FOLEY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the thirteenth day of the One Hundred Seventh Legislature, Second Session. Our chaplain for today is Senator Geist. Please rise.

GEIST: Let's pray. Heavenly Father, thank you for the gift of a new day. Thank you for each person who is here. Father, I pray that the things we say, the things we think on, and the things we value would be things that honor you and that you would guide us through this day, give us strength, give us wisdom and insight, and the ability to please you. In your name, we pray. Amen.

FOLEY: Thanks, Senator Geist. I recognize Senator Dorn to lead us in the Pledge of Allegiance.

DORN: Good morning, colleagues. Please 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.

FOLEY: Thank you, Senator Dorn. I call to order the thirteenth day of the One Hundred Seventh Legislature, Second Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

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

ASSISTANT CLERK: No corrections this morning.

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

ASSISTANT CLERK: I do, Mr. President. Reference Committee refers-- a report from the Reference Committee referring LB-- or, excuse me, LR284 to the Ag Committee, LB1092 to Banking, and rereferring LR283CA to Revenue. Additionally, a communication from the Department of Health and Human Services concerning the reappointment to a member of the Stem Cell Research Advisory Committee. Notice of committee hearings from the Retirement Systems Committee, as well as the Exec Board, and a motion to suspend the Rules from Senator Ben Hansen. That's all I have at this time, Mr. President.

FOLEY: Thank you, Mr. Clerk. Members, we'll now proceed to the first item on the agenda, General File 2022 senator priority bills. Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB825, introduced by Senator Lindstrom. It's a bill for an act relating to revenue and taxation; change provisions relating to taxation of benefits received under the federal Social Security Act; and repeals the original section. The bill was referred to the Revenue Committee. That committee reported the bill to General File with no committee amendments. When we left the bill yesterday, there was a recommit by Senator Wayne pending.

FOLEY: Thank you, Mr. Clerk. I'll ask Senator Lindstrom and Senator Wayne to give us a brief update on where we stand on this bill. Senator Lindstrom, you're recognized.

LINDSTROM: Thank you, Lieutenant Governor. Where we left off yesterday was on the motion, Senator Wayne's motion. I think there's three other amendments up on the floor that I'm sure Senator Wayne will, will talk about. LB825 is, is just an extension of what we did last year and passed unanimously with LB64. LB825 speeds up the process of the phase-out starting last year: for taxable year 2021 at 5 percent; this year, 40 percent; next year, 60 percent; 2024, 80 percent; then finally, in 2025, it would be 100 percent phase-out. Pretty straightforward bill and I encourage your green vote on LB825 and with all due respect to Senator Wayne, a red vote on his amendments. Thank you, Lieutenant Governor.

FOLEY: Thank you, Senator Lindstrom. Senator Wayne.

WAYNE: Thank you, Mr. President. Actually, I, I'm moving all-- just to be clear, I'm moving all my amendments on General File to Select File. So for this bill and Senator Briese's bill, which is the next bill, I would like all my current amendments to be moved to Select File. And with that, I'll withdraw my motion to recommit.

FOLEY: Thank you, Senator Wayne. Those amendments will be refiled on Select. All right, we'll open up debate on LB825. Senator Pansing Brooks.

PANSING BROOKS: Thank you, Mr. Lieutenant Governor. I rise in support of LB825. When I first went door to door in 2014 for the Legislature, one of the first houses that I-- where I went, there was an elderly man who talked to me about Social Security and about the fact that he feels like it's, it's double taxation to tax Social Security, especially, especially for older people who are on a fixed income. So I, I rise in support of Senator Lindstrom's LB825. I appreciate the effort. Is it perfect? No. Nothing that we do here is, but it's a, it's a good start and it's important for people who are older and on fixed incomes to be able to protect what they have and not have to be using their money. First, it's taken through all their years of working through FICA and then once they get it back in retirement through Social Security, we're taxing it again. It doesn't make sense. So I rise in support and hope everybody will join me in, in supporting LB825. Thank you, Mr. President.

FOLEY: Thank you, Senator Pansing Brooks. Senator Machaela Cavanaugh.

M. CAVANAUGH: Good morning, Mr. Lieutenant Governor. Good morning, colleagues. I rise in support of LB825 and thank you to Senator Wayne for withdrawing his motion to recommit. I know that others have expressed concerns over moving bills like this forward this early in the session and I share some of those concerns, which is why I've been talking about it. So-- but what I want to talk about this morning is the city of Omaha will be taking a vote this afternoon on whether or not to approve multiple leases for the downtown library to move, making way for the city to then sell that location to private developers. There's been a lot of public comment around this issue and a lot of citizens in Omaha are upset about how this has been handled and the lack of transparency. I am one of those citizens. I think it is a pretty big example of the influence and power that people with money have when projects like this are ramrodded through and the input of the people seems to take a back seat. So I hope that the city council will be genuine in listening to all those that I know are going to turn out to speak about this today and all the people that have sent letters and emails about this issue. The downtown library is so much more than just a library and the implications of moving it away from the new downtown mall and that open public space are, I think, very devastating for the landscape of Omaha and who Omaha is aspiring to be as a city. I don't believe it should fit in with our identity that we are going to whitewash our downtown and remove people who don't look the right way so that a private business can be developed on what was once public land. The location of the downtown public library is a spectacular location. It's at the tip of the mall, the western edge of the, the outdoor mall. And with investment in it, it could be renovated to be exactly what it should be: more ADA accessible, more resources, more technology. If we wanted to invest the money that we're taking to invest in renting, we could do a lot for that library. It's a space for people to get in out of the cold. It's on our ORBT line so that you can get to all parts of the city or come from all parts of the city to go to the library. My kids love taking the ORBT down to the downtown library. It's one of their favorite activities to do. We don't live too far from the-- an ORBT stop so we just walk on the trail in Omaha and head over to the ORBT stop and we go to the downtown library and then we usually stop in Dundee and get some ice cream and then we take another-- then we keep riding back to our house and it's always been a cherished activity. And I have to say, with the downtown library moving several blocks off of the ORBT stop, it's less likely that people like me who have young children that you're already wrangling are going to walk those extra blocks. I can just go to the library in my neighborhood instead. But I like the experience with my kids and they like the experience and they love the downtown library.

FOLEY: One minute.

M. CAVANAUGH: So I hope, and sometimes it's dangerous to hope in this business, but I hope anyways that the people representing the citizens of Omaha think hard about who they are impacting by this move, who they are displacing by this move, and who should we be representing at the forefront every single day? For me, it's the people that don't have a voice, not the wealthy. Thank you.

FOLEY: Thank you, Senator Cavanaugh. Senator Stinner.

STINNER: Thank you, Mr. President. I first-- I, I punched in today to try to further a discussion of points that I was trying to bring out yesterday. First of all, I do support this bill. I will vote yes to, to advance it to Select File. What I was trying to convey to the body was this is a short session. I understand it's a short session. These are important bills. These are important bills that probably we need to advance to at least Select File, but we need to have that discussion. We need to have final numbers that we can make prudent decisions with. And I'm going to give you an example because the Chair of Revenue yesterday stood up and says we have $412 million and we need to give it back to the taxpayer. Now, that came out of a Tax Rate Review report that I have in my hands and she is correct about that. She's also correct about the fact that we do have a robust, fully funded Cash Reserve, rainy day fund. She is correct on that. However, we have, as an Appropriations Committee, come up with a preliminary budget. And in that preliminary budget, what we looked at was deficit requests by various agencies and some of those came from the Governor, some of those came directly from the agencies, but we worked through that with our fiscal analysts and we came up with an adjusted number. Instead of 412, we have right now $105 million and that's the point

I'm trying to make. There is a $300 million variance there. That does not have provider rates in it and I've already looked at what the request is there. So that will reduce that number probably by $70 to $75 million. And obviously, then we have a Forecasting Board. That Forecasting Board, a lot of people are betting on $200 million that they're going to add. And I'm OK with that, but I need to take a look at the impact of those numbers because we do have a 3.7 percent number of growth in the second year of the biennium; 3.5 is the trigger mechanism that puts all excess funds over and above that 3.5 into property tax relief fund. So if $200 million comes in, sure, it will show up as an add to what we bring to the floor, but what happens is it triggers a reduction in revenue and an increase in that fund as you move out to the, the out-years or the next biennium. And that is something I think we need to have a discussion on. I think we need to also have a discussion on where we're at. We've gone from a 2 percent world to a 3.5 to 5 percent world, witnessed the $62 million that the Governor-- and rightfully so. I'm not, not saying anything bad about it, but $62.4 million of salary increases to attract and retain a workforce. You know, we got 24/7 nursing homes, hospitals. You know, there's some parts of HHS that got 24/7. Those folks got 30 percent raises. What we're going to try to do in Appropriations is raise about 15 percent. That's a base raise and then try to fill in the rest with ARPA. So then the, the next generation, the next folks that are through here have to deal with base increases. We don't want to leave you with zero base and then have to come and fill it in with temporary funds.

FOLEY: One minute.

STINNER: We're going to try to fill that in somewhat with that and then you can step it up as, as we hit the next biennium. So this is a package of bills that I look at and I say we need time to have a big, big discussion. We need time to take a look at what Forecasting does do. We need to take a look at what FMAP will do. That's at 57.8 percent. Every 1 percent is about $22 million. If it goes back down to 52 or 51 when I started, you know, you can do the math. That's an impact. So those are things that we need to have a discussion on and how it impacts those out-years and what's possible as we, as we move ahead. So I'm, I'm for passing this to Select File, but I do want to have the opportunity to have that discussion in this Legislature with all the numbers put in place. Thank you, Mr. President.

FOLEY: Thank you, Senator Stinner. Senator John Cavanaugh.

J. CAVANAUGH: Thank, thank you, Mr. Lieutenant Governor. Well, I also support the underlying bill here, LB825, and plan to, to vote for it. I appreciate Senator Stinner's measured comments and useful information. It might have been maybe too much information too quickly for me to process here. But I, I agree with the overall idea that we need to have a conversation about how we're spending large amounts of money in a holistic context when it comes to tax cuts and to spending. We should look at both of those things at the same time and make sure we have a whole picture before we move forward and so I certainly am in favor of slowing down how we proceed on this bigger conversation. But I've kind of been talking about this bill in terms of the importance of the social safety net and one of the reasons that I like this bill is it, it puts more money in the pockets of the individuals who are dependent on this money and that they paid into the system and they're getting it back. And the reason we have Social Security is exactly the social safety net to help make sure that people don't fall into poverty after their working years are over or when they can-- they are unable to work. And so I think that is important. And I've been talking about other aspects of the social safety net and we have-- I-- there's an article I can share, but in the World-Herald today about the apartment I was talking about in my district where the city has shut it down because the-- of the number of code violations has made the residence uninhabitable. And in the article, it mentions this one individual has been paying $625 a month for his-- $675 a month for a studio apartment and he's had to use two space heaters; one plugged into the kitchen outlet, one in the living room/bedroom, but not that-- not in the outlet that's dangling from the wall by its wires. And he has his oven turned up to 500 degrees. So a lot of safety concerns here, but he pays for this apartment based off of his Social Security income. And there are people who will talk about places that are no longer habitable like this and say, why don't people move out? This man lived there for four and a half years and complained the entire time he lived there and nothing got fixed. And when people say things like, why don't you move out? It's not an option for people, for some people, somebody especially on a fixed income. The average Social Security income is about $1,600 a month, which means some people have less and some people have more, and it goes up to, I think, $3,300 a month. So there are individuals who are making less than $1,600 a month. But even if you are making $1,600 a month and you are paying $625 a month for an uninhabitable apartment that you are, you're heating with your oven, certainly, your electrical bill is going to be higher than it needs to be and you are going to have a lot of expenses. But we have an obligation to make sure that we are making sure everyone has access to a habitable, safe place to live. That's an important part of the social safety net as well, making sure that everybody-- the reason we have Social Security is to make sure that people have a safe place to live in their nonworking years when they can't make money, right? And if we just give them the money and forget about the rest of it and say we're not paying attention to whether or not the places they're spending this money is habitable or we're not making sure-- holding ourselves to a standard, then we are failing on the other side of this. And so we need to make sure, as Senator Stinner was talking about, we're not just talking about tax cuts and the money that we're putting out, but also how we're spending that money, whether we're spending it in the right way. And in this particular incident, the city of Omaha had these complaints. They were not following up in a proper, timely manner. They were not-- this place was not getting fixed and it got to the point where these people became unhoused. And nonprofits-- in this article, it talks about Together in Omaha has stepped--

FOLEY: One minute.

J. CAVANAUGH: --in to make sure-- one minute? Thank you. Together, a nonprofit in Omaha, has stepped in to make sure that these people have a place to stay. And so because the government failed, a nonprofit has stepped in to make sure that these people have housing and that is-- it should not get to that point. We should make sure that every house is safe and habitable for people and that's one of the things we should be focusing on, in addition to how much money we are giving people. So thank you, Mr. Lieutenant Governor, and I will make a copy of this for everybody and have it passed around. Thank you.

FOLEY: Thank you, Senator Cavanaugh. Senator Matt Hansen.

M. HANSEN: Thank you, Mr. President, and good morning, colleagues. I rise again in support of LB825. I appreciate a number of my other colleagues who have taken the time to kind of express their overall view on tax revenues and our process for doing that here in the Legislature. It seems like we're trending towards a vote here sometime this morning on LB825 and I expect it to move on to Select File. Let me just echo all of the others in saying that maybe the Select File round of debate on any of these tax bills that make it to Select File should come a little later in session. I appreciate kind of taking some early straw polls of the body on what policies they might be interested in. But in terms of actually making difficult decisions on tax revenue, having some clearer picture of what the actual budget proposal is going to be is going to be very helpful for us as a body. We're going to see this coming forward here on a number of bills. I know our next bill up is a tax bill as well that I believe we're going to have a pretty lengthy discussion on. And that's kind of the, the-- kind of the continuing thing we're going to see this morning is how quickly should we advance things, including that there's this element of once things are on Select, there's usually this pressure in the body that, you know, Select obviously is a voice vote unless somebody calls for a board vote. It is a quick process that doesn't necessarily guarantee debate unless people have their lights on. And there's often, you know, both less time to talk and it's more of a pressure, it's already on Select, it's already on Select, to advance things. And then when things get to Final Reading, of course, you can't talk at all unless somebody files a motion. You can't amend it at all without returning it to Select File and having it to go back up to Bill Drafters and go to Final Reading a second time. And so whenever there's a rush or pressure to get something done on General File, recognizing that it might need work or might need changes, or might need to be correlated with the budget or different tax bill, that's, that's a little bit of my concern about the scheduling is OK, I understand you might get your vote on General File, it might move to Select. But if you're genuinely sincere about figuring out what you want to do in the grand scope of things, if you're genuinely sincere about, you know, the floor speeches about compromise and working together, let's actually have some measured approach to look at how all of the revenue bills and all of the spending bills and the budget all fit together. That's very difficult to do, as we've heard-- you know, we've heard the Chair of the Appropriations Committee. We've heard other members talk about the lack of a clear picture or the process that they're going through to develop a clear picture. And to be asked to do pretty substantive tax bills before then, it is always a challenge for this body and it's especially a challenge if we have to do both General and Select before then. So I'm just standing up at this moment to lend kind of my voice again to the share, share that said, hey, let's wait. Let's get the next thing. Let's see what the budget is. Let's see what some other things are-- become priorities and move on. And last thing-- and I think not necessarily what I intended to when I turned on my light, but I appreciate Senator John Cavanaugh, whose continued speech about housing. And keep in mind some of these issues that are very clearly happening to people through the pandemic. Normally, we know there are people who are living in uninhabitable apartments. There are people who are living in kind of tough situations where code enforcement, the property owner, all sorts of people are kind of failing the occupants of that building. They're doing that in a pandemic and they're doing that as mass layoffs are happening. They're doing that as people are struggling to fill jobs, as the economy is kind of recovering in jerks and starts. They're doing that, you know, as there's repeated new waves of COVID. And so the notion of, as Senator Cavanaugh said, you know, why don't they just move--

FOLEY: One minute.

M. HANSEN: --you-- thank you, Mr. President-- you've got to save up, you know, your first and last month's rent and a security deposit for the next place while you're still in the current place and you might get your security deposit back from the current place, but that doesn't have to happen till well after you move out and on and on and on. And as I said, when you're talking about people, especially on a fixed income, on people who are already cost burdened by their rent, that's a pretty difficult task, especially when you throw all the other barriers and challenges that 2020 and 2021 have thrown at everybody. That's something that I want people to keep in mind when we're going to be talking about housing later in this-- in the session about assistance to people in housing later this session. That's the scenario a lot of people are in. With that, thank you, Mr. President.

FOLEY: Thank you, Senator Hansen. Senator Machaela Cavanaugh.

M. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Is this my second time? Is this my second time? Oh, OK, thank you. I am going to continue talking about the Omaha library situation, which also directly impacts a lot of the people that we're talking about with the housing situation in Omaha on 25th and Jones, because where do you think people go to stay warm when their landlords refuse to fix the heater in winter in Omaha? They go to the library. So here's a World-Herald article. Omaha City Council members will hear from Omaha residents Tuesday on the move, on the move of the city's downtown library. The public hearing is one of multiple steps that remain before the city can clear the block just west of the Gene Leahy Mall, where the W. Dale Clark Library has sat for 45 years. City officials have acted quickly to begin a process that has evoked frustration and questions from the public since the plan was announced by Omaha Mayor Jean Stothert in November. That plan calls for the move of library services to two new locations and the demolition of the city's largest library to make way for a redevelopment project that has not yet been announced by city officials, which, to me, is part of the irony. There's no announced project. That's not suspicious at all. Council members are likely to vote on the approval of the new location's lease agreements February 1, a week after Tuesday's public hearing. Approval of the agreements would leave the city council to reconsider a resolution to give-- that would give the Noddle Company $390,000 to manage the move of the W. Dale Clark. The Noddle resolution came before the council January 11, but was postponed by council members because the lease agreements of the new locations hadn't yet been approved by the council. Approving the contract with Noddle before approving the lease agreements of the new locations would have been a backwards timeline, Councilman Vinny Palermo said at the time. We have a library downtown that we own right now, Palermo said, so for the executive branch of the government to put this on the agenda in a backwards timeline, this would have been, have been presented a different way. If approved by the city council, Noddle's role will include soliciting proposals for design, construction, and relocation services. The gathered proposals would be presented to the city for approval. Stothert said the original plan was to bring a vote on the lease agreements to the library board of trustees on January 6 so the agreements could be brought to the city council at the same time that the Noddle resolution was presented. Discussion on the terms and conditions of the lease agreements weren't finalized in time for the meeting, pushed back the library board vote. Still, Stothert said the lease agreements were completed January 7 and available to council members then. It was frustrating and disappointing that they laid it over, Stothert said. Hopefully, after their three-week layover, they will approve it. There isn't another site downtown that will work and we need to get it going. Here, I would pause and ask why, why do we need to get it going? What is the urgency for an unknown future redevelopment of the location of the downtown library? The lease agreements that will be discussed Tuesday are for two buildings with varying construction needs. The services of the W. Dale Clark are slated to move to a building at 14th and Jones Street, just west of the Old Market. That location would be leased for ten years at $465,000 a year. After five years, the city would have the option to opt out of the lease or buy the building. The structure is a few blocks south of the library's current location and would need renovations, which are expected to cost $3 million, an expense split by the city and the building's owner-- current owner, the White Lotus Group.

FOLEY: One minute.

M. CAVANAUGH: Thank you. W. Dale Clark's administrative offices and distribution would have to move to a former Shopko at 84th and Frederick. The city would pay $500,000 to remodel that space and $405,000 per year to lease it under a ten-year lease. So two, two new leases totaling over $800,000 a year to eliminate the downtown public library in Omaha for an unknown project. I will yield the remainder of my time and get back for a third time.

FOLEY: Thank you, Senator Cavanaugh. Senator John Cavanaugh.

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Well, we're getting close to the end of this conversation, I think. And I appreciate everybody's interest and, and discussion and I do think it is a broader, longer, deeper conversation needs to be had and we need more information than we currently have. And so I, I would certainly think if, if and when we move these revenue bills and any other revenue bills, that it would be important to move them-- this on Select after we have a bigger, better picture of the fiscal forecast going forward of our obligations after appropriation. And so that-- I think that would be a good situation to put ourselves in for making the ultimate decisions we're going to make on these on Select and Final Reading. I wanted to rise and, and just make sure I went on the record. Senator Machaela Cavanaugh has been talking about this library issue that's going on in Omaha and I think I just want to make sure I'm on the record. This has been a, a big conversation in Omaha. There's been a lot of community meetings about what we should be doing with our libraries in Omaha. There were-- the library board, which is an appointed board by the mayor in Omaha, had several meetings where they talked about what people wanted to see out of our libraries and the consensus was they wanted a nice downtown library that served the community and had the functions it had now plus some other functions. And what we're looking at is the library board voted almost unanimously-- I think it was five out of the nine members that were present-- or I'm sorry, five members were present out of the nine members on the board voted for moving the library from its current location, tearing down that site, and selling it to a private developer and moving the library to a site that serves none of the requirements or requests asked for by the people in those meetings or that-- the stated problems with the current downtown library. And it doesn't-- it's further away from the ORBT bus, which is the bus line, the bus rapid transit in Omaha, for those who don't know the-- I guess the terminology-- and has-- it's an older building. It is down a hill. It's on cobblestone streets. It's got a lot of problems. It'll make accessibility worse than the current library, which is on the flat land right by the park, has-- actually has some parking underground-- underneath it that goes right into the elevator so it's very accessible, the current library is. And admittedly, it probably needs to be updated, but when we update our libraries, we should update it towards the-- how people are using it and not how we would hope for them to use it, I guess. And people came and told us how they use it, how they-- what other advantages or things they would like to see and that's being ignored. So the city council today is voting on the next step of that and I think it's important that people know and recognize that the people have spoken and said that this is not what they want and yet it will more than likely still go forward. I guess I should keep hope alive as it were, but I'm concerned that the, that the city council will move to sell the current property, move the library to this other location that doesn't serve the functions, and that is ignoring how people are using our, our public institutions and making them less useful and less able to be utilized by individuals in our community. And I think that-- I just wanted to make sure I was on the record as that part of the conversation. But I, I think we're very close to the end of our conversation on LB825. I plan to vote green to advance LB825 to Select, but I do hope that LB825 and other revenue bills-- Select File comes up a little bit later after we've had a conversation about how we're going to-- our obligations as it pertains to spending--

FOLEY: One minute.

J. CAVANAUGH: --and so we consider both of those. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Cavanaugh. Senator Machaela Cavanaugh, you're recognized for your third opportunity.

M. CAVANAUGH: Thank you, Mr. Lieutenant Governor. This obviously is my last time speaking and I believe-- well, maybe there's somebody else in the queue. So just to continue echoing the comments on the Omaha downtown library. First, I'll finish reading this article. An announcement on what will rise in W. Dale Clark's place is expected to be made in the coming weeks. Stothert told the World-Herald earlier this month that more than half a dozen developers are interested in the site, with many encouraged by the renovation of the Gene Leahy Mall. The interest is comparable to the developments that were sparked by the building of the Gene Leahy Mall in the 1970s, Stothert said. It sparked development. It sparked people coming back downtown into the core of the city. As plans continue to unfold, many people continue to express their concerns about the move. Several people spoke in opposition of the lease agreement at the library board of trustees voted on Tuesday-- last Thursday, sorry. Edwin Schroeder, an Omaha resident who recently moved to the city with his wife, told the board that he found the process for this opaque and a bit disconcerting. The retired director of Yale University Library called the proposal-- the proposed locations temporary at best. You're going to force people to pack up and move, Schroeder said. Moving collections has to be done carefully. The idea that you would have to move again, you're looking at a huge waste of staff time. Hours before board members approved the lease agreement, Senator Terrell McKinney of Omaha introduced a bill that would require cities of 300,000 people or more to elect members to the library board of trustees. Board members are currently appointed by the mayor and approved by the city council. Under LB1256, board members would serve four term-- four-year terms. The board would be made up of one member from each council district and two at-large members who register to vote-- who are registered to vote in the city. Well, I guess I know what bill I'm going to request to sign onto this-- today. This just continues to be a quagmire and I'm so disappointed in the city of Omaha that they aren't standing up for their citizens and what's best for the people. And I hope against all reasonable hope that they will prove me wrong this afternoon. But it's certainly-- for me, if, if they don't, it will be one of the darkest days for me in, in politics because it's clear that it doesn't matter what the people think or what the people say or what the people need. Money talks. And I hope I'm wrong. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Cavanaugh. Senator Lindstrom, you're recognized to close on LB825.

LINDSTROM: Thank you, Lieutenant Governor, and thank you, colleagues, for the discussion yesterday and today. What we're doing here is very important to 325,000 Nebraskans, who over the last year or two we've had inflation 7 percent-- north of 7 percent, cost of goods going up, everything that we can do from, from our side to help with those individuals to make ends meet is important to, to our retirees. And I appreciate the conversation. With regards to being cautious on the timing of it, over the last eight years, there was a lot of criticism on Revenue Committee where we didn't get some of these bills to the floor fast enough. And then by the time we got the bills to the floor, we got, we got pressured not only to the Chair, but the committee members, of how come you didn't kick that out sooner so we could have that discussion? So I, I get the cautious nature of what we're trying to do here, but we-- we're only 20 percent of the way through the session. With this short session, it's going to go by really quick. So we need to start having these conversations, start to move these things. Even if it goes on Select File and we pass it on to Final Reading, it still is going to have to sit there until we deal with the budget. So I get that, but these things need to be talked about and talked about early because this, this is one of those provisions that's going to fit into the overall tax policy plan that we will talk about. But again, I want to thank everyone. I want to thank the

Revenue Committee in supporting this. This is my last priority, personal priority in the time that I've been here. And like I said, it's-- this issue is something that I talked about eight years ago and it's, it's kind of nice to go out fighting on this issue in my last, last year here in the Legislature. So again, I would appreciate your green vote on LB825. Thank you, Mr. President.

FOLEY: Thank you, Senator Lindstrom. Members, you've heard the debate on LB825. The question before the body is the advance of the bill to E&R Initial. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

ASSISTANT CLERK: 42 ayes, 0 nays on advancement of the bill.

FOLEY: LB825 does advance. Items for the record, please.

ASSISTANT CLERK: Thank you, Mr. President. Amendments to be printed: Senator Arch to LB376. Notice of committee hearings from the Agriculture Committee and a Reference report from the Referencing Committee concerning a gubernatorial appointment to the Stem Cell Advisory Committee. That's all I have at this time, Mr. President.

FOLEY: Thank you, Mr. Clerk. Proceeding to the next bill, LB723. Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB723, introduced by Senator Briese, is a bill for an act relating to the Nebraska Property Tax Incentive Act; changes provisions relating to the calculation of tax credits; harmonize provisions; and repeals the original section. The bill was read for the first time on January 5 of this year and referred to the Revenue Committee. That committee placed the bill on General File. There are no committee amendments. There are other amendments, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Briese, you're recognized to open on LB723.

BRIESE: Thank you, Mr. President. Good morning, colleagues. I rise today to present my LB723 and I'd first like, first like to thank Chairwoman Linehan and my fellow members of the Revenue Committee for advancing LB723 on a 7-0 vote, with one member abstaining. Also like to thank Senator Murman for prioritizing this bill and his unwavering commitment to Nebraska property taxpayers. LB723 would fix what I consider an oversight in the language that we passed in LB1107 in the summer of 2020. Because of that glitch, we have in statute what will amount to essentially a $200 million property tax increase in year

2024 on everyday Nebraskans and each year going forward. This bill would prevent that increase from happening. Our unreasonable, unsustainable overreliance on property taxes to fund local government continues to curtail economic growth in our state and we've taken steps to alleviate the problem and one substantial step was LB1107. And without the refundable income tax credit of LB1107, Legislative Research Office suggests that we continue-- would continue to collect roughly $1.1 billion more in property taxes in this state than state-- than corporate and individual income taxes combined and roughly $1.2 billion more in property taxes than state, local, and motor vehicle sales taxes. So we have to do-- it's our obligation to do what we can to stay ahead of this issue. LB1107 passed at the end of a COVID-delayed summer session, did several things. It created the ImagiNE Act, which is going to provide hundreds of millions of dollars of tax credits to businesses in our state. It committed the state to provide $300 million to the NExT project in Omaha. It created a statutory floor under the longstanding property tax credit fund and it created this new refundable income tax credit under what we call the Nebraska Property Tax Incentive Act. And this bill addresses the credit amounts under the Nebraska Property Tax Incentive Act. Under that act of LB1107, all Nebraska property taxpayers are entitled to a refundable income, income tax credit for a certain percentage of taxes paid to support public schools. That percentage is set annually by the Department of Revenue and hinges on the total amount of dollars available for the credit. We initially established the total credit amount at $125 million for tax year 2020. For years 2021 through 2023, it is to be the previous year's amount, plus an amount tied to revenue growth. This growth factor is calculated as follows: generally, if the Cash Reserve is more than $500 million, any state revenue growth in excess of 3.5 percent is devoted to the Nebraska Property Tax Incentive Act. If the Cash Reserve is less than $500 million, one-half of that excess is dedicated to the credit. And if revenue doesn't grow, the total amount of the credit would be the same as the previous year. And for year 2024, under current law, the credit amount is to be reset at $375 million. From there, for year 2025 and beyond, that amount would grow at the allowable growth rate, which is defined as a percentage increase in any of the value of all real property in the state, up to a maximum of 5 percent annually. So what's happened? Because of substantial revenue growth in 2020, the credit for 2021 has already grown to an estimated $548 million. So you see the issue. The credit, by law, will remain at $548 million or possibly grow for '22 and '23, but for year 2024, the credit amount is required by law to drop by roughly $173 million or maybe more to reset back to $375 million. And that would represent a nearly $200 million tax increase on Nebraskans and we cannot allow that to happen, period. That's why we need this bill. LB723 fixes the problem I've described. It does so by eliminating the language of 77-6703, paragraph (2), paragraph (e) that would otherwise reset and lower the overall credit amount. Instead, under the language of LB723, the overall credit amount would grow, if at all, for the next two years under the current formula that's tied to revenue growth. And in 2024, it would continue to grow from there, if at all, according to the allowable growth percentage. And realistically, it's not going to grow any for year 2022 and some suggest only very slightly in year 2023 and that forecast really is reflected in the fiscal note. And the fiscal note suggests that for year 2023, it, it would be at $560 million. LB723 would keep Nebraska taxpayers whole by stopping this $200 million tax increase on your constituents and my constituents. And we need to remember that the Nebraska property tax incentive credit is direct tax relief for all Nebraska property taxpayers. It's property tax relief for each and every one of your constituents. It's not weighted towards any one group. It's the same percentage rebate of school taxes for everyone. I would submit that it is an extremely fair distribution of property tax relief. It's a great program. We need to keep it whole and we need to remember even accounting for this credit amount at $548 million, we would continue to collect roughly $600 million more in property taxes and income taxes and roughly $700 million more in property taxes and sales taxes. And that's even-- that's if we account for the 548 also. The refundable income tax credit of LB1107 has been a very substantial step towards property tax relief for all Nebraskans. Currently, it represents roughly a 25 to 26 percent rebate of school taxes. And folks, that's important to your constituents. That's real money and I would hope, really hope that everyone here would want to be part of ensuring that the relief of LB1107 continues. And if we don't pass this, we're signing off on a $200 million property tax increase on each and every homeowner, business owner, and farmer across the state. I would suggest that the overwhelming majority of your constituents will support your efforts to pass this bill and I submit that it's critical that we pass this piece of legislation. And I intro-- and I was the one that introduced the bill, but really, this is Nebraskans' bill. This is good for all Nebraskans. It's their bill. We cannot allow current law to impose a $200 million tax relief-- tax increase on everyone so I would ask for your green vote. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Mr. Clerk.

ASSISTANT CLERK: Mr. President, I've got AM1650, AM1651, and AM1652, all by Senator Wayne, all with notes that he wishes to withdraw those--

FOLEY: Thank you.

ASSISTANT CLERK: --and refile those on Select. Next amendment, Mr. President, from Senator Matt Hansen, AM1656.

FOLEY: Senator Matt Hansen, you're recognized to open on AM1656.

M. HANSEN: Thank you, Mr. President, and good morning. Let me talk a little bit about the grand scope of the bill and how I view this and then I'll get to the substance of my amendment and why I offered it. As we know, as Senator Briese laid out, when we passed LB1107, we had an escalator with some triggers onto the property tax credit relief fund accounting for revenue growth that would automatically divert some revenue growth in the state to this property tax credit relief fund. And I will remind you that this is a mechanism in which we take our sales and income tax dollars that we as a state levy and instead refund it then to property tax paid to the counties, school districts, and other local governments. This is taking sales and income tax dollars and refunding it to property tax credits and we agreed to that. I voted for LB1107 knowing that there were going to be some escalators and some limits into exactly what that is going to happen. There's been some discussion that there were some oversights in LB1107. There might have been, but I actually think the oversight in LB1107 is different than the oversight Senator Briese is alleging, specifically, as we saw, talking about the revenue growth in 2020. Colleagues, I want everybody to think back and remember what 2020 was like for everyone, what it was like for you personally, what it was like for, for, for families. The revenue growth from-- in 2020 was not because of any particular surprise. It was because we changed the filing tax deadline to match the federal filing tax deadline. We pushed a considerable amount of our state sales income tax dollars from collecting them in April 2020 to collecting them in July 2020. And what's meaningful for that is we as a state operate on a July 1 fiscal year, as do most institutions. So we pushed some receipts that should have been credited to the prior fiscal year to the July 1, 2020, fiscal year because we didn't collect them until July 2020 and the amount that we collected was about $280 million more. From my understanding, fiscal revenue can show you that there was a push from about $280 million in income that got shifted over fiscal years for the sheer fact that we gave people some time to pay their taxes in the pandemic. That was not genuine growth. That was not genuine net tax receipts. That was allowing people to pay taxes later as a benefit and instead, it then triggered this mechanism in LB1107. This is momentarily capturing a significant amount of money that isn't actually growth. It's the fact that some people paid taxes twice in the same fiscal year. That's, that's ultimately what we are struggling with in this bill is that we didn't account for the pandemic. We didn't account for the federal and state governments moving their income tax deadlines into a different fiscal year for us. I'll note the federal government operates on October 1 fiscal year so when they delayed it, they didn't change. July, July 15 was still within their year. So that's what we're dealing with. So when we say we have this escalator and we say we've captured revenue and revenue has grown and all these things, it hasn't in the same way. It has-- while there's been some growth-- yes, some things have gone well-- a huge portion of this money is simply a mirage from changing the fact-- the filing tax deadlines. And that is why I think eliminating the agreed upon numbers in LB1107 to say that we've-- hey, the economy's been growing great. All of this is-- revenue's been going great. No questions. Let's just, let's just lock it in. The reasons we had this notion on LB1107, the reason we agreed to some of these numbers in LB1107 was to prevent kind of unchecked growth in a fund that we as a Legislature didn't have the ability to provide some oversight and make sure that the numbers were real, the numbers were sustainable, the numbers were something that we can do for the state of Nebraska so that we can offer property tax relief in the state of Nebraska, but not at the same time jeopardize all of our other spending priorities, all of our other tax priorities in Nebraska. Because again, we as a state don't levy property taxes. So when we offer a property tax credit and we offer property tax relief in this method, we are taking our sales and income tax dollars and giving them back as a property tax credit. We are, we are taking pools of money from different sources to balance out and ultimately provide relief to a tax that we as the state don't collect and that's the challenge. So as to the meat of what my amendment does, my amendment just said, hey, if we didn't have this filing tax deadline shift, if there wasn't this momentary bump in years from-- in 2020 on the filing tax deadline, what would the number actually be? And as far as my best guess, my best calculation, that number, as of this year, would be $262 million. And so that is the number my bill, my amendment inserts in LB723. It says, if we're actually looking at how we know the pandemic impacted our tax collections, we're actually looking at the, the numbers of how they shifted from year to year, what would this tax credit be at now? And by my calculation, it should be at $262 million. So whereas I believe Senator Briese's main LB723 strikes a section (e) in 77-603, [SIC] mine reinserts section (e), but then changes the number to $262 million. And like I said, that's to show that the agreed upon number we have is different than that. The agreed upon number in LB1107 accounted for some of that, which was to provide a discussion point, to provide this fund from not growing beyond out of the control of the Legislature and not putting other spending priorities at risk. As anybody watching at home who maybe hasn't been following super-inside baseball, but has been watching the last day and a half discussion of taxes, yes, a lot of discussion on the past tax bill for me has been actually about this tax bill. The impact and scope on the budget is drastically different, including that if we are going to then have this number tied into Senator Briese's bill and continue escalating, there is going to be a larger and larger pool that is just simply probably going to be the untouchable by future legislatures, for better or for worse. It might work perfectly. It might bankrupt the state spending priorities on education, Corrections, law enforcement, other things that we need. And that's why I think we had some of these protections in LB1107 is so that we as a Legislature could come back and actually look and actually see the numbers and actually decide why we wanted to do this and how we wanted to do this. And I'm speaking on this as somebody who supported LB1107, as somebody who worked with others on portions of LB1107, somebody who is glad that we passed one of the largest tax relief packages in a generation less than two years ago. This was an exciting moment and things we're glad to do, but that's, that's kind of the, the, the fundamental point is we are being asked to bake in a number into our state statute that's there because of an accounting quirk and that is kind of my reason for offering this amendment. So with that, I know others will be in the queue. I'll leave my amendment up for discussion for the body. Thank you, Mr. President.

FOLEY: Thank you, Senator Hansen. Debate is now open on LB723 and the pending Hansen amendment. Senator Murman.

MURMAN: Thank you, Lieutenant Governor, and good morning. I want to thank Senator Briese for bringing this bill and I stand in full support of LB723 and against the amendment, AM1656. I'm so much in support of LB723 that I've made it my personal priority bill. LB1107 from 2020 created the refundable income tax credit. And as Senator Briese has stated, LB723 intends to prevent a tax credit based on school property taxes paid from falling below its current amount. Since we've seen a growth in state tax receipts, the amount of tax credits available to Nebraska taxpayers should not be restricted. It'd be crazy now for us as collectors of the taxes to restrict this credit now with tax receipt, receipts coming in much above expectations and the Cash Reserve more than fully funded. Valuations on our homes, businesses, and family farms are going up and the property taxes citizens are forced to pay with them. With inflation and costs of everything going up, this tax release is a-- relief is, is of extreme importance to Nebraska taxpayers. Senators have been elected for decades now, promising property tax relief as one of their top priorities. LB1107 from last year [SIC] finally achieved measurable relief. A broken tax system has continued to get more out of whack as a confusing TEEOSA formula dramatic-- dramatically increased taxes, taxes first on farmland ten years ago and then to family homes the last two years or so and now both agriculture and homeowners are overburdened. We should be talking about increasing property tax relief, not just trying to maintain the relief that has been finally achieved. LB723, which again, I strongly support, will at least maintain the property tax relief we have fought so hard for to achieve. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Murman. Senator Lathrop.

LATHROP: Thank you, thank you, Mr. President. Colleagues, good morning. I'm opposed to LB723 and yesterday when we were dealing with the Social Security tax bill, I stood up and made this point and I'll, I'll reiterate it briefly, which is I have a concern that we put the revenue bills up. We all want to vote for a tax cut. We vote for those and we don't know what's going on with the budget yet. We don't know what's going on in the out-years. We don't know what's going on with the Forecasting Board, whether this is going to be sustainable or not sustainable, and we have this conversation without critical information. So again, I think these things should be later on in the session. Certainly, if this makes it through General File and shows up on Select File, it shouldn't happen before day 50 so that we have the full picture of our appropriations and what's available for tax cuts. I was involved in LB1107 and that was a negotiation. Many of you will recall that it was a compromise that happened after the Revenue Committee attempted to pass LB1106 for virtually a year, maybe longer than that, but I know for almost an entire session, Speaker Scheer got us together, a number of us together and we came up with LB1107. LB1107 said that we're going to put money into this property tax relief fund. It's what we generally refer to as tier two. It's different from the original one. We were going to put it in there and we set a target amount 270-- 375. That was going to be the basis at which once we reached there, we would begin to add more each year based upon a growth rate formula. What we're doing here today is saying we're going to scrap that because, boy, we had a lot of revenue come in. There's more money going into this pot than we thought and let's make that the new base and from that new base, we're going to grow it from there. Now that may sound-- that may make perfect sense, except for the fact that we blew through the 375 and we find ourselves where we're at. That income tax is really a function of two things and Senator Hansen just talked about it. One was we moved the filing deadline. So we ended up with a whole bunch of income tax that you couldn't project coming in and artificially increasing that fund, artificially. The second thing is that we have so much stimulus money running around this country right now and different things done by the federal government in two administrations to try to increase and prop up business during a pandemic. And we know that that's bringing in more income tax revenue. We're grateful for that, believe me, but we know that that's not a new normal. And those two considerations now have this pot of money higher than we expected. And what Senator Briese is asking you to do in LB723 is I know what deal I struck on LB1107, I know the number was 375, but I want to change it. I want to change it to what's now the, the pot of money. Let's make that the new base. But it's an inflated base. It's an inflated number by virtue of the fact that our revenue has been up from the stimulus and that we moved the filing deadline. This isn't a new normal. And so-- and I don't blame him for doing this. I'd probably do the same thing if this was my bill.

FOLEY: One minute.

LATHROP: He wants to tell you that if you vote no, it's a tax increase. It's not, it's not a tax increase. It's a bubble in the fund for reasons that I've explained. This is not a tax increase and it's not the deal he struck in LB1107 and I got a problem with that. I got a problem with that. We had a deal. It was 375 and now we're trying to change the deal. And by the way, we don't know if we have the money to afford this thing, what it does in the out-years. So if you're inclined to vote for this, I will just tell you it's not the deal. The representation that it will be a tax increase is not true. The revenue just won't be there and that's the deal that was cut in LB1107. But if we see this bill again, it better be after day 50 because we need to see the full picture as a thoughtful, responsible, conservative body of legislators. Thank you.

FOLEY: Thank you, Senator Lathrop. Senator Pahls.

PAHLS: Pahls?

FOLEY: Yes. Senator Pahls.

PAHLS: You woke me up there. I, I voted this out of committee and I still respect that vote at the moment. But I do like to hear from Senator Lathrop because he does have the ability to make you look at both sides of the issue, which we don't always do in a hearing. We have the proponents and the opponents, but I still say it's the power of the personality in some of those meetings that, you know, helps make you vote a certain way. I do have a question that I'd like to ask Senator Briese.

FOLEY: Senator Briese, would you yield, please?

BRIESE: You bet.

PAHLS: Earlier, you said that there's going to be a possibility of a 25, 25 percent increase in school property tax relief from this bill. Is that-- is-- did I hear that?

BRIESE: Yes.

PAHLS: OK. I also read that from the Nebraska Cattlemen's.

BRIESE: Yes.

PAHLS: To make this really clear to the public, I'm just going to throw this figure out and see. If I'm, if I am paying, let's say, $400 on property tax on my prop-- how much would I receive back?

BRIESE: Well, for every $400 of school property taxes paid, you'd receive slightly over $100 likely, 25 to 26 percent is where I'm at on it.

PAHLS: OK, and, and to me, that's significant. A lot of times we sort of--

BRIESE: Agreed.

PAHLS: --forget about that because if you have large property tax, that would make a significant difference. Now I'm going to go to what-- the Farm Bureau. They said that they, they calculated that we are going to need $700 to $900 million more in property tax relief to balance out the sales and income tax. Would, would you be in agreement with that?

BRIESE: Could you repeat that?

PAHLS: OK.

BRIESE: Sorry.

PAHLS: Farm Bureau, they said that we will really need to increase $700 to $900 million more in property tax relief to make sure that we-- the stool is basically fair.

BRIESE: Yes, that's what they said and I believe that was even after accounting for this 548 that we're talking about here. That's how far out of balance we are.

PAHLS: OK then I'm also reading from there, they say property tax is 42 percent, sales tax is 20 percent-- I'm reading from their information-- income tax is 35 and miscellaneous is 3 percent. So it does show that there-- it is out of balance. But here's another question I have because I'm going back to, I'm going back to what the people, the people who were there and I'm just rereading some of the things. Now, I understand that we are trying to raise the annual floor. I get that. But the question I had is the Chamber of Commerce recognized property tax relief should be preserved, but we-- that we must also focus on tax modernization, etcetera, etcetera. They conditionally supported this bill because they are concerned, apparently, that we're not going to take a look at the other taxes or this may be too overwhelming. What am I missing there?

BRIESE: Well, I think historically, their priority tends to have been income tax relief. The priority of, I think, most of our constituents is probably property tax relief and so their-- that statement of theirs, I think, reflects their historical emphasis on income tax relief, but, but they do support this, like you say.

PAHLS: Yeah.

FOLEY: One minute.

PAHLS: Yes, conditionally, but also, but-- because I started looking at all of the figures because we want to make balance, but then this is-- agriculture is a substantial part of the state of Nebraska-- I get that-- if you include everything. But if you look at the total net farm income, average is only 5 percent of the state income taxes. I'm trying to keep everything in balance. That's a personal-- the personal income tax and it's 7 percent of the state's gross domestic product. So I can see why they, they want things in balance, but I'm looking at sales tax, the exemptions that are provided to farmers. There, there seems to be-- we need to take a look at the balance, not just one issue. I do support this, but--

FOLEY: That's time.

PAHLS: Thank you.

FOLEY: Thank you, Senator Pahls. Senator Briese.

BRIESE: Thank you, Mr. President. First question for myself is where do I start? I heard Senator Lathrop talk about the deal we struck. Well, I'm sorry. The deal we struck got us up to 548 and if we allow the current language to stay in place, yes, Senator Lathrop, this is going to be a property tax increase from where Nebraska taxpayers are going to be three years running. We're going to increase the property taxes on them by roughly $200 million. And Senator Lathrop talked about being thoughtful and responsible and, yeah, we need to be that. But is it being thoughtful and responsible to have what some say are the third-highest ag property taxes in the country, the fourth, fourth-highest residential property taxes in the country? Is it being thoughtful and responsible to tell the young homeowners that 30 to 40 percent of your property tax-- house payment, excuse me, in property taxes, but we don't care. Is it being thoughtful and responsible to tell our young homeowners that you can move across the border and get a similar priced house and pay a hundred bucks less a month in property taxes than you pay here? Is it being thoughtful and responsible to tell a corporate headhunter trying to recruit workers to Nebraska that you're going to have to tell those potential recruits that, yeah, come over here, move to Nebraska, but your property taxes are going to be 60 percent higher than what they'd be across the border. Some suggested what happened here was an aberration, a mirage. The, the amount we have in there is because of an aberration in revenue growth. Bottom line is it is what it is. It's the result of what happened and here we are. We're cruising along at 548, maybe up to 560 three years in a row, and we actually want to consider telling Nebraskans that we're going to pull $200 million in property tax relief out from under them. That's ridiculous. This is one of those days that maybe we ought to hope Nebraskans aren't watching us because some of the folks watching us aren't going to be very impressed with that mentality. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senator Linehan.

LINEHAN: Thank you, Mr. President. I rise in full support of LB723 and against AM1656. I can barely read that. Here's the situation: this $548 million goes to taxpayers to help alleviate what they're paying for school taxes. It doesn't go to cities and counties, as I think was said on the floor. It all goes back to the taxpayer for what he pays for his K-12 general fund tax. It is abundantly fair. It is based on what you actually pay. So if you pay $400, you get $100 back. If you pay $4,000, you get $1,000 back. It's understandable. It's not a hard formula. It doesn't matter if you're in Lewiston or Beatrice or Omaha or Palmyra. You get the same back. It doesn't matter if you have 50,000 kids in your school district or 200 kids in your school district. You get 25 percent of your general fund back. Doesn't matter if your levy is $1.05 or if your levy is 40 cents. You get 25 percent back. We've spent three years, four years here saying we should do things simple. This is very simple and it all goes to K-12 public education. I don't know how we can't support this. We've been looking for years for a way to be fair to all the schools big, small, in between and now we have one. Doesn't matter what school district you're in, doesn't matter what your levy is, doesn't matter how many children in the school, you're going to get 25 percent of what you paid back. I, I don't know how you get fairer. As far as the $282 million that we brought in the following year, that is a false argument. If we wouldn't have had it, we wouldn't-- we would have had it in the previous year. It would have already been in the revenue. It's not like it was new money. That $282 million just got delayed. So if we'd had it the year before in that fiscal year, we'd had the money then. It's not-- it wasn't like new money or some magic thing. And we all knew when we were working on LB1107 that that was the situation. We all knew that. For you that-- for most-- many of you who were here for LB1107 and how we got there through all the debates, it was intense. I very much remember that Senator Briese and Senator Lathrop and Senator Kolterman and Senator Stinner and I'm forgetting somebody that was in the room-- Senator McDonnell-- we had many, many meetings, intense meetings, late-night phone calls, angry morning phone calls, and this is a deal we struck; 548 belongs to the taxpayers and we're not, we're not going to, in two years, turn around and tell them all we're going to not give them back 25 percent of school taxes. That's just not going to happen. Thank you.

FOLEY: Thank you, Senator Linehan. Senator John Cavanaugh.

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Well, I appreciate the conversation people are having so far. So I wasn't here when you passed LB1107 and wasn't privy to the negotiations and so this has been an instructive conversation to me. But I would say as a person who came here and a person who's now here, my reading of the statute, as LB1107 has been enacted and as it was written, was what was intended. I, I guess I-- maybe I was wrong to assume that the Legislature took action intentionally and set the number at the number it was in the formula in the way it was. And Senator Briese kind of explained it, I think, well and Senator Lathrop added some extra information. But as now a participant and previous outside observer, I guess I thought that you made a decision about the amount it would be set out and then the number it would go up outside over time and that outside of that, there would be if there was additional revenue that would go in. And that kind of is why I have a problem with the, the-- where we're at on LB723. And I think Senator Matt Hansen kind of hit the nail on the head about the-- we are basing a, a presumption of an increase off of some external forces. And so I just pulled, the amount of federal money that came into the state through the CARES Act and ARPA is $11,900,000,000. And to say-- and I could go through breakdowns on that, but to, to say that the fiscal picture is going to look the same in 2025-2026 as it does now is probably foolish. I don't know what it's going to look like. I think Senator Stinner has a, a better idea of how to look at those things and, and better way to explain them. But it just seems to me if you have a cash infusion of $11 billion from outside the state, that is going to affect the, the fiscal situation of the state and the revenue and the, the tax, the income tax, the sales tax of the state of Nebraska and that we are considering that divergence from the norm when we are figuring out how we're act-- going to behave in the future. And I think it would be-- it's a mistake to say that things are always going to look like this and that it's always going to be-- the revenue is always going to be at the level. I understand that there are other factors that will factor in and I understand that people have other opinions about what is a priority. But if we want to base it-- if you want to say that we just want to do this, that's one thing. But if you want to say that this, this money actually reflects the intention of the Legislature, the, the predictable growth of revenue and the actual future of the financial state of the state of Nebraska, that is an entirely different thing. And the-- this-- the fact that we have had this revenue, there's been that shift that-- from the previous year that Senator Hansen talked about and, and Senator Linehan talked about as well, that that money was coming in either way, but it is being accounted for in a different year. And I do think that it is relevant when you talk about how much money we may-- we brought in in a particular year if you were putting money from a previous year in there. But the broader problem is that we have a huge cash infusion from the federal government that is increasing the, the state's revenue in this--

FOLEY: One minute.

J. CAVANAUGH: --thank you-- that, that is increasing the state's revenue in this window and that we should-- the, the prudent thing to do would be to wait until the, the ground settles and then make a determination using that information. My understanding is that the current level will be in place until 2025. Is that correct, Senator Briese? Is it 2025? I, I don't think he can yield for--

BRIESE: Tax year 2023.

J. CAVANAUGH: OK. But I think we do have time to wait until this settles a little bit and then come back and take a look at it next year or the year after or even in 50 days, as I think Senator Lathrop mentioned, is that we take-- or well, it will be 20 days from now, but take a look at it even at that point. But I do think it's important that we not rush to make permanent changes and obligations of this size without all of the information. So I don't-- I honestly didn't know where I was going to be on LB723, but I've heard the conversation so far today and I would tell you right now I'm, I'm leaning towards not being in favor of LB723 just because I think that it's a rush to make a huge obligation--

FOLEY: That's time.

J. CAVANAUGH: --that we don't have the information for. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Cavanaugh. Senator Matt Hansen.

M. HANSEN: Thank you, Mr. President, and good morning, colleagues. Some things that I'd like to address: a couple of the thing-- we talked about what are you going to tell that young homeowner, we talked about what are you going to tell the young homeowner. When we talk about our tax policy, we can't just think about homeowners. It's not just about property taxes, it's about our comprehensive tax plan. And part of the issue with the property tax credit fund, which is something I generally support, is that we're taking sales and income tax dollars and putting it to a property tax credit. Not everybody gets the property tax credit. You don't get it specifically if you don't own property. We've talked about all of the renters in this state. We've talked about all of the renters in the last two days who have had some pretty-- including some who have had some very specific, very real struggles. Every time they go buy something, they go, you know, buy something at Target, they're paying sales, sales tax dollars that is supposed to go to run the state. We're taking a considerable portion of that and instead giving it to people who own property. I understand that's something we've agreed upon. I understand that's something we've talked about. That's not something that's an outright bad thing. But when we start talking about, oh whoa, these young families, what are we going to tell them, what are we going to tell all the families who don't own property? That we are spending down all of their sales and income tax dollars on property tax credits in a way that probably is going to jeopardize some under-- tax credits that would benefit them, some other spending that would benefit them. We have-- if we want to start looking at a comprehensive tax picture, we have to start thinking and talking about a comprehensive tax picture. And part of the reason I bring that up is LB1107 and specifically this credit was kind of referenced a minute ago as if it was a school funding bill, talking about supporting school districts. It's not about supporting school districts. It's about supporting property taxpayers. And I get that and that's something I can support, but it's not a school funding bill. And the thing is, we have to recognize that we keep trying to do things in revenue to get around things we do in education and vice versa. We have to look at them comprehensively. And that is my frustration on some of these issues where we're being asked to look at a single bill, act like it's a simple thing, act like it's a typo, act like it's just a number, and not act like it's something that could put all of our school funding, not something that can put other things in our state budget at risk if we continue to escalate beyond what everybody agreed to and talked about. I have a feeling this debate is going to hinge a lot and go a lot on who agreed to what on LB1107. I know what I voted for in LB1107. I voted for the text on the page that was enacted into law. As Senator John Cavanaugh just said, if we want to assume the Legislature didn't intend what it didn't-- what it actually wrote down and submitted to the public, people can come up and do a mea culpa on the microphone if they want. I voted for the thing that's in statute. I understood it as the thing that's in statute. If-- that's, that's what we presented to the voters. That's what we celebrated. That's what a lot of us went and stood at a press conference and celebrated. That's what we, you know, got, you know, complimented and, and promoted for, for, for months. And now all of a sudden, you know, it was flawed, we didn't agree, we worked hard, all these other things. Let's, let's keep in mind what this is. This is about whether or not there is the actual revenue that we're talking about to support this thing. I feel comfortable in my analysis that there are blips, that there are complications from 2020 and 2021 that does not make this revenue sustainable. I feel confident in that. If people want to make the argument, OK, I get that, but that's the obligation we have to do and that's the obligation we have as the Legislature to weigh and consider.

FOLEY: One minute.

M. HANSEN: Thank you. Mr. President, As already been noted by Senator Pahls, we've got the Chamber of Commerce supporting pretty drastic income tax changes and cuts. How does that impact this? How does that impact these numbers? Are these bills tied together? Are they not tied together? What's going on? And so when I'm being asked to vote on a single bill and a single issue, I want to make sure we at least understand what we're voting for. And LB723, as we've heard on the floor by people who were in the room, started to take apart the compromise in LB1107 and that's worthy of a minimum scrutiny and we're going to take some time to do that here today. Thank you, Mr. President.

FOLEY: Thank you, Senator Hansen. Senator Machaela Cavanaugh.

M. CAVANAUGH: Thank you, Mr. Lieutenant Governor. I rise in opposition to LB723 and I must confess to Senator Hansen, I have not looked at his amendment yet so I will be doing that between now and my next turn. I have been rereading the delightful floor debate from LB1107 and it's a treasure trove of conflicting statements then versus now. When you ask why there's no trust in the Legislature, I would highly recommend reading the transcripts from August 5, 2020, for floor debate. There was a lot of conversation, a lot of reassurance that this bill would not be coming in the future. No way. We're putting so much money towards this fake fund. We wouldn't ask for more money for this fake fund. Senator Blood passed out an article about the underutilization of the fund which, of course, everyone knew was going to happen because no one knew how to apply for it unless you were someone who was either well versed in taxes or affluent enough to have somebody prepare your taxes for you. And even then, people didn't collect it. I have talked to several people who said their accountant told them not to apply for it because they would have to charge them more than they would get to do the process. This fund does not achieve property tax relief. It just doesn't. It is just shifting taxes around, shifting money around. If we want property tax relief, let's give the counties the money and let them cut property taxes. We cannot cut property taxes. We can fund government, we can fund services, but we do not have the ability to cut property taxes because we don't levy that tax. You can't cut something you have no control over. So instead, we, we created a disingenuous fund because we wanted the credit. The Nebraska Legislature didn't want to give the people of Nebraska money back on their property taxes without getting the credit, even if that means that not everyone will get it. You get your property tax statement-- I got mine just recently-- and on there, there is a credit. There's a state credit to your property taxes. But see, we couldn't do that with this fund because if we did that, then you couldn't be getting reimbursed on the percentage that you're paying into schools. So we could give this money to the schools and eliminate that percentage from our property taxes. We could do that. The state could fund education. That is a possibility. But instead, we put it into a fund that only people who have a tax accountant or who spend hours and hours doing their taxes themselves like I do to do it, which of course-- I told people I would update them. I have not had a chance to go back and try and figure out how to get my property tax refund for this last year, but stay tuned. I'm sure my mental faculties will eventually prevail on this quandary that I'm having as to how to figure out what my property ID number is. I mean, I took the property ID number off of the website and put it into the, the other tab on the website, but then it said it wasn't accurate.

FOLEY: One minute.

M. CAVANAUGH: But I've lived in my house for eight years so I'm pretty sure it is. But last year, my reimbursement was $103, which I get proportionately for my salary is actually pretty good, but not really super-duper helpful. I would much rather the state fund education. I would much rather the state pay teachers better. I would much rather the state provide services than get my $103. Not a $103 a month, $103. Did you say one minute?

FOLEY: I did.

M. CAVANAUGH: OK. So I'm looking at property tax rates by state and I'm going to get back on other turns to the LB1107 conversation, but I just wanted to end by saying that the states that I see that have the lowest rate have tourism. Hawaii has the lowest--

FOLEY: That's time, Senator.

M. CAVANAUGH: Thank you.

FOLEY: Thank you, Senator Cavanaugh. Senator Friesen.

FRIESEN: Thank you, Mr. President. It sounds to me like a lot of people are having a little buyer's remorse from LB1107. If you read the bill, it talks about the triggers, talks about the growth factor, talked about giving hundreds of millions of dollars to UNMC and ImagiNE Act and all sorts of things in between, but it spelled out very clearly the process and how we got to 100-- $548 million. But you got to go back to the mentality of our body when we were there is that no one expected us to even get to 375. The pandemic was going to hit. Our revenue was going to go in the tank. We were looking at severe budget cuts down the road and suddenly this opportunity came along. We saw opportunity. You know, I wasn't that supportive of the ImagiNE Act, but this was a grand compromise. Read the bill. And if you voted for it, you voted for exactly what's happened today, except the limit that we put on. But that limit was put there mainly because we never thought it would be reached and we just set a target so that it would get there. I wouldn't call it a-- much of a-- I'd call it more of a floor than I would call it a ceiling. Our goal was to get to a minimum of $375 million. The target that we set-- and I wasn't in the room negotiating how this came together, but the way that it was targeted to grow, I mean, again, most of us looked at that and said, well, that's wishful thinking. Yeah, we, we hope that things turn around in year four and five and we can get to $375 million. There was never, I don't think, in anybody's wildest dreams, we'd get to 548, but we're there today. And I think it's just fair to say, let's, let's raise that floor. And you know we've talked about this before. We can never bind a future legislator. And so as we look at what we're doing here today, I mean, we're, we're not going to bind a future legislation. If, if we have a revenue shortfall down the road, we're going to-- I'd say this body is going to look at making some cuts and this is going to be one of them I think they're going to tweak. I won't be here. The current Governor who's defended these programs won't be here. We don't know what this body is going to look like. So I, I'm listening to the discussion and, and, man, I'm finding it really fascinating that we've always talked about property taxes being our number one issue in the state. Everybody talks about it. Find out mostly it's lip service. A lot of people voted for some tax cuts last year, as I recall, and now suddenly they're worried about our revenue. Hmm. It's kind of an interesting discussion to have. If, if you think we're going to be short of revenue next year, you wouldn't think we'd be voting on tax cuts. This one surely is not as damaging as a tax cut because that money will still be there to, to work with, whereas if a-- if I recall, when a Legislature cut some taxes, I don't know of a body that's ever had the guts to raise them again. So once they're cut, it's permanent. I, I did hear somebody-- you know, maybe it was an echo in the Chamber-- that farmers don't pay taxes. Wow. I'm going to have to find me a new accountant. But you know, it's kind of fun to pay income tax because for a lot of years, when we went through the '80s, I didn't pay income taxes because I wasn't making any money. I was trying to survive.

FOLEY: One minute.

FRIESEN: And we have seen, in ag land, 200 percent. I have a farm I can show you, the taxes tripled and people here are complaining about a 15 percent increase in their valuation. I just laugh. This is about property tax relief and it is going to-- most of the money is going to urban residential/commercial properties where you have the $1.05 schools. It's not coming back to those ag guys who had 200 percent increases in their taxes. So let's keep having the discussion. We're going to have an interesting year as we go forward about whoa, man, we're concerned about revenue, but by golly, we should cut taxes. Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Senator Stinner.

STINNER: Thank you, Mr. President. Members of the Legislature, I was also a participate-- participant in the LB1107 discussions. And if you remember, I was kind of doing backflips and whatever else to try to prove to this Legislature that the 375 over a five-year period was doable. In fact, I think I had a little bit of a cushion, if I remember, a $200 million cushion in that, but it was a hard sell, but I think everybody understood that property tax was a priority. And certainly since I started in the Legislature, that was certainly one of the one or two priorities that I have and that's what I hear mostly about from my constituents is a concern about property tax. Right now, we had the fortune of having a stimulus that we didn't realize was going to affect our state revenue by that much. We also did move the tax refund-- or the tax filing date, which was also a help, but we, we're now at $548 million. And, you know, if-- the, the problem that I have right now is because I don't have what the fiscal report is going to give us, I can't give you an exact number. But I can tell you, as of December, we were $74 million over in what had been an adjusted projection or forecast by the Forecasting Board. We are right now at 3.7 percent in nominal growth, which is the computational base for this. So at 3.7, you're above that trigger rate of 3.5. So I think that that's $32 million and maybe Senator Briese can correct me on that. So we would, in essence, at the end of this year if that nominal increase continued, add $32 million to the next biennium. Then you come to the end of the bill, then you do your-- you're either 375 going down or you would do some kind of a calculation relative to assessed valuation increases. And we did a study on assessed valuations. It's somewhere between 3.5 to 4 percent a year. We did have a cap of 5 percent. We didn't want to have a spike in there that really kind of blew us out. So that's some of the things that we talked about; and I'm not sure that that's in the bill, but we can take a look at it. I am concerned-- my concern, and I've tried to express it several times, is if Forecasting Board comes through and gives us $100 million, $200 million, it all goes to property tax. So instead of the 580 that we're projecting to be, there's a chance that at $200 million, it maybe goes to 780. So that's a big, big number. It's a, it's a number that affects the next biennium. So why do I care? I'll be out of here. I do care. I don't want to leave us in that state. So I'm going to advocate that we just freeze where we're at. I, I, I like the fact that I can go to my constituents and say we provided, through sales tax, income tax, and miscellaneous tax, 25 percent of your, of your real estate taxes will be taken care of by the state, 25 percent. That's, that's not chump change. The other thing that you have to figure out is that as we hopefully get the racetracks and the casinos and everybody organized and we have gambling, I think that's projected to be somewhere between $60 or $90 or $100 million and that will go into the credit fund, I believe, the way we have it right now. So there is additional relief. There is a piece of this that says at the end of five years we're going--

FOLEY: One minute.

STINNER: --to at least stay up with the increases in assessed valuations. Now those numbers are fairly big and I have, I've got the fiscal note here and I've got to go through it because I can't get my head around what they have done because it shows $205 million. I come up with some other number, but I'll, I'll, I'll work on that part of it, but lots of questions. I think it's fiscally responsible for us. Freeze it at this level, take it to the end, then have that protection for inflation and hopefully then the gambling money comes in and we continue to add to property tax relief. That's what we have on our plate today so that would be my recommended way forward. Thank you, Mr. President.

FOLEY: Thank you, Senator Stinner. Senator Brandt.

BRANDT: Thank you, Mr. Lieutenant Governor. I'd like to thank Senator Murman and Senator Briese for bringing LB723. It's an interesting discussion today. I enjoy discussions about, about taxes and, and this is sort of why we came to the Legislature. It's amazing in four years how far we've come from when I started to this year because when I started, basically property taxes had no traction. And I don't know if the people of the state are aware of this today, but on a $5 billion budget, about 20 percent of the state budget is designated for property tax relief. I think everybody should be applauded for how far we've come and we've got some ways to go yet. And also 20 percent of the state budget goes to TEEOSA. Unfortunately, if you're from a rural district like I am, that $1 billion in TEEOSA funding only goes to about 84 schools in the state and 159 basically rural schools in the state get no TEEOSA funding. And that is why I think you see the rural senators fight so hard for property tax relief. I agree with Senator Briese. If we take this back to the $375 million, basically that $200 million difference will have to be made up by the property taxpayers, a lot of those in the rural districts. This bill works for all Nebraskans. This provides a 25 percent reduction not in your total property tax, but in the amount of property tax that you pay to your local school district. For most Nebraskans, about one-third-- excuse me, about two-thirds of what you pay in property tax goes to your local district. It's going to vary by the levy. This is critical for the entire state. Senator Hansen stated that it takes sales and income tax dollars-- Senator Hansen said it took sales and income tax dollars to fund this, but it also sakes [SIC] sales and income tax dollars to fund TEEOSA and that's currently over $1 billion. I guess the next point I would like to make is Senator Pahls was talking about sales tax exemptions for farmers. I, I can tell you as a farmer and a small businessman, all of the sales tax exemptions that farmers enjoy in the state of Nebraska are standard business deductions. Also, only 31 percent of this would go to ag landowners in the state. So that would leave 69 percent going toward commercial and homeowners. So to summarize, I do not support AM1656 and I fully support LB723. Thank you.

FOLEY: Thank you, Senator Brandt. Senator John Cavanaugh.

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor, and I appreciate Senator Brandt's comments and I appreciate everybody's comments so far today and trying to wrap my mind around this issue. And I was talking to some folks, I believe, with Farm Bureau out in the lobby about how important this type of tax relief, as Senator Brandt was talking about, is to farmers and property owners. And, you know, I was struck by Senator Matt Hansen's comments specifically tied to the incident in the apartment complex in my district, that I passed out that article that I hope everybody's taking a chance to look at, but-- and again, this does touch on that because as Senator Matt Hansen pointed out, this wouldn't be a tax credit for any of those folks or anybody that, that is renting. It would be for property owners and people who pay income tax. So I think those are important things to consider, but again, my biggest concern is that we are making a decision about the future based off of information from the past that we know is not going to be true in the future. And so I think, you know, when you try to figure out how to make a decision, you know, you try to make based off the best information available to you and you try to figure out whether this information is likely to be repeated or carry forward. And, you know, we have the Forecasting Board and admittedly that is-- those predictions to me are almost of a mystical level in terms of how they come to the decisions that they come to. Senator Stinner clearly understands what's going on there and he has his concerns. But my concern is that we know that the information we are basing this decision on is not going-- is not accurate, is not going to be true in the future. And so that is, I think, a problem going into the future. I, I understand and I, I get that Senator Brandt's comments and I appreciate them again that the, the-- this is real tax relief, real property tax relief. Well, 20 percent of our budget is designated for property tax relief and that it makes a difference to people. And that's what I've heard from the farmers that I've talked to about this, and that it's real money to real people. And, and I do subscribe to that philosophy, as I was saying, about the apartments, the 12 people are real people in my district who became unhoused as a result of inaction. That the money that we got from the federal government for housing assistance, I think I told you yesterday or the day before, is 11,000 real households in Nebraska who were helped to stay housed, keep the heat on, keep the lights on as a result of some of the federal money we're talking about. And again, to go back to that point, there's about $150 million of federal money that is-- can be used for housing assistance, utility assistance, and other type programs that we are currently leaving on the table that the state of Nebraska can ask for. And that is relevant to this conversation because one of the things that has increased our revenue in this picture is federal money that's come in, including the previous hundreds of millions of dollars in rental assistance that help people stay housed, to, to keep their lights on, and to keep the heat on. Those people took that money, paid their landlords, paid their utilities. That money went back into the, the circulation of the state of Nebraska. That got paid in income tax and property tax when they use it to pay rent and that money had that multiplier effect in the state of Nebraska. And we are leaving $100 million of that on the table, $150 million that we could be using to help these people and--

FOLEY: One minute.

J. CAVANAUGH: --using to, to recirculate into the coffers of the state of Nebraska that could be used for future allocations under this LB1107 formula that then can be passed back. So $11 billion came into the state through these programs, through the CARES Act, through ARPA that we are not going to get in the future. And we're certainly-- but we have more out there that we can get and we can put into the economy. And we should make sure we maximize the amount that we're getting, but we should also make our decisions with an eye towards the fact that that money is not going to last forever. And so that is currently my concern with this bill and my concern with a lot of our rush to spend money right now. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Cavanaugh. Senator Briese.

BRIESE: Thank you, Mr. President, and good morning again, colleagues. Just want to make a few brief comments. Someone was concerned about accessing dollars from different revenue sources directed towards property tax relief, but when we collect so much more in property taxes in this state than we do sales taxes, income taxes, it's only reasonable to do that. And so that is not a compelling concern for me, I know that. And someone suggested, well, this would put it into a program that's untouchable. Nothing is untouchable. This Legislature can do whatever needs to be done when it needs to be done, so. And I think Senator Machaela Cavanaugh pointed out that participation rate in the program was less than ideal last year, but this year, the amount of the refund is going-- the amount of the rebate is going to be four times higher than it was last year. And to me, that will take care of some of that issue on its own. Someone else suggested, you know, it's not real property tax relief. Well, if this is not real property tax relief, I, I don't know what is. But Senator-- Chairman Stinner, he made some comments about sustainability and concerns about maybe things getting out of hand if the Fiscal Office is not correct on this. And I think if we-- I think to myself, if we can't trust the Fiscal Office, who can we trust? But I do realize it's not a science. You can't be guaranteed of those numbers. And his suggestion that maybe we-- I think on the mike and off the mike, we talked about perhaps trying to ensure that we don't get a revenue uptick again that really puts us in a precarious position by injecting-- I think his example is another $100 or $200 million into property tax relief. I don't think Nebraskans would object to that happening, but I suggested to him that I, I would listen to something like that. If we can get this thing across the finish line with something in there that ensures it doesn't ratchet out of control, that it, for the most part, maintains or meets reven-- Fiscal Office projections, I think something like that could be reasonable. But I'm willing to, willing to talk about something like that. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senator Slama.

SLAMA: Thank you, Mr. President, and good morning, colleagues. I rise today in full support of LB723 and I, I really wasn't planning to speak this morning because I don't want to contribute to this filibuster, which I assume it is a filibuster, but we seem to have entered the Twilight Zone for discourse on how our tax system works and what this property tax relief fund is. And I just want to get up and clarify some points and I'm going to try to be really nice while doing it, but it's getting kind of absurd this morning. The claim that this fund doesn't lower property taxes is bogus. The state cannot directly levy property taxes. This is the means by which we can do it. Twenty-five percent of a property taxpayer's tax bill that goes to the school is being refunded to them as a result of LB1107. Especially in rural areas, that section of your property tax bill that goes to K-12 education accounts for the majority of your property tax bill, sometimes up to like 75 percent of it. So that's a solid chunk of property tax relief if you're a property taxpayer in Nebraska. Secondly, the claim that this would somehow jeopardize public school funding is clearly wrong and seems to be the catchall phrase being pushed by the most powerful lobbying arm in the state upon certain senators on this bill and bills like it. It's ridiculous and based on the concept that any money we spend in our budget that doesn't go directly to public K-12 education takes money away from public K-12 education. Silly, right? Here's my warning: if I hear any more of my colleagues making that unfounded claim on the floor this session, you'd better not bring a priority bill that spends any money that's not directly related to public K-12 education because I'm just going to filibuster it on principle. Like, I promise you that. Now to the core of the claim-- that claim in relation to LB723. If you're not savvy to how K-12 education funding works in rural areas, rural property taxpayers are disproportionately paying more than urban property taxpayers to keep the lights on and doors open in those schools. Because of high property taxes, you get this tension between property taxpayers, especially the farmers and the schools, to provide enough funding for schools because the state has decided that it's going to give more money in state aid to a kid sitting in a classroom in Papillion than that same kid if they're sitting in a classroom in Pawnee City. Providing property tax relief on that line item, that property tax bill for schools while also keeping those schools whole, which LB1107 and this relief fund does, provides both property tax relief, support for our schools, and eases that tension between farmers and education in rural areas. And that's coming directly from my school board members back home. There seems to be a complete disregard amongst just a couple of people in this body for the taxpayers of the state of Nebraska on the floor here today. Like, this is at least the second year in the Legislature for everyone in this body. And honestly, if you're still making these broad and really wrong claims in an effort to scare or mislead members of this body and Nebraskans, you're doing your constituents and our state a disservice. I understand having a thorough debate on this topic. Like, let's, let's take some time. Let's talk about it. Let's talk about the issues, but let's not talk about it from a dishonest place. Let's negotiate. Understand that this is a real issue and an issue that a very large number of senators have as their top priority in this body. So again, if you keep making these claims that aren't based in fact, that are solely intended to scare members of the body, intimidate them, like, I'm going to call you out by name--

FOLEY: One minute.

SLAMA: --and I-- thank you, Mr. President-- and I fully support LB723 and just want to make sure that this debate stays accurate, stays on the issue because fact-checking just wastes time. Thank you, Mr. President.

FOLEY: Thank you, Senator Slama. Senator Hughes.

HUGHES: Thank you, Mr. President. Good morning, colleagues. I haven't been engaged in this, but I did want to stand up and give my full support to LB723. But in listening to some of the comments I think Senator Pahls brought up this morning about farmers not paying much of a percentage of the income tax in the state of Nebraska, I did want to point out that roughly half of the farmland in the state of Nebraska is owned by nonfarmers. There are several of those individuals here on the floor who are benefiting from income that is produced on their farmland, but it's not showing up as a Schedule F on the income tax. So half of the income-- ballpark numbers-- is not being reported on a Schedule F as being attributed to coming from agriculture or farmers, if you will. LB723 is property tax relief for all Nebraskans; not farmers, not residents, not commercial, everybody. And it's clearly from all of the surveys that are taken, that our tax system is way out of balance. We've made significant strides to correct that, but it's still not in balance the way that it should be. Also, I wanted to point out the farmers of the state support the rest of the state. When I pay my insurance, it goes over here to Farmers Mutual in Lincoln, Nebraska. So the money that is generated in Chase County is supporting the headquarter building and salaries in Lancaster County. The majority of our grain is sold through Scoular Corporation, an Omaha company. So the value that they-- the margin that they make on the grain that we produce is sent to Douglas County. So I guess I get a little tired of hearing that farmers don't pay any income tax. We pay a lot of income tax. The production agriculture is the largest single industry in the state of Nebraska and it's the reason why we have come through this pandemic as good as anybody. We have a tremendous amount of excess revenue above projections. We've got a very healthy rainy day fund. That's because agriculture is our biggest industry and we are enjoying some good times and we are paying taxes and sales taxes, although we do get some exemptions, but it is in the process of manufacture. We are manufacturing food. We are creating jobs. We are supporting industry in every town in Nebraska, including Lincoln and Omaha. Thank you, Mr. President.

FOLEY: Thank you, Senator Hughes. Senator McCollister.

McCOLLISTER: Yeah, thank you, Mr. President. Good morning, colleagues. Would John-- Senator Stinner yield to a few questions?

FOLEY: Senator Stinner, would you yield, please?

STINNER: Yes, I will.

McCOLLISTER: Senator Stinner, you negotiated or helped negotiate LB1107 last year. Is that correct?

STINNER: That is correct.

McCOLLISTER: And that bill provided $375 million in property tax relief, is that correct?

STINNER: That was the goal after five years. We started out with $125 million.

McCOLLISTER: And where, where are we at now with the current budget?

STINNER: I believe $548 million.

McCOLLISTER: So if we did nothing, we'd be at $548 million, is that correct?

STINNER: Yes.

McCOLLISTER: And so this bill is currently under discussion now with perhaps even limiting the percentage increase or establishing a cap, is that correct?

STINNER: Let me, let me correct myself. Right now, the nominal increase is above the trigger rate. So if we do nothing, it would add another $32 million, I believe. And I could be wrong on that. I've got to get that number perfected, but should be at 580 in the next biennium.

McCOLLISTER: I understand. Given the current climate and the Forecast Board, can you predict or tell us what we're likely to see in February when the Forecast Board meets again?

STINNER: Well, right now we're $74 million over their last forecast so trends are still up. It still looks like we are still in a very strong position revenue-wise relative to what the forecast is. So there's all kinds of numbers floating around, anywhere from $100 to $200 million up just for this, this biennium. So that would have an effect, certainly. As I've, as I've indicated, all of those dollars, because we're above the trigger rate, the way we put together LB1107 would all go to property tax.

McCOLLISTER: When does the Forecasting Board meet again in conjunction with the legislative calendar?

STINNER: I'd have to look, but it's, it's the last week of February, generally like a Thursday or a Friday.

McCOLLISTER: So wouldn't it be advisable for this body to hold all the revenue bills? And we are likely to see four or five more, including income tax breaks. There's been some discussion about reducing the corporate income tax, reducing the personal income tax. Wouldn't it be advisable to wait until we have the Forecast Board and a better picture of what the, the budget, budget as a whole is likely to look like?

STINNER: Under ideal situations, it would. Obviously, we're in a short session so staging those bills maybe on Select would be the prudent thing to do. You know, that's, that's the call of the Speaker, but generally what we would normally do is take them all the way to Final. It's been my position Final is very difficult to have a good, robust discussion relative to numbers and how it affects fiscally the state's fiscal posture.

McCOLLISTER: Yesterday, we talked about Social Security tax reduction. Have you taken a look at what that amount could come to if we enacted the legislation from-- that we talked about yesterday?

STINNER: Yes, and-- yes, I have looked at it.

McCOLLISTER: Do you know what the amount might-- would be?

STINNER: Oh, I, I could probably find that and get back to you.

McCOLLISTER: Thank you, Senator Stinner. Yes, colleagues, I do believe it'd be the responsible thing for us to do to delay some of these revenue bills until such time that we get a better picture of the budget, we get an opportunity to listen to the Forecast Board, and get a better picture--

FOLEY: One minute.

McCOLLISTER: --of the rest of the bills coming, coming from the Revenue Committee and also looking at some of the, the budget numbers from the, from the process. Thank you, Mr. President.

FOLEY: Thank you, Senator McCollister. Senator DeBoer.

DeBOER: Thank you, Mr. President. I wonder if Senator Stinner would ask to-- answer some questions for me as well.

FOLEY: Senator Stinner, would you yield, please?

STINNER: Yes, I will.

DeBOER: Thank you. Senator Stinner, what is the effect of moving the allowable growth rate provision to begin in 2024 instead of 2025? Would the fund then be growing in two different ways, both the original sort of five-year growth plan plus the allowable growth rate way?

STINNER: Yes, it would. It would accelerate the growth of the, of the amount that's in the income tax credit.

DeBOER: Because the income tax credit right now for these first five years is what we were initially calling a kind of a ramp-up period, is that right?

STINNER: That's what we were hoping to do, yes.

DeBOER: And so our ramp just got a little steeper, is that right?

STINNER: Well, I think we-- mission accomplished, I would say.

DeBOER: Yes. OK, so this, this growth that is still happening in the next three years is still part of that initial plan to ramp up, but it would still create the funds to be even higher than 548, is that correct--

STINNER: I'm trying to--

DeBOER: --if nothing changes? Sorry.

STINNER: Right now, we're at 548. The only way that the fund moves up is if it goes across the 3.5 trigger rate. That's the nominal trigger rate and it's projected to be 3.7, so there would be another $32 million added to it so in the next biennium, it would be 580.

DeBOER: And then so I guess my question is under current law then, it's going to go to 580, arguably--

STINNER: Yes.

DeBOER: --and then will it continue to grow more if, for example, the Forecasting Board imagines or sees that we're going to have a larger revenue increase?

STINNER: Yeah. Since, since it's projected to be at 3.7, which is over the trigger of 3.5, all the dollars associated with this last fiscal year, the computation year, the last year of this fiscal biennium, all those dollars then would go into property tax relief.

DeBOER: So that's how you got your imaginary, just for sake of argument, 748 number?

STINNER: Yes.

DeBOER: OK. So if we make the 20-- move the, the change from 20-- year '25 to year '24 for the allowable growth rate, we're going to have a-- kind of a doubling of the increase in the fund in that next '24-25 year?

STINNER: It depends on how the bill is structured. I mean, if that allowable growth rate is moved up in time and then we don't have that trigger anymore, then it becomes the allowable growth rate is the only way it would move up.

DeBOER: Right, So, so we could potentially, depending on how we, we word this, end up with two ways of growing. When the allowable growth rate, whenever that does kick in, is there such a thing as a negative allowable growth rate? If the-- for some reason we had a contraction of property values because of a depression or recession or something like that, would that make the fund smaller?

STINNER: I would say that there-- depending on how the bill is structured, there could be a, an actual negative bringing it down if it's structured that way. It is not structured that way right now.

DeBOER: Do you know, have we had that kind of a decrease in property taxes in the past?

STINNER: I would say yes. Back in-- well, what is it-- 2008, 2009, 2010, we saw decreases in assessed-- or in valuations relative to residential. I'm not sure it carried over too much to ag, however.

DeBOER: OK and--

FOLEY: One minute.

DeBOER: --if we operated at 48-- 548 at the next three years instead of that complex formula with the rainy day fund and whatever is above 3.5 percent, that would mean that we would be sort of 548, 548, 548, and then the allowable growth rate kicks in. Is that right?

STINNER: That-- if we freeze it to the end of the current bill, that would be how it would work--

DeBOER: OK.

STINNER: --is the way I see it.

DeBOER: All right. Thank you, Senator Stinner. I won't have time on this time on the mike, but I do want to address or just ask some questions about renters and how they're affected by these income tax credits in the next time on the mike. So thank you, Mr. President.

FOLEY: Thank you, Senator DeBoer. Senator Dorn.

DORN: Thank you, Lieutenant Governor. Thank you for the conversation the last couple of days not only on Senator Lindstrom's bill, but on this bill also and probably thought I wasn't going to get up and talk on this, but I, I guess just have some thoughts generally running through my mind and not only on this particular bill, but on the funding as a whole this year as we're looking at ARPA funding, the budget, and everything else. Yesterday or in the last couple of days, Senator Linehan talked about the fact that our revenue has been so strong the last couple of years for various reasons why, but it is the people's money. It's an increase in revenue that many of us did not see "forcoming." It's happened and it is the people's money and that we should be working towards how do we help the people now get some of that back? Agree 100 percent with that statement, but I also wanted to bring up this concept or this thought, as you are thinking about that. Before I came into the Legislature, the year or the two years before that, Appropriations Committee set there. When they first came in that year in January-- Senator McDonnell has often talked to me about this-- they had to cut $1 billion out of that, that funding first and then they had to work on the budget. Well, my thought from Senator Linehan's comment is that was also the people's money that we spent, but we need more. Now do we go and ask for more? No, that didn't happen. They made cuts and met that. So we need to think of that in the bigger picture as we go forward. This funding today is there. It's more than adequate. It's, it's-- shows how strong the economy in the state of Nebraska has been. It shows how much. We've also had federal funding come into the state of Nebraska. All of those things combined have put us in this position we are at. But we also need to be very mindful of how we appropriate those or how we allocate those, how the ARPA funds flow in or with those so that someday in the future, this body is not sitting there and having to make those tougher decisions of what do we cut? No, we want to be very prudent. We want to be very fiscal responsible with our funding. We want to make sure that many of these programs-- 85-plus ARPA bills-- many of these programs are helped. Many of the things that we need to do as far as, I call it, tax reduction, income tax, property tax, they're having up this afternoon in Education Committee a school bill-- a new school bill, a funding for that. Those are all part of the bigger picture. And as we talk here today, I think many people understand that we don't have enough answers today. We don't have enough data today to really go forward and say these are the decisions we're going to make, but I do see a process in place. I do see conversations in place that as we go forward, many of those things will start to fall in place. We will get more of a, a feeling, more of an understanding of where this body is comfortable with, where this body says, OK, we can handle these things this year, but we're also leaving some on the table for future years. Thank you very much, Lieutenant Governor and everybody else.

FOLEY: Thank you, Senator Dorn. Senator Lathrop.

LATHROP: Thank you, Mr. President. Colleagues, good morning once again. I really appreciate what Senator Dorn just said on the mike. I hope you were listening to the debate because he's given a word of caution and I've, I've done that a couple of times already in this early part of the session. I, I turned my light back on because I wanted to make a couple of points and one is that I did not indicate whether I was for or against AM1656. I'm going to oppose AM15-- AM1656 if it goes to a vote because it changes the deal that we struck in LB1107. We set a, a base of $374-- or $375 million. That would lower it. I don't think that's what we agreed to so I'm going to stand by the agreement, which has me in opposition to AM1656. Another point that I wanted to make the first time I was up and didn't have the opportunity to, for those of you that were not here or not involved in LB1107, one of the other things that we did as part of that agreement is provide that this fund will also be the recipient of any money coming to the state by virtue of the expanded gambling. So we have, of course, by a vote of the people, agreed to expand gambling. Our friends over in General Affairs have worked on the minutia and the great detail that goes into making and standing something like that up statewide. I appreciate the work of the General Affairs Committee, but understand there's going to be more revenue that we haven't even started talking about because that hasn't yet been operationalized. Those folks aren't doing what we have authorized them to do because they haven't been stood up or they haven't had time to set up these different places, these casinos that will be operated at horse tracks and generate revenue for the state. That-- 70 percent of that will go into this property tax relief fund. So understand that I came down here. The number one thing I wanted to talk about and wanted to try to accomplish is property tax relief because that's what I heard going door to door in my district and I did that for three different election cycles. And that's what the people, the working people in District 12 want to see happen, the homeowners in District 12 want to see happen. But we're talking about something different. And when we talk about the ARPA money, we say we don't want any ongoing obligations, right? On the appropriation side, we're going to appropriate that money to capital construction or to one-time projects because we don't want any ongoing obligations. We don't know what that will do, if the revenue will be there in the future. We don't want any ongoing obligations. But when we talk about this revenue bill, what we're creating is an ongoing obligation and it's different than what we agreed to. And when, when we talk about this being anticipated or intended, if it was anticipated or intended, we wouldn't be here with this bill today. This bill is a demonstration of the fact that this is unanticipated and it's unanticipated because who could have imagined all the federal dollars flowing into the state and stimulating our economy, raising our income taxes and also the change in the filing deadline? So we have a bubble, a revenue bubble that's essentially increase in, in tax receipts related to over-- not-- maybe, maybe you can agree or disagree--

FOLEY: One minute.

LATHROP: --whether we're over-- did you say time?

FOLEY: One minute.

LATHROP: --OK-- whether we are stimulating the economy here, creating more income tax revenue, and the filing deadline, now we have a big bubble. And we're trying to talk like it's a new normal and it's just not. It's not the new normal. And this bill is trying to-- it's trying to effectively put into statute a new base based upon a bubble of revenue that we've experienced and it's not what we agreed to, number one. They have gambling money coming into this pot as soon as those folks start paying in on the, the proceeds from their activities. It, it, it's not necessary and it's not what we agreed to. So I, I really hope that you're participating, you're listening, asking questions because this is really important, not just an important bill on its merits, but an important process question.

FOLEY: Time.

LATHROP: When are we going to make these calls because--

FOLEY: That's time, Senator.

LATHROP: Did you say time?

FOLEY: That's time.

LATHROP: OK, thank you.

FOLEY: Thank you, Senator Lathrop. Senator John Cavanaugh, you're recognized, your third opportunity.

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Well, so I've been talking about similar things to what Senator Lathrop was just talking about. And I, I do-- again, I also appreciate Senator Dorn's comments about the fact that before he got here, before I got here, there was a point where a number of people who are here currently had to cut a huge amount out of the budget. And that, that maybe-- I mean, I think a lot of people think, oh, well, that'll never happen again, of course. Although I think when you were in that situation, you probably thought we'd never be in this situation, as Senator Lathrop sort of just said. And my point and that I keep harping on and I think a lot of people are talking about is that this-- we're in this situation as a result of unforeseen circumstances, unusual circumstances that are not going to persist. And we do have-- and I think Senator Dorn's comments are, are good in that they caution to consider that we have this-- we have an obligation to fund, fully fund-- we have the obligation to fully fund the state of Nebraska to operate it effectively, efficiently, and appropriately and to serve the functions that the state of Nebraska serves. And so that-- we do have an obligation to not spend more money than we need to and to return money to the people in a fashion, whether it is through this mechanism or some other mechanism, when we don't need it. We should, we should not spend the people's money when we don't need to spend it, but we do have a minimum obligation in the state to serve. And the problem that we're looking at in LB723 right now is a permanent increase in, in an obligation of money that could, if taken to a logical extraction, continue, undermine our other obligations to the people of the state of Nebraska. And so I'm rising, and as I said before, in opposition to this bill not because I am opposed to the, the idea and the concept and the principle that Senator Briese has articulated and that others have talked about. But I'm rising in caution and objection based on the timing and the basis of our assumptions and how we're making this decision. And so I, I think that it's entirely likely or possible that we could get to a point where we are going to increase the amount of the, the floor in 7-- in LB1107 and in the property tax fund created there and that we will continue to choose that as the portion-- the way that we administer property tax relief in the state of Nebraska. Or we may decide that there are other, better ways to return property tax, more efficient ways, more clear ways, ways that will actually affect things. I know there's bills about-- this year that are proposing different-- a different approach to how we fund schools and that could be a way, another way that we would consider in the long run to diverge from this current program. But I think that fundamentally making this decision based off of, again, the $11 billion in federal funds that have come in-- and I'm still trying to find the amount in the child tax credit, but I would, I would just tell you it was up about $3,600 a household for house-- certain households and obviously went down with others and it could have been more with other households. But when I find a good number on that, I will share it with you, but it stands to be millions of dollars to the state of Nebraska that then were spent immediately in the economy that then had a multiplier effect in our economy and that, that money is no longer coming--

FOLEY: One minute.

J. CAVANAUGH: --as, as of, I believe, January 1 of this year. And so the, the federal money is already beginning to slow and recede and we need to make sure that we're not making decisions about-- based off of that information. And Senator Lathrop is correct that, that there's going to be more money perhaps coming in through gambling and we'll have to take a look at that and figure that out, but that again, is money in the future. We're going to-- we can take another look. We're not done today. We're not done this session in legislating and making decisions for the state of Nebraska. But we have an opportunity in the future to make a-- make decisions with more information, more accurate information, better information that will give us a better idea of how the decisions we're making will affect the state of Nebraska going into the future. And that is my, my concern and my opposition to LB723 at this time and that is why I continue to, to say we should wait on making changes to the property tax credit fund in this way at this time. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Hansen--- excuse me, Senator Cavanaugh. Senator Hansen, you're recognized-- Matt Hansen.

M. HANSEN: Thank you, Mr. President. And I'm flattered to be confused with Senator John Cavanaugh. Colleagues, I rise again to speak on my motion and my amendment. And I want to go back and kind of address some of the things that comes up in the debate. Trying to paint a holistic picture of the finances of the state of Nebraska isn't misleading people. It's not threatening people. It's what responsible budgeting should look like. We can't talk about long-term financial commitments to one fund without being aware that they might have an impact on others. I believe it was Senator Brandt who got up and talked about how 20 percent of the state budget already goes to property tax relief. We've already tied up 20 percent of the state budget and that's-- like, that's part of my concern is it's 20 percent. It-- just by sheer numbers in terms of priorities of the state, it's something we should be mindful of and cautious of, especially when we put escalators into statute, especially when we put escalators into statute that we already recognize probably didn't work the way anybody expected by the fact that we hit our, our floor number so fast. Colleagues, we have an obligation to talk about school funding on any time we are moving around significant amounts of money. We have an obligation to talk about the budget any time we're moving around significant amounts of money. We have the obligation to talk about income and sales tax every time we talk about property tax. We have an obligation to be mindful of the decisions we make tying into one notion or the other. This bill is inherently tied to school funding. It is a property tax credit based upon levied property taxes of school districts. And to say that talking about school funding in the context of this bill is some sort of misnomer or misleading or threat or what have you doesn't make sense to me. It just doesn't. I don't know how I am being asked to vote on a tax credit tied to school funding, tied to school property tax levies, and ignore the other half of the conversation. Colleagues, we have to do our due diligence in all of these things, especially on things when we are talking about huge portions of the state budget. We're talking about over 20 percent of the state budget if we-- the figures shared by another senator earlier were accurate and I believe they are. If that's the size and scope of money we're, we're moving around, we're moving around, we owe everyone the due diligence of looking at it, especially one we're amending something that we put into statute for the first time, what, 16 months ago, 18 months ago? Not very long and it already hasn't necessarily worked as expected, hence the scrutiny that it is getting now. We're looking forward-- so that's the thing. Some of the other things that have come up and said-- I, I absolutely think the property tax credit fund is property tax relief. I wouldn't pretend that it isn't. I actually feel that I'm one of the senators who likes this method more than other members of the body. I know a lot of people in this body view growing of the property tax credit fund is ultimately a way of reserving state resources in kind of a pool to later use when we eventually change TEEOSA. I recognize that's the mindset of a lot of the body. For me, it's actually something that I think is pretty efficient at doing what it purports to do, which is give property tax relief, give tax relief from the state to a tax we as the state don't levy. And I understand that's the priority of so many people and I understand it's a primary-- priority of so many senators. But at the same time, that's the weird part about this property tax debate every year. It's a tax we as a state are constitutionally prohibited from levying. So we are trying to divert some tax dollars from some sources to taxes from other sources. Here we've tied it to taxes even set by other political subdivisions and all sorts of things to solve it. Because fundamentally, we are being asked to solve--

FOLEY: One minute.

M. HANSEN: --thank you-- a tax issue on a tax we don't levy. And yes, I recognize that sales and income tax dollars are what we have to spend. For me, that wasn't like-- for me, I understand. That's, that's the point. That's what we-- our state budget outside of federal funds and other things that are tied to is based upon. Those are the revenues we collect and that's what we have to use and use to move forward in the state. Colleagues, we have an obligation to look at all of the pictures of all of our spending, all of our tax plans as one cohesive thing because they work as one cohesive thing. We can't be asked to look at a single silo and ignore every other priority of the state just because this priority is popular and this priority is someone's priority. Thank you, Mr. President.

FOLEY: Thank you, Senator Hansen. Senator Pahls.

PAHLS: Thank you, Mr. President. Apparently, I did wake up a couple of people the last time I made some comments on the floor. I just want to try to get across the point that, that I was trying to make. I read from the Nebraska Cattlemen's report that they gave to our Revenue Committee and they said there's going to be a close to 25 percent kickback on property tax. That's why I asked Senator Briese, what would you get on a $400-- just use as a number. That would be $100. Sometimes percentages, they just do not make as much sense as hard numbers. And then Senator Linehan made a comment of $1,000, you get so many dollars back. Right, that's why I was trying to get-- the point I was trying to get across on that. Then I read some information from the Farm Bureau and they said that we'd to get an additional $700 to $900 million property tax so the three-legged stool would be balanced. And then they gave the numbers of property tax and sales tax and income tax. And then I said when I'm down here, I'm looking for balance. That's when I made the comment about income tax that certain people on the floor misinterpreted what I was trying to-- point I was trying to get across because I made a comment that-- and I'm reading it. This from a-- the Nebraska Department of Agriculture Economics is-- these are not my figures, but this is what I read. Nebraska's total net farm income has averaged a little over 5 percent of the state's total personal income and 7 percent of the state's gross domestic product in recent years. Now that sounds terrible. You say, gee, I-- you're saying we're not making money. I apparently should have read on. These percentages rank Nebraska third highest of the 50 states and the highest of any state with a population over 1 million. So apparently, we're doing quite well. Most of us know that when it comes to income tax, there are ways to massage those legitimately, but that does, does happen. That was not a downplay. And then I talked about sales tax. I am not against exemptions. I know you need those to, to do the job. I'm just trying to say if we're talking about sales tax, I want everybody to look at all the sales tax for the people. Because to be honest with you, we all know this; that the largest counties give the-- have the most income tax, most sales tax, and most property tax because that's where all the people live. That doesn't make them better. There is just more of them. So you go further-- as you go further west, there are fewer people so that makes sense. You'd have more-- fewer people to draw from. Again, I'm trying to look for balance, not saying you do not deserve it, you do not earn it, or you do not make it. I'm just trying to get this across. Instead of this group against this group, let's see if we can't work this together. Now, if we really, truly want to be honest about something-- because I hear we want to make sure everybody is treated equally-- then I dare, I dare this body to put a proposal to the citizens of the state of

Nebraska to vote like they did on agriculture to drop-- they did drop the valuation to 75 percent. Why don't we let them drop residential and commercial or residential, we have to go to a vote of the people, we can't do that without that, let's give them the opportunity to vote on, let's say, drop it to 90 percent?

FOLEY: One minute.

PAHLS: That way, we wouldn't have to say, we're going to give you the money back to you because we won't take it from you initially. If you're really serious on this-- because I hear people say on both sides, well, this has its weaknesses. This has its strengths. Would it not make some sense here if we would let the people of the state of Nebraska say on the residential-- let's just say the residential-- through a vote of the people, do we want to decrease that from currently 100 percent to 90 percent? They would see immediate relief and then we could do these additional things. I, I think we ought to think larger than-- let's get outside of the box and challenge ourselves because everyone, unless you're a renter like me-- we have to talk about that sometime, if you own property, if you own a house throughout the, the state, you could be in the, the-- out on the ranch or you could be in the--

FOLEY: That's time.

PAHLS: --city of Omaha--

FOLEY: That's time, Senator.

PAHLS: Thank you.

FOLEY: Thank you, Senator Pahls. Senator Vargas.

VARGAS: Thank you very much. I'll try to keep this short and I wanted to make sure to weigh in on just a couple of different items. One, I am against 19-- sorry, AM1656. And you know, part of the reason is LB1107 is something that was worked on by many people last year. The component that we really worked on or I participated in was making sure we had some technical issues and we addressed fiscal constraints in the long term. My real concern with this is not the concern on the idea of whether or not we need to address property taxes because, well, we've worked on that within Appropriations, many bills coming out of Revenue this last year, negotiations, but it more has to do with the process. And some people have mentioned this, but, you know, look, in, in the past-- and I even mentioned this to Senator Briese because he remembers when we used to do this, in the past, we'd have a

Revenue week, you know, set of bills that came out of committee. Even if they were priority designations by the committee or senators, it was in somewhat of a collaboration with what we did in the budget committee and it was what we would consider a conversation. No different than what you have in your household and the money coming in and the money coming out and how you spend it. And then we would have that debate and it would be a really good debate and we would pick and choose what we can and cannot move forward on or get consensus on. My main concern with this is that this is happening now and we're going to come to a vote on it. And then hopefully there's a lot of other things coming out of Revenue Committee, but when they do, that we do it in a way that we can have a full conversation with all the different measures at once because they're so important. We're not talking about small changes. These are fundamental changes and many of which rely on one another. And also just for the record, there are still-- and we've seen this and many people have stated this-- discrepancies with how we came to some of the numbers. It's not saying that they're wrong or right, but there are different numbers being reported in terms of what we're really relying on. We need to make sure that we can afford this in the long term. And it's not because we haven't worked on issues of property tax relief or we have actually done that work across the aisle-- we have-- it's that the conversation we're having is whether or not we've done enough. The bigger conversation is can we have that conversation without a full lens of the work of revenue coming in and with all of the spending items that we also have coming down? I'm looking at Senator Dorn because he made some of those points as well and I think they are good points to be made. So at the end of the day, I am against the amendment right now-- for AM1656 because there was something that we, we committed to LB1107. I think the property tax relief we did last year isn't addressing-- and somebody said this-- the root causes. I've been on the record supporting some of the constraints on government spending because I think that's one way that we can address this in the long term, but we don't have a full picture yet and I don't think we should be making that decision right away now at this moment. But I appreciate the conversation and I'm glad we're having it. Thank you very much.

FOLEY: Thank you, Senator Vargas. Senator Friesen.

FRIESEN: Thank you, Mr. President. When I go back to what happened with LB1107 and the compromise that was there, I think the vote was 41 in favor, 2 votes opposed, and 2 not voting. And if you look at that bill, we passed the ImagiNE Act, which had basically really an unknown fiscal note depending on how many businesses, and if we were going to model it after the Advantage Act, it probably had $1 billion impact over its ten-year life. And 41 people were OK with that, but now we're squabbling over property tax relief that goes back to our citizens. It's not going to a corporation. It's not going to a corporation who is not paying taxes here, is probably getting paid to be here. It's going back to citizens that are paying high property taxes. Do I wish they didn't have to jump through the hoops of applying for a tax credit on their income tax form? Yes. In my seven years here, I've had numerous bills trying to address how we fund K-12 and I wish we could have done it through some other method than this. But this is the method that was chosen. This is what was agreed to. But I still think down the road somebody-- maybe not this body, but maybe the next body-- is going to address how we fund K-12. Because until we do, we're going to keep fighting over these funds, which are totally separate. And I've always been telling the schools, I said, look, if, if all schools would at least get some money from TEEOSA, then when it came time to cut the budget, we'd at least all be fighting to maintain that funding. But in my years here, I didn't ever care if anybody wanted to mess around with TEEOSA because my schools don't get any. Unequalized schools get somewhere between a half a percent or a little more compared to schools that get 50-some percent of their budgets. There are schools who collect more in state aid than they do in property taxes. This is at least a way of giving back to those schools who charge the most, who do have the $1.05 levies, you know. But you got to remember the, the gambling money we talked about-- and I think Senator Lathrop mentioned it, but that goes into our first-tier property tax relief fund, not into this fund. So I think there is a-- differentiate between the two, but back in the day, the reason this fund was created, I don't think there was 33 votes to put it in that-- the actual property tax credit relief fund. And so that's why it was-- this money was put into what we call the property tax-- or the, the tax refund. You had to file for it. It was just a different method of getting the money out and it was targeted at a different group. It was targeted based on how much you pay in property taxes, not based on valuations like the first-tier property tax fund is based on. So the problem I see is, as you know, we still see, are going to see property taxes increase by 3 to 4, 5 percent down the road. Valuations, I think they increase roughly 4 percent a year on average. I do see some discrepancies on how some valuations are created and I think we're going to talk about that in some other bills yet coming up. But it-- if we could take this money and actually repurpose it into what I would call fair and equitable funding for all schools, this is something we should be talking about and we wouldn't have to fight over whether or not this cap should be there or not. But-- so for the first seven years, we've been fighting over trying--

FOLEY: One minute.

FRIESEN: --to get some money set aside. And so now we've-- we finally got the money set aside and now we can't figure out how to distribute it. So we're going to have some of those discussions this year, but it's going to be-- it's too bad this year we have the ARPA money to, to squabble over because I think we could have some really discussions-- good discussions on how we might address school funding, but some other things are going to get in the way. But we're going to-- you know, as you look at the-- what we're doing as a state, you still have to look at down the road, what does our revenue picture look like and what are we doing either to preserve that tax base or erode it? That will determine property tax relief in the future. Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Senator Briese, you're recognized, your third opportunity.

BRIESE: Thank you, Mr. President. Heard a lot of great discussion today and appreciate all the discussion, but I would like to ask Senator Stinner a couple of questions if he would yield.

FOLEY: Senator Stinner, would you yield, please?

STINNER: Yes, I will.

BRIESE: Thank you, Chairman Stinner. I think earlier you expressed concern that this revenue formula that we have in place currently for the next-- for fiscal year '22-23, '23-24 could put us in an untenable fiscal position if we get a surprise there going forward, correct?

STINNER: Yes.

BRIESE: And so you and I and Chairman Linehan and some others have spoken and we talked about trying to ensure that we don't get that unexpected increase, correct?

STINNER: That is correct and, and actually what we're trying to eliminate is, is the fact that this thing could get out of control and squeeze out a whole lot of other initiatives that we have. We want to have a solid target that we can shoot at.

BRIESE: Thank you for that. And so I, I think we talked about for tax year 2022, possibly capping this at the 548, which is what the Fiscal Office projects it would be at, and I believe--

STINNER: Yep.

BRIESE: --OK, thank you.

STINNER: Yes.

BRIESE: And I believe for tax year '23, we talked about putting the cap at 560.7-- $560.7 million, which is what the Fiscal Office predicts for that year, correct?

STINNER: That, that is the current fiscal note on that and I think it's a pretty good compromise.

BRIESE: Yes, and that would avoid the, the risk of some unexpected revenue spike that would lead to the scenario you talked about earlier, right?

STINNER: Yes, it's measurable, let's put it that way.

BRIESE: OK.

STINNER: And it's fixed.

BRIESE: And then the bill-- and so we talked about those two changes to the bill and then leave the bill so the '23 amount would be calculated in '24 with that-- it would-- '23 amount would carry over into '24 and then go by the allowable growth rate, just like the-- grow by the allowable growth rate, just like the bill provides, correct?

STINNER: Just, just like the original bill is, yes.

BRIESE: OK, very good. And I think you and I talked that-- I guess I'm agreeable to something like that and you indicated that you would be agreeable also, would that be correct?

STINNER: Yes, I am agreeable to it.

BRIESE: OK. And then we talked either an amendment on Select File or if we can get one done on General tomorrow or whenever we could do that.

STINNER: That would be fine, yes.

BRIESE: OK. Well, I, I think we have a way here to move forward that really alleviates a lot of concerns of a lot of folks. And, you know, I think it's a good bill as originally written and drafted, but I think this takes out some unforeseeable or maybe some surprises, some unforeseeable circumstances that could create some problems. I think what Senator-- Chairman Stinner and I talked about here really is a, a reasonable compromise on these issues that I really think that Nebraska taxpayers, each and every one of them, will really appreciate our efforts in this regard. So thank you, Mr. President.

FOLEY: Items for the record, please.

ASSISTANT CLERK: Thank you, Mr. President. Items: your Committee on Enrollment and Review reports LB310 is correctly engrossed and placed on Final Reading. Additionally, a committee report from the Banking, Commerce and Insurance Committee, chaired by Senator Williams, reporting LB767 to General File with committee amendments. Committee on Education, chaired by Senator Walz, refers LB754 to General File. Notice of committee hearings from the Appropriations, Judiciary, Natural Resources, Transportation Committees. LR287 from Senator McCollister. That will be laid over. Amendments to be printed: Senator Wayne to LB915, Senator McKinney to LB450, Senator Blood to LB2-- excuse me, LB723, as well as Matt Hansen to LB273-- LB723, excuse me. Name adds: Senator Blood to LB795, Senator Brewer to LB825 as well as Senator Blood to LB825, and Senator Ben Hansen to LB825. Senator Blood to LB844. Finally, Mr. President, priority motion: Senator Sanders would move to adjourn the body until Wednesday, January 26, at 9:00 a.m.

FOLEY: Members, you heard the motion to adjourn. Those in favor say aye. Those opposed say nay. We are adjourned.