofit employ, employ over 90,000 Nebraskans and they pay over \$4 billion in annual wages. That does not include the construction jobs that would be provided by the projects funded as part of this act. It also does not include the \$3.5 billion in annual tourism sales in our state or the many jobs provided through our tourism and hospitality industry that these organizations help create for our state. This bill requires a minimum of a dollar to dollar match by private sector donors. Encouraging donations to nonprofits is a great way to keep money in Nebraska in our-- in our state. And unlike many of the other bills we have passed for economic development, we are in no danger of any of our nonprofits, cultural or artistic organizations from picking up and leaving our state. They are part of Nebraska and serving Nebraska is the core of all their missions. This is a one-time expenditure from the state and for every dollar spent at one of these venues, \$12 of economic activity is-- is generated. It is a great return on investment for excess federal funds received. The match requirements provided for in this act are designed to ensure the smaller organizations can get a higher percentage of their budgets provided for by the state match because these organizations have smaller donor bases and are of greater importance to the communities they serve. Also, the goal is for every organization to be able to receive assistance regardless of size. As we begin to see signs of hope that there may be an end to this pandemic in sight, we have the opportunity to not only save and jumpstart some of these investments these

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nonprofits want to make in our state, but also ensure that when the pandemic is over, we have new and improved amenities that will increase visitors to our state, strengthen communities around their cultural facilities, and give both our nonprofit and hospitality industries a much needed boost. Right now, many of these organizations are being forced to look through their budget, meet with their donors and decide between their capital plans, rehiring staff or cutting their programming. Some of these capital campaigns could be set back years or never happen at all as organizations make these difficult decisions. Nebraska is lucky to have so many generous people who have donated for years to support these organizations and create these beloved assets to our state. We are also lucky to have so much private wealth that has stepped up to support people during this pandemic and will continue to support the people of this state. I ask you for your support today so that, that we may continue our tradition of supporting nonprofit organizations and help make these investments into the institutions of the state and not only create great pride to our citizens, but also serve as a critical source of jobs, wages, and revenue. There is no legislation that is going to bring back our neighbors, family, friends that we have lost during this pandemic. We cannot do that. I know we would all like to. We pray for each other. We work together. And there's been so much tragedy. Talking about economic development, talking about an economic boost is difficult because of all those losses. When people have approached me and said, do you think we after this pandemic are ever going to get back to the way we were? My answer is no. We will never be back to the way we were based on the idea that I think we are going to be better. I think we are going to appreciate each other more. I think that we are going to give more. I think that we are going to help more. And what's happened with these 501(c)(3)s and based on the pandemic and capital improvement, not taking away the loss that we've all, we've all suffered, but the idea of what they're trying to do now for our communities and what they were planning on trying to do before March of 2020, this is our opportunity to help them. This is our opportunity to help those 90,000 people that work in the 501(c)(3) industry, the not-for-profit that serves citizens across the state of Nebraska, east, west, north, south, that everyday in our communities are making that difference. And yes, it is going to create a number of construction jobs. It's going to be a boost in the, in the arm of the economy. But also it's going to give us an opportunity for those nonprofits that serve our state east, west, north, and south to continue to improve, keep the personnel that work there, bring back those people and make sure they get back to the construction projects

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that were going to help all of our communities prior to the pandemic. Thank you, Mr. President.

WILLIAMS: Thank you, Senator McDonnell. As the Clerk stated, there are amendments from the Appropriations Committee. Senator Stinner, you're recognized to open on the committee amendments.

STINNER: Thank you, Mr. President and members of the Legislature. AM606 is the committee amendment to LB566. This amendment strikes provisions stating intent to appropriate 10 percent of the coronavirus relief funds received by the state and replace those-- those provisions with the intent language to allocate \$75 million in funds from the corona state fiscal recovery fund pursuant to the American Rescue Plan Act of 2021 H.R. 1319. If such use is permitted, AM606 also authorize the Shovel-Ready Capital Recovery and Investment Fund to receive transfers authorized by the Legislature, gives grants or bequests from any source. I do want to say this, that this is the priority bill for the-- the committee. It's a one-time spend and we actually did a kind of an informal survey on this. And just in my district and a little bit in Omaha and maybe north and south, we came up with \$134 million of actual requests that-- that can be made and should be made. This is really a placeholder also for the funds that potentially could come in. It would add up to \$100 million, not quite enough, but-- but certainly big enough money to make a difference for the nonprofits that a lot of them were-- were in the middle of a fundraising event or starting a fundraising event and had to stop because of the virus. So, again, it's a \$25 million request. I get the fact that we're running toward the tail end of our money, so I just feel bad it's the last possible spend bill that we have. But in any event, I would ask for your green vote for-- for both the-- the original bill as well as the amendment. Thank you.

WILLIAMS: Thank you, Senator Stinner. We now have debate. Senator McKinney, you're recognized.

McKINNEY: Thank you, Mr. President. I rise in support of the committee amendment and neutral on the bill. I know there's been some conversations about this bill. And one of the big things that I think can improve this bill is to make sure that the disbursement of these funds is allocated to smaller nonprofits in the community as well. And also more focus on making sure that these resources go to diverse communities as well across the state. And that's just my biggest thing, is just to make sure the money is going where it's supposed to and to those organizations that need it the most and not just the large organizations. And that's all I got to say. I think-- I think

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others have been in conversations with Senator McDonnell about this, and I think it'll probably be improved on Select. But I just wanted to get this on the record. Thank you.

WILLIAMS: Thank you, Senator McKinney. Senator Albrecht, you're recognized.

ALBRECHT: Thank you, President. Would Mike McDonnell-- excuse me, Senator McDonnell yield to a couple questions?

WILLIAMS: Senator McDonnell, would you yield?

McDONNELL: Yes.

ALBRECHT: Thank you, Senator McDonnell. So on page 2, line 30, it says beginning July 1, 2021, through July 15, 2021. So they only have a small window to have their money ready and it to be shovel ready. Correct? So these are projects that are ready to be, like, started on immediately and have the funding. Correct?

McDONNELL: So the, the application process would be July 1 to July 15 based on-- these were projects that were stopped as of March of 2020. These were projects that were stopped because of COVID. So basically putting in their application in July 1 through the 15. But they don't have to have a shovel in the ground. They have to have shovel in the ground no later than June 30 of 2022.

ALBRECHT: OK, and then did I hear you say that before it started as an arts type project, but now it's open to any not-for-profit. If they can get the matching funds available to them, they would qualify?

McDONNELL: You'll see AM344 shortly here to clarify for the nonprofits and also the idea of sports complexes, but also facilities and restoration and national historical landmarks. So we are-- we are opening it up to as long as you're a not-for-profit and, again, you had a capital campaign or a project that was stopped prior to March of 2020 based on COVID.

ALBRECHT: OK, and I guess another question I have is, how did this bill go to Appropriations? Is it just because the amount of money that you're asking for and did these other people come to you, let's say, these sports complexes, and ask for this funding? Was that even part of the conversation or did that develop later? How did that come into play?

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McDONNELL: Yeah, it went to Appropriations because we're appropriating money--

ALBRECHT: Lots of funds, yeah.

McDONNELL: Based on the people that have approached me, for example, some projects in-- in my district, you have the Hitchcock Park, you have the Latino Police Officers Association that have been working on a project for years there based on-- on that. You also have projects in, in La Vista. And-- and I'm going to-- I have a list of projects also throughout the-- the state that were contacting us based on the idea of the-- the sports and looking at La Vista, Omaha, Nebraska City, Columbus, Norfolk, Grand Island, Kearney, Hastings, North Platte, York, Beatrice. So there was a number of people that were contacting us when we introduced the bill about, again, being a 501(c)(3), having projects that were started prior to March of 2020 and being eligible for this. So that's how the discussions began.

ALBRECHT: OK, thank you.

WILLIAMS: Thank you, Senator Albrecht and Senator McDonnell. Senator Clements, you're recognized.

CLEMENTS: Thank you, Mr. President. You'll see on the committee statement I voted no on this bill and it might have some good ideas, but especially the-- like was just mentioned, it has a very narrow eligibility for projects. You have to apply between July 1 and July 15 this year. And it'd have to be an existing project that was already underway or just about underway in 1920-- 2020. And so there's many good projects, good nonprofit organizations that are not going to qualify. And it's singling out too small of a group of organizations, in my opinion. Also, we have many other budget priorities. This is \$25 million more that would be spending off of our budget. And we have bills on the floor now that are going to spend more than we have available. And I think we have higher priorities in-- in the Appropriations Committee. We do go with priorities. And some people thought that this is worthy. But now we're seeing if we have \$200 million yet that hadn't been spent, maybe this would be OK. But I think all of our money is going to be spent and we're going to have to cut down on some things. And so also, I believe it would favor larger nonprofit organizations. The smaller ones aren't going to qualify for as much. And we just had a good discussion on property taxes. It was, but I did not support that bill, but it had some good ideas. And I'd rather \$25 million went to something more like what Senator Friesen was trying to do to the property tax proposal. And so I'm not in

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favor. I'm going to ask for your red vote on LB566. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Clements. Senator Groene, you're recognized.

GROENE: Thank you, Mr. President. I-- I also have a lot of questions about this bill. Senator McDonnell, starting from scratch here, would you answer a couple questions?

WILLIAMS: Senator McDonnell, would you yield?

McDONNELL: Yes.

GROENE: So do you have a list of projects that are qualified because they pre-started that you could share with the body?

McDONNELL: Yes, I have a list that have been contacting our office prior to the hearing and then since the hearing that, yes, I can share. I cannot say it's a complete list.

GROENE: But who-- somebody had to bring you this bill. I mean, it didn't come out anywhere. Is there a specific project that caught your eye that you thought this bill was worthy of?

McDONNELL: Oh, if you, if you look at the people that have come to talk to me, it's not one. Prior to the session, there's a number. And if you-- in my district alone, a social settlement that was started in-- in the early 1900s, it's now Kids Can and what they-- what they went through based on the pandemic and their growth and what they were going to happen.

GROENE: Well, thank you. Thank you. All right, I get the gist of it. But it looks to me like we're not talking \$25 million, we're also tying up \$75 million of COVID money that only can go to these certain projects. And I-- I haven't seen the terms on the COVID money, but that's \$100 million. And it's a little concerning that only certain projects, as Senator Clements said. And now we're talking sports complexes, so then could Senator Lindstrom's Elkhorn baseball complex qualify? I know my community wants to build a new rec center. I'm unclear of it can only be a nonprofit. We just went through a debate on, was it LB364, where we couldn't give state money to private schools. I'm wondering why we-- nonprofits, maybe we could keep some of this money to build new schools for some of the nonprofit schools out there. I don't know. I got a real problem with giving \$25 million to entities that historically have been funded by philanthropy, by the

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wealthy, and the people who-- that's why they call them nonprofits. Keep taxing people and then they don't make any profits to give to a nonprofit. I don't-- I don't agree with that. So I'm going to have to listen here and see why I-- justification why \$25 million. And you-- and Senator Clements is correct, if I had a choice between this and Senator Friesen's bill. If one thing CARES Act has done is prove the old economic theory that if you-- government prints money and throws it out in communities, economic activity happens and we-- and it rotates four or five times in a community and tax revenues increase. So if I was going to do this, I'd rather put \$25 million into rural Nebraska on Main Street that would incentivize economic activity. You'd get more out of it than somebody visiting a museum once in their life. So anyway, I have a hard time with this one, but I'll listen. Thank you.

WILLIAMS: Thank you, Senator Groene and Senator McDonnell. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. So, Senator McDonnell, would you answer some questions, please?

WILLIAMS: Senator McDonnell, would you yield?

McDONNELL: Yes.

FRIESEN: So you-- you said you had a list of communities that have come to you with projects that were and these were projects had to have been delayed because of the COVID?

McDONNELL: Yes, they had to be started prior to capital campaign, prior to March of 2020.

FRIESEN: So they were in the fundraising portion of it. They were not actually building, but they were starting to raise funds?

McDONNELL: So the-- the-- the idea of did they-- they start and to have to shut down where the fundraising portion, it could be part, it could be a mixture. But the idea is that they weren't completed and also that they had to stop because of COVID prior to March of 2020.

FRIESEN: What's the smallest community on that list?

McDONNELL: And I just gave my list to the page to hand out to everybody.

FRIESEN: Oh, OK.

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McDONNELL: And it's coming around right now.

FRIESEN: OK, I'll be looking at that.

McDONNELL: So I can-- I can talk to you a little bit about that in a moment when--

FRIESEN: OK.

McDONNELL: --everybody has a copy.

FRIESEN: That-- that's fine. So, I mean, it's-- its meant for projects that were they probably had their design engineering done, they're in the fundraising portion trying to get their money ready and-- and then COVID came along and stopped that.

McDONNELL: Yes.

FRIESEN: OK, thank you, Senator McDonnell.

WILLIAMS: Thank you, Senator-- excuse me. Go ahead, Senator Friesen, you have 3:30.

FRIESEN: OK, thank you. So I'm just-- I look here now and we're going to-- we're going to spend \$25 million out of our General Fund. And then I think it's 10 percent of any money that comes from the feds to add to this program. They can correct me if I'm wrong. But I-- I-- I look at this as a potentially \$75 million total cost. And I-- I understand that it's one-time cost. It's not continuing funding. But when I look at all the needs in the state and I look at I think who the-- who the cities and stuff are who are going to benefit from this. And again, it won't be any of those small communities who might have gotten funding if we would have helped their schools. But yet now we're going to be able to come up with \$75 million that will help attract those residents from those communities to come at least have fun and spend their money in those larger communities. Do appreciate that thought. That's how it works. Those small communities are barely surviving and-- and what we do is entice them to come shop in the large communities and we at least get their sales tax revenue and their entertainment dollars. But we refuse to help their cost of education. I don't know where I stand on this bill yet. I'm going to-- I am going to have a hard time supporting it. Because I-- I think, again, if-- if entities out there thought they could raise the funds to do this, these nonprofits, they could get it done and they'll be-- continue to be supported in that community. I think there's a lot of money, the-- the CARES Act money. A lot of businesses are holding on

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to a lot of that. And I know there's a lot of restaurants, hotels, and things like that, that were really hurt by this pandemic. But yet there's a lot of other businesses who collected this payroll protection money, and they're sitting on millions and millions of dollars and don't know quite how to spend it. And I think donations to these charitable organizations are going to be just fine. And we don't need to really pour this money into them to do these building projects that would have gotten done regardless. So with that, I will listen to a little more of the debate. But it doesn't look like there's anybody really in the queue. So we're not even going to debate this. We're just going to spend \$75 million. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen and Senator McDonnell. Seeing no one in the queue, Senator Stinner, as Chair of the Appropriations Committee, you're recognized to close on AM606. Senator Stinner waives closing. Members, the question is, shall the committee amendment to LB566 be adopted? All those in favor vote aye; those opposed vote nay. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 18 ayes, 4 nays to place the house under call.

WILLIAMS: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Members, the house is under call. Senators, please return to the Chamber. Senator Slama, Senator Bostar, Senator DeBoer, Senator Morfeld, Senator Hughes, Senator Geist, please return to the Chamber. Senator Slama, please return to the Chamber. All members are present. Senator McDonnell, how would you like to proceed?

McDONNELL: Roll call, reverse order.

WILLIAMS: There's been a request to have a roll call vote in reverse order. Members, again, the question is the adoption of the committee amendment AM606 to LB566. Mr. Clerk, call the roll.

ASSISTANT CLERK: Senator Wishart voting yes. Senator Williams voting yes. Senator Wayne voting yes. Senator Walz voting yes. Senator Vargas. Senator Stinner voting yes. Senator Slama voting no. Senator Sanders. Senator Pansing Brooks voting yes. Senator Pahls voting yes. Senator Murman voting yes. Senator Moser voting no. Senator Morfeld voting yes. Senator McKinney voting yes. Senator McDonnell voting yes.

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Senator McCollister voting yes. Senator Lowe voting yes. Senator Linehan voting yes. Senator Lindstrom voting yes. Senator Lathrop voting yes. Senator Kolterman voting yes. Senator Hunt voting yes. Senator Hughes voting yes. Senator Hilkemann voting yes. Senator Hilgers. Senator Matt Hansen voting yes. Senator Ben Hansen not voting. Senator Halloran voting yes. Senator Groene voting yes. Senator Gragert voting yes. Senator Geist not voting. Senator Friesen voting no. Senator Flood voting yes. Senator Erdman voting yes. Senator Dorn voting yes. Senator DeBoer voting yes. Senator Day voting yes. Senator Clements voting no. Senator Machaela Cavanaugh not voting. Senator John Cavanaugh voting yes. Senator Briese. Senator Brewer voting yes. Senator Brandt voting yes, Senator Bostelman not voting. Senator Bostar voting yes. Senator Blood voting yes. Senator Arch voting yes. Senator Albrecht voting no. Senator Aguilar voting yes. Vote is 36 ayes, 5 nays, Mr. President, on committee amendments.

WILLIAMS: The amendment is adopted. Raise the call. Mr. Clerk for amendment.

ASSISTANT CLERK: Mr. President, Senator McDonnell would move to amend with AM344.

WILLIAMS: Senator McDonnell, you're recognized to open on AM344.

McDONNELL: Thank you, Mr. President. As we started talking earlier about some of the people that were-- were coming to us when we were trying to develop this bill and then prior to the public hearing, we-- we looked at how to make improvements. And-- and one way was to look at facilities that were designated for the national historic-- the national historic landmark. Also, of course, clarifying qualified nonprofit organizations, which means a tax exempt organization under Section 50-- 501(c)(3) of the Internal Revenue Code. Also, we wanted to make sure it is related to arts, culture, other humanities including any organization formed for the purpose of developing and promoting the work of artists and the humanities and various visual and performing forms such as film, sculpture, dance, painting, horticultural, multimedia, poetry, photography, performing arts, zoology, botany, and also owns a sports complex. Sports complex means property that includes indoor area, outdoor area, or both as a primary use for competitive sports and contains at least 12 separate sporting venues and sports venue includes but is not limited to baseball field, softball field, soccer field, an outdoor stadium primarily used for competitive sports and outdoor arena primarily used for competitive sport. And also includes-- includes temperature controlled buildings primarily used for competitive sports. So at this point, we were

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trying to improve the bill with AM344, and I think we accomplished that with trying to== to make sure that we clarified some language and also with the idea of the importance of the sports arenas for us. Thank you, Mr. President.

WILLIAMS: Thank you, Senator McDonnell. Debate is now open. Senator Wishart, you're recognized.

WISHART: Thank you, Mr. President. I rise in support of AM344 and the underlying bill. I did speak with Senator McDonnell before-- earlier today and just wanted to get something on the record. First of all, Senator McDonnell, will you yield to a question?

WILLIAMS: Senator McDonnell, would you yield?

McDONNELL: Yes.

WISHART: So you and I spoke, we both have sports complexes that will benefit from this legislation, hopefully. And one of the things that I wanted to put on the record is when you say own a sports complex, the entity doesn't necessarily need to own the land.

McDONNELL: Correct.

WISHART: OK, thank you.

McDONNELL: But can I elaborate where they--

WISHART: I will yield the rest of my time to Senator McDonnell.

McDONNELL: Thank you, Senator Wishart.

WILLIAMS: Senator McDonnell, you're yielded 4:08.

McDONNELL: Thank you, Senator Wishart. And the idea of having a lease with that property, but we've got to make sure we're concentrating on the 501(c)(3)s, the not-for-profit. And again, the project was started prior to March of 2020. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Wishart and Senator McDonnell. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. Senator McDonnell, would you answer some questions, please?

WILLIAMS: Senator McDonnell, would you yield?

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McDONNELL: Yes.

FRIESEN: Thank you, Senator McDonnell. So I-- I was scanning through it a little bit. And so we're talking about \$25 million of General Funds?

McDONNELL: Yes.

FRIESEN: And then up to \$75 million of Recovery Act dollars?

McDONNELL: Yes, and if I could elaborate on that?

FRIESEN: Yes, you may.

McDONNELL: So what we've been talking about and also with the-- the Speaker and-- and knowing since this-- this-- we had this hearing also with the Governor's Office was the idea of how is the American rescue plan money going to be spent? And knowing now that through the appropriations process and working with Senator Stinner that we will have, the Governor will propose, we will depose and we will-- we will vote on-- on the money as we would during a budget process. So I-- I told the Speaker that between General and Select File, we are going to work on the \$75 million based on how do we go through that process, possibly in January. Of course, we are talking about \$25 million out of the General Fund today and the structure of how this would work. But also I'm-- I'm committed to going through the process of possibly \$500 million that we would be receiving on May 15, coming up here shortly with rules and regulations. I think this is going to be part of that, where you're a 501(c)(3) and you can have construction costs that are going to be allowed knowing that, but also knowing that these projects we are getting so many projects coming in to the office that we believe they are so important. We're not trying to pick winners or losers, small or large. We're trying to say that let's try to find a way, again, capping money out of our General Fund at \$25 million one-time expenditure. But with the idea of the American rescue money, how much do we really need? Is it another \$75 million? Is it another \$94 million? We don't know at this point. So I'm going to be working on that between Select-- General and Select hopefully, with the idea of going through the process, like all of us will with that new money and see what the Governor is going to propose in his budget, that we will-- we will see as appropriations and we will see as members on the floor.

FRIESEN: So you're thinking this list could expand greatly. But again, there is some qualifications here, they have to be projects that were underway as of when?

McDONNELL: This had to be a project with capital campaign prior to March of 2020. That's why the-- the idea of the application period is so short, July 1 to the 15. That's why that-- that application period, because basically it's got to do with what were you working on prior to March of 2020.

FRIESEN: OK, thank you, Senator McDonnell. Again, \$25 million comes pretty easily. I know there's a lot of CARES Act money going to be poured into this state, but it goes back to I do feel, you know, any of these projects were very viable before COVID. And I think they're going to be very viable after COVID with all the dollars that are out there. And we can see that our revenue streams are continue to be higher than projections. Even in the biennium out years, it's only down \$5 million compared to up \$90 million for this current year. So, again, I-- I really do fail to see where this is probably needed. These projects were already well underway and we're just helping them with funding to make sure they get done while there are probably a lot of projects out there that are just as needed but don't have the possibility of raising funds or hadn't started yet. And so it does again, it's like we say, we're picking winners and losers by how we write the bills. So I do think we should be discussing this a little more and having an idea of-- of what our goals are here. Are we trying to grow the state? Are we trying to attract workers or are we trying to provide that entertainment that I think these communities have already decided that they could do? These projects were all well underway.

WILLIAMS: One minute.

FRIESEN: And if you will look at who was hurt in this COVID, it was restaurants and hotels and things like that, those small businesses that will probably never recover. And these companies that were probably giving money to these projects are sitting on millions and millions of dollars of COVID money and easily could fund them. And now we're going to help them out. So I think we need to think twice. I think there's other projects that would be better. That would be one-time projects also that might influence and-- and actually grow our state rather than provide some of the things that I think would have happened regardless. Thank you, Mr. President.

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WILLIAMS: Thank you, Senator Friesen and Senator McDonnell. Senator Hunt, you're recognized.

HUNT: Thank you, Mr. President. Good afternoon, colleagues. Good afternoon, Nebraskans. I rise with some general philosophical concerns about the growth of the nonprofit sector and NGOs in the United States and in Nebraska. The United States, some people don't realize, has the largest nonprofit sector in the entire world more than any other country. If you look at a graph of all the countries and the numbers of nonprofits that they have providing services, you know, it goes up gradually and then it hockey sticks and spikes right up into the U.S. Because in the United States, there are so many services and so many needs and work that the government does not provide for citizens. And instead, the government relies on nonprofits to fill in the gaps and help people who suffer. And it's a little bit of a bait and switch for taxpayers because rather than funding government services and programs with taxpayer dollars that benefit everyone, we end up diverting taxpayer dollars through bills like LB566 that support nonprofits and services, which is great, but those services are not always necessarily accessible to everyone. And we also don't necessarily have the transparency that we would have if government would simply fund government, simply engage in good governance by making sure that we have housing security, that our educational systems and our schools are funded to make sure that people who are facing food insecurity have recourse for that, and by making sure that everyone who wants to live in our state has equal access to these services. So I have a philosophical problem diverting taxpayer funds into nonprofits. I tend to stand up on the mike typically and talk about how we should just fund those programs directly through government. But those proposals rarely get anywhere in this body. I will be not voting or maybe a no on LB566. If it goes to Select File, I would like to work with Senator McDonnell on adding a nondiscrimination clause to this bill. I'm sure it's not Senator McDonnell's intention to have taxpayer money potentially going to religious organizations or private organizations that can discriminate on the basis of, you know, national origin or gender identity or sexual orientation. And so if this bill moves to Select File, I will work with Senator McDonnell on an amendment to say that any nonprofit affected by LB566 cannot discriminate on the basis of race, color, religion, national origin, ancestry, citizenship status, gender, sexual orientation, gender identity, disability, or special education status. Because this is consistent with my view that if we're using taxpayer dollars to provide a service or a program, that that service and program needs to be accessible to everybody. Because, of course, there are gay Nebraskans who pay taxes. There are

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trans Nebraskans who pay taxes. And if their taxpayer dollars are going with the permission of the government to an organization that explicitly will not serve them, if they need that type of service, then that's not something that we as a government can endorse. So thank you, Mr. President.

WILLIAMS: Thank you, Senator Hunt. Senator Groene, you're recognized.

GROENE: Somebody can correct me if I'm wrong, but the way I understand this is this isn't matching funds. The way this bill is written, if there's no CARES money shows up, we're hung with \$25 million no matter what. It isn't, you got to come up with \$25 million of CARES money and then they will match \$25 million. This bill says we're giving them \$25 million and we hope some CARES money shows up. I agree with Senator Friesen, all these projects apparently were proposed before COVID. They had money lined up. Let me tell you what's happened with "philanthropers," the stock market has tripled. They've got more money than they did before COVID, the people who give dollars away. Tripled. CARES money wasn't even thought of prior to all these projects already being on the drawing board. So now we're talking about \$75 million in, in CARES money. "Philanthropers" have more money. The economy has boomed. There is no-- COVID didn't cause the funding crisis for these projects. After it, there's more money available, period. I-- I have-- see no need for it. I-- I agree with Senator Friesen, there's other entities that actually have been hurt by COVID that haven't been fully aided, small town restaurants, small town businesses. But this thing-- here's the other thing, folks. If you need \$100 million instead of 10 percent, go 13.3 percent and fund the whole damn thing with COVID money. Why do we need state tax dollars involved? They're not necessary for this. Just put the bill at 13.3 percent instead of 10 percent of \$75 million. That equals \$100 million. There is more money available for these projects from benevolent billionaires now than there was prior. Look at the stock market. Look at the stock market. And when did we get into this? When did we get into this idea that taxpayers are funding nonprofits? That's an oxymoron. They don't have to pay taxes because they're on their own funding their own stuff. And now we're going to tax somebody else and help these folks build their nonprofit. It's crazy. It's absolutely crazy. We've crossed a line here that money is so available now that we just throw it around like, like it's a 4th of July parade. I mean, absolutely a bill unnecessary. Just shows you people are waking up in the middle of night with wild ideas to throw money at. This-- the money is there. It was there before, because if it was on the drawing board, somebody had a plan, somebody had a benefactor. And those benefactors are wealthier now than they've ever been. Corporations are doing better than they ever

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did. That's why the stock market has. So go to-- go to your local-- that's what we used to do, each town had a major corporation and they'd go to them to help them name a softball field after them or a baseball field or a museum. You know, you can find those atheists out there that want to live forever and they're got a lot of money so they put their name on a building, they do philanthropy. Do it the old-fashioned way, don't come to the taxpayer to ask for tax dollars. Well, COVID-- CARES money isn't tax dollars, we all know that, that just came off the printing press.

WILLIAMS: One minute.

GROENE: Our great-great-great-grandkids won't even be paying that one back, we're so far in debt now. But it's been printed and you better spend it fast because next-- tomorrow it won't be worth as much. That's how inflation works, folks. But this list now, and I didn't mean to malign Senator-- Senator Lindstrom's bill about because he worked hard on his, but it does fit this now, a baseball field. So he'd better-- if this passes, I would get on the phone to my folks who want to build that baseball complex and tell them to get their name in there. There's \$100 million floating around maybe, \$100 million. Not a single taxpayer I've ever heard of come to me and ask for \$100 million or a dollar for-- for a nonprofit philanthropy. Somebody woke up in the middle of the night and said, this is a hell of an idea. And I'm not maligning Senator McDonnell, although he's got thick skin. But somebody brought it to him, I'm sure, and as a favor he brought it.

WILLIAMS: Time, Senator.

GROENE: Thank you.

WILLIAMS: Thank you, Senator Groene. Senator Arch, you're recognized.

ARCH: Thank you. Listening to all of the bills we've been hearing over the last few days, I think we would all come to the conclusion that we are now deep into priorities. There are so many good ideas that come to this floor. There are so many good organizations that have needs. There are so many good not-for-profits that have worthy causes. But what we're dealing with now, especially in the last few days of this session, is priorities, because we all know no matter-- no matter how much money we have, we have limited resources. No matter how rich a person is, there's always limited resources and priorities are being asked now in these last few days as we hear these bills. Good projects, good not-for-profits, worthy causes, but what's priority now? And we can turn that over to a few people in this Legislature to

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say, go into a room, because somebody is going to have to figure out what these priorities are. Somebody's going to have to figure out, will you get this, and you don't get that. And, you know, even-- even if we pass all the bills and all the A bills, somebody is going to have to say, but we have limited resources. There's only so much money that we have. And how will those decisions be made and we're part of that decision-making here on the floor, obviously. We're passing A bills. And-- and so when I-- when I come to this bill, I'm conflicted. Obviously, I have a not-for-profit background. I understand the needs of a not-for-profit organization. But I also understand the broader needs of the state now, having been down here for a few years and certainly this year having listened to all the bills. And-- and this to me is going to be a vote, my vote anyway, my vote will be not a vote one way or the other as far as, well, that's not worthy or that not-for-profit is not worthy or I don't like sports or whatever it might be, but rather a vote for priorities as to where-- where this year we have dollars, where this year should we be spending those dollars. So I have-- I have decided priority wise, this isn't at the top of my list. And-- and again, worthy causes, very worthy causes, very dedicated donors to many of these organizations. But today, that's-- that's-- that's the choice that I'll-- I'll be making on this vote. Thank you.

WILLIAMS: Thank you, Senator Arch. Senator Bostelman, you're recognized.

BOSTELMAN: Thank you, Mr. President. I want to follow what Senator Arch said, I-- I agree with him wholeheartedly. We just talked about property tax relief, and there's no money there to do that. And there's no desire to do that. We don't know exactly where the funds are going to come down from the CARES, from the funding from the feds, what that definition is going to be, what the rules are going to be. But yet we're going to go ahead and set money aside for projects that-- that look very good on paper. But what about those who have lost their businesses, those who have lost their jobs? What about infrastructure in our towns and our cities, roads, sewers, broadband, whatever it might be? Before we see exactly what the guidelines are as to the funds, if-- if the funds come down, what they are, I think it's a challenge for me to vote for this. I think it's a challenge-- to me, it's a challenge for us to vote for this until we know exactly what funds are where. Otherwise, we're committing to dollars to something that-- that may take away from something that has a significant need in our community. And not that some of these don't have a need, but maybe it is fixing a building, maybe it is helping a small business. Maybe it is, you know, it's a-- it's a sewer line repair or something

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that they-- that they can do with this. It's a concern. So with that, I'll be voting red on AM344 and LB566. Thank you.

WILLIAMS: Thank you, Senator Bostelman. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. So I look here on the amendment, we have a lot of, looks like multisport facilities and I-- I see here Hastings softball complex is listed here for maybe a million dollars. Hastings is one of the first communities to build a-- a large softball complex. And they enjoyed tremendous success at first because they're one of the few in the state. And then as more got built in all the different areas, it declined and to where I think it probably went into bankruptcy, I think. I know they went into severe financial trouble for a little while because they just-- there were too many facilities out there competing and they just couldn't attract the kids again. And so they went through some rough times, I know. I don't-- I don't know whether or not they went bankrupt or not, but they did go through some financial hard times and I see they're trying to make a comeback. And so the York soccer complex, I know they had built a-- a nice soccer facility here a few years back with donations. I suppose they're either upgrading or doing something, they're going to be qualified for a million dollars. A lot of these things I-- I-- I look at and I recognize them, you know, when we talk about the Willa Cather redoing some buildings there, I mean, there's a lot of, I agree, there's probably a lot of good projects here. But these projects all were very capable of raising money. Most of these were underway and-- and I think were probably, you know, some of them are even going to maybe be qualified under some of the financing options we have under the-- the convention center financing where it goes to different organizations, part of that money. So, again, we're-- it looks to me like we're doubling down on some possibly where they could qualify for some of those funds. I don't know if they're allowed to get into two different pools of money. Because if they get into that, the convention center part of those funds, they actually could receive some of the money there and then get the rest of it from here and not have to even come up with very much on their own. Again, I look through these projects and I-- I know they're scattered all over the state, but I don't see very many of them going to very small towns. There are a couple here that do go to some organizations maybe that are of-- of the smaller communities. I look at the Rowe Sanctuary in Gibbon, that's a-- I think that's the crane, the viewing place there. And they've been through some-- I'm sure COVID set them back. But again, we're looking here now at \$25 million of General Fund money when we're going to have a lot of CARES Act money or recovery money

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coming in. And we don't even know how much that's going to be and whether or not the local match could come from the local and the CARES Act money could come from that recovery. And we wouldn't need to put in the \$25 million because it does look to me like there's a lot of local participation here. It's not just being funded by the state. The city is going to be kicking in some money. So I-- I think that opportunity is here yet that we could save \$25 million out of our budget and still fund most of these projects with recovery money. I'm not opposed to that. It is to build some infrastructure. And that's-- a lot of these places would qualify for that. But when we take General Fund dollars and put them towards this, that's when I have a little concern. So I am going to be voting red on this also. I hope others take a look at this and decide where our priorities are this year. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen. Senator Moser, you're recognized.

MOSER: Thank you, Mr. President. Well, I think the reason that we have nonprofits is that they have usually singular goals. They have passions for whatever charity that they support. And usually they don't have real general support. They usually have people who are crazy about the arts or they're crazy about sports or whatever the cause. And I think that's fine. If people want to support those things, they should. But to take tax money and support them, we take-- when we take money away from citizens by taxing them, they're not giving us their money out of the goodness of their heart. They're giving us their money because we taxed them and we took it away from them. And to take that away from citizens and then give it to nonprofits I think is wrong. If we're going to spend \$25 million, we should back up and talk some more about Senator Friesen's bill on giving every school some funding. You know, there are quite a few people who are against that because we can't afford that money. And so I listened to that and I voted against his bill. But now we've got \$25 million we're going to put at risk for nonprofits for sports complexes, soccer complexes, softball, baseball. You know, I don't think that's what our citizens expect of us. I think we're going away from the conservative values that the state is-- has grown so well following. And so I'm going to be voting no on this, you know, and I, again, I don't think that any of these things shouldn't happen, but we shouldn't be spending tax money on them. Thank you.

WILLIAMS: Thank you, Senator Moser. Senator McDonnell, you're recognized to close on your amendment.

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McDONNELL: Thank you, Mr. President. Thanks for everyone's input and-- and their questions. And I-- I commit to work with them between General and Select if you see so fit to-- to vote for this today. But I want to also make sure we-- we clarify some things. And-- and what we've been working on is, is the concept and I appreciate Appropriations making this one of their two priority bills and-- and the idea of how do we-- how do we spend this money? How do we spend the American Rescue Act money and knowing that the 15th possibly we're going to be getting \$500 million coming into the state out of possibly \$976 million from the rescue plan, \$292 million to cities, \$375 million to counties, \$128 million to the-- for capital projects, K-12, another \$776 million. But I want to emphasize this. This is one-time spending. We talk about out of our General Fund, \$25 million. But also, as I mentioned, working with Senator Stinner, working with the Governor's Office, working with Speaker Hilgers between General and Select, I'm not saying \$75 million out of the American rescue money is the right amount. Also, I'm not saying that the-- the idea of anyone should be left out. When I handed out the list and what the people that have come to me through my office because of the hearing and said we have these projects east, west, north, south, that are legitimate projects that were stopped by COVID prior to March of 2020. And that at that point they had to redirect the money. They had to say let's-- let's help with basic needs. Let's not have this-- this construction project. Let's help with basic needs. Let's also look at our staff, which we talk about 90,000 of our-- the people that we serve are employed by nonprofits. That's \$4 billion worth of payroll a year. And when we start talking about the impact, the economic impact of these projects and what these 501(c)(3)s do, we know for every dollar spent at some of these events, we're looking at \$12 economic impact. So when we start looking at what's-- what they're doing, that's great for our communities, east, west, north, south, large and small, the impact they're-- they're making for just people and then the economic impact on top of it, this is a winner. And-- and the idea of not knowing all the rules and regs because we haven't seen them. Hopefully, here coming up on the 15th, we're going to see them. We know that the Governor at that point-- and when I introduced this bill, when I first talked about it with people back in November and December, introduced it in January, met with the Governor and the Governor's Office, working on it with the Speaker and Senator Stinner, I didn't know-- I didn't know the rules. I didn't know how this was going to play out. And at first they were right. We had 10 percent in the bill. We said, let's put-- let's put a number on it. Let's put \$75 million. Now between General and Select, we're going to take that \$75 million and we're going to put it on the shelf because we know that the Governor's

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agreed with Senator Stinner since and said, hey, why don't we run this just like we do a normal budget process? Why don't the-- why doesn't the Governor propose that the Appropriations Committee works on depositing with bringing it to the floor and we go through all the dollars. Now, of course, the Governor still has emergency spending clause. He still has that ability. And I believe if he needs to use it properly, he will. But we're talking about \$973 million and \$500 million coming here, I believe this is a great investment. And if we look at matching, this isn't a true match. This is not a true public-private partnership. It's not. Because if you look at the average, it's probably going to be about 80 percent from the-- the general public, from those citizens that give to these nonprofits. And for us, we're going to be a minimal of that 20 percent because we're talking about \$25 million out of our General Fund, which is a-- is a lot of money, a one-time spend, but the remainder will be coming from the American rescue plan. So that's what we're working on. I know the bill is going to change and hopefully improve--

WILLIAMS: One minute.

McDONNELL: --between General and Select and I've committed. I've committed to Senator Stinner and-- and the Speaker to work with them and make sure that I'm following the same process that everybody else will be with the Governor and the Governor's Office how we go through this process. I just appreciate their support on the concept. We know that there's people out there that are coming to us. And at this point, don't lay someone off, continue to do the great work you're doing and get these capital projects up and running again. Get to the point where you were prior to March of 2020 and helping people, but also with that brick and mortar, get those shovels in the ground and get our state working. Thank you, Mr. President.

WILLIAMS: Thank you, Senator McDonnell. Members, the question is the adoption of AM344 to LB6-- or excuse me, LB566. All those in favor vote aye; those opposed vote nay. There's been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 26 ayes, 3 nays to place the house under call.

WILLIAMS: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Groene, please check in. Senator Bostar, please return to the Chamber. The

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house is under call. All unexcused members are present. Senator McDonnell, would you like to have call-ins?

McDONNELL: Roll call, please.

WILLIAMS: There's been a request for a roll call vote--

McDONNELL: Reverse order.

WILLIAMS: --in reverse order. Again, members, the question is the adoption of AM344 to LB566. Mr. Clerk, please call the roll.

ASSISTANT CLERK: Senator Wishart voting yes. Senator Williams voting yes. Senator Wayne voting yes. Senator Walz voting yes. Senator Vargas. Senator Stinner voting yes. Senator Slama voting no. Senator Sanders. Senator Pansing Brooks voting yes. Senator Pahls voting yes. Senator Murman not voting. Senator Moser voting no. Senator Morfeld voting yes. Senator McKinney voting yes. Senator McDonnell voting yes. Senator McCollister voting yes. Senator Lowe voting yes. Senator Linehan voting yes. Senator Lindstrom voting yes. Senator Lathrop voting yes. Senator Kolterman voting yes. Senator Hunt not voting. Senator Hughes not voting. Senator Hilkemann voting yes. Senator Hilgers. Senator Matt Hansen voting yes. Senator Ben Hansen not voting. Senator Halloran voting yes. Senator Groene voting no. Senator Gragert voting yes. Senator Geist voting no. Senator Friesen voting no. Senator Flood voting yes. Senator Erdman voting yes. Senator Dorn voting yes. Senator DeBoer voting yes. Senator Day voting yes. Senator Clements voting no. Senator Machaela Cavanaugh not voting. Senator John Cavanaugh voting yes. Senator Briese. Senator Brewer voting no. Senator Brandt not voting. Senator Bostelman voting no. Senator Bostar voting yes. Senator Blood voting yes. Senator Arch not voting. Senator Albrecht voting no. Senator Aguilar voting yes. Vote is 29 ayes, 9 nays, Mr. President, on adoption of the amendment.

WILLIAMS: The amendment is adopted. Returning to debate. Seeing no one in the queue, Senator McDonnell, you're recognized to close on the advancement of LB566 to E&R Initial.

McDONNELL: Thank you, Mr. President. And again, if there's ways we can improve this bill between General and Select, I am open to those ideas and please vote green. Thank you.

WILLIAMS: Thank you, Senator McDonnell. Members, you've heard the debate. The question is the advancement of LB566 to E&R Initial. All those in favor vote aye; those opposed vote nay. Have all voted that wish? Record, Mr. Clerk.

ASSISTANT CLERK: 26 ayes, 11 nays on advancement of the bill.

WILLIAMS: The bill advances. Mr. Clerk for items. Raise the call.

ASSISTANT CLERK: Thank you, Mr. President. Amendments to be printed, Senator Pansing Brooks to LB568. Legislative bills-- your committee on-- a committee report, excuse me. Your Committee on Banking, Commerce and Insurance, Chaired by Senator Williams, reports LB649 to General File with committee amendments. Additionally, communication from the Attorney General's Office addressed to Senator Erdman (LR11CA). That's all I have at this time, Mr. President.

WILLIAMS: Thank you, Mr. Clerk. Returning to the agenda.

ASSISTANT CLERK: Mr. President, the next bill, LB131, introduced by Senator Hunt, is a bill for an act relating to cities and villages; changes provisions relating to the enactment of ordinances as prescribed and repeals the original section. The bill was read for the first time on January 7 of this year and referred to the Urban Affairs Committee. That committee placed the bill on General File with committee amendments.

WILLIAMS: Thank you, Mr. Clerk. Senator Hunt, you're recognized to open on LB131.

HUNT: Thank you, Mr. President. I rise to present LB131, which was selected as an Urban Affairs Committee priority bill. This introduced bill is a technical cleanup for our municipal ordinance statutes that corrects an inconsistency and prevents us from having to amend additional statutes in the future. I will just speak briefly to what my portion does, which is LB131. And then I'll let Senator Wayne, who's the Chairman of Urban Affairs, speak to the other bills that were included in the committee amendment as part of the package. In 2018, the Nebraska Legislature passed LB865, which is the statute that LB131 amends. Basically, that law and current language in statute says that city councils and village boards can suspend the three-day reading requirement for anything except annexing or redistricting. What LB131 does is it adds a catchall provision to the language that says that that requirement to suspend the three-day reading requirement cannot be suspended for those types of ordinances. So for annexation or redistricting "or as otherwise provided by law." So LB131 just adds a catchall quote "or as otherwise provided by law." This would encompass any other reason that the Legislature has or may have in the future to add to the list of topics for which the three-day reading requirement cannot be suspended. It is a problem

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that we have to correct because currently our statutes are out of date and cities and villages can possibly be in violation of the law without knowing it. In reviewing the municipal ordinance statutes, we found at least one other section of statute that says the three-day reading requirement cannot be waived. So this section and probably other ones that we haven't caught are at odds with current statute. We can correct this problem by saying "or as otherwise provided by law," as LB131 says. And that will allow for the harmonization of other laws that we may have missed or that may get passed in the future that prohibit the waiving of the three-day reading requirement. This is a good governance bill. It helps our cities and villages make sure that they're not unwittingly in violation of the law. And with that, Mr President, I will close and we can move to the committee amendment. Thank you.

WILLIAMS: Thank you, Senator Hunt. As the Clerk stated, there are amendments from the Urban Affairs Committee. Senator Wayne, as Chair of the committee, you're recognized to open on the committee amendments.

WAYNE: Thank you, Mr. President, and members of the Legislature. I hope we listen to this because there's going to be some questions. I know this is a bill that has a lot of bills in it, not a lot, but a few. And I want you to be clear on what we're doing here. The committee amendment AM751 is a white copy amendment that replaces the bill. The amendment incorporates the provisions of the six other bills heard in the Urban Affairs Committee that deal with municipalities. Members should have received a handout that summarizes the bills incorporated in the committee amendment. In addition, each bill in the committee amendment was advanced separately by the committee so members can see or view the summary information of those bills on the committee statements for the respective bills. The committee amendment was advanced unanimous 7-0 by the committee. First, the committee amendment incorporates two committee introduced technical bills, LB161 and LB162. LB161 is a technical cleanup bill that relates to state and building codes. Basically, it does three things. It eliminates redundancy-- redundant language in the state building code, corrects the references to the Department of Environment and Energy, and it clarifies that either state building code or local code and construction code is the legally applicable building code regardless of whether the state-- state agency or applicable county, city, village has provided it for the administration and enforcement of such building code. The other technical committee cleanup bill is LB162. And it is designed to provide uniform procedures for what is known as detachment. If you have questions on detachment, please, you can press

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your mike and I'll answer them. But essentially we just wanted to make it consistent as it relates to how to detach inside the corporate limits of municipalities and provide a uniform procedure, whether it's a-- whatever classification you have as a-- as a city or municipality. In addition to the two Urban Committee technical bills is AM751, incorporates the provisions of four other bills heard by the committee. First, LB99 is Senator Walz's bill for exempted areas which have been designated as extremely blighted area from the maximum percentage of the city or village that may be designated by blighted under the community development law. The second bill is LB218, which I introduced as a default plumbing code to the 2018 Uniform Plumbing Code. The current default plumbing code is 2009 UPC and the default plumbing code only applies in county, cities and villages that have not adopted their own local building code. Third, is LB556, introduced by Senator Matt Hansen, which clarifies that municipalities may include any additional requirements deemed necessary in their redevelopment contract under the community development law to ensure that redevelopment plan or the project complies with the local municipal requirements. Finally, AM751 contains a provision of my bill LB549 as amended by the committee. Many of you know, in mid-February this year, Nebraska and other Midwestern states experienced prolonged periods of extreme cold. This is referred to as a polar vortex or a cold snap that suddenly a largely unexpected weather event wreaked havoc over the public and private utilities across this region. In March, Urban Affairs Committee took a look by having a hearing on the impact that February's cold weather had on natural gas utilities in Nebraska. While the focus-- while much of the focus of the media have been on public power entities impacted by the cold snap, there were many municipals that were affected on the natural gas side. Our committee hearing and even more contacted us afterwards. We heard from numerous small communities that usually pay \$2 to \$3 to supply their communities, and natural gas ended up paying \$200 or \$300 on the spot market. I won't go through a lot of those, but the city of Stromsburg, city of Fremont, city of Pender, city of Superior, all had significant increases. While large utilities like Black Hills Energy, Black Hills and Metropolitan Utilities District were certainly impacted, these small gas systems lack the financing tools and the economies of scale then these larger utilities to have helped mitigate some of those costs. Essentially, they are passing those costs on to the consumer. As amended, LB549 would adopt the Municipal Natural Gas System Emergency Act. Under the act, the municipals which own and operate natural gas plant or natural gas systems could apply to the State Treasurer for an emergency grant, funding up to 90 percent of their extraordinary costs incurred by the municipality as a result of the

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stream-- extreme weather event. The grant program would be funded by a one-time transfer of \$10 million of the General Fund. The act would terminate upon the end of the biennium, which is June 30 of 2023, and it contains an emergency clause. Again, each of these bills listed in AM751 was advanced separately by the Urban Affairs Committee, and details can be found on the committee statement. In case-- in cases where the underlying bill had a committee amendment, the committee amendment was incorporated into AM751. The provisions of LB218, the plumbing code was also the provisions of AM703, a technical amendment I introduced after the bill was advanced, which eliminating-- eliminated all the opposition to that particular bill. The committee amendment was adopted again unanimously 7-0 and is a lot great deal of work. And I also want to thank Trevor for all the work of putting these bills together and working with all the municipalities to distinguish what cost and how to come up with those costs to the \$10 million grant program that we are attempting to launch. So with that, I'll answer any questions and ask for a green vote on AM751. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Wayne. Mr. Clerk for amendment.

ASSISTANT CLERK: First of all, Senator Blood, I have an amendment AM1087 with a note you wish to withdraw.

BLOOD: Yes, I'd like to withdraw that, please.

ASSISTANT CLERK: Next amendment, Mr. President. Senator Friesen would move to amend with AM1112.

WILLIAMS: Senator Friesen, you're recognized to open on AM1112.

FRIESEN: Thank you, Mr. President. What this amendment does is pulls out the natural gas portions of the bill. So when these communities and I had-- there was one in my district, Central City, they operate their own gas system. And they-- they did receive some extraordinarily high gas charges. And it was kind of an eye opening experience to sit down and visit with them. They actually own a little bit of production somewhere. They-- they do own a lot of gas in storage. But their contract, evidently, to transport that gas was limited to so and so many cubic feet and so when they had to make a draw on their reserves, that's when I guess the pipeline company must have said, you know, you've exceeded your-- your purchased amount and now you're going to pay so and so much for transport. And if I'm-- if I'm saying this incorrectly, I'm sure they'll contact me and I can correct it on the record. But that's what our conversation was about. And in the

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meantime, I think they've negotiated a quite a bit lower price on that transport. And so here's-- here's what I see, though, is that there's, there's some communities that have been running their natural gas system. And the reason they're doing that is they've been making quite a bit of money off of this as a revenue source. And what they probably didn't do is set aside money for a situation like this. And so for those communities who were just letting Black Hills serve them, Lincoln here and numerous communities out my way, Black Hills is going to-- they have to absorb some of those charges, too, and they're going to put them on our bills and we're going to have to cover that cost and it was our communities. And it won't be that big because we let Black Hills run our system. And so they're going to help smooth that down and we probably might not even notice that. But if these communities want to run their own system, they have to take these risks. That comes with the territory. And I-- I feel that this is a step now that we're bailing them out, maybe they shouldn't have been running their systems like this. Maybe they could have turned it over to a larger company who could have absorbed some of these costs or maybe they would have done a better job of negotiating contracts. I know it was an unusual event, but I don't feel that it is up to the state now to bail them out for contracts that did not foresee something like this happening. So that's what my amendment does. It basically pulls that portion dealing with the natural gas out of the bill and it'll let those communities figure out how to pay for that natural gas. They can negotiate with their suppliers. I know there's a lot of that going on as a side event, but I've not heard from other communities. Maybe some of you had. But I do know that there is an option here that they were negotiating a settlement that was quite a bit less than what the initial charge was. But maybe not all communities are in that same situation. I don't know that. I think this is worth the discussion because, again, like I said, these communities, I think in the past, the reason they're doing this, is they were-- they were making a pretty good revenue stream off these and maybe they should have been putting more in their reserves for a situation like this. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen. Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President. I appreciate that. So as I read through the-- the bill, the Christmas tree bill, I came across as Senator Wayne had alluded to about the help for the gas companies. Some of those are cities, I believe, run-- run a gas system. We'd had several instances where private businesses have made the wrong decision and it has cost significant economic damage to a community.

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Cabela's comes to mind and the state didn't help those people in Sidney. And the other day we had a conversation about the people in Gage County that had nothing to do with that lawsuit that happened because of the incarceration of the innocent people. And so here we are today, we're talking about a decision made by private business that made a poor decision not to plan for a calamity. They made a poor decision not to be prepared for what may happen. And that's all because of management. And I'm really having a difficult time understanding how the state of Nebraska should step up and help shore up people for making poor decisions about management. It looks to me like that if I was the board of directors on one of these companies that I'd be looking for new management. They should have made a better decision about how to-- how to handle these kind of things, rather than saying we're going to put our hat in our hand and we're going to run to the Legislature and we're going to ask them to bail us out. So I think Senator Friesen striking the natural gas emergency or whatever you want to call it, is-- is a fair one. I will vote to do that. I don't understand why it's the state's obligation to shore up what a private business has decided to do. Because if that's what we're going to do, then we, the state ought to be running these businesses if we're going to have to be liable for paying for it. And I will be supportive of Senator Friesen's AM1112. And those companies can manage through these situations a little better, the next time we won't have this problem. Thank you.

WILLIAMS: Thank you, Senator Erdman. Senator Ben Hansen, you're recognized.

B. HANSEN: Thank you, Mr. President. I was wondering-- I just had a quick question about the LB218 portion of this Christmas tree bill. I was wondering if Senator Wayne could yield to a question?

WILLIAMS: Senator Wayne, would you yield?

WAYNE: Yes.

B. HANSEN: If you know this, just curious, when-- when we're coming to updating the Uniform Plumbing Code from 2009 and 2018, what kind of significant changes were there between-- between those years, like, when it comes to perhaps some of the requirements and regulations now that plumbers would have to do versus now versus 2009? Do you know?

WAYNE: So some of the biggest significant changes deal with actually updating technology like back flows in restaurants and those kind of things. Actually, underneath the 2018, we're actually pushing for the

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2020 code. But the 2018 code provides actually significant savings for contractors because they can use newer technology. And also, I can't think of one specific right now. I did have it earlier. I'll-- I'll push my button and look at it, but initially everybody in the industry was for it. And that's one of the first times that I've had a building code type bill, which I have every year where everybody's for it. The only opposition was they wanted to make sure locals could still adopt their own building code. And so we put in an amendment to say you can, extra, extra can do that.

B. HANSEN: OK, that's all I need to know. Thank you.

WILLIAMS: Thank you, Senator Hansen and Senator Wayne. Senator Albrecht, you're recognized.

ALBRECHT: Thank you, President. I stand in disagreement with AM1112. And Senator Friesen, I know that-- I think I understand where you're coming from and-- and all these cities. I've been on a city council, I've been on a county board, and now I stand before us and the state of Nebraska here saying that to me, a state of emergency should have been called during those five days. I really believe it should have been, because you're not going to know what those bills are until after the fact. And it was after the fact that these cities, these small towns came to us. Are we willing to allow them to bankrupt themselves over something like this? You know, it's the-- it's the community. It's the taxpayer. It's their money that we're-- we're going to try to help them out with. It's-- I look at it like, you know, we're the-- we're the big brother that's going to come in and say, hey, let-- let me take care of this for you and figure out what you're going to do because it probably won't happen again. But I-- I see with those five days what happened throughout the country, you know, in that Southwest Power Pool, these people that are paying this bill don't have any idea that their city or their municipality has made a deal with someone else. They don't know whether there's going to be anything in reserve to be able to keep them warm in the winter. They-- they-- they just rely on the fact that the contracts that they sign, whether it's 10 years or 25 years, are going to cover them. But I'm telling you, when you have people that have to pay \$6, \$800, \$1,200 bills, I mean, they're going to have to stretch that out over a long period of time. Now, you know, we're just talking about gas here. I've been asked to bring an electric bill that South Sioux City has \$2.8 million in that five-day period, I believe. That's a lot of money. But somebody's going to have to pay for it, it was their choice to go do business wherever else. But that particular time period, again, I think it should have been a state of emergency, we didn't

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know. We know now where people are lying and but to change something so drastically that we cover them just in case. No, it has to be a state of an emergency that people cannot cover certain things. But I think you can go too far with this or we can-- we can bring it back in and help out those that-- I mean, what's going to happen to these cities? It's pay now or pay later. But we're going to end up having to help pay for this. And I believe that the LR-- I'd like to ask Senator Wayne a few more questions, if he will, on how that LR went. I mean, who-- who came before them? What-- what did their committee decide was the right thing to do? And where does he stand on these amendments that are coming forward on the gas? Do we need to divide the question and only just talk about this, Senator Wayne?

WILLIAMS: Senator Wayne, would you yield?

WAYNE: Sure. So I support the bill as written, I think. What we heard an outcry from these communities were and this is Senator Erdman and Senator Friesen. First of all, Senator Friesen, at Central City that was actually a mistake on the-- on the supplier's part. There was no negotiation. They are correcting an error on the supplier part. But the reason these are important is because the city of Bender-- Pender did everything right. Wahoo did everything right. They-- they are in a contract. They'll probably be in litigation around what happened because they-- they bought reserves, but Northern Natural Gas or whoever else wouldn't give it to them. So they had to go to the market. Like, this isn't just truly they just didn't want to build out reserves. Many of them had contracts for reserves, but the industry wasn't going to allow them to take it. So they're probably going to have litigation for--

WILLIAMS: One minute.

WAYNE: --five or six years. But what I do know from the hearing was over today, over the next nine months, people are going to see an increase in their fees anywhere from \$10 to as expensive as \$300. And so in this grant, they got to document all that. And they also have to say they're not going to increase those fees and use this money to offset it. And it's just a one-time shot. So I would like to keep-- I mean, I would-- his amendment is not a friendly amendment, if you want to be clear. But my whole point is, is that these communities came to us. We have the funds to do it, why not support these communities to make sure that they don't increase their fees on them at a time that they really didn't-- they didn't do anything wrong. And it's not going to an individual, it's not going to a corporation, it's going to a municipality.

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ALBRECHT: Do I have more time left?

WILLIAMS: Ten seconds.

ALBRECHT: I'll wait.

WILLIAMS: Thank you, Senator Albrecht and Senator Wayne. Senator Wayne, you're recognized.

WAYNE: So when we talk about programming and what we do with our dollars, we often talked about what the surrounding states are doing. And during this cold snap, the surrounding states have put way more money around. They even offered a loan program in Kansas to municipalities, i.e., we can't do that because our constitution says you can't use the state credit to do that. So we can't, we can't put it in debt on us to these cities. So there's a constitutional problem with doing what Kansas did. But everyone around us has done this for their local communities and this is just our part in doing it. And we're not extending it to private businesses. We are only extending this portion to municipalities because they have in this case, done everything right. And I understand there might be some heartburn about what happens in one or two communities. But the city of Stromsburg normally budgets \$140,000 for natural gas purchases for the entire fiscal year. February's gas prices alone were \$217,000. City of Fremont spent \$510,000 for spot natural gas and more than \$119,000 on propane to offset the high price of natural gas. Their city administrator said he could-- that he hadn't convinced the-- I'm sorry, a number of large customers to curtail their usage, it could have cost over \$6 million. He was literally going door to door telling people not to use natural gas. Like, that, that is what these cities have done. And again, Pender, city of Superior, they-- they're paying like \$623. And-- and their storage is-- they all actually just drew up real quickly. There was nothing that they can do for this anomaly. So what we're trying to do is we're trying to say, look, this is a one time hopefully in a life experience. But there was a significant problem, and that problem occurred, whether it's in Texas, whether it's whatever, our local taxpayers are going to feel it and every one of them, they've already figured out how to do it. Luckily for Omaha, we have MUD and MUD had enough stores that they actually ran anywhere from 65 to 75 percent of their storage on those days. They have a huge liquid nitrogen gas storage that they were able to use. Not everybody can do that. But some of these committees-- communities had storage. They even contracted out with the larger companies for storage and they were told no. So this is just a simple-- I mean, again, I'm not saying \$10 million is, is chump change by no means. I mean, I'll take

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a million and I can do a lot in my community with that. But these were communities that came to us and said, we are breaking our budget. We don't-- we are either going to have to raise our taxes or we don't know what to do. That's pretty much what they're saying. So this is a way that we can come up with a solution in Urban Affairs. By the way, this doesn't affect Omaha and Lincoln. My community gets absolutely nothing out of this. This is truly for small villages and cities across this state who did everything right and are now stuck with a bill that they didn't expect. And I think this is a great opportunity for us to support local communities in a way by providing a grant in which they have to detail exactly what they're going to do, how they're going to save costs. And if the money is not used, it rolls back over into General Funds. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Wayne. Senator McCollister, you're recognized.

McCOLLISTER: Thank you, Mr. President. Good afternoon again, colleagues. Wonders never cease. I agree with Senator Erdman. And I also would like to thank Senator Friesen for his amendment, AM1112. Fact is, cities, consumers, and businesses made a decision whether to buy firm gas supply or whether to play the market. And those sometimes you win and sometimes you lose. But when the cold snap came, they lost. Now MUD, I know had in reserve 15 million gallons of propane and, of course, they had their LNG plant and that enabled the city of Omaha, those residents with MUD to not really see any kind of discontinuation of supply. And I know that Senator Wayne is correct that we are going to see court suits for those situations where they had natural gas reserved but were unable to receive it when they needed. Force majeure will be the kind of thing that we'll-- we'll hear about in court. This occurred in the 1990 period with take-or-pay and it was settled in court, court case after court case. And that's likely to be the situation here. And I would guess that those situations where the gas companies didn't supply gas on reserve, that they will-- they'll be liable for some damages. So this is going to end up in court. I think we should wait. And once again, I think we need to pass AM1112 to LB131.

WILLIAMS: Thank you, Senator McCollister. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. So, again, it goes back to the fact that I think and not knowing how some of these cities or villages took over their own gas system or run their own system, it is a little bit like Senator McCollister said, though, if you look at your contracts

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and if you would have anticipated this, you would have written a better contract. It's not as though there wasn't gas available here I don't think. You had to have a better contract written to make up for things like this. And so what I see going forward is there's also some rural electricians that have decided not to purchase power from NPPD in a long-term contract. So down the road, if they're purchasing from some other supplier and suddenly they get caught in this, are we going to bail them out too? Are we bailing people out because of bad decisions they made or because of a disaster hit? This weather event is, is something that just happened. Obviously, Texas didn't think it could happen either again, and yet it's happened there several times now, they've had some issues with their distribution system. And so, again, it goes back to-- I mean, communities, they run their own natural gas system. Some of them run their own electric system, but they are being exposed to the same thing that private industry is. And so in all those communities out in what looks like almost over half the state, there's not an issue. And obviously that must either be run by private gas companies who will have to recoup their costs. And I'm sure those customers will have to pony up some money just like these customers. And so I don't feel this has risen at least to the point where the state needs to step in to do something yet and not knowing, I guess, what each of these communities are subject to, how much we're talking about here, or whether some of them it was just a poorly written contract or some of it was a nothing they could do, truly nothing they could do. I don't know that. But when I look at what's happening and we've got like I was saying, there's-- there's rural electric doing the same thing. They're choosing to run their own system. And then when it fails or something happens, are they going to come running to the state? And, you know, Gage County had something bad happen and we didn't like bailing them out, but they had to raise a lot of taxes there. They raised their levy to the max. They-- they put a sales tax on. They tried their best to bail themselves out before the state finally stepped in and gave them a little bit and not very much. But again, I want to see once what these communities have for resources and how they can handle this, because I think from my standpoint, at least some-- some decisions were made that led to this. And there's a lot of communities out there that are going to have to come up with-- with extra fees from the private industry that pay these same bills because everyone was exposed to the same thing. But if you weren't running your own system, you're part of a-- a lot larger network that could help blunt the cost of that. And you probably had more professional people in-- in offices working in scenarios like this trying to make sure that something like this didn't happen to their customers. And so I'm very leery of supporting this idea. And that's

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why I brought this amendment. And it does pull this idea out of the bill. To be clear, it's not a friendly amendment, I'm sure. So I-- I still think it's something we need to look very seriously at, because I think down the road we're exposing ourself to doing more of bailing out communities that make bad decisions. Thank you.

WILLIAMS: Thank you, Senator Friesen. Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President. So as I listened to Senator Friesen make his comments there, the thought comes to mind. If we do this this time and then what happens the next time this happens? We have set a precedent that if you make a bad business decision, if you make a decision that cost your constituents or your users money, just run over to the state and they will bail you out. I don't think that's appropriate. So I was wondering if Senator Wayne would yield to a couple more questions? I'm trying to be clear on what happened here. Will you yield, Senator?

WILLIAMS: Senator Wayne, would you yield?

WAYNE: Yes.

ERDMAN: Senator Wayne, so help me understand, did the cities that run these gas companies, did they make the decision not to forward contract or be protected for a calamity like this? Or was it the gas companies' responsibility?

WAYNE: Both. There were some cities who did actually purchase ahead of time and purchased what was deemed normal reserves of 10 or 15 percent. But because of this cold snap, they were running at 30 or 40 percent higher than they were normally going to get.

ERDMAN: OK, so would you say this was-- that was a business decision that they made?

WAYNE: No more than-- no more than us deciding to give \$40 million to broadband private companies. I mean, they're-- they're all-- I mean, it's just a decision. We-- we-- we make them all the time.

ERDMAN: OK. So but the point I'm trying to-- the point I'm trying to make is I'm trying to get clear clarity on, you know, who made the decision to not purchase the gas to make sure or make sure they had it covered? You said MUD and-- and Omaha didn't have a problem, right?

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WAYNE: Right. So, so let me give you-- so typically in the industry, you have 10 to 15 percent on reserve. That's how it fluctuates. But in this case, because of the depth of the cold and how long it last, they burned through their reserves. And even at that point, there are a few people on the list who had additional reserves where the private company actually cut off their reserves. So there was just a massive problem through all of this. But these cities did nothing wrong, they did everything that they could do.

ERDMAN: OK. Would you-- would you agree that some cities were more well-prepared than others?

WAYNE: Well, to use MUD for an example, it's not a city. It's a-- it's a-- it's an entire political subdivision that goes through three counties. So they had a higher tax base that they was able to build out their percentage a lot different. So, I mean, MUD isn't a fair example of some of these small cities.

ERDMAN: All right. So what happens, and maybe you heard my comment earlier, what happens if we have another instance like this and we've set a precedent that we're going to bail these cities or the gas company or whoever bailing out here, how do we say no to the next group?

WAYNE: The same way you say no to the next Gage County.

ERDMAN: Yeah. So, so what do you think, give me--

WAYNE: And I know you got thick skin so we can have this conversation.

ERDMAN: Yeah. I wanted to get \$10 million for Gage County.

WAYNE: That's what I'm saying.

ERDMAN: Yeah, I understand that. OK, so do you see a similarity between Gage County in this?

WAYNE: No, what I'm saying is we make decisions all the time. I think what happened in Gage County is a travesty. And, you know, I was going to vote for the \$10 million. But I do think when citizens have done nothing wrong and their local government has done nothing wrong and we have additional funds, we have, I think, a obligation to help our citizens.

ERDMAN: OK, well, thank you.

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WAYNE: Thank you.

ERDMAN: Appreciate it.

WILLIAMS: Thank you, Senator Erdman and Senator Wayne. Speaker Hilgers for an announcement.

HILGERS: Thank you, Mr. President. Good evening or late afternoon. Colleagues, apologize that this is a little bit later of an update than I have done earlier in the day. So today, in terms of the quitting time, I think we'll quit around 6:00 today, kind of ease into the week a little bit. I will say almost certainly Thursday night and potentially tomorrow night as well, depending on our progress, be prepared to go late. So Thursday night, I think, is probably the most likely day where we'll have a dinner break and we'll go late. Also be prepared to do that tomorrow, but we'll see what our progress is like. But at least for today, to start off the week, I think we'll adjourn in about 20 to 25 minutes. Thank you, Mr. President.

WILLIAMS: Thank you, Speaker Hilgers. Senator Murman, you're recognized.

MURMAN: Thank you, Mr. President. I was emailed by the city of Superior, that's in the 38th District after this cold snap event. And my first question to them was, you know, after they kind of explained the situation was, is there anything you could have done differently to prevent this high, high charge of natural gas that the city was forced to absorb? And the utilities manager told me, well, if I would've known exactly what was going to happen, I could have mitigated it a little bit. But there wasn't a whole lot I could have done. The only thing that if I understood correctly that they really could have done to prevent it was sold out their whole natural gas distribu-- distribution system to a bigger-- one of the big suppliers sometime in the past. And I asked him a little bit about the history of their distribution system there in Superior and I guess it was put in in the 1930s and a company that came up out of Kansas, Superior's right close to the Kansas border or right on the Kansas border. And in my area, which is about 60 miles north of Superior, I remember, I was a child or a kid, but in the 19-- late '50s, I think the natural gas came into our area and the whole surrounding area, if I remember correctly, so, so that system was, I think, kind of the general system that went into this part of the state. But apparently Superior got that system put in earlier. And so just since the 1930s, they've owned their own distribution system and they do have storage and had the storage pretty much full going into the winter and also had half of

his winter supply of natural gas hedged so covered his bases as pretty much as best he could with the-- the system they-- they have had, like I said, since the '30s. And I asked him, well, couldn't you have just bought more natural gas? Well, that's what he was forced to do, is buy more natural gas at the-- during the cold snap because in those four days, they used as much natural gas as they would have used all winter in a normal winter. So, so he was-- so I said, well, if you know about this in the future, what can you do differently? He said, well, there's not a whole lot I can do. He could probably contract the natural gas at a different time of year. Superior is a little unusual in that they use most of their natural gas in the fall rather than in the winter because of the big grain dryers that are in Superior. And that's when they use a bigger share of their natural gas. So, so I don't remember exactly what time of year he'd have to contract it, but by contracting a different time of year, he would have more available all through the winter, a little bit more at least available all through the winter. And-- and also his storage wasn't quite completely full, it was really close, but making sure that was completely full going into the winter. If I-- if I understood him correctly. So, so there wasn't a whole lot different he could have done, so. And of course, as-- as we have been--

WILLIAMS: One minute.

MURMAN: --discussing, it is the customers in the--, the community that will have to pay the extra cost of the gas that was used. And he said he will have to spread it out over eight years. If I remember correctly, he could do that. But I-- I think as long as this is a one-time deal and it doesn't set a precedent that we're saying we're always going to do this from here going forward, I think the city of Superior and these other towns deserve some compensation. So thank you, Mr. President.

WILLIAMS: Thank you, Senator Murman. Senator Groene, you're recognized.

GROENE: Thank you. I'm trying to sort out-- I don't like it when a bunch of bills are dumped in together. I'm seeing two emergency funds for natural gas here. I'm seeing LB549, which is \$20 million. And I see Lincoln and Omaha liked it, so apparently they're getting it. It's for Emergency Assistance Act, operate natural gas plants or natural gas system could apply to State Treasurer for emergency grants to cover up to 90 percent of extraordinary costs incurred by the municipality as a result of extreme weather. So I can understand why city of Omaha and Lincoln aren't getting anything, they're going to

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get there's already, they're getting \$20 million. And then it's \$10 million for this special fund. The way I hear it, we're in for a-- everybody's going to get increased costs of natural gas because it's not going back down for a while. So do I get a break because NPPD did a good job, but my rates are going to go up, or is it just these special few who messed up on management of their utilities? I-- you know, I might have go along with if we took the \$20 million that's already in LB549 and said, all right, we're just going to give Omaha and Lincoln \$5 million a year for two years and \$10 million is going to be taken out of that over to the special fund. And then we've got fairness here. But I just-- gosh, we're throwing money around. I mean why all of a sudden did we have \$20 million for Emergency Assistance Act on natural gas, is this global warming or something? Extreme weather, extreme weather happens all the time. It's happened throughout history. I've lived through quite a few cold snaps in my day. So why all of a sudden now is there's an emergency and we got to give these utilities \$20 million of aid to upgrade their infrastructure? I'd like to see that go away too. And if somebody could come around and, you know, split that \$20 million up and not add another \$10 million to the total, because it seems to be covering the same issue, a cold snap that we used to be able to handle in this country, but now it's an emergency. But so I'm not real happy with the whole bill, LB549, or whatever amendment it's called, AM751. Now we're up to \$30 million. What about COVID money? Can't we blame-- we blamed everything else on COVID. Can we blame the weather, did Mother Nature get a cold? That's a pun on words. But anyway, maybe we could use some of the CARES money for this, too. So I can't support this. I'm with Senator Friesen unless somebody in the meantime splits up the \$20 million and keeps the cost to the original bill at \$20 million instead of adding another ten to it. Thank you.

WILLIAMS: Thank you, Senator Groene. Senator Wayne, you're recognized.

WAYNE: Thank you, Mr. President. And colleagues, please-- please listen carefully, there's no \$20 million. My amendment is a white copy amendment that eliminates the original aid. The bill originally was aid to municipalities of \$20 million. The amendment wipes all that out. We are only talking about a \$10 million grant, plus the other bills that are-- that are in here. So Senator Friesen and Senator McCollister, I want to talk a little bit about how the industry works, because I think we're-- we're being misled here a little bit. Not intentionally, but I just think you need to understand private companies such as Black Hills and Northern Natural Gas, they actually have a government agency, the Public Services Commission, that allows them to stretch out their losses for the next three years. These small

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communities don't have that. They have to pay their bills now. That is a fundamental difference between your private market and your public market. So there is no other option here, whereas all the other private companies can go to the PC-- PSC and say, we are going to do a small 10 cent raise over the next three years. That is significantly different than a \$800 raise over your next eight months. That is-- that is the difference between the public and private. We talk about the decision made at the local level. And this is what's ironic about the person who put this amendment up there, a decision at the local level to be public or to go private. But he won't allow public option on broadband. That's ironic. What's ironic is \$10 million over a biennium to make-- I mean, over one year to make sure people tax rates don't go up, but we're going to throw \$400-- \$40 million into broadband to private companies and those communities still won't get served. And if they get served, we're going to build it for them with our money and they're going to charge us to use it and no rates that, that aren't even capped. But that's the-- that's the ironic part about this-- this bill and this grant helps rural Nebraska. If rural senators don't want it and they vote this down, then you can talk to your constituents why you will not help them in a time where they couldn't, they couldn't predict this. This was-- this wasn't foreseen. Nobody saw a cold snap this-- we sat in Natural Resources and listened to electrical public utilities. This is not that. This is natural gas. Don't get them confused. But the cold snap was such a big deal. Basically, the guy who came was like, I don't know the answer that yet. I have no idea. We're investigating. We have government agencies. That's how big of an issue this was. And this is a small way to help cities who budgeted for \$100,000 who now have bills in one month, in five days, triple their budget. If we can't help these communities, I don't know what we're here for. And we're talking \$10 million, but we're throwing \$40 million on a hope and a dream that someday Senator Bostelman will get fiber. I-- I mean, it's kind of funny, but it's kind of not. It's kind of like, wow, I mean, that's what we're doing. I hope he gets fiber. I hope when I'm on Mount Kilimanjaro and I'm Skyping into redistricting meetings or whatever we're doing, that I have a better connection from him Skyping from his house. I do hope that. But I don't know if it's \$40 million worth. My point is, is we all have funds and there are funds here. And the community of rural Nebraska came to Urban Affairs and said, here's our problem, if there are dollars available,--

WILLIAMS: One minute.

WAYNE: --please help us. We are providing a mechanism for them to be helped. If they don't use the money, it goes back into General Funds.

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That's all this does. I would ask for you to vote red on AM1112, green on AM751 and the underlying bill. This is our job. We're supposed to support local decision-making and in a time when they needed it the most. This was a-- a cold snap, one time. If you're worried about the slippery slope, then we can have that debate on LB388 when they come back and say they need more money. We can have those debates too. But this is a simple bill. It's not complicated. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Wayne. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. Would Senator Wayne yield to some questions?

WILLIAMS: Senator Wayne, would you yield?

WAYNE: To my friend, yes.

FRIESEN: I'm going to start enjoying this. So are you saying that maybe we'd be better off privatizing the gas companies in those cities because the private companies did a better job?

WAYNE: Actually, the one who did the best job was MUD. And you know I'm not-- I'm all about privatization, but I'm going to call it, I'm going to call it what it is. MUD has no effect on our, our consumers and their public.

FRIESEN: OK. So I mean, there were possibilities here that companies or cities could have done it better, better contracts, looking out, writing those contracts for these extreme weather events, because we are talking about global climate change and they should be putting maybe aside 20 percent maybe for these extreme weather events. So I'm-- I am concerned about whether or not public and private and who's doing a better job and whether or not we privatize the gas companies or take public the communications companies. And you're getting broadband in here, we're getting confused.

WAYNE: Do you want me to answer that?

FRIESEN: Has this-- has this bill had a hearing?

WAYNE: Yes, it had a hearing and it had a LR too. So we actually had two hearings on this.

FRIESEN: On the-- on the grant part of the proposal?

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WAYNE: Yes, we had a LR hearing in which all of them came and I already had a proposal for state aid so it falls within that bill.

FRIESEN: OK, it's not what I was told. But OK. So I look here and I'm reading through the bill and we're talking about you're covering the cost of gas since January 1, which was, I think, before this event happened. You're talking about putting in a request they're going to pay the overtime for workers. They're going to pay for replenishing their storage. Any event after January 1, the State Treasurer is not requested to verify any of the information they give. That's in the bill?

WAYNE: So it's in the bill as extraordinary cost, not regular cost. So it has to be above and beyond. And there is actually on page 1, Section 3 has outlined what those extraordinary costs are.

FRIESEN: So extraordinary costs are overtime?

WAYNE: No, it's not listed.

FRIESEN: It says in there overtime for workers.

WAYNE: What page are you looking at? Oh, yeah, overtime in this case, yeah, you're right.

FRIESEN: OK.

WAYNE: But it has to be extraordinary. So if it's regular overtime and any COVID event, right?

FRIESEN: Well, how do you-- I mean, OK, I, I just-- but if the State Treasurer, it says in there he's not requested to verify any of this information. Do they just throw everything they can in the kitchen sink in there and we're going to pick up the tab for replenishing their supplies? Are we going to do this for Black Hills? Are we going to do it for the customers and people that live in my area that did not own their own system? But obviously they're going to be impacted over the next several years because of increased costs, but we're not going to get bailed out.

WAYNE: So it comes down to your-- your customers. I understand that. My customers don't get anything out of this either. So that's not the issue. But to your-- to your answer-- to back to your regular question and what you just stated, if you want to use the MUD model and if you say who performed the best, that's what we should do, then maybe we should publictise all natural gas, if that's the way you want-- if

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that's the-- the measurement. If the measurement is who performed best in the extreme cold, it was 100 percent the public utilities and the public natural gas.

FRIESEN: Do we know for sure who performed best? Have we analyzed that? Have we--

WAYNE: Yes.

FRIESEN: --looked into that?

WAYNE: Yes, MUD by far outperformed anybody in the state.

FRIESEN: OK, I've not seen any of that data.

WAYNE: I will get you the data.

FRIESEN: So I-- I guess I'm concerned with what all they're putting in there and to-- to pay for replenishing their gas supplies, that-- that seems to me a lot of things are thrown in here. I know it's an extraordinary event. But these days, I mean, we keep talking about climate change and, and being prepared for all these--

WILLIAMS: One minute.

FRIESEN: --unexpected events. So I think people need to start planning better. And are we going to continue to-- to do this as counties or cities or anybody else makes a mistake, maybe doesn't have a contract written quite right? Are we going to continue to bail them out? Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen and Senator Wayne. Senator McCollister, you're recognized.

McCOLLISTER: Thank, Mr. President. And colleagues, good evening here again. I think I need to correct the record. MUD has complete discretionary authority on their rates. The PSC has actually no control over the rates that MUD charges. And you should know, after my 30 years on that board, that we paid about \$5 million a year to maintain that LNG plant for just such an emergency. They also had 5-- or 15 million gallons of propane that they maintained for just such an emergency. So MUD has been a good steward. It's a separate company under the auspices of the state. Whereas, some of the examples Senator Murman used, various cities have all kinds of services they provide: electricity, natural gas, water, and sewage. But why do they have those services? Well, the reason they do is so they can spread their

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costs over a greater amount of revenue and maybe it keeps their property taxes low. I don't know. But they elected to have-- provide those kinds of services. Now Senator Wayne talked about some of the situations where communities would contract forward for gas storage, and that's-- utilities do that. And most generally, the suppliers honor those contracts. Sometimes when a situation exists like we saw last winter, they can't supply it and so a force majeure exists in that situation. And what happens then is that you end up with a court suit and they determine to what extent the supplier is liable for that city or community. Now other cities just made bad decisions. And if you go with firm supply and generally you pay a little more. If you go with interruptible supply or, or variable rates, you're going to pay less, but you're taking a risk. And so that's what happened with some of these communities. So I'm not amenable to helping them out because they made a business decision, a bad business decision. And that's, that's-- it's too bad. But that's the decision they made. Well, thank you, Mr. President.

WILLIAMS: Thank you, Senator McCollister. Senator Wishart, you're recognized.

WISHART: Thank you, Mr. President. I rise in support of LB131 and AM751. And with that, I'll yield my time to Senator Wayne.

WILLIAMS: Senator Wayne, you're yielded 4:50.

WAYNE: Thank you, Mr. President. Thank you, Senator Wishart. I mean, we're-- we're having fun because it's kind of late and we're getting out of here. And so Senator Erdman and Senator Friesen and I going back and forth is, is kind of fun. I'm trying to figure out how are they going to translate when we laugh on the mike? Do they put just parentheses inaudible or do they say laughter by Senator Wayne? I'm just-- so transcribers who are listening, just give me a heads up so I-- I can read, like where I know I laughed on the-- on the mike. I think that's kind of funny because we have some good jokes. But in all seriousness, I understand Senator Friesen and Senator Erdman's concern, everything we do here has a slippery slope. Everything we do here, we could put money-- when it comes to money, we could put money somewhere else. I, 100 percent, understand that. What-- what this amendment really is about is about communities who felt like they did all they were supposed to do. They listened to all the experts. They consulted with everybody. And they just said, hey, all you need is 10 or 15 percent. We gave money, Senator Erdman, to an area for irrigation of \$3.5 million. Right? They did all they could. And somehow there was an event in which that canal collapsed and we

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stepped up in the state of Nebraska and said, we are going to help that because it's so important to the irrigation districts. There are time after time we have stepped up where we said, hey, they did all they could, but some extreme freak nature event happened and we have to help out. So what it comes down to is, do we want to help them or not? And if we don't want to help them, you vote no. If you want to help a community who did everything right, they drafted the contracts, they had the attorneys, they listened to the market experts and said 10 percent. By the way, on the electrical side, when you get into the SPP, they only allow-- they only want you to carry anywhere from 10 to 20 percent reserve. That is the-- that is the natural industry mark. This event happened above and beyond what was considering natural or normal. We had money on the floor, had because we seem to be spending a lot. But my point is, take this to Select, let's have more discussion. And if there's enough people on the-- on the floor who really don't want this, fine. That's your decision. It doesn't help or hurt my community at all. But when we talk about where we're spending dollars, whether it's for broadband, nonprofits, all the other bills I'm looking at here, property tax relief, there's things that we are making conscious decisions on, that we are spending dollars. And for some of these small communities, this is going to be an increase, an increase in their utilities. And we can decide whether we're going to allow a mechanism to do that. And maybe it's not \$10 million. Maybe we talk from General to Select and we say it's only five. That's going to leave some communities out in the cold. So we might have to change how we do it, but let's not just throw it away. And so I think I've talked, I got one more minute left, I think about a minute thirty, and at that point we'll have an adjournment motion. So kind of always wanted to do that on the mike and just pause for a second as we get ready to close out the day. It's one minute to get out of jail time and we all get to go to the chamber events.

WILLIAMS: One minute.

WAYNE: Oh, one minute. Sometimes like this I think about Senator Hansen, how we used to hang out in the days down here and do karaoke together, Ebony and Ivory. It was great times. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Wayne. Mr. Clerk for items.

ASSISTANT CLERK: Mr. President, Senator-- committee reports from the Education Committee concerning certain gubernatorial appointments. Additionally, notice from the Government Committee, the Government Committee will hold a hearing Wednesday, May 5, 2021, Room 1113 at

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noon. Reminder: Government tomorrow, Room 1113 at noon. In addition, there'll be an Executive Session following that hearing tomorrow. Government Committee Exec Session after the hearing. Senator Linehan would move to adjourn the body until Wednesday, May 5, 2021, at 9:00 a.m.

WILLIAMS: Members, you've heard the motion to adjourn until 9:00 a.m. tomorrow morning. All those in favor say aye. Opposed say nay. We are adjourned.