

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate January 26, 2022

FOLEY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the fourteenth day of the One Hundred Seventh Legislature, Second Session. Our chaplain for today is Pastor Michael Davis, a retired Methodist clergyman from Gretna, Nebraska, Senator Day's district. Please rise.

PASTOR DAVIS: Let us pray. Lord God, I thank you for each one of these folk who have dedicated themselves to represent the people of Nebraska to make decisions about lots and lots of things. It's not an easy job. Oh, God, at one time, I thought, maybe I'd like to sit out there and be a legislator, but as I grew older, I decided that retirement and getting a paycheck for doing nothing was even better. So I give thanks for these men and women. I ask that you might remind them that they represent not only the people of their district, but they represent all Nebraskans. Bless them and help them as they make some tough, tough decisions about what is best for all Nebraskans-- rich and poor, black and white, red and yellow. Help them each one to remember that you, oh God, love all the children of the world. And that you love each of us that are gathered here this day. And you wish for us a good day. With much good stuff done in your name, we pray. Amen.

FOLEY: Thank you, Pastor Davis. Senator Erdman, if you could lead us in the Pledge of Allegiance, please.

ERDMAN: Join me in the pledge, if you would. 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 Erdman. I call to order the fourteenth day of the One Hundred Seventh Legislature, Second Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

ASSISTANT CLERK: There is 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?

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ASSISTANT CLERK: Mr. President, there are a-- communication from the Governor regarding an appointment to the Motor Vehicle Industry Licensing Board and two notices of hearing from the Health and Human Services Committee. That's all I have this morning.

FOLEY: Thank you, Mr. Clerk. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR275. Members, please come to order. We will now proceed to the agenda. General File 2022 senator priority bills. Mr. Clerk.

ASSISTANT CLERK: LB723 was introduced by Senator Briese. It's a bill for an act relating to the Nebraska Property Tax Incentive Act; to change provisions relating to the calculation of tax credits; to harmonize provisions; and repeal the original section. Bill was introduced on January 5 of this year. It was referred to the Revenue Committee, placed on General File, with no committee amendments. The bill was under consideration yesterday at that time. Senator Matt Hansen had offered AM1656.

FOLEY: Thank you, Mr. Clerk. Before proceeding to debate, Senator Clements would like us to recognize Dr. Dale Michaels of Walton, Nebraska, who's serving us today as family physician of the day. Dr. Michaels is with us under the north balcony. Doctor, if you could please rise, I would like to welcome you to the Nebraska Legislature. Senator Briese and Senator Hansen, if you'd like a couple of minutes each to refresh us on where we left off from yesterday. Senator Briese.

BRIESE: Thank you, Mr. President. And good morning, colleagues. Just to summarize what we're talking about here, LB1107 passed in 2020, created a refundable income tax credit for a portion of school property taxes paid. It began, the total credit began at \$125 million for year 2020. And here in year 2021, it's already at \$548 million. But current law would require it to reset to \$375 million in 2024; and then utilize a different growth formula, the allowable growth percentage, to take effect after that. But this reset back to \$375 million would represent a nearly \$200 million property tax increase on Nebraskans. LB723 takes away this reset and puts it for 2024 at the previous year's amount plus the allowable growth percentage, which is capped at 5 percent. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senator Hansen.

M. HANSEN: Thank you, Mr. President. My amendment fits in just with what Senator Briese just said, except that it changes the number in

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the bill to \$262 million. This is to show the estimate of where we would be had the delayed tax filing deadline in 2020 not pushed revenue from one fiscal year to another. In other words, the 548, in my opinion, is inflated because we are not calculating our tax receipts averaged over the years that they should have been paid. We are instead attributing too much to one year. Accordingly, I proposed LB-- sorry, I proposed AM1656 to show that \$262 million is where the fund in my estimate would be today, had we not extended the filing tax deadline to match the federal government. Thank you, Mr. President.

FOLEY: Thank you, Senator Hansen. Members, Senator Geist would like us to recognize Brooks Roberts of Chadron, Nebraska, is with us up in the north balcony. Mr. Roberts, will you please rise? I'd like to welcome you to the Nebraska Legislature. Mr. Clerk.

ASSISTANT CLERK: Mr. President, yesterday, Senator Matt Hansen had filed FA64-- that I understand he wishes to withdraw.

FOLEY: That floor amendment has now been withdrawn. Turning now to the speaking queue on debate on LB723 and the pending Hansen amendment, Senator Linehan.

LINEHAN: Good morning, Mr. President, and thank you very much. I just think a lot of people weren't on the floor yesterday when we got toward the end and there was an exchange between Senator Stinner and Senator Briese. So I'd like to ask if Senator Briese would yield for a couple of questions.

FOLEY: Senator Briese, would you yield please?

BRIESE: Yes.

LINEHAN: So yesterday, toward the end of debate on this bill, you and Senator Stinner reached kind of an agreement-- an understanding that if we pass this from General File, you would, you would have an amendment to address some of Senator Stinner's concerns by the time we got to Select. Do I-- did I understand that right?

BRIESE: Yes, that is correct.

LINEHAN: Can you kind of explain what the agreement is?

BRIESE: Yes. Senator Stinner expressed concerns that for years '22 and '23, we could see a unexpected spike in revenue that would yield an unexpected, unanticipated spike in this amount. And I agreed. He

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and I agreed if we would cap these amounts to prevent that unexpected spike from taking this amount to what might be an unsustainable level, we could pass that forward. And so I've dropped an amendment-- I don't know if it had come up yet-- that would do that. It would-- the fiscal note projects for tax year 2024--

LINEHAN: Can I have a gavel, please?

FOLEY: Members, please come to order.

BRIESE: The fiscal note projects that for tax year 2022, the amount of the credit would total \$548 million. The note also predicts tax year 2023 it would be \$560.7 million. So the agreement we have at this point is to cap the amount at \$548 million for year 2022 and \$560.7 for year 2023. And we talked about a cap, but we're going to go just directly to those amounts, so for 2022 it would be \$548, for 2023, it would be \$560.7 million. And then from there, it would grow or not grow under the terms of the green copy of the bill.

LINEHAN: So, because, if I understood right when Senator Stinner was explaining yesterday, if we don't do this, and we just leave the law as it is, then if our revenues ever, all the revenues-- now that the rainy day fund is where it's at-- all the revenues over 3.5 percent, would go into the LB1107 property tax credit. Right?

BRIESE: Yes, that's correct.

LINEHAN: And that could be a considerable amount of money, much more than the fiscal note shows. Right?

BRIESE: Yes, there is a possibility that that could occur. Yes.

LINEHAN: So in reality, this is a, I think, a very good agreement we've come to because it protects from it getting even a lot more, and yet it guarantees that we don't go backwards.

BRIESE: Yes.

LINEHAN: Thank you.

BRIESE: That would be a very good assessment.

LINEHAN: Thank you, Senator Briese.

FOLEY: Thank you, Senators Linehan and Briese. Senator Erdman.

ERDMAN: Thank you, Mr. President. Good morning. So yesterday I listened to the debate and then, on this morning, I appreciate Senator Linehan making the clarification that she did. Thank you for that. There are several people in this body that have worked diligently over the last five years since I've been here on property tax relief and, Senator Linehan's name and Senator Briese's name come up quite often in that category, and I appreciate the hard work that they do. We had a discussion last week on inheritance tax. We've had discussions prior to today on Social Security, income tax on Social Security. Today, we're talking about extending or making sure we guarantee what's in the property tax credit fund and what goes into LB1107 for tax-- income tax rebates or credits. But what I want to share with you today is, there is a solution to all of these problems, to every one of these issues we've been talking about. Every one of them involves us, the Legislature, and those local units of government taking money from people who may not have the money to pay. So what I'm trying to say is we decide, the local units of government or the Legislature, the state decides how much taxes people pay and when they pay them. And obviously, LB723 wants to make sure, Senator Briese wants to make sure going forward that we continue to give property tax relief. Property tax has a history of going up about \$200 million every year, at least since I've been here. And so every local unit of government continues to get all the money they want because they know that they can collect the property tax that they asked for. So what we need to do is overhaul our tax system. And then if you would think about it, probably 50 percent of all the bills that are up for discussion on this floor and are introduced have to do with taxes and the way we collect taxes. So if we take a look at our current broken tax system, and we all agree that it's broken, and I would say that would be hard-pressed to find anybody that doesn't believe that it is, and we fix that to where those who are paying the taxes decide how much and when to pay it, instead of those who collect the taxes telling us how much of our money to give them, if we fix that issue once and for all, we can shorten up the session. We can shorten up the number of bills that are introduced. So you may get a chance-- and I hope that you do-- you'll get a chance again this year to have a discussion about the consumption tax. Now that's a big change. I understand that. And people don't like change, and sometimes big changes and big ideas take time. I understand that as well. But until we make a decision about fixing our broken tax system, we are going to continue to debate bills like Senator Briese has-- like LB1107 was last year. And Senators like Senator Briese and Linehan and others who have worked on property tax relief, Senator Friesen will continue to do that,

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because we all said to all those people who voted for us, that was our goal is to reduce property tax. Well, I don't think you can reduce property tax any more than the consumption tax does. It goes to zero.

FOLEY: One minute.

ERDMAN: And so we need to look at what we're doing as far as fixing our tax system. And I am going to support LB723 because it's the best thing we have going. But there is a better way. There is a better way. There is a solution. We've defined the problem. We understand the problem. The system is broken, and I'm offering you an opportunity to fix it so we don't have to continue to do these kind of things year after year because we all know what the definition of stupidity is. OK? You keep doing over and over what you've always done and expect different results. Thank you for your time.

FOLEY: Thank you, Senator Erdman. Members I'm going to pause the debate for just a moment. We have a special guest with us today. We have with us, Michael McCabe, who is the midwest director of the Council of State Governments. Mr. McCabe is with us in the north balcony. Sir, if you could please rise, I'd like to welcome you to the Nebraska Legislature. Continuing discussions. Senator Briese.

BRIESE: Thank you, Mr. President. Just briefly, I've dropped a floor amendment that reflects what Senator Stinner and I talked about on the mike yesterday, what we've agreed to. It reflects what Senator Linehan and I described in our conversation on the mike here. And I would suggest that what we've arrived at really is a good resolution of the concerns that Senator Stinner set forth yesterday. It protects the state from an unexpected spike in revenue that would yield an unexpected spike in this program that might be untenable. But it still prevents the property tax increase on everyday Nebraskans through the mechanism of LB723. And we need to remember that the income tax credit of LB1107 is direct tax relief for all Nebraska property taxpayers. It's not weighted to any one group. It's the same percentage of school taxes paid for every taxpayer. It's a very fair and equitable mechanism. And we really need to get this done. I think Nebraskans deserve no less. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senator Groene.

GROENE: Thank you, Mr. President. As you all know, I'm going to reluctantly support LB723. I've consistently pushed for good policy and property tax relief. I am not a fan of tax credits. And let me be

truthful here. This is not a property tax relief bill. This is an income tax relief bill. It's a credit on your income taxes-- refundable thank God, and thank God it's dollar for dollar, not just a deduction. And I'm going to support it because it's a lockbox of money that hopefully wiser minds-- and we don't have the partisanship and the parochialism where two or three farmers decide they don't like it because they don't get enough-- in the case of LB1106. I'm not talking about Senator Briese. And those in this body who don't care about the parents of children in the schools, all they care about what their administrators tell them. Until that changes, there will not be property tax relief for the people in Nebraska. So I'm going to support it. And I'm going to tell you-- this year, maybe I'm going to use the term, I told you so. I could go back and look at LB1107 and look at the, the people fighting this, who voted for LB1107. And I told them then, I told you so, you are not going to like what happens to the money of the tax dollars coming in that you can't spend for your social programs, I told you so. But no, you didn't want to do good policy in LB1106. You didn't want to do that, which would have been streamlined, would have been in the system. We could have addressed inequities, and it would have been long-term. To my farmer friends, you are going to have huge property tax valuation increases come in the next four or five years. This credit will be gone within two or three years. You could have had good policy with LB1106, but no, you had to have something else. Anyway. And I am tired of hearing-- well, we can't do complicated around here because half the body can't understand it. Can't you make it simpler? When it comes to funding for schools there is no simple. Either you learn it and understand it, or you vote for tax credits. The people expect more from us. The people want property tax relief and because we can't understand it, or somebody's got their little special project and doesn't want to negotiate, we get tax credits. Anyway. They kept me out of the room for a reason back when they did this. Now they can live with it and I'm going to support it-- LB723, 'cause it's better than nothing. And like I said, somebody sometime is going to be able to get property tax relief through good policy and the funds will be available, hopefully. Thank you.

FOLEY: Thanks, Senator Groene. Senator Matt Hansen-- Senator, yours is the only light on. You can either close on your amendment or simply speak to it, and we'll see if anybody else jumps in.

M. HANSEN: I'll speak to it.

FOLEY: Thank you.

M. HANSEN: Thank you, Mr. President. Good morning, colleagues. Colleagues, I have to agree with about half of what Senator Groene said, and I appreciate that and I appreciate that he put that out. First and foremost-- yes, let's be clear that this is a property tax credit on your income tax to-- so yeah. Let, let, let's, let's just talk it back. The first thing he said, which I thought was very good, this is an income tax bill solution to property taxpaying so that we're using sales and income tax dollars to give income tax refunds based on the amount of money that you pay in property taxes to your schools. And even just trying to say that out loud as a sentence is a difficult thing. I personally am OK with the property tax credit fund. I know that puts me in like a small group in the body. I don't mind it in the sense that it is a pretty direct way to get to the means that the state wants to do, or at least a majority of the Legislature wants to do, which is to provide property tax relief when we as a state do not collect property taxes. And that's fundamentally a thing we have, kind of have to do. Some of the the difficulties in structuring this is because it's not like we can just cut our property tax rate as the state. Because our property tax rate is already zero. We don't collect it. We are constitutionally barred from collecting any. So in order to provide property tax relief, we either have to refund property taxes in some manner-- so basically using, say, our sales and income dollars that we do use to refund them. And additionally, the other thing I agree with Senator Groene is-- I think a lot of the goal in growing this fund is not because anybody supporting this bill supports this fund. They might support the means. They might think it's a good medium step. But the goal of growing this fund is to wall off and partition off a considerable portion of our state budget, of our state revenue to use for some other purpose in the future. That is kind of something we routinely see and routinely talk about. It is at some point going to get rolled over into some updated school finance, some updated tax plan-- whatever direction it's going to go, it's going to go in that direction. So part of the point and part of the goal in growing this fund is to do that-- is to basically-- for the meantime, hold harmless as best we can some property taxpayers, knowing that it's a cumbersome and awkward solution that a lot of people don't particularly like or think it's good tax policy. But we are going to support it for now in order to partition off dollars that we can then roll over into some sort of other fund or other use. And that's one of the things that I think is why it's worth debating. You know, so it's one thing just to say it's like we're delivering property tax relief-- and I agree we are, and I agree this does mean people have more money in their pockets. They have overall paid less taxes. But

they're paying their property taxes, and when they file their income tax return, they get a refund. Assuming it all works out and lines up and they apply correctly. Assuming it all works out and assuming, you know, again that they're property taxpayers in the state of Nebraska. Because of course, many renters, many others who pay sales and income tax dollars don't get any benefit from the system at all. So we have all of these pieces laying out there and hanging out there, and that's why I think we have to continue talking about all these tax bills in the context of all of our other spending priorities. It's not that any time we spend a dollar, it's a threat to something else. It's that we know the supporters and-- of this bill, we know that people pushing this issue, this is the goal. The goal is to have comprehensive property tax and school funding changes. And if we, in the meantime, can just reserve more and more dollars under the property tax credit fund, that'll give us more opportunity to do something in the future. I personally don't know if that thing--

FOLEY: One minute.

M. HANSEN: --in the future is going to be good or bad. I don't know if I'm going to support it or not. I haven't seen it. But I do know that they're inherently tied together. We are going to continue talking about these two items together repeatedly because they are truly tied together. And bringing them up and tying them together is the type of debate that we are starting to have, and I appreciate that. So I'm still trying to run through the mechanism of-- that Senator Stinner, Senator Linehan, and Senator Briese have laid out. I haven't had a chance to review the amendment yet, and I know we'll get to that at some point, probably. But again, this is not just a simple let's cut people's taxes. This is a layered credit being applied in different ways that's really intended to partition off revenue for other purposes in the future. And that can be something we want to do, but that's, that's what it is. It isn't just a simple rah-rah, you know, we lowered our tax rate, because our tax rate of property taxes is already zero. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Well, I'm glad we have taken some time, and people talked overnight, and I appreciate the work towards some sort of compromise on this, and I appreciate the explanation from Senator Linehan and Senator Briese about the reasons and justification for the compromise. And again, I haven't, I haven't had an opportunity to look at it. But I was sitting here listening, and I'm listening to Senator Groene and-- talk about what

exactly this is. And, and I, I guess I'm just-- I was sitting here working about thinking this through, and maybe I'm thinking out loud and somebody else could respond to this. But we have had a couple of conversations in the year and a half that I've been here about creating a more favorable tax climate to incentivize people to move here. And we had a conversation last year about the corporate tax that I was heavily involved in; and there was a conversation about when businesses are thinking about moving somewhere, they look at the top line, they look and see what the tax statuses are in the state. And so that, of course, had me thinking about this particular structure that we are talking about, and what Senator Groene was saying is-- we're taking-- the state of Nebraska takes in money through its various sources, income tax, sales tax, and then we are going to give it as a credit to local entities. The function-- and this is where I'm kind of throwing it out to anybody who maybe could speak to this better-- and what I'm thinking out loud is-- the function of that would not effectively lower our property tax rates or levies, and it would not effectively lower any of our state taxes. It would, in fact, leave them both the same or have a product of resulting in higher state taxes, income, sales taxes at some point, which-- so I guess my question is, as it pertains to specifically the issue of how our tax system is perceived in Nebraska, does this put us in a better position to attract businesses, attract people to come here? Because if people are looking-- if someone's looking to move to Nebraska, and they say, Oh, the property taxes are so high, this doesn't actually have the effect of lowering property taxes. And I'm not going to ask anybody that question directly. I'm just going to say if somebody wants to think about it and respond, but, I don't-- and maybe I'm wrong is why I'm saying it this way, but it wouldn't actually lower any levies. It wouldn't actually lower any amount that cities or counties or municipalities or school districts are taking in. So on paper, property tax-- the take would look the same. And conversely, from the state, the state has an obligation to meet the amount of money that we are seeing in this fund, as well as all of our other obligations. So at some point, if we get to a point, or where-- the state funds are going to be required to fund this project. So both our income tax and our property tax will not go down as a result of this, even though we are giving people a benefit of a lower income tax bill, on paper, you're not going to see that. And on property tax on paper is also not going to go down. So, that's kind of-- I'm trying to think my way through that kind of idea and conversation around this-- and so if somebody could enlighten me as to that subject matter, I would appreciate it. But I was originally rising to speak about-- I'd been talking yesterday about the federal

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funds that have been coming through-- the \$11 billion in ARPA and CARES Act funds-- and then there was addition-- and I was just trying to pull it up as I got called here, but I think it was, it's about \$625 million is the amount of direct payments that have gone to Nebraska families as a result of the child care child credit that the federal government had for the last year that is now expired-- which is another \$600 million essentially--

FOLEY: One minute.

J. CAVANAUGH: --that is not going to be coming into the state that we are, of course, that got spent-- came into these families, they spent it on child care, they spent it on food, they spent it on their car, gas, heat, all these things. That then obviously got spent in the Nebraska economy. Sales tax was charged on that, income tax was charged on the employment of the individuals that they spent that money at those institutions; and so the multiplier effect of that money, the \$600 million from the federal government, is not going to be there going forward. And of course, again, I'm saying we need to take into account the fact that we have a bunch of federal money that's come in over the last couple of years that is not going to be continuing to be here, and so I want us to be careful about making these sorts of decisions long-term and considering that, that money. So that's two points, I'd probably push my light again. Thank you, Mr. Lieutenant Governor.

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

M. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Good morning, colleagues. I am probably not going to support Senator Hansen's amendment, now that I've looked at it. I didn't know yesterday for sure, but I'm leaning towards no. And at this point I'm not going to support LB723. However, things could change in the future. I first want to speak to some things that I said yesterday. I maybe was a bit hyperbolic when I said that this was a fake fund. It is not a fake fund. It really exists. What I meant was that it is a fund that is for a tax that the state doesn't levy. So it's not fake. It's probably, maybe more disingenuous, that we were giving a tax credit for a tax that we don't actually levy. But that aside, I am not opposed to property tax relief. I'm not opposed to what Senator Briese is trying to do. This particular type of property tax relief is in fact directly tied to education, because if it weren't, it would be like the other state property tax relief where you get that credit on your property tax statement that says that the state is giving you X amount of dollars. So if you currently own property and

you get your tax statement from the county of what you owe, there is a state credit on there. This credit is in addition to that, and it's tied directly to your school district and how much you pay in property taxes to your school district. So that's how this particular property tax credit becomes intertwined with education specifically. But that's not my problem either. I, I just don't agree with this way of doing taxes and reimbursements. Because the state collects, collects income tax, I believe that income tax cuts and income tax credits are a much more direct impact to the people of Nebraska for the taxes that they're currently paying. So if we wanted to actually do property tax, I believe, and I don't think I'm alone in this, but I believe that we should be funding government at a state level, especially taking back some of those things that we cut in 2008 during the financial crisis and pushed down to the local level, which is why our property taxes are so high. So if we are doing so well in Nebraska, we have such a robust income into the state, then it's probably indicative that we aren't funding things at the government, at the lower government level the way that we should. That said, my issue today is that what others have expressed, which is this is just too soon. I am not wedded one way or the other to whether or not LB723 passes. I just feel very concerned about having this conversation before we know anything about the budget, and we know anything about the fiscal forecast. And that's really where I'm standing right now in opposition to this bill. So it's not even really on the merits at this point. It's, it's about the timing. And I, I think the word filibuster was used yesterday-- I'm not certain that this is a filibuster entirely. I think this is actually a conversation about-- can we do this a different way? Can we hit pause? Can we come to an agreement? I don't, I don't know if Senator Briese has 33. I don't know if there's an opposition of 17. I haven't counted because I'm just having--

FOLEY: One minute.

M. CAVANAUGH: --a conversation here. Now, if we get to hour seven, probably we will want to figure that out. But right now, I just think it's about having a conversation about whether or not we should be doing this bill right now or should we be holding on to it for a few more days. So, with that, I will yield the remainder of my time.

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

M. HANSEN: Thank you, Mr. President, and good morning again, colleagues. I want to fall off actually just on the point that Senator Cavanaugh put on, shared-- in the sense of-- part of this is

about timing. And the answer is yes. Part of this, including why we took some time and talked on the Social Security income taxes, which is one I kind of supported from the beginning and will continue to support, is that we are being-- with the way priorities are being scheduled this year-- and I understand it's a fair and neutral policy; but with the way this is working out, we are being asked to kind of allocate a lot of our resources early. And the reason I think that's worth taking some time and talking, is we see this process over and over again in the sense of, well, let's just get it to Select, let's just get it to Select and we'll work on it. OK. And then when it's on Select, it's like, well, it's already in Select. We've already debated it. Here's a, here's an amendment that maybe does some of what some people want-- that's good enough-- and then there's pressure to do that. And there's people who get a tiny bit of an amendment who then feel lots of pressure to vote for a bill they have some hesitation on because they negotiated a small piece of it that doesn't necessarily change their bill substantially, or doesn't necessarily eliminate their opposition even, but they worked on the process and there's pressure on them to move forward. And of course, by the time anything reaches Final Reading, if you haven't filibustered or taken it kind of to the end on prior rounds, it's bad form and also just flat out difficult to try and do something on Final Reading. This is why taking some time on General File, talking about these issues, to me is very important. We need to look at things comprehensively. And so when we have floor speeches, as we've had this morning saying the benefit of LB723 is it locks in property tax credit funds that a future legislature can repurpose for a different purpose. That's one of the things that I just kind of want to flag broadly for the public, for the media, for anybody who's watching that you know, sometimes the debate is about the four corners of the bill in front of us. Sometimes the debate is about the big picture. Sometimes it's about things in the middle. For me, it's a bit of all three in this bill. We can't divorce this debate from discussions on overall state priorities. And I understand property taxes are going to remain a priority of this Legislature. They have been my whole term. I've voted for pretty significant property tax relief, including LB1107. But we also know school funding, we also know all sorts of other projects are going to be things that this Legislature is going to focus on. And at this point, a lot of the key bills that we're going to be debating later this session haven't even necessarily had their hearings yet, let alone had some sort of fiscal note or any other, you know, analysis, priorities declared, plans moving forward. And so, a little bit, it's kind of trying to guess what the rest of the session is going to be like when we're asked to

do these things. Part of the thing I also wanted to talk about is the timing is-- you know, LB1107-- part of the reason I ultimately got on board with LB1107-- it had a lot of things I like, it had and some things I didn't like, it had some things that I worked heavily on, it had some things that I didn't work on at all. And it was tough when we had a package like that, because kind of just like I said earlier in the beginning of the speech of-- things start picking up momentum and then people who make tiny adjustments or make small improvements, maybe even just make a good government, [INAUDIBLE] not necessarily their own policy belief. You know, an effective safeguard, an effective guide rail, all of a sudden then start feeling the obligation to support the package because, well, they conceded, they compromised with me. They put this thing in, even if that thing is simply just a good government's reporting requirement or guide rail or what have you. So that's why I had the initial concern that, including yesterday, that there was some concern about LB723.

FOLEY: One minute.

M. HANSEN: Thank you-- how it impacted the compromise in LB1107. I know several people who worked on LB1107, I think still feel that 11-- LB723 breaks that compromise. It, in my mind it does. I understand the intent of Senator Briese, but there was a reason we picked the numbers in LB1107. It was our best guess at the time for state budget solvency. And again, I maintain that a lot of the numbers that LB723 is being based on aren't actually, can have sound revenue projections. They are momentary blips and other things that are happening that we cannot count on repeating. I really appreciate that we're having some discussion. I really appreciate Senator Briese. He's already started working on some stuff. Be interested to see those amendments, but that is why bills like this deserve the scrutiny they get. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor. I just wanted to get back and can make sure that I finish the thought about the child tax credit that I talked about, and I pulled this report. So it's a report from Congress that, well, it's hard to read, but it's the Joint committee, Economic Committee, Estimates in Advance of Child Tax Credit Distribution by Congressional District for 2021 for Nebraska. And essentially, it was the tax credit the value of \$2,000 per child, up to \$3,600 per child under six, and \$3,000 per child six and older. And just the top line are \$625 million to the state of Nebraska that would go to 223,000 households. The average payment

was, in December was \$479 a month. And so by Congressional District-- in the First District, 137,000 children, Second District, 148,000 children, Third District, 127,000 children-- and that was \$207 million went into the First Congressional District in the form of the Child Tax Credit payment in the year 2021, \$225 million went into the Second Congressional District in 2021, and \$193 million went into the Third District. And that is money that is no longer coming because it was not renewed in any of the bills that have gone through Congress at this point. It was part of the American Rescue Plan that was passed in 2021. And that, my point is twofold, I guess, that there's-- this is money that's no longer going to be coming into the state that was going directly to Nebraskans that was helping to make, meet their daily obligations that then had a multiplier effect, that that is one of the reasons for our increase in revenue at this point, and that we need to make sure that we are considering those sorts of things as we're making long-term decisions-- we're not making our long-term decisions based on short-term circumstances. So that's point one, but point two is this is \$625 million. As I've been saying over and over again, there's 100-- \$130 million that the state Nebraska is leaving on the table. It's \$152 million to the state of Nebraska overall, but \$32 million of it would go directly to the cities of Omaha and Lincoln, and it's my understanding that they can pursue those separately. So it's 100-- \$120 million the state of Nebraska has left on the table that could be going to housing assistance, rental assistance, utility assistance, helping people stay in their homes, helping keep the lights on, and helping keep the heat on, that would then go into the economy. The state of Nebraska has that multiplier effect that would improve our economy, improve the circumstances and situation for people in the state of Nebraska. So these things, this is one example of a very, very successful program and I could continue, could pull-- there's a study that shows about the change in number of people who are in, at the poverty level as a result, and lifted above that as a result of this particular program-- and, but the, we have the opportunity to make good fiscal policy by making good social policy. Helping people helps our economy, and those are the types of opportunities that we should take. Going forward, we should make sure that we are taking every opportunity to get the money from the federal government that we are entitled to and spending that on our citizens and making sure that they, that the programs function as they are intended-- efficiently, effectively, get the money in the hands of Nebraskans, so that they can actually see a better life than they have without that opportunity, or without those-- that help. And so I just want to make sure that we are talking about that. We're considering those sorts of

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things, we are pursuing every avenue. And I would like to say thank you to the Appropriations Committee for their diligent work yesterday on the ARPA hearing. I know they were here until late--

FOLEY: One minute.

J. CAVANAUGH: --in the evening hearing that testimony of a lot of people who have come and told them about ways in which they were adversely affected by the coronavirus, ways in which that they think that the ARPA money could help them. And so I appreciate the Appropriations Committee taking the time to hear all of those folks to, listen to that testimony. I appreciate all the people who came down and gave their testimony. And I hope that that is instructive as the Appropriations Committee considers what bills to refer to this, to the floor. And then for us to consider how we're going to spend that ARPA funds, how we're gonna spend the general funds excess that we have currently that we're talking about in part here today. So thank you, Mr. Lieutenant Governor, and thank you everyone for the conversation today.

FOLEY: Thank you, Senator Cavanaugh. Senator Morfeld.

MORFELD: Mr. President, colleagues, I'm not rising to speak on the legislation. This last weekend, we lost, we lost a really good person and public servant, Bob Whitehouse. He was a regent for many years and he was also just a passionate educator, leader, public servant and just a really kind and humble person. And I think, you know, the state of Nebraska really owes a debt of gratitude to him and his family. I have a resolution here that about two thirds of the Legislature has signed so far. I'm going to leave it on my desk. I would ask that if you haven't signed it, if you could that be great. I'm going to be filing it here today before we adjourn. But I just wanted to take a moment and recognize Bob Whitehouse for all of his incredible service to the state of Nebraska and the community of Omaha. Thank you.

FOLEY: Thank you, Senator Morfeld. I see no other members wishing to speak. Senator Hansen, you are recognized to close on AM1656.

M. HANSEN: Thank you, Mr. President. And good morning again, colleagues. Colleagues, my goal with AM1656 was to illustrate a couple points. The first being the point about the tax revenues and specifically the income tax deadline being pushed from April to July to match the federal filing deadline and the effect that had. Because, while the federal government is on on October 1 fiscal year,

it didn't change for them. We're in a July 1 fiscal year, so of course, that pushed the filing deadline two weeks into the next fiscal year. Because of that-- and I think it's fair to say when you look at our revenues, there is a spike above the previous receipts and above projections; and I believe our own fiscal office has estimated about \$280 million got shifted from one fiscal year to another. The problem with that, or the issue that caused-- in many instances, it wouldn't have caused any problem-- but the problem with that was in LB1107, we had baked in triggers that went based upon receipts and projections that captured that as thinking it was exceptional revenue growth in the state say from the economy, growing wages going up all that. Instead, it was from an accounting quirk. It said it was from COVID relief, essentially. Just the sheer fact that we gave people more time to sort out their taxes, because, of course, COVID hit about exactly before the filing deadline in April. We had the highest spike in unemployment and unemployment applications and all sorts of things. So that was what I wanted to illustrate one point with AM1656. The other point I really wanted to illustrate and highlight is that AM, with AM1656 is that LB1107 was a very specifically negotiated compromise. There was an incredible amount of bills in that package. There were an incredible amount of moving parts. There were an incredible amount of senators who wish to talk or vote or have amendments. And we got to a compromise on LB1107. My AM1656 breaks apart that compromise. It changes a specifically agreed upon number. The problem is, so does LB723. So I have had a couple of people speak against my amendment saying that it breaks the compromise and they can't support it. I absolutely understand that. I knew my amendment broke the compromise, and it was my intent to show that, that AM-- LB723 in my mind was also breaking the compromise. We picked numbers carefully in LB1107. Right or wrong, correct numbers, too high or too low, but we picked numbers carefully and deliberately as a body. We asked a group of senators to go negotiate these numbers to have fiscal safeguards for our overall state budget. And here in-- less than two years later, LB723 is coming in and changing it. AM1656 is intended to show, and was intended to show those two things. One, the fiscal projections were skewed in our fiscal projections were skewed. The fiscal receipts were skewed because we pushed the filing deadline into a different fiscal year, moving about \$280 million from one fiscal year to another. And two, just reminding everybody the numbers in LB723 weren't picked by accident. They, in my mind, were the thing that almost derailed LB1107 at the end, was, let's pick the final numbers, let's pick the final agreement, let's pick the final compromise, and really sort and hash it out. And once that agreement was struck on LB1107, that was the thing that got LB1107 across the

finish line. All of the work we've done in business incentives, all of the work we've done on all sorts of things-- there was a job training component-- all sorts of things could have gone out the window had this agreement on this property tax credit fund in LB1107 not come to fruition. That was the thing that got us across the finish line. And here we are less than two years later--

FOLEY: One minute.

M. HANSEN: Thank you, Mr. President. Here we are less than two years later, attempting to change it and attempting to move it. As I've said, I know my AM1656 breaks that compromise, so it's not my intent to actually have it be enacted. So with that, Mr. President, Mr. Clerk, I'd like to withdraw my AM1656.

FOLEY: AM1656 has been withdrawn. Mr. Clerk.

ASSISTANT CLERK: Mr. President, the next amendment to LB723 is from Senator Blood, AM1663.

FOLEY: Senator Blood, you're recognized to open on AM1663.

BLOOD: Thank you, Mr President. Fellow Senators, friends all, I bring forward AM1663. This is not a poison pill. This is not meant to sink Senator Briese's bill. What this is, and I have and did speak with Senator Briese in reference to my amendment, is actually agree with him in, in what his mission is with this bill. He wants to fix an oversight. He wants to fix a glitch. Those are words that he used when he presented this bill. And so what this bill is is actually my bill LB688 that has had a hearing and is germane. And what it would do would change the mechanism in the Property Tax Act to operate like the property tax credit, reducing a percent of school district general fund property taxes paid. The current PTIA mechanism provides a refundable income tax credit against School District General Fund property taxes paid. This amendment would replace property taxes for each school district in the amount equal to what they wouldn't levy under the PTIA, currently about 25 percent of the general fund taxes in tax year 2021; and it would not send the credit to the counties like the property tax credit does, giving the relief directly to-- you know, it's really unfortunate that there's so many people not listening to this amendment. That there's so many people talking, not paying attention, and this is a great amendment, because Nebraskans are getting screwed over right now. So I would really appreciate it if people would pay attention. So it would operate much like the property tax credit and replace the revenue eliminated for a school

district's property tax base as a result of the LB1107 credit. I want to let you know that yesterday you received handouts in reference to the property tax credits that went unclaimed. It was actually Senator Linehan's comment in the article that led me to move forward with this bill and now an amendment. I also want you to look at the Nebraska Farm Bureau's web page that I printed out, and look at the process that people have to go through to claim these tax benefits. They don't know how to claim them because it's been made too difficult for them. So again, it would operate much like the property tax credit and replace the revenue eliminated from a school district's property base as a result of the LB1107 credit. It requires no work from the taxpayer to claim the credit, as opposed to this one page process I showed you. The property tax credit gives the money the Legislature sets aside every year directly to the taxpayer. We're always talking, Senator Briese, Senator Linehan, about how people deserve their money back, that they need their money that they paid in. But yet on this part of it, we want to make it more complicated for them and make them jump through hoops. That makes zero sense to me. So this amendment is mirrored off the property tax credit. It would directly reduce property taxes. A key difference, however, is that the relief in this amendment would be sent to school districts instead of counties because again, we don't want to send unfunded and underfunded mandates to our counties because that bumps up property taxes. This prevents an unfunded mandate from being forced on the counties who currently administer the property tax credit, and replaces the property tax not paid by the taxpayer as a result of the LB1107 credit. So all this does is eliminate the current mechanism so our taxpayers don't have to go through this complicated process. And for people to say that, well, why don't they have their accountants handle this for them? In many cases, the cost of using an accountant is more than the amount of money they'd be getting back. But not only that, but that's a very elitist comment. Not everybody can afford an accountant or afford for somebody to prepare their taxes. And some people like me just like to do their own taxes. So we need to make sure that when we do tax relief, that we keep it transparent, that we keep it easy and uncomplicated. And so it would be my ask today that you do vote this amendment onto LB723. When we had the hearing, there was not opposition. The only concerning comment that I heard was that if we go to this process, people won't know that they got the money or how they got the money. Well, I would counter that with, is that really the purpose of why I'm standing here today? If people have money coming to them, does it really matter, really matter how they get that money as long as they get what's owed them? This isn't a bill that is partisan. This isn't

a bill that's trying to make a big statement. This is a bill that's trying to make it easier for Nebraskans to get money that is owed to them. There's not going to be a big fiscal note on it because of the process. It's just common sense. And I would ask who in your districts would complain that we made things easier? If I have money owed to me, and it comes in the mail, and I'm thrilled with it, I don't care where that money comes from. It's money, it's mine. I'm taking it to the bank. And I think most Nebraskans are that way. I don't think they're going to look at that check. I don't think they're going to look at that, that incentive, at the break that we give them and go, hmm, I wonder who gave me this money? I just don't think that's practical. So I am asking, because I don't think this was done purposely, that we simplify this process. Look at the handout I gave you yesterday. Look at the steps that are required to get your income tax credit. The Nebraska Farm Bureau had to do a whole web page on it because it was so complicated. I've traveled all over Nebraska and people keep asking me, how do I get that money? They don't know. I don't care if the state owes you \$10 or \$1,000. It's your money. And so it would be my hope-- for those that have not been paying attention-- that you look at the amendment and you come and talk to me because this is a simple bill that makes things simple for Nebraskans. Are we purposely making it hard on them? Was that our original intent? If so, I'm disappointed. If not, let's fix it, and we can fix it with this amendment. So, friends, I'm asking you to please amend AM1663 into LB723. Tell Nebraskans that we understand when we make a mistake that we can easily fix it with good policy. And consider voting green today on AM1663. Thank you, Mr. President.

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

ASSISTANT CLERK: Mr. President, I do have a priority motion. Senator Machaela Cavanaugh would move to bracket the bill until March 17, 2022.

FOLEY: Senator Machaela Cavanaugh, you are recognized to open on your motion.

M. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Colleagues, this is a specific date chosen for a specific reason. It is after the forecasting board meets. My intention with this is genuine. It's, and I'm not going to filibuster this amendment, or this motion because I would like to get to a vote on it. My intention is to just hit pause on Senator Briese's bill and wait until after the fiscal forecasting. I don't want to take this to cloture and have his bill fail on cloture and then be done. I would rather that we just wait until the

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fiscal forecasting board, as we've heard from the Appropriations Chair, and then we can have plenty of time to move it to Select before even day 50. So that is why I picked March 17. I am reading Senator Blood's amendment, and I am extremely intrigued by it, because it might actually bring me of all people on board with this property tax credit fund. So I'm going to stay skeptically optimistic, but I will be reading it for the remainder of this morning to see exactly how it would work. Because then I would say that she achieved something that I never thought was achievable, of bringing me on board, so, we'll see. TBD. I am going to take my full 10 minutes this morning on my motion because I want to talk about Omaha some more. So yesterday, the Omaha City Council met with-- or had a public meeting, had public comment on the question about whether or not to move the public lib-- the downtown public library to a new location in downtown, and then also to a location on 84th and Center Street. Now the idea between having the two locations is that we no longer would have a downtown main library. We would have a branch library for the people that live in the southeast part of the city, and we would eliminate the downtown library. And then our circulation library would be temporarily at 84th and Dodge, or 84th and Center. I'm sorry. So this would cost us \$5 million to renovate the building that the branch library would become. It would cost us \$490,000 annually to lease that library space. And then it would also cost us \$400,000 a year to lease the central library location. So a lot of expenditures there from the city for moving the library, and the question this whole time has been why? Why do we need to move the library, and why do we need to rush this process? Why is this so urgent? And the answer was always, it just needs to be done for, you know, economic development. We're going to have developers look at this land, we're going to sell the land. It's very expensive, et cetera, et cetera. And then I don't even know how many minutes after the public meeting ended, the mayor of Omaha announced that she'd be holding a press conference this morning at 11:00. But we now all know what the press conference is going to be about because it was in the paper. It was in the new Nebraska Examiner, and then also in the Omaha World-Herald. Mutual of Omaha plans skyscraper-- skyscraper on library site. So there you have it. They always had a plan. The plan was always to show the people of Omaha how backroom doors-- deals are just the status quo, and we all don't matter. Your public comment in the city of Omaha does not matter. Your voice does not matter. What you think does not matter. Thank you to the mayor of Omaha for showing the people of Omaha how little she cares. I've had people ask, why does it matter if it moves a few blocks? Well, first of all, the public mall is, which we've always had, well, my whole lifetime

we've had, and we're doing a huge renovation of the downtown Gene Leahy Mall. It's this wonderful outdoor public space for everyone. Growing up, at the end of school, my grandmother would take us on a picnic there, and we always talked about her Eloise tricks of the trade, so she always had a wet washcloth in a plastic baggie-- this is before wet wipes-- and then she would have a thermos with hot water and hot dogs in it, and then hot dog buns, so we could have hot hot dogs down at the Gene Leahy Mall. And this was a great tradition, and I will divulge that we did feed the ducks bread, which I know now as an adult, you're not supposed to do. But we did do that when I was little. And the memories of, of that are so wonderful and so, just, you know, really means a lot. So that's one reason that the mall is important. But then why is it important to have the library where the library is? The library is the main library branch of Omaha. It is not a neighborhood branch or an area branch. It's the main branch. It is for everyone. It's not for a specific part of town. It is for everyone. It's on the main bus routes. It's on the ORBT line, and it sits atop the public mall. This is public space for the people paid for by the people to serve the people, and the public library serves people in so many more ways than people even know. Yes, there are books. There are programs for children. There are programs for adults. There are computers. There are people to help you make a resume. There are people to help you file your taxes. So if you don't have Wi-Fi, you can go to the public library. In the dead of winter, like now, you can go there to warm up. You can have a sense of community. You can get help and resources. And the people at the downtown public library look like everyone. Everyone is represented there. I don't know why we would want to take that away. I don't know why Mutual of Omaha would want to participate in this disgraceful injustice to the people of Omaha. It is so disappointing. I am sorry to the people of Omaha. You should expect and demand better of your elected officials. Policies, programs shouldn't be decided behind closed doors. They should always be in the light of day. They should always be transparent. And when you come and share your perspective, it should be valued and taken into account. I hope that this Legislature will rise to that level. I have faith that we can. I'm just sorry that my hometown couldn't do that for the people. I will yield the remainder of my time. Thank you.

FOLEY: Thank you, Senator Cavanaugh. Senator Linehan.

LINEHAN: Thank you, Mr. President. So, and I didn't have a chance to ask her, but Senator Machaela Cavanaugh, would you yield for a question?

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FOLEY: Senator Machaela Cavanaugh, would you yield please?

M. CAVANAUGH: Yes.

LINEHAN: So you want to wait until after the forecasting board to address this LB723?

M. CAVANAUGH: Yes.

LINEHAN: So you're fine if we have several hundred million dollars over the forecast? And anything over 3.5 percent goes into this fund. So you support putting more money in this fund?

M. CAVANAUGH: To be honest, if you, if the Revenue Committee and the Appropriations Committee can come to an understanding and communicate effectively how this won't bankrupt the state over years, I won't actively oppose it.

LINEHAN: OK, thank you. Thank you, Senator Cavanaugh. I rise against both motions on the floor-- motion 133, and I'm not supportive of AM1663. LB1663[SIC] is a bill that was heard in Revenue Committee. We have not execed on it. It's not out of Revenue Committee. So I, I guess-- and I do think it's important to protect the committee's prerogatives-- and we haven't even execed on the bill. At the hearing, we had no proponents for this bill, for AM1663. In fairness, we had no opponents. We had two groups that came in with concerns in the neutral position, OpenSky and NACO. NACO does not like the idea that it doesn't go to the county treasurer and then back to the schools. We have school districts that cross county lines. It's not a workable answer. But mostly what offends me is that somehow we stand here on the floor of the Legislature and talk about how people can't figure this out. We're talking about Nebraskans who are very good at figuring lots of things out. They figured out the pandemic. We've kept our state up and going-- to say that we can't figure it, it's offensive. I would like to ask if Senator Clements would yield for a question.

FOLEY: Senator Clements, would you yield please?

CLEMENTS: Yes.

LINEHAN: Senator Clements, you, in your work outside the Legislature, do a lot of income tax returns, do you not?

CLEMENTS: Yes, I do.

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LINEHAN: And last summer, did you work with the state to simplify this process?

CLEMENTS: Yes. As I prepared tax returns for 2020, I made notes of the property tax lookup tool and improvements that could be made, and I contacted the Department of Revenue and they were glad to work with me.

LINEHAN: So last year, when this was new, it's understanding that people were confused and some people were doing taxes. It was a new thing, right? It's always-- isn't it usually hard when there's a new thing?

CLEMENTS: Yes, it was hard for me at for-- at first also.

LINEHAN: But once you know how to do it, it won't be this hard this year, will it?

CLEMENTS: No. And I believe they have improved the tool and they've improved the credit, especially for multiple owners. I know that the state talked to the Society of Certified Public Accountants and got their input on how to make it easier.

LINEHAN: So I think we-- the Department of Revenue, working with Senator Clements, working with accountants, they've fixed a lot of the tweaks will make this much easier. And again, I mean, income taxes are complicated, folks. They, they are complicated. We have, I mean, I, I'm getting ads. I've heard ads on the radio. There was an article in either the Journal or the World-Herald this morning about how people are going to need help to earn, to make sure they get their child-- federal child tax credits. So yes, income taxes are difficult.

FOLEY: One minute.

LINEHAN: I have an accountant. It's even difficult to get all my stuff together. But I, I am capable of doing that and I think most Nebraskans are capable of doing that. Thank you, Senator Clements, and thank you for your time.

FOLEY: Thank you, Senator Linehan and Senator Clements. Senator Briese.

BRIESE: Thank you, Mr. President, and good morning again, colleagues. I'm probably just going to reiterate a few of the concerns that Chairman Linehan expressed, but I am opposed to AM1663. And of

course, I am opposed to the motion to bracket-- and my concerns on Senator Blood's amendment-- first of all, I applaud her for, you know, looking for solutions to, looking for a solution that some perceive as a problem. I don't think the mechanism we have now presents that great of a problem. I think it's very workable. And the lack of participation in the program last year, that's going to correct itself going forward, as these credits currently are going to be four times what they were last year. But the bottom line for me is we have not execed on LB, I think it was LB688 that AM1663 is patterned after. We haven't talked about it as a committee at all. And why is that important? Well, this is a completely new mechanism. You know, it mimikes the property tax credit fund to some extent. But no, it's not completely, because under the amendment, these dollars would be funneled through the schools. And as Senator Chairman Linehan indicated, NACO came in at the hearing expressing some concerns about that. Concerns, you know, my notes are kind of sketchy on it, but looking back through it-- but they expressed concerns that there could be potential for miscalculations at the school level. They indicated that they at the county oftentimes have to calculate unused property tax credits, and now the school, it would be up to the school to do that. But, but there are certainly some issues there, potential issues there that were raised that we as a committee haven't even talked about. And so, I think it would not be prudent for us to move forward on an amendment like this, certainly at this point. And there's also some potential tax considerations here. You know, property taxes for a farm or a business are a deductible business expense. For a homeowner, they might be a, a deduction as they itemize, depending on their situation. And yet, you ask yourself, do you have to claim that as income? You know, your first answer is, well, yeah, if you deducted it, you're going to have to claim it as income. But I have gotten varying answers on that very question. And so there's the potential for some tax benefits there to the way we do it now. And I'm not willing to discard that without at least knowing what those-- if there are some tax benefits there. And I think it's fair to say, even if you are claiming those deducted expenses back as income when you get the credit, there is a timing issue there. There's some measure of tax deference there, it would seem to me. A deduction in one year, likely not have to-- not likely, not going to have to claim it until the next year. So those are several issues that we as a committee really need to talk about because we are the Revenue Committee, and that is really within our purview to address some of those considerations. Again, I thank Senator Blood for her work on this. There have been some concerns expressed about the mechanism. I personally believe the current

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mechanism is the right one, and it's a workable one. It works well. But thank her again for that, but I'm not willing to, I'm not ready to head down that road at this point, for sure. Thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Senator Blood.

BLOOD: Thank you, Mr. President. Fellow Senators, friends all, first I want to express my disappointment because I did talk to Senator Briese about this amendment yesterday and Senator Briese at that time did not say, Senator Blood, I'm against that amendment. I want to point that out. We bring amendments to the floor all the time, and the first thing you hear with amendments is, we can't accept that amendment because it hasn't had a hearing, Senator Blood. This had a hearing. And with all due respect, could I wait until it gets out of committee? I absolutely could. But there seems to be this weird dynamic this year where we're pushing to get particular people's bills out before everybody else's because there's obviously a mission that we weren't all cued in on, and we know that that's true. And I respect that and good on you on strategy. But what I'm listening to right now is concerning because if we follow the current trends, there's going to be \$200 million in unclaimed funds if we don't fix this mechanism. To sit here and say, yeah, it's fine, well, gosh, that takes me back to Mead, Nebraska, right? It's fine. They're only poisoning us a little bit right now. Let's just keep telling them not to do it, and then 12, 13 times later, we know what happened. This wait-and-see approach, this elitist approach, is not one that I find acceptable. You can say the mechanism is fine, but it's not. There is a lot of unclaimed money, and that is unacceptable. And all we're doing, and this is what's weird about it and why it concerns me that people are coming out against this, is making the process transparent, making the process easy. And I think it's kind of ridiculous. Senator Clements, I give you lots of respect for the fact that you do taxes, but you are not our tax expert in the body. You worked with some people and you tried to make it easier. Well, good on you, but that's not policy, that's not state statute. Do you want me to start listing all the things that I've worked on in the last 30 days to make better in Nebraska? It's not statute. It's my job to help make things better. And so when I hear stories like that, I get a little perturbed. This mechanism doesn't work. This mechanism isn't transparent. And when NACO came out against it, they were more concerned about how it was going to affect them as a county. They're left out of the picture. They don't have that concern. This is going to the schools where it belongs. So I'm not going to put up pretend red flags. I'm telling you what I hear out on the streets. What I

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hear out on the streets is people don't know they have money coming to them. What I've heard in this body is we don't want to change it, Senator Blood, because they're not going to know where the money came from. I can't get my brain wrapped around that reasoning. If Senator Briese was standing here and said, I want to amend my bill and I want to make sure that when we fix all the oversights, when we fix all the concerns that we happen to miss, that we fix all the concerns that were missed, you'd be like, all right, let's vote green. But now, when he tells you today, I'm not necessarily for it-- necessarily for it, after several people get in his ear, by the way-- I do have eyes, Senator Briese-- all of a sudden, it's a bad amendment. I don't understand how something so simple that creates transparency, that puts money, real money into the pockets of our taxpayers, is controversial. And I tend to wonder if it's--

FOLEY: One minute.

BLOOD: --because I'm a different party, because we've seen amendments like this soar through. And I'm really, Senator Briese, disappointed because we had the opportunity to talk about this yesterday. And there is nothing wrong with this amendment that is going to sink your bill. In fact, it's bringing some people on who weren't originally going to support your bill. And I guess that that's not what you want, and I can respect that, too, but I have never been anything but honest and transparent about my amendment. I have not been trying to sink your bill. I have not participated in the-- the-- the long discussion on your bill because all I'm trying to do is what's truly best for Nebraskans, and it is not best for Nebraskans to not make the process simple and to not make the process transparent, period. Thank you, Mr. President.

FOLEY: Thank you, Senator Blood. Members, Senator McKinney would like us to recognize some guests today. We have with us 30 students, sixth and eighth grade, from the Jesuit Academy and Holy Name School in Omaha, Nebraska, as well as four teachers. Those guests are with us in the north balcony. Could they please rise, so we could welcome you to the Nebraska Legislature. Continuing debate, Senator Matt Hansen.

M. HANSEN: Thank you, Mr. President, and good morning again, colleagues. I wanted to rise and talk about AM1663, Senator Blood's motion. Actually, I should say I rise in general support of that amendment, as well as rising in support of Senator Cavanaugh's bracket motion. Two things I'd like to, I guess, get on [INAUDIBLE] at a time is one, bracket motions can be used for their intended purpose, which is simply to delay a bill until the body is allowed to

vote for it. Times in the past, bracket motions have been to the very last day in session, which makes that effectively a kill motion because you can't pass all three rounds of debate in the very last day. But if you're, say, delaying it till halfway through the session, or a day, a week, a month, and leaving enough time for all three rounds of debate, it can simply just be a bracket. In Robert's Rules, you might call this a table to a time certain or something like that. You're tabling it until the next meeting. In our case, we are tabling it until we have a revenue forecast. That's something that I think we are calling on the Speaker and others to do informally, at least before Select File. Per our rules, it certainly has to be done before Final Reading. I, my understanding on General Fund, impacts have to be passed after the budget. So I think bracketing till St. Patrick's Day, bracketing until the time for the forecasting board, more time for the Appropriations Committee, more time apparently for the Revenue Committee to meet, is important. And second, I am curious and in general support of Senator Blood's AM1663. The one argument against it that I've heard that I'm most sympathetic to is that it's still in committee and they haven't had a chance to exec upon it, which in my mind shows the kind of general concern we are with this bill and the process we're having. This bill got out so early, so fast and so consequential, that potential kind of fix it, compromise, olive branches, are being rejected as not possible because we haven't had time to talk about them. I feel like it's the exact argument people hesitant about LB723 are having. We are, if we're unable to figure out the tax policy for refunding these credits appropriately and accurately and efficiently-- maybe Senator Blood's amendment works well, maybe it doesn't-- but if we are saying it's too fast, too quick, we can't sort out the mechanism of how to distribute these funds, but we know for certain we want them to grow indefinitely in the future and lock in this artificial revenue growth. We're having both of these being shared by supporters of the bill right now. We're saying it's too quick to figure out the technical mechanisms of how this bill works, but at the same time, we know we want to reserve the money. That is the difficulty all of us who have been speaking on these revenue bills, will speak on the next revenue bills, are facing in the sense of we are being asked to make long-term financial commitments for the state. In this case, again, we are taking sales tax and income tax dollars, putting them as an income tax credit to try and kind of back-end fund schools-- in a way. I don't necessarily even agree with that characterization, but it's how it's been reported. We're struggling with that. And meanwhile, if there's an amendment that says, hey, let's make sure the credits get out faster, hey, let's make sure the credits get out

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easier, hey, let's make sure the credits are efficient-- it's like, hold on, hold on-- we have technical concerns; we haven't even thought about that yet. I'm sympathetic to the Chair saying, hey, we haven't excused on this, give us time first, but not at the same time when we're having so many other revenue bills being out and prioritized and moved forward. This is the fourth prioritized revenue bill we've had on the floor so far by my count. Sure, some were carryovers, but still, that's the dominating the debate so far in session. And if it's too fast to work on the technical components of how property taxes work, how property tax credits work, excuse me, if it's too fast to figure out how the income tax system actually works--

FOLEY: One minute.

M. HANSEN: --why are we continuing to add and change other wholesale funding mechanisms for the tax system? If we're going too fast, we're going too fast, and we're going too fast in everything. That's been my concern, among other things, in addition to the fact that LB723 breaks apart an LB1107 compromise. But just in general, concern on tax bills is that we're debating all these tax bills before we've even finished what, half of Revenue hearings-- before Appropriations is even finished just the introductory hearings on some of the Governor's bills? This is not an efficient use of our process. And if you're going to be use-- slow walk an amendment because we haven't had time to talk about it, we haven't, barely have had time to talk about the bill. We certainly haven't had time to talk about the revenue forecast because it hasn't happened yet. Colleagues, this is-- in some ways, we're talking about the same point, just using it in different ways to justify LB723. So with that, I do rise in support of the Blood amendment and the Cavanaugh motion. Thank you, Mr. President.

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

M. CAVANAUGH: Thank you, Mr. Lieutenant Governor. So again, just to remind people that this motion brackets this bill until March 17th, which in addition, in addition to being St. Patrick's Day and my cousin's birthday, is also after the forecasting board meets; and so we would have a clearer picture of the, the landscape financially. However, my real motivation for doing that is that we don't get to this on Select too quickly, because once it's on Select, we can move things so fast. So if we had a commitment that this wasn't going to be scheduled until after the forecasting board, then I would withdraw everything and sit down and look at Senator McKinney's bill that's up

next on the agenda. It's my understanding that that's not desired. So instead, I'm going to leave my motion up here and it's up to the people in the body if we get to a vote to it to-- today or not. I won't make another motion to bracket, mostly because I can't. That's in the rules. Once you vote on a date-- certain bracket motion, you can't put another one up. That's a trick of the trade that our former Senator Ernie Chambers and our illustrious Clerk's Office taught me. So going back to Omaha's Public Library, I just want to continue to remind the people of Omaha that there are people in elected office that care about what they think. And even though yesterday and today in the city is disheartening, I hope that you understand that you can continue to contact your more receptive elected officials. And I know that there were those on the city council yesterday that were actively listening and engaging with the people that were in opposition to the moving of the downtown library. And I should note that the mayor's announcement not only came immediately after the public comment that was hours and hours and hours of opposition to the move, but it also came before the city council has even voted whether or not to approve it. So talk about the cart before the horse. I, since I want to get to a vote on this, I'm probably not going to speak again on this motion. And if this motion passes, then we'll move on with our day, and if it doesn't, I might get back in the queue. So for now, I will yield the remainder of my time to Mr. Lieutenant Governor.

FOLEY: Senator Blood, you're recognized.

BLOOD: Thank you, Mr. President. Fellow Senators, friends all, I stand here severely disappointed-- disappointed that the process of speaking in advance to another senator about your amendment was not taken in a way that was obviously serious and that apparently it was just about blowing smoke up my skirt. So I find that very-- I find that-- I don't-- can't even think of the word I want to use right now, like I-- I just-- I don't know what happened to the process that we can't talk to senators in advance and have them be sincere and honest with us, why are we bothering to even be here? If it's just about pushing legislation fast through the system and trying to get people to-- to vote for things that they don't necessarily understand and not working together as a team, then why do we have this beautiful nonpartisan body-- that I know that someone's trying to change the bill right now, by the way? You know, I-- I just want to say this one more time-- if I went up to you right now and I was a constituent, could you explain to your constituents in a way that they could go home and claim the deduction? I've had discussions with multiple senators in here and I know the answer to that is no.

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Senator Briese doesn't want the amendment now? Fine. I'm sorry that Senator Briese doesn't want to take a process that is not transparent and make it transparent. I'm sorry that Senator Briese discussed this amendment with me, said it was not a problem, and now it's a problem. I'm sorry that the process apparently doesn't work based on people's demeanors at the time. I am never going to take Senator Briese at his word again. I have been nothing but a good steward on his underlying bill, and I had originally thought I was going to support it. And I did not participate in making this last day after day after day-- but what I did do is bring an amendment forward to make it a better bill for Nebraskans. All of this noise about it, it had a hearing but we haven't discussed it-- well, we all know that that's not necessarily the case for amendments-- it had the hearing. And by the way, we addressed the issue with NACO. There really is no opposition to this amendment. The only opposition that I've truly heard, and they haven't said it on the mike, is that, how will Nebraskans know where this-- this money comes from, how will they know who actually gave them the money? Well, I'm not here to take credit about who gets the money and who doesn't get the money. I'm here to make it easy and transparent. This is a good amendment. There is nothing wrong with this amendment. All we're doing right now is circling our wagons. You told Senator Briese you would support his underlying bill, and now some of you are telling me that you can't support his amendment. That tells me that you support the fact that somebody blew smoke up my skirt, and wasn't honest with me, and allows me to waste my time on an amendment that's a really good amendment on the floor today. It also lends me to believe that maybe it's time that we do draw LB723 out a little bit more with a few more amendments, Senator Briese, because I've been very forward and transparent and honest and I've not received that same response. This is a good amendment. You don't hurt Senator Briese's bill by voting on this amendment. If you don't for this-- vote for this amendment, you are telling Nebraskans that you don't care that the process is not transparent and you don't care that the process isn't easy and you don't care how hard it is for them to get their money.

FOLEY: One minute.

BLOOD: And if you're OK with that, and you're OK with going back to your district and telling people that, then God bless you and good luck on that. But for me, my job today was to fight for my amendment, and this is a good amendment, and to say that it is anything else is ridiculous. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor. And thank you, Senator Blood, for attempting to make the process more clear and easier to capture. I wasn't going to rise to speak on this particular subject, although I agree it should be easier too for people to capture the the credit if we're going to all this effort to make it available. I know there was \$50 million in unutilized credit from the last year, and it seems like it should be, we should make it-- if we're going to go to all this time and this length, and this effort to make sure that we're making more money available-- we should make sure that everybody that is able to get-- that is eligible takes it. So I would support anything that makes the process easier. But I, just, again was, wanted to rise, and I've been sitting here looking at the Tax Foundation website trying to answer my own question, which was the one I posed to everyone, and talked to Senator Moser off the mike about it a little bit-- so Nebraska is ranked in property taxes are, in the nationally, it's a little small, seven-- and we're seventh nationally with an effective rate of 1.54 percent. And then they don't, I haven't been able to find a ranking for our income tax, but we all know our income tax rates because we've debated them here. But just looking to have a color map that kind of-- a heat map, I guess you'd call it, and it looks like our, you know, corporate rates are lower than our neighbors, some of our neighbors, and higher than some of our other neighbors and some other states. I mean, put us in the middle range for our corporate and income tax rates. Obviously, some states have no income tax. But again, I just, we've had a lot of conversations about creating a climate so when people go to a website like Tax Foundation and say, I'm thinking about moving to Nebraska, I'm going to go see what the tax climate is like. And they see that. If, if you are to believe, which I'm not saying I'm a person who believes this, but if you are to believe that someone does this and looks at this site and says, no, I'm not going to move to Nebraska because the property taxes are too high, that I would like to know if this property tax credit fund is affecting our standing in this, in these sorts of calculations. I'd like to know if this increase is going to effectively change our position in there so that if we're talking about trying to attract more people to Nebraska by saying that we are more favorable on property taxes, and we're putting an extra several hundred million dollars into it, I'd like us to get credit for that. And so I want to make sure we do it in a way where not only everybody can get access to it that is, is that we're intending to-- so making it an easier system to access-- but I'd like to make sure that when people look at Nebraska, they say, oh, this is what their actual property tax rate is. So I don't know, I mean, it's funny. Senator Hansen keeps saying that he's in the minority of

liking this mechanism. I'm guessing in that where I'm at right now is that I don't like this mechanism, but that's not going to determine how I position on this bill because this, you play the hand you're dealt, I guess. But I do think we should be exploring options that actually accomplish the goal that we espouse, which is transparency, property tax relief, both in actuality and that people can recognize as actual property tax relief, and not that people will not recognize property tax relief. Because what happens is, we could continue to grow this forever, which my understanding is that that's the compromise that's being struck by with Senator Stinner and Senator Briese, will head off runaway growth, which I appreciate, of course. But the point is, even if we were to grow this to half of the state's entire budget, people are still going to not see it as property tax reduction. They're going to see it as an income tax reduction. And there is an aspect to--

FOLEY: One minute.

J. CAVANAUGH: --saying that people should understand what it is we're doing here. People should understand that the, the relief that we are affording them is property tax relief, and it shouldn't be opaque. It should be transparent. People should be able to recognize that. So I, I'm looking for-- I'll look at Senator Blood's amendment. It is a little bit more complicated than I'm able to digest at the moment, but I would, I would be willing to consider it as a step in the direction of transparency. I also would be interested in supporting Senator Machaela Cavanaugh's bracket motion so we can have more time to consider these issues. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Cavanaugh. Senator Slama.

SLAMA: Thank you, Mr. President. I rise today opposed to Senator Cavanaugh's bracket motion, opposed to Senator Blood's amendment for the procedural reasons raised. I'm still in support of LB723, as I mentioned earlier-- but I'm glad that we're having a discussion about procedural issues on this floor-- because I did want to make a note that Senator Blood, in her last time on the mike, noted blowing smoke up her skirt twice. And I'd just like to say, on behalf of the body, no one in this body wants anything to do with any part of Senator Blood's skirt. It's a figure of speech that I find really problematic, in the least part that if a guy was saying a similar version of that phrase, especially as often as she uses it, there'd be complaints and new Exec Board. I get that it's a figure of speech, but please, Senator Blood, find a figure of speech without such graphic and uncomfortable implications because it's, it's, looks

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poorly upon the professionalism of this body. Thank you, Mr. President.

FOLEY: Thank you, Senator Slama. Senator Friesen.

FRIESEN: Thank you, Mr. President. So I, I rise against the bracket motion, but I want to address, you know, the amendment by Senator Blood a little bit. As a member of the Revenue Committee, I happened to be in another committee introducing a bill at the time, and I totally missed the introduction of that bill and the testimony. So I'm kind of surprised to see it this quick, but I am trying to read through it and see once what it does, and what I've seen so far-- and Senator Blood can correct me if I'm wrong-- but the part that I would object to is bringing the amount back down to the \$375 million versus where we're at today. I still have a lot of questions yet as I'm trying to get through it, I'm through about half of it. But you know, there's going to be people with delinquent taxes, there's properties out there where they can't find the business owner and they're not paying their taxes-- I will, how will we address some of those credits that are given there. And I think some of them, the way I read it, is they would be returned to the state. So I, I don't, in the concept of things, I think this is a way of repurposing the money into doing something maybe a little better. But there's a lot of details that I'd like to learn about yet before I would commit to doing something like this, so I would be reluctant to support something at this time. But again, I think down the road, I've said it before, if we can repurpose LB1107 money to make it better and to do a better job and, and to turn into how we can help fund K-12 schools and address some of the inequalities between the nonequalized and equalized schools, I'm all in. This doesn't do that yet, but it is a different way of distributing it that I'm just in my mind saying that the counties will probably increase their cost of distributing the money. I'm not sure. I would have liked to have heard the testimony because I, I have not seen any transcripts. I have not had a chance really to look at any of that. So until I learn more about the bill, I'm going to just kind of stay neutral on that, that amendment. Thank you, Mr. President.

FOLEY: Thank you Senator Friesen. Senator John Cavanaugh.

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor. I just thought I would rise in support of Senator Blood and her choice of colloquialisms. So I mean, we all can choose how we comport ourselves in all different ways, and I don't think it is necessarily diminishing towards the body. And so Senator Blood and I have this

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personal joke, I guess it's not personal, but it is one that we share about the word ejaculation, because she got some-- people gave her a hard time about using that word. And I know that the Lieutenant Governor is looking at me, and I'm sure he is familiar with the use of the word of ejaculation as a short prayer. And that was literally how I was taught the word by the priests at the schools that I attended. And so, sometimes, I guess, inappropriateness can be in the eye of the beholder. And I do think we should hold ourselves to a standard of professionalism in this body, and seriousness. And although I do enjoy a lighthearted conversation as well that treads on the serious, I think that we need to be respectful of other people's approach to things when they are not veering into the overtly inappropriate. And I know we had a whole conversation last year between other senators that I didn't engage in about level of appropriateness. So I just look up, looked up the colloquialism to, to blow smoke, and there are different, many different versions of it, but it essentially is just hot air. It's the same-- this phrase of, saying somebody is puffery, which I had come up a lot in a hearing I had last week, but it's somebody saying things, blowing smoke. Let's see. It was a time to see if Sam was just blowing smoke or if he actually had some useful information. So it means to deliberately confuse or mislead someone in order to deceive them, is what blow smoke means. And so it has many different versions in literature that I think are accepted as part of the English languages and not considered blue or off-color commentary. And so I just would like to point out I thought that was-- and I, of course, couldn't resist the opportunity to tell my ejaculation story. But thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Cavanaugh. Senator Pahls.

PAHLS: Thank you, Mr. President. I don't know if this is possible, but I'd like to speak to Senator Blood about this.

FOLEY: Senator Blood, would you yield the question?

BLOOD: Yes, I'm happy to yield.

PAHLS: Thank you. Is this a possibility, since we have not discussed this in Revenue Committee, if you would pull your amendment and then bring it back later on? Is, is that doable? Is that part of the rules? I know you'd have to change the amendment number, but could you not bring this concept back later on?

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BLOOD: I, I do believe that if the bill were to be voted out, that it could be amended into, at a later-- either on Select or even on Final.

PAHLS: OK. So to me, so we can move along because I do support the original bill, but if we still have a little bit of a hang up what you're trying to do-- if it's legit and we are saying, well, we never talked about it in-- and it is sort of a surprise for us in Revenue Committee-- if we would talk about it in Revenue Committee and if we think it's appropriate, we could possibly support it in the future. I'm just asking if that's something you would think about it.

BLOOD: It's an either-or, I mean, both are appropriate and both are by the rules. And we have the ability to do both what I did today and the ability to wait for it to potentially, possibly at a later date come out of committee.

PAHLS: Well, what I'm asking you-- just to think about it, and then possibly we can move on today without your amendment. And you'd have the ability, to my understanding, if you felt it was a necessity, bring it back on Select or Final.

BLOOD: And with respect, Senator Pahls, I mean, the process isn't going to be elongated, and I think we'll be done with this soon--

PAHLS: OK.

BLOOD: --anyway.

PAHLS: OK.

BLOOD: So I'm not here to throw a temper tantrum or to--

PAHLS: OK.

BLOOD: --to make the process harder.

PAHLS: OK.

BLOOD: I'm here to make a bill better. And if people don't agree with it, then they'll vote red. And if they agree with it, they'll vote green.

PAHLS: OK. Thank you.

FOLEY: Thank you, Senator Pahls and Senator Blood. Senator Machaela Cavanaugh, you're recognized to close on your bracket motion. She

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waives closing. The question before the body is the adoption of the bracket motion, motion 133. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record please.

ASSISTANT CLERK: 4 ayes, 28 nays on the motion to bracket, Mr. President.

FOLEY: The bracket motion is not successful. Is there any further discussion on the bill and the amendment pending on the board? I see none. Senator Blood, you're recognized to close on AM1663.

BLOOD: Thank you, Mr. President. Fellow Senators, friends all, I would like to say, with one exception, that I did appreciate what little debate we had on AM1663. I would like to say to Senator Slama that there's been a long list of times you've been offensive on the mike, but I would certainly not single you out, as you have chosen to do to me several times this year for some bizarre reason. I'm guessing because I'm running for a statewide position. If you are concerned, please, I encourage you to file a formal complaint with the Executive Board, and I would be happy to answer that officially. I'm sorry that you felt offended by a term that I have used consistently for the last six years. It's the farm girl in me. I grew up hearing that phrase by people all over Senator Halloran's district. But the way that you brought it forward was obviously meant to be more insulting and not to be productive, so shame on you. With that, I do encourage you to vote for AM1663, and if you do not, then we move forward with LB723. Thank you.

FOLEY: Thank you, Senator Blood. Members, you heard the debate on AM1663. The question before the body is the adoption of the amendment. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

ASSISTANT CLERK: 5 ayes, 27 nays on the motion to adopt the Blood amendment.

FOLEY: AM1663 is not adopted. Mr. Clerk.

ASSISTANT CLERK: Mr. President, the next amendment I have is offered by Senator Briese, FA65.

FOLEY: Senator Briese, you're recognized to open on FA65.

BRIESE: Thank you, Mr. President. Good morning, colleagues. I rise to present FA65. This reflects really what Senator Stinner and I talked about on the mike yesterday, with one exception. We talked in private

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after the floor, and instead of putting a cap in at these numbers, it sets at these numbers. So I'll explain here in a second, but I think what we have arrived at is a good resolution of the concerns raised by Senator Stinner yesterday, and it protects the state from an unexpected surge in this program; but it also protects the taxpayers from an unwarranted property tax increase. And so essentially, we agreed yesterday that the amount of relief should be locked in at what the Fiscal Office is currently predicting, which is for year 2022, \$548 million, and for year 2023, \$560.7 million. And that's what the amendment does-- locks in those numbers. And then in 2024, it would follow the green copy and be the amount from year 2023 increased, if at all, by the allowable growth percentage. And I would ask for your support of this amendment. Thank you, Mr. President.

FOLEY: Thank you Senator Briese. Any discussion on FA65? I see none. Senator Briese, you're recognized to close. He waives closing. The question before the body is the adoption of FA65. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record please.

ASSISTANT CLERK: 39 ayes, 0 nays on the adoption of Senator Briese's amendment.

FOLEY: FA65 is adopted. Is there any further discussion on LB723? Senator Briese, you're recognized to close on the advance of the bill.

BRIESE: Thank you, Mr. President. Very briefly, we need to remember that this income tax credit is direct tax relief to all Nebraska property taxpayers, not weighted towards any one group, same percentage for everybody. It's a very fair and equitable means of property tax distribution, and I would urge your support of this. I think Nebraskans deserve this. They deserve no less. And thank you, Mr. President.

FOLEY: Thank you, Senator Briese. Members, you have heard the debate on LB723. 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? Record please.

ASSISTANT CLERK: 36 ayes, 0 nays on the motion to advance the bill.

FOLEY: LB723 advances. Items for the record, please.

ASSISTANT CLERK: Mr. President, thank you. I have notice of committee hearings from the Revenue Committee, the Appropriations Committee,

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and the Business and Labor Committee. Your Committee on Enrollment and Review reports LB825 to Select File, and Priority Bill designation from the Performance Audit committee, LB937 and LB1150. In addition to that, an amendment to be printed to LB723 from Senator Briese. That's all I have at this time.

FOLEY: Thank you, Mr. Clerk. Moving on in the agenda, General File 2022 senator priority bill, Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB450 introduced by Senator McKinney. It's a bill for an act relating to economic development; to adopt the Nebraska Innovation Hub Act. The bill was introduced on January 15 of last year, it was referred to the Business and Labor Committee. That committee placed the bill on General File with committee amendments attached.

FOLEY: Thank you, Mr. Clerk. Senator McKinney, you are recognized to open on LB450.

McKINNEY: Thank you, Mr. Lieutenant Governor. Colleagues and guests in the Capitol, LB450, the Innovation Hub Act, acknowledges that to maintain a healthy, healthy state economy and aid communities' innovation and entrepreneurship, technology-based small businesses must be stimulated and supported. This bill intends to meet this by implementing innovation hubs to serve as a vital resource for aspiring business owners, and address issues with the vitality of communities across Nebraska. Innovation hubs are initiatives aimed at generating and sustaining businesses by providing tools, skills, and expertise to cultivate innovators and entrepreneurs who inspire to enhance educational and economic opportunities for themselves and their communities. Innovation hubs manifest in various ways dependent on how a city or initiative defines both innovation and hub, separately and together. Current hubs across the country include tech entrepreneurship programs, accelerators, economic development initiatives, nonprofits joining to become philanthropy collectives and small businesses creating informal hubs to network among themselves. There is a push for more innovation and technology across the country. While there is momentum around technology and entrepreneurship in Omaha and Lincoln, for example, there are still divides in those who do and do not have access. Innovation hubs in our state can help bridge that gap in the hopes of becoming a model for ihubs across the country. The innovation hubs that we are seeking to implement will, at minimum, provide counseling and tech--technical assistance, either by direct or indirect services; in the areas of entrepreneurship, business planning and management,

financing, and marketing for small businesses. In consideration of this bill, we must view it through the lens that fostering entrepreneurship and innovation can one: promote economic growth; two: enlarge, enlarge opportunities; and three: help communities thrive. I'll briefly discuss each component. First, economic growth. The spark of entrepreneurship or business idea typically serve to answer an unmet need or a market demand. Here, there are numerous opportunities to generate a product that is, that is not currently in existence, or not readily available. The benefits here for Nebraskan communities are endless. Moreover, it is a natural flow of events that new and improved access to goods and services prompt consumerism and productivity. Second, creating opportunities. Stated plainly, new businesses will potentially hire new employees. These created employment opportunities and incomes that can be put back into businesses and services that will ultimately help increase our community's vitality. Third, innovation hubs will serve as a catalyst to helping communities thrive economically and esthetically. New businesses, understandably, will need materials and products to run their businesses. Technology has made it easier for small businesses to utilize local, state, regional, national, and global markets. While this will help Nebraskan businesses receive the goods and services needed to run their businesses, thereby helping economically, it will also promote interstate and intrastate commerce. Additionally, many businesses, specifically in north Omaha, have lacked real investment in economic sustainability and opportunity for small business and entrepreneurs since the late '60s. Boarded-up buildings and foreclosed businesses do not draw individuals to communities. New businesses need to be equipped with the marketing tools and direction to cater to their seated communities to attract individuals to those communities. It is important to emphasize that the benefit mentioned above are the building blocks for a good life for all Nebraskans. Our state can achieve these benefits by working to remove barriers that many prospective and current entrepreneurs and business owners face. This includes, but not, but is not limited to providing resources for marketing, access to capital and strategic planning. Legislation like this can increase the number of successful entrepreneurs our state produces and ensure a better likelihood of success for anyone who charts to entrepreneurial course. In closing, the Innovation Hub Act will foster entrepreneurship innovation that will one: promote economic growth; two: enlarge opportunities; and three: help communities thrive. Many ask what can be done to improve my district and other economically impoverished communities across our state. Innovation hubs can serve as a catalyst to do, to do this, which is

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why I ask that you all support this bill, and move it to Select File. Thank you.

FOLEY: Thank you, Senator McKinney. As the Clerk indicated, there are amendments from the Business and Labor Committee. Senator Ben Hansen, you are recognized to open on the committee amendment.

B. HANSEN: Thank you, Mr. Lieutenant Governor. AM739 to LB450, the Nebraska Innovation Hub Act, is a friendly amendment brought to the committee by Senator McKinney, and ultimately adopted by the committee in April of last year. AM739 makes two material changes to LB450. The first is it that requires the ihub area to be within an economic redevelopment area and an enterprise zone-- an economic redevelopment area being an area in the state of Nebraska where the average unemployment rate is at least 150 percent of the state unemployment rate, along with 20 percent poverty rate, and an enterprise zone defined pursuant to the Enterprise Zone Act. AM739 also changes the application process for those wishing to be designated as an ihub. The core of the application process remains the same, but in order to offset some of the cost of implementing the program, AM739 requires a \$1,000 application fee per applicant. This fee will be placed in the Innovation Hub Cash Fund, along with any money the Legislature allocates, and will be used to carry out the act. Senator McKinney will be speaking shortly on the act itself in more detail and can better answer any related questions. Thank you.

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

ASSISTANT CLERK: Mr. President, Senator McKinney would move to amend the committee amendments with AM1600.

FOLEY: Senator McKinney, you're recognized to open on AM1600.

McKINNEY: Thank you, Mr. Lieutenant Governor. AM1600 further clarifies what is an ihub and what can be done-- that was in AM739. Yesterday, I had the pages hand out some fact sheets for the bill, so I encourage you all to support AM1600. If you have any questions, feel free to ask me.

FOLEY: Thank you, Senator McKinney. Debate is now open on LB450 and the pending amendment. Senator Dorn.

DORN: Thank you, Lieutenant Governor. Thank you, Senator McKinney, for bringing this bill, and would Senator McKinney yield to question?

FOLEY: Senator McKinney, would you yield for a question?

McKINNEY: Yes.

DORN: I talked to you a little bit earlier underneath the balcony here about, I was going to ask some questions about-- wanted to really understand or, or make sure, I guess, we had on record, who could all develop one of these. Is this anywhere in the state this can be developed or, the way I read it, certain criteria have to be met according to census numbers and census blocks?

McKINNEY: Correct. In order to create a ihub, you have to be within an enterprise zone or economic redevelopment area.

DORN: So in other words-- pick some city out there in the state of Nebraska. They couldn't just go and say, we're going to develop this hub, when they don't meet that criteria.

McKINNEY: No, unless, in the future, they're deemed as an enterprise zone or economic redevelopment area.

DORN: As we go forward, I guess, and as we, maybe, hopefully see some success with this type of a project, do you see that expanding or do you see-- I call it the areas which now will qualify to maybe get involved in this type of a hub project? Do you see that changing, or will the Legislature need to change that? Or, or what is your thoughts on that?

McKINNEY: I think it's possible for it to change. I think it just would depend on how those areas change over time, or whether or not they're deemed economic redevelopment areas and enterprise zones that are distressed, in need of some assistance from the state.

DORN: OK. And right now you talk about your area and part of north Omaha qualifying for this. Could you list maybe three areas, or three or four areas, or where, where will we most likely see this type of project happening?

McKINNEY: So some areas are South Sioux City, Otoe County as well.

DORN: But I mean, is there a map out there somewhere where people can go and look and say this is--

McKINNEY: Yes.

DORN: --meets the criteria? It's basically in the census map and then the state of Nebraska will help put that out, or, or what do you see there?

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McKINNEY: Yes, there is a map. So if you go to the Department of economic Development's website, and you type in enterprise zones or opportunity zones, they have a map and it shows where these are located.

DORN: And then you will know, or the entity, the city, whoever, will know that when they look at that map, if they're not in that map, that parcel, they're most likely not able to do this.

McKINNEY: Yes.

DORN: Well, thank you very much, Senator McKinney. Thank you for explaining that, and I-- just more than anything, so I understood it and maybe some other people understood it, too, so that this doesn't-- it's not a project or it's not a innovation hub-type thing that everybody in the state now can go and say, we're going to do this, or whatever. But this has specific criteria, specific guidelines that it does need to meet. But it is to help those-- I call it blighted areas or those areas that really, maybe have been shorted or whatever, or don't have some of these things that we're really looking for. Thank you for bringing the bill, Senator McKinney.

FOLEY: Thank you, Senator Dorn and Senator McKinney. Senator Williams.

WILLIAMS: Thank you, Mr. President. And good morning, colleagues. And I again would like to thank Senator McKinney for bringing this bill. I think there's a lot of good things that can be done with this. There is one question that I would raise on the amendment. The amendment lists a number of things that were not in the original bill that a hub can do. One of those things on page 6, line 28, is to make loans. As Chairman of the Banking Committee, you always have some concerns when all of a sudden a new entity has the ability to make loans-- whether those would be viewed as loans that would come under the guidance of the Department of Banking and that regulation in our state. And so I just want to point that out at this point, and would be something that I would be wanting to talk to Senator McKinney about after we advance this bill, so that we can be sure that that is handled in a proper manner. In other cases like this, oftentimes these loans have been made in conjunction, as participations with our current banking system to bring them in so that these loans qualify under all of our consumer protection requirements in our state, so that we don't have someone making loans that don't know what those rules are and don't follow them. So at this point, I just point that

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out and I'm fully supportive of the AM and the underlying bill. Thank you, Mr. President.

FOLEY: Thank you, Senator Williams. Senator Erdman.

ERDMAN: Thank you, Mr. President. I was wondering if Senator McKinney would yield to a question or two?

FOLEY: Senator McKinney, would you yield please?

McKINNEY: Yes.

ERDMAN: Senator McKinney, I was reading through the amendment there, and I'm trying to figure out who would be eligible to make an application with the hub. Can you explain that?

McKINNEY: So to be, so to be an eligible ihub, you would have to form an entity, and also facilitate a partnership which, with a postsecondary institution, a bank or financial institution, a municipal economic development division. You would have to form the entity, and then submit an application to the Department of Economic Development, and then a director would designate whether or not you qualify.

ERDMAN: So higher education could be one of those entities?

McKINNEY: Yes. As far-- within a partnership, yes.

ERDMAN: And a county or a city?

McKINNEY: Yes.

ERDMAN: OK. So then the DED would be in charge of the hubs? Who's going to be responsible for these?

McKINNEY: The hub will be responsible for the hub. The DED would designate-- will provide the designation of the hub. And they will report yearly to DED about what they're doing.

ERDMAN: OK. So on Senator Williams' question about making loans, can you describe that to me a little better what that means?

McKINNEY: So my thinking behind that is currently, in our state, we have CDFIs like the Nebraska Enterprise Fund and, for example, that provides, you know, smaller loans to smaller entities within the state. In my thinking, one of those CDFIs could become a partner. And

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I just wanted to put that inside, just in case, down, down the line, once the entity is formed and a CDFI is a part of it, it is clear.

ERDMAN: OK. So where would the hub get the money that they're going to loan, from taxes?

McKINNEY: They would-- no, not from taxes. I'm looking at ways to possibly get some resources from American Rescue Plan, but also they could, you know, get some, get some resources from, you know, funders or philanthropy as well.

ERDMAN: OK. So I looked at the fiscal note and it said, I think \$280,000 the first year and like \$328,000 the next year. So going forward after that, do you envision this to grow the, the requirement or the general fund requirement to grow from that?

McKINNEY: No, I don't think it will, and I do believe the fiscal note needs to be, probably, it has to be updated as well. That was the fiscal note from the initial introduction.

ERDMAN: OK.

McKINNEY: In the last amendment, yeah.

ERDMAN: Yeah, the fiscal note said January 29, or whatever it said there-- I think that was from last year, would that be correct?

McKINNEY: Yes.

ERDMAN: OK. So you've made this your priority bill this year?

McKINNEY: Yes, I did.

ERDMAN: OK. So how many of these hubs do you think will be created? I mean, just a guess if you have one.

McKINNEY: My guess is you probably could have three to five, or potentially more in the future. So it just depends. Currently, when I look at where there are enterprise zones and economic redevelopment areas, I'm thinking between three to five.

ERDMAN: As I look at some of the requirements to be eligible for this, they look quite involved. Do you think people will get to the place where they say, it's more troublesome and more difficult to apply, and just go on without making an application?

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McKINNEY: No, I don't think so. From the time I introduced it last year, into-- over the interim, many people from the university system to individuals that are involved in entrepreneurship, cohorts and things like that, they really think having this type of program in our state would do wonders because of the collaboration between entities.

ERDMAN: So with the requirements that are in place to create a hub--

WILLIAMS: One minute.

ERDMAN: --most of these will probably be in the metropolitan area. I don't know that I have anything in my district that would qualify.

McKINNEY: Not necessarily only in metropolitan areas. I know Otoe County is, you know, could be a poss-- would, could have a possible hub, South Sioux City-- so it's not just for Omaha. You could have a hub outside of--.

ERDMAN: OK.

McKINNEY: --Lincoln and Omaha.

ERDMAN: All right. Thank you, thank you for answering my questions. Appreciate it.

McKINNEY: No problem.

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

McKINNEY: No, I just, I clicked my button to respond to Senator Williams, and then I answered it while talking to Senator Erdman, so thank you.

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

WAYNE: Thank you, Mr. President. This is a concept that Senator McKinney has worked on for-- actually before he got elected. And so here's the problem for small businesses in Nebraska-- and, and I want people to understand that the issue in north Omaha with business development is no different than the issue in Ogallala. It's no different than the issue in Norfolk. It's how do we develop small businesses? And it's not just lifestyle businesses of coffee shops and restaurants, its suppliers, it's what we consider main street

businesses, businesses that can maybe pass on to the next generation. And one of the things that we found across the state, and the chamber keeps talking about, is that there's not a one-stop shop where people can go and learn the technical aspects of businesses and also figure out the financing to make sure it works out. So by bringing an ihub together, it allows communities like north Omaha, or like Ogallala if they have formed one-- because Ogallala is in Senator Erdman's district-- to have a one-stop shop for business development for the small businesses who are looking to grow or looking to start. And what's ironic is Senator Geist has introduced a bill that is almost a mini version of ihub for solo practitioners who are in the startup phase of less than five-- \$50,000 in annual sales. So what Senator McKinney and Senator Geist and all of us have kind of talked about is, if this gets to Select, that bill should be added to this bill, primarily because it deals with a subset of what Senator McKinney is dealing with, which is already a business but wants to grow. And Senator Geist's bill is, if you don't, if you don't even know how to get to a business, but you have an idea, here's what you should do. How is this successful? Well, you have to look at no other [INAUDIBLE]-- in Lincoln, they have what's called an accelerator program, and there's an accelerator here in Lincoln that turns out high-growth, high-impact companies on a regular. And they focus in on the other parts of operating a business, making sure you go through and see if your business is good enough, make sure you have the right team in place to make sure it functions. But then after that, the accelerator actually connects to financing on the outside to help you grow your business. Lincoln was unique in the ability to do it primarily with the university and other people's support. And we are just expand-- tweaking that concept-- and I say we, I'm supporting this bill-- tweaking that concept to allow other places who don't have the university support like they do in Lincoln-- like north Omaha, south Omaha, Ogallala, Scottsbluff-- to be able to form these ihubs to make sure that they can have the small business impact and startup that is needed to help grow their local economy. Thank you, Mr. President.

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

McKINNEY: OK thank you. I just wanted to, kind of give some clarity on where this could potentially be. So I'm looking at the Nebraska economic revival, revitalization areas. So you could potentially have one in Adams County, Buffalo, Dodge, Douglas, Lancaster, Keith, Madison, Sarpy, Scotts Bluff, Thurston. So there's potential for both sides of the state, not just western and not just eastern. I think

it-- there's potential for both. And I think ihubs are what our state is-- it's one of the things I think our state has been missing, is something to innovate how we do business and, and what are we devoting our energies to within our state to make sure that Nebraska is attractive to the rest of the country and the rest of the world. And I think implementing an innovation hub program would help do that. You also have an opportunity for these entities to apply for different funding. It doesn't, it,--probably more than likely won't come from taxes. It will come from microlending, donors, philanthropy, and things like that. So I just think it's, it's an amazing opportunity for our state, and I think, you know, it's a no-brainer. Thank you.

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

GEIST: Thank you, Mr. President. And I just wanted to stand and give my support of LB450 and the opportunity that I hope to have, once my bill comes out of committee, to help support the focus that Senator McKinney is highlighting here with the ihubs. And what my bill does, similarly to what Senator Wayne was saying, is it focuses on those businesses that have five or fewer employees that bring in \$50,000 or less. These are the, the specific types of businesses that were overlooked by the PPP loans. They may have been hard hit by COVID. However, they also might be in startup mode. So just the very infant businesses up to businesses that have been in operation for five years or less. So it's a great blending of focus. We had the same, I think, inspiration, and look forward to partnering together once we get this bill passed and get to Select. Thank you, Mr. President.

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

B. HANSEN: Thank you, Mr. President. So I'm going to speak in favor of LB450 and the following amendments. I think Senator McKinney has done a great job in putting this all together with the amendments and working with everybody and explaining things very well. Just one thing I wanted to explain a little bit further is the definition of an enterprise zone. I know some people might have questions about this, but I just wanted to read a little bit off of the Nebraska government website. "Enterprise Zones consist of areas of 'economic distress', meaning conditions of high unemployment, poverty, and declining population. DED accepts applications from Nebraska cities, villages, counties, or Tribal Government Areas that wish to apply for an enterprise zone designation. DED may designate no more than five

areas of enterprise zones based on eligible applications. There are currently designated enterprise zones in Omaha, South Sioux City, and Otoe County." And so far, from my knowledge, those are still the same. But DED is accepting applications for up to two more enterprise zones, so there could be two more potential areas where this bill would be applicable. "The Nebraska Enterprise Zone Act requires that no more than one zone shall be located inside the boundaries of a city of the metropolitan class... and no more than one shall be located inside the boundaries of a city of the primary class..." All enterprise zones located within a single county shall not exceed a total of 16 square miles in area. Each area designated as an enterprise zone followed, following an application period shall meet all eligible criteria. So there are some stipulations and rules that we have with this bill when it, when it comes to how many we can have in a certain area based on the Enterprise Zone Act. And I think that kind of puts some good guidelines in place to make sure we don't have 10 of them all of a sudden popping up in, you know, in Omaha. But you know what? Time will tell if this works well. One of the things we typically talk about on this floor a lot is economic development, and we tend to have no problem spending taxpayer money, giving taxpayer money to already existing businesses to help with economic development. However, in this bill, and I know Senator Wayne can attest to this too, we've talked about this many times, is how do we get people actually to do it themselves, and get businesses started and educate themselves on what it takes to write contracts, to work with the department, with understanding how to hire employees, with how to write a business plan? And that's what these ihub's do, and I think that is very important and crucial, especially in areas, maybe, where some of that education may not be available. I just happen to be fortunate enough that I grew up around other business owners who taught me some things. Some people don't have that luxury. And so they can go to a place like this, no matter whether it's north Omaha, whether it's Lincoln, whether it's out in western Nebraska. Like I said, the Enterprise Zone Act specifically defines where some of these can be. They can be pretty much anywhere, so long as they meet the criteria. So I think this is, this is a great way to help people educate themselves. Also, work with partners, whether it is the university, whether it is a city, whether it's a community college, to help teach them and train them on how to be productive and a self-starter and be successful. And so I appreciate Senator McKinney for bringing this bill forward. I was a little hesitant at first, but he's explained it very well. I've talked to him before about this, and the amendments that he's brought has really kind of eased my concerns. And so I will be voting in favor of LB450 and the following

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amendments, and I would appreciate my colleagues do the same. Thank you.

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

VARGAS: Thank you very much. I just want to commend Senator McKinney for bringing this and working on this bill. The part that I just wanted to just a little bit of education for people that are listening is oftentimes when, and specifically in his amendment, oftentimes with a committee amendment, when we are looking at legislation and we're thinking about sort of differentiated targeted economic development, we are defining these terms. And what we're seeing in this bill, which is, I think the right way, is we're defining underemployment and targeted areas. We're further defining areas with higher than average poverty by their census tract, which means as opposed to creating like a broad brush and just creating these anywhere. They're targeted, they're differentiated, and they're the places that need it the most. And along with Senator Hansen's words as well, you know, that-- you can't ask for anything more than that, and it's giving the opportunity to create these, these zones. So I'm in support of the amendment, I'm in support of the underlying bill. It's further targeting economic development in the places where we need to differentiate the most. And that's what this bill is about. Thank you, Senator McKinney, for bringing it.

WILLIAMS: Thank you, Senator Vargas. I see no one in the queue. Senator McKinney, you're recognized to close on your amendment to the committee amendment.

McKINNEY: I just would like to repeat again, I appreciate all your support and all the comments from the other senators, I think. And lastly, you know, innovation hubs to me is something that I think has been long missing in our state as far as encouraging individuals to get in business, but also having something in place to keep them in business, and allow them to be sustainable to potentially hire, you know, some of our community members. I think this is a step in the right direction for our state and for the future vitality of our state. And I ask for your green vote. Thank you.

WILLIAMS: Thank you, Senator McKinney. Members, the question is, shall the amendment to the committee amendment to LB450 be adopted? All those in favor vote aye; those opposed, vote nay. Have you all voted? Record, Mr Clerk.

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ASSISTANT CLERK: 40 ayes, 0 nays on the adoption of AM1600 to the committee amendments.

WILLIAMS: The amendment is adopted. Senator Hansen, you are now recognized to close on the committee amendment, Senator Hansen waives closing. Members, the question is the adoption of the committee amendment to LB450. All those in favor vote aye; those opposed vote nay. Have all voted? Record, Mr Clerk.

ASSISTANT CLERK: 42 ayes, 0 nays on the adoption of the committee amendments.

WILLIAMS: The amendment is adopted. Senator McKinney, you are recognized to close on the advancement of LB450. Senator McKinney waives closing. Members, the question is the advancement of LB450 to E&R Initial. All those in favor vote aye; those opposed vote nay. Have you all voted? Record, Mr Clerk.

ASSISTANT CLERK: 43 ayes, 0 nays on the motion to advance the bill.

WILLIAMS: The bill advances. Mr. Clerk for items.

ASSISTANT CLERK: Thank you, Mr. President. I have notice of committee hearings from the Urban Affairs Committee, the Executive Board, and the Banking, Commerce and Insurance committee. That's all I have at this time.

WILLIAMS: Thank you, Mr. Clerk. Moving back to the agenda.

ASSISTANT CLERK: Mr. President, the next bill is LB496A. There are E&R amendments.

WILLIAMS: Senator McKinney for a motion.

McKINNEY: Mr. Lieutenant Governor, I move to adopt the E&R amendments to LB496A.

Members, you've heard the motion. All those in favor, say aye. Opposed. Motion carried.

ASSISTANT CLERK: Mr. President, nothing further on the bill.

WILLIAMS: The motion is to advance LB490A[SIC-- LB496A]. All those in favor vote aye; those opposed vote nay. Excuse me, members, we had a light on. Senator Hunt, you're recognized.

HUNT: Thank you, Mr. Lieutenant Governor. As we vote on LB496A, which is the appropriations bill to appropriate funds for LB496, I wanted to reiterate my opposition, my strong opposition, to the principles behind this bill. As it moves from Select File to Final Reading, things tend to move a lot faster. And a lot of people have been frustrated by how we have been filibustering bills, on, or having extended debate on bills on General File, when we have two more rounds of debate that we could possibly be speaking. But as you see, on Select File, you know, if you put on your light to debate a motion or to bring up more concerns about the bill, sometimes that gets overlooked on accident. And then on Final Reading, you have to have a motion to debate the bill at all. So after, after General File, things tend to move kind of fast. But I wanted to refresh the body's memory and Nebraskans also about just my general strong opposition to LB496. This bill would allow for the collection of DNA samples from people who are arrested and charged with a number of certain crimes, but who aren't guilty. And I have a really fundamental problem with taking DNA, taking, you know, biological information from people who are innocent. This bill is a perversion of the presumption of innocence. Even if a person is arrested or charged with a crime, they're still entitled to due process. They're still innocent until proven guilty, and we can't be having a whole database of people's DNA who are innocent, because I really think that puts us down a slippery slope. Whose DNA are we going to be collecting? How long are we going to be keeping it? We're saying these people can go through a process to get their DNA out of that, out of that database if they're found innocent or whatever. But OK, so that's government adding more bureaucracy to a process for an innocent person. Is that really a good use of our time in here, is tying people up, taking DNA from innocent people and then making them fill out a bunch of paperwork to fix it? Even if a person is arrested or charged with a crime, that doesn't mean they're guilty. They're still entitled to due process. And honestly, that could happen to anybody in here. All of us are supporting bills like LB496 because we don't think that that will ever happen to us. Nobody in here thinks they will ever be wrongfully arrested for a crime. Probably nobody. But, but the truth is, it could happen to any of us, because it happens all the time. And I would be really upset if I knew I was innocent, and I knew that my DNA was sitting in a database somewhere. Everyone is entitled to be presumed innocent until they have their day in court and are found guilty. And this bill would allow for collection and submission of DNA to a database simply because someone has been charged with a crime. Our system doesn't work that way. A person is not just charged with a crime, starts serving their sentence, and dealing with the

consequences of conviction. They're presumed innocent until the state can prove their guilt beyond a reasonable doubt. And at that time, we take their DNA. In Nebraska, we already have a law saying that anybody who is convicted of a felony has their DNA taken. And we can use that DNA to run against, you know, unsolved cases, we can use that DNA to try and exonerate innocent people, we can use that DNA for whatever, because, in this state, we've determined that when someone is found guilty of a felony, we take their DNA. And that's something we've already all agreed on as a law in Nebraska.

WILLIAMS: One minute.

HUNT: Thank you, Mr. President. Like every other component of the criminal justice system and the carceral system in Nebraska, we know that this will also impact poor people and people of color in a really disproportionate way. It's important to understand and note that current law already allows for the collection of DNA. Everybody who is found guilty of any felony already has their DNA collected at the time they are sentenced. And you can use that DNA to solve cold cases or whatever. But the fact is we're already collecting all this DNA from people who are convicted of felonies, and we haven't solved all of these sexual assault and rape cases that LB496 purports to be able to solve. Why? Because we have thousands of rape kits sitting untested. So I don't think that harvesting DNA from a bunch of innocent people--

WILLIAMS: Time, Senator.

HUNT: --is going to move that process along. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Hunt. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President. Well, I don't think I can say it better than Senator Hunt just said it there, in terms of my opposition to this bill as well. I would add, in addition to people convicted of felonies, we collect DNA from people after we've had-- a warrant has been issued, after specific, articulable reasons before a magistrate or a judge has determined that there's probable cause to collect that DNA. Which means, in layman's terms, once we give a judge a reason, we can collect DNA from somebody. And this would undermine that protection. There's also people who can voluntarily give DNA. But the reason I rose is-- we did the E&R amendment on this, and I took a look at that, and the E&R amendment changed,

basically, which session of the Legislature, from first to second session. But it didn't address the effective date of this, this bill, which basically says, they actually become operative on January 1, 2022, which was in the past. And I would assume that the mainline bill, the LB496 has a similar date issue in it. And as Senator Hunt was kind of pointing out, how quickly things move around here, despite the fact that some people are trying to take it slower, give people time to have a conversation, give people time to think about things. And so my question was just, looking at this, and this is a question to, maybe, some of the more experts about the rules here, but I'm looking at the Rule 6 about the emergency clause. And it says when a bill contains an emergency clause, does not receive the required two-thirds constitutional majority, on Final Reading, the emergency clause shall be considered stricken, and the bill shall be enacted without the emergency clause pending on Final Reading. And the question then shall be, shall the bill pass without the emergency clause? I don't know if we are interpreting a previous-- this has maybe happened before, and I just haven't seen it. But are we interpreting a effective date in the past as an emergency clause? Are we considering it a defect in the bill? I'm bringing it up now because I see it, we are on Select File on this bill, and it's going to go to Final. And if I recall, on Final Reading, you have to bring it back to Select to make an amendment. But my question is the bill, the underlying bill, LB496, has already passed a final reading where we cannot amend it. And there have been people who have talked about looking for a compromise on that bill, which of course we'd have to bring it back from Final. But I want to know, from somebody who maybe knows better than I do, what happens if we pass a bill that has an effective date in the past? And so maybe that's another argument for why we shouldn't be rushing so much on all of these bills, and we should take a more measured approach and consideration to make sure that we don't pass bills that are-- have this critical in them. But I, of course, oppose the underlying bill, LB496, for all the reasons that Senator Hunt articulated, for all the reasons I've articulated in the many hours of debate previously. So with that, I would just leave it to everybody else. Thank you, Mr. President.

WILLIAMS: Thank you, Senator John Cavanaugh. Senator Hilkemann, you're recognized.

HILKEMANN: Thank you, Mr. Speaker. I just want to rise just quickly to address the issue that Senator Cavanaugh just raised. He's correct. I have an amendment that we were to change this to the date on this bill, but we were never able to get to that amendment because of previous amendments that have been filed on my bill. So I'm aware

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of this. This is an issue that can be addressed at a, on a further amendment, on further discussion of this bill. Thank you, Mr. President.

WILLIAMS: Thank you, Mr. Hilkemann. Members, the question is the advancement of LB496A. This is a voice vote. All those in favor say aye. Opposed, say nay. The bill advances. Mr. Clerk for items. Moving back to the agenda, Mr. Clerk.

ASSISTANT CLERK: Mr. President, next bill, LB568, there are E&R amendments.

WILLIAMS: Senator Slama for a motion.

SLAMA: [INAUDIBLE] Mr. President, I move that the E&R amendments to LB568 be adopted.

WILLIAMS: Members, you've heard the motion. All those in favor say aye. Opposed say nay. Motions [SIC] are adopted.

ASSISTANT CLERK: Mr. President, Senator Pansing Brooks would move to amend with AM1510.

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

PANSING BROOKS: Thank you, Mr. President. Well, I'm-- I'm excited to finally get back to this bill. I don't know if any of you remember the long history we had. It's an important step forward to ensure our kids receive appropriate interventions to help them in school and out of our juvenile justice system. Specifically, LB568 increases diversion opportunities for children with excessive absenteeism, but still allows county attorneys to file it as a status offense if all options are first exhausted. When you're hearing about this, I hope you'll think about workforce development because, my friends, when we're charging our kids for things like truancy, which there, but for the grace of God, went many of us, I think it's really important to remember that we are giving--- we are charging juveniles with truancy and then affecting their abilities to get jobs, to get housing, so that's number one, beside the fact that the kids are placed in a precarious situation with their own records. I brought this bill after LR-- LR393, an interim study I introduced last session, revealed that most of the children who end up in probation for a status offense-- status means an offense that only children can be charged with, not adults-- are there because of truancy violation. And if I can remind you, last-- last year, when-- when I brought this

bill, the county attorneys were against the bill, and since then, you all asked me to work with the county attorneys and then you'd support it once we got them on board. I imagined that their support would be neutral. Instead, I'm passing out a letter that shows that they are in support of the bill now. Yes, the county attorneys are in support of this bill. We-- we need to change what we're doing in truancy. So probation data shows that there were 300-- 935 status youth in fiscal year 2018-19. Of those, 647-- 70 percent-- were truancy adjudications. They were in court, 70 percent of them, because of truancy. Talk about costs! You're all-- everybody's concerned about costs. I am too. Seventy percent of the ju-- of the juvenile adjudications were truancy. For comparison, only 15 percent of the cases were for minor and possession offenses. That is a lot of children going through our court system for truancy violations. As a part of LB393 [SIC], we brought together judges, court administrators, county attorneys, educators, child advocates and others to share their ideas and suggestions for how to revamp our truancy statutes to ensure that these kids are getting the services they need instead of going through our court system. The result is this bill and AM1510. According to-- with that in mind, LB568 establishes the goals of pretrial diversion, of juvenile pretrial diversion programs, including providing juveniles who have excessive absenteeism from home or school with diversion services to address the needs of the juvenile and his or her family. A pre-- a juvenile pretrial diversion program shall be offered to the juvenile when practicable, following a referral from a school, parent, guardian, or custodian in regard to excessive absenteeism. When the county attorney receives a referral from a school from which a juvenile is excessively absent, the county attorney shall exhaust all options before relying on the juvenile justice system, the courts. LB568 also provides that the State Board of Education may adopt and promulgate rules and regulations to carry out statutory provisions related to excessive absenteeism. In supporting LB568, Nebraska Commissioner of Education Matt Blomstedt says, quote: Chronic absenteeism is a key indicator of inequities in school communities. Nebraska, like much of the nation, experiences disparate rates of chronic absenteeism for students of color, students with disabilities, the economically disadvantaged and English learners. We must collectively commit to addressing the underlying causes of student absences, and this bill would support the creation of a culture of prevention and proactive courses of action. AM1510 is a compromise amendment with the county attorneys. You may recall that they opposed LB568 last session. I told them and you that I would work with them on a compromise, and I'm happy to say that they have not only removed their opposition but

actively support this bill. The compromise keeps truancy as a status offense. However, county attorneys will now be required to exhaust all available and appropriate diversion options-- diversion options before filing the petition. LB568 and AM1510, amendment AM1510, move us dramatically in the right direction in our efforts to keep kids out of courts for diversion status offenses and able to work in our communities and join the employment pool. It delivers additional dollars to counties for diversion programs across the state. These dollars will be more accessible to-- due to-- under this bill, due to the changes we made in the Crime Commission's management of-- of the fund. I want to thank Senator Bostelman and the county attorney in Colfax County, Denise Kracl, for working with me on these changes, as well as NACO and the Crime Commission. And I also want to thank the Children's Commission for making this a top priority. I also want to thank the officer-- the Administrative Office of Courts and Jeanne Brandner, deputy probation administrator in the Juvenile Services Division, for all the valuable resources and information they provided me throughout this process. I'd also like to thank the Judiciary Committee for making this a priority last year. The underlying bill in-- specifies an increase from \$5 million to \$8 million for community aid for counties to administer diversion programs. Lancaster County was the only one that indicated a fiscal cost, and you'll see that, but that was based on the original bill. Since we worked out an agreement with the county attorneys and petitions may still be filed on the status offenses, the counties will not have any additional cost that couldn't be absorbed by the \$3 million to counties. Also, at this point-- to this point, participants in diversion programs will pay a minimal fee to help defray some of the cost to the counties, and there will be savings on the court filings, as well, with more kids going through diversion rather than sent to court. So the counties are coming out way ahead in terms of the state's commitment to increased aid under this bill. There are still a few counties that do not even offer diversion, and this will allow them to get the funding to set up the program and allow other counties to expand their diversionary programs, all while the kids go to school, rather than being truant and then having to leave school even more to go to the court. More money into community aid will be extremely helpful for our counties and transformational for our kids and state. Community aid has never been funded to the level intended by the Legislature. We can fix that now and do better for our Nebraska children and families. As you will see with the-- with the report, the money from probation goes over to-- over to community aid, so that it's basically a wash of money. Further, excessive truancy is most frequently coupled with other programs

going on in the home. We can better solve these programs more effectively-- or these problems more effectively without sending these cases through the courts. Kids should not be the ones primarily punished when the problem actually lies with their parents and home issues. In fact, our Nebraska laws require that we primarily punish parents in truancy cases. We have totally avoided that mission and that requirement in our laws. By enhancing diversions, we can provide children with early interventions. However, when necessary, DHHS is already statutorily obligated to serve these kids, and sometimes DHHS is a necessary track. Taken as a whole, LB568 reduces the risk of juveniles coming into contact with the juvenile justice system unnecessarily. Nebraska's current approach to improving school attendance is reliant upon a court that should only be used as a last resort. We need--

WILLIAMS: One minute.

PANSING BROOKS: We need to address excessive absenteeism in a more constructive way through diversion. Deploying best diversion practices will also free up Probation to focus on those at-risk youth that come to the courts for offenses that actually need to be handled by the court and the juvenile justice system. That's why I ask you to vote yes on-- or green on LB568 and green on AM1510. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Pansing Brooks. We will move on to the next item on the agenda. Mr. Clerk.

ASSISTANT CLERK: Mr. President, Senator Ben Hansen would move to suspend the rules to permit scheduling a public hearing by the Business and Labor Committee in less than seven days.

WILLIAMS: Senator Hansen, you're recognized to open on your motion to suspend the rules.

B. HANSEN: Thank you, Mr. President. This is just a simple motion to clear up an error on my part with the hearing schedule. So with, with the passage of this motion, that will let me turn in the hearing schedule for next week for the Business and Labor Committee. So I appreciate your green vote. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Ben Hansen. Members, the question is the motion to suspend the rules. All those in favor vote aye; those opposed vote nay. Have all voted? Record, Mr. Clerk.

ASSISTANT CLERK: 34 ayes, 0 nays to suspend the rules, Mr. President.

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WILLIAMS: The motion is adopted. Mr. Clerk for items.

ASSISTANT CLERK: Mr. President. I do have items. I have a notice of committee hearing from the Business and Labor Committee, an amendment to LB90-- LB906 offered by Senator Ben Hansen. A new resolution, LR288 by Senator Morfeld and others to recognize the service of Regent Bob Whitehouse. Series of name adds: Senator Hunt to LB815; Senator Morfeld to LB833; Senator Hunt to LB842; Senator Blood to LB849; Senator Hunt to LB872, LB881, LB883, LB920, LB940, LB946, LB952, LB991, LB1002, LB1018, LB1024, LB1052, LB1073, LB1075; Senator Brewer to LB1080; Senator Day to LB1080; Senator Hunt to LB1114, LB1116, LB1117, LB1129, LB1133, LB1141, LB1142, LB1154, LB1155, LB1191, LB1201, LB1203, LB1205, LB1238, LB1252, LB1275, LB1276. An announcement that there will be an executive session of the Health and Human Services Committee today following their hearing. And finally, Mr. President, priority motion. Senator Dorn would move to adjourn until Thursday, January 27, 2022 at 9:00 a.m.

WILLIAMS: Members, we have a motion to adjourn until 9:00 tomorrow morning. All those in favor say aye. Opposed. We are adjourned.