

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Floor Debate February 11, 2022

**FOLEY:** Good morning, ladies and gentlemen. Welcome to George W. Norris Legislative Chamber for the twenty-fourth day of the One Hundred Seventh Legislature, Second Session. Our chaplain for today is Pastor Kimberly Belken, Lutheran Church, Salem, Ponca, Nebraska, Senator Gragert's district. Please rise.

**PASTOR BELKEN:** Let us pray, God of wisdom, son of love, spirit of truth, we thank you for leading our forefathers and mothers to this great state of Nebraska. We thank you for their dedication and perseverance, their faith and commitment, their trust in you, and their hopes and dreams for the future that is ours. We ask your blessing upon the work we will do today in our Legislature. May it reflect the things we value and the people we love. May it enable us to carry on the traditions and passions that have been gifted to us by those who have gone before. May our work this day be a lasting commitment to those whom we serve, our fellow citizens of Nebraska. We ask all this in the holy and life-giving name of Christ Jesus, who has loved us from the beginning, saved us from all evil, and will one day deliver us to eternal life. Amen.

**FOLEY:** Thank you, Pastor Belken. I now recognize Senator John Lowe to lead us in the Pledge of Allegiance.

**LOWE:** Thank you. Please join with me in the Pledge of Allegiance. I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

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

**ASSISTANT CLERK:** I have 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 messages, reports or announcements?

**ASSISTANT CLERK:** I do, Mr. President. Agency reports electronically filed with the Legislature can be found on Nebraska Legislature's website. Additionally, lobby reports have been filed with the Clerk's

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Office as required by statute. That's all I have this morning, Mr. President.

**FOLEY:** Thank you, Mr. Clerk. Members, Senator Brewer would like us to recognize Dr. David Minnick of Broken Bow, Nebraska, who's serving as today's family physician of the day. Dr. Minnick is with us under the north balcony. Doctor, if you could please rise, like to welcome you to the Nebraska Legislature. And I understand that some cookies are being handed out on the floor in honor of Senator Matt Hansen's birthday. Happy birthday, Senator Matt Hansen. Moving to the agenda, legislative confirmation reports. Mr. Clerk.

**ASSISTANT CLERK:** Mr. President, the first report is from the Agriculture Committee concerning the gubernatorial appointment of Ervin Portis to the Climate Assessment Response Committee.

**FOLEY:** Senator Halloran, you're recognized.

**HALLORAN:** Thank you, Mr. President. I would have to admit I'm totally unprepared. If you could postpone this down the agenda just a little bit and I will have what I need for--

**FOLEY:** We'll come back to you, Senator.

**HALLORAN:** OK. Thank you.

**FOLEY:** Next confirmation report, please.

**ASSISTANT CLERK:** Mr. President, the next confirmation report is from the Natural Resources Committee concerning the gubernatorial appointment of Patrick Berggren to the Nebraska Game and Parks Commission.

**FOLEY:** Senator Bostelman, you're recognized.

**BOSTELMAN:** Thank you, Mr. President. Good morning, Nebraska. Good morning, colleagues. I present for your approval the reappointment of Patrick Berggren to the Nebraska Game and Parks Commission. He came before the committee for-- for his confirmation hearing on January 26. Pat-- Patrick Berggren is seeking reappointment for a second term as commissioner for District 6 for the Nebraska Game and Parks. During his last four years, Mr. Berggren has held an active role in the commission. He has been present in every public meeting within his district, as well as most others within a two-hour drive. He has been an active participant in the Lake McConaughy Advisory Group, helping to coordinate between Game and Parks and local businesses. Mr.

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Berggren is dedicated to keep working on continuing projects that help Nebraskans to provide a quality outdoor experience for all. The Nebraska Game and Parks is governed by a board of nine commissioners, each member of which is appointed by the Governor to a four-year term. Eight commissioners serve each of eight districts across the state, and the ninth serves at an at-large role. Commissioners serve in a volunteer capacity and meet at various locations across the state approximately every two months. The Game and Parks Commission is charged with stewardship of the state's fish, wildlife, state park and outdoor recreation resources. The commission is also charged with issuing state hunting licenses, fishing licenses and boating registrations. It conducts public education programs for hunting and boating safety and also provides other resources for those who wish to learn to enjoy the outdoors. The committee advanced Mr. Berggren's reappointment by an 8-0 vote. I ask for the confirmation of Patrick Berggren to the Nebraska Game and Parks Commission.

**FOLEY:** Thank you, Senator Bostelman. Senator Erdman, you're recognized.

**ERDMAN:** Thank you, Mr. President. Good morning. When you mention the word "Game and Parks," it gets my attention. I have attended several of their meetings. I have been in contact with them numerous times. I have tried to solve the issue that we have in the state with wildlife damages. Their past management was the poorest management of any agency I have ever been exposed to, and these commissioners should have known that. They should have known that. The current appointee, the current director, I believe, after having a conversation with Mr. McCoy, that he may understand the issues that we face, far different than the last one. And I hold these board members responsible for allowing the management of Game and Parks over the last 20 years, or however long the manager was there, to be mismanaged, to not know how many wildlife they have, to rely on the information they receive from their management people to be correct without checking the source or proving whether it's true or not. And so I don't believe giving these people a pass on their past performance as commissioners is a good idea. They may be very fine people, they may be upstanding citizens, they may show up for the meetings, but they didn't do the fiduciary duty that they were called to do and manage this agency as it should be managed. So I don't believe there's not one person in here except me may vote no. I understand that. But I want to bring it to your attention that when these people are appointed to these positions, they have a responsibility to do the right thing, and in this area they have not done the job that they were called to do. So I'll be voting no on this reappointment. And until we get control of how these

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agencies function, we will continue to get what we get and the calls that we get. So I am a no on re-- on reconfirming this person's position. Thank you.

**FOLEY:** Thank you, Senator Erdman. I see no other members wishing to speak. Senator Bostelman, did you care to close on the confirmation report?

**BOSTELMAN:** Thank you, Mr. President. The commission-- the committee did talk with Mr. Berggren and he did-- has talked to us quite a bit about the changes that are being made and his positive attitude of what's happening within the commiss-- commission and the department, and we think that he's a strong commissioner to be reappointed and I would appreciate your green vote. Thank you.

**FOLEY:** Thank you, Senator Bostelman. Members, you've heard the discussion on the confirmation report of the Natural Resources Committee. Those in favor of adopting the report vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

**ASSISTANT CLERK:** 34 ayes, 1 nay on the adoption of the confirmation report.

**FOLEY:** The first of two confirmation reports from Natural Resources has been adopted. Mr. Clerk.

**ASSISTANT CLERK:** Mr. President, the second Natural Resources Committee report concerns the gubernatorial appointment of Douglas Zingula to the Nebraska Game and Parks Commission.

**FOLEY:** Senator Bostelman.

**BOSTELMAN:** Thank you, Mr. President. Members of the Legislature, I present for your approval the reappointment of Douglas Zingula to the Nebraska Game Parks Commission. He came before the committee for his confirmation hearing on January 26. Douglas Zingula was appointed in 2018 by Governor Ricketts to represent the 7th District as a commissioner for the Nebraska Game and Parks. Since his original appointment, he has served on the financial legislative committee, wildlife and fisheries committee, parks committee, and the new director selection committee. The Nebraska Game of Parks is governed by a board of nine commissioners, each member of which is appointed by the Governor to a four-year term. Eight commissioners serve each of eight districts across the state and ninth serves as an at-large role. Commissioners serve in a volunteer capacity and meet in various locations across the state approximately every two months. The Game

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and Parks Commission is charged with stewardship of the state's fish, wildlife, state park, and outdoor recreation resources. The commission is also charged with issuing state hunting license and fishing licenses and boating registrations. It conducts public education programs for hunting and boating safety and also provides other resources for those who wish to learn to enjoy the outdoors. The committee advanced Mr. Zing-- Zingula's reappointment by an 8-0 vote. I ask for the confirmation of Douglas Zingula to the Nebraska Game and Parks Commission.

**FOLEY:** Thank you, Senator Bostelman. Senator Erdman.

**ERDMAN:** Thank you, Mr. President. Before I-- I begin on this commissioner, I want to say happy birthday to my wife, Cathy. This makes the 56th birthday that her and I have celebrated together, so happy birthday. Now back to Mr. Zingula, he is of the same commission that the last appointee was, and I have the same issues and comments about him as well. He is from my district. He lives in Sidney. It doesn't appear that they really take to heart the information that is shared with them from the landowners that the damage is significant. Most of these commissioners, most, if not all, are either big-game hunters or believe that that is very important, and their idea is to have more, excuse me, more wildlife rather than less. And so until they change their focus, it's a lot like our broken tax system; until we change our focus from those who collect the taxes to those who pay, it won't be fixed. And it's the same way with Game and Parks. Until they change their focus on those who are suffering under the damages of these wildlife away from those big-game hunters and those other people who want more wildlife, we'll never fix the problem. And so I won't be voting for Mr. Zingula, either. Thank you.

**FOLEY:** Thank you, Senator Erdman. Senator Bostelman, would you care to close?

**BOSTELMAN:** Thank you, Mr. President. Thank you, Senator Erdman. Appreciate your comments. The commissioners are very much aware of your concerns and-- and are working on those specific issues, continuing just to do that, and this body has, as well, over the past year, two years, working on those legislatively, as well. I will remind the body that there was no opposition to Mr. Zingula's appoint-- reappointment and I ask for your green vote. Thank you.

**FOLEY:** Thank you, Senator Bostelman. Members, you heard the discussion on the report. Those in favor of adopting the report of the Natural

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Resources Committee vote aye; those opposed vote nay. Have you all voted? Record, please.

**ASSISTANT CLERK:** 33 ayes, 1 nay on the adoption of the committee report.

**FOLEY:** Thank you, Mr. Clerk. Now we'll move back to the Agriculture report. Mr. Clerk.

**ASSISTANT CLERK:** Mr. President, committee report from the Agriculture Committee concerning the gubernatorial-- gubernatorial appointment of Ervin Portis to the Climate Assessment Response Committee.

**FOLEY:** Senator Halloran.

**HALLORAN:** Thank you again, Mr. President. Thank-- thank you for your good grace and patience. The Agriculture Committee reports favorably upon the appointment of Ervin Portis to the Climate Assessment Response Committee. Mr. Portis is the assistant director for the Nebraska Emergency Management Agency, NEMA, appointed to that position in September last year. As the assistant director for NEMA, he is responsible for the day-to-day operations of the agency. NEMA supports the Governor's Office and the Adjutant General with the discharge of the statutory requirements identified in the Nebraska Emergency Management Act. The agency also coordinates response and recovery capabilities of state and local government through planning, training and exercise activities. Mr. Portis replaces Bryan Tuma as the NEMA representative on the committee who retired. Mr. Portis earned a master's degree in public administration and a bachelor's degree in criminal justice. Since then, he had an extensive career in law enforcement and city administration. He served on the Lincoln Police Department for 20 years and 4 years as the chief of the police of the city of Papillion. After that, he served in a series of positions for the city of Jackson, Mississippi, including as city manager, economic development coordinator, and the chief of police. Immediately prior to the selection as assistant director for NEMA, he served 14 years as a city administrator for Plattsmouth, Nebraska. Nebraska's Climate Assessment Response Committee, CARC, was established by the enactment of LB274 in 1991. The committee serves as a planning and information-gathering entity for adverse climate events, particularly drought response and mitigation. It also serves to collect and assess data regarding damages and losses from severe and extreme weather events and to evaluate vulnerability of economic sectors to adverse weather. The specific duties assigned to Climate Assessment Response Committee are listed in Statutes 2-4902. The Climate Assessment

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Response Committee is budgetarily assigned to the Governor's Office and administratively housed with the Department of Agriculture. Mr. Portis' confirmation hearing was held on January 18 with-- with the appointee in attendance. It is app-- it is very apparent from his biography and the very thorough and intelligent responses and questions that the committee had that Mr. Portis is well qualified to fulfill NEMA's contribution to the Climate Assessment Response Committee. The recommendation to confirm this appointment was unanimous and I would move approval of the Ag Committee report.

**FOLEY:** Thank you, Senator Halloran. Discussion on the report? Senator Clements.

**CLEMENTS:** Thank you, Mr. President. I rise in support of the confirmation of "Erv" Portis. He comes from--excuse me. He's been in Plattsburgh, the city administrator for the city of Plattsburgh for the last 14 years. I have known him the last six years as the state senator for the Plattsburgh area. They've had wind storms with terrible tree damage he had to deal with. They had the major flooding in 2011 and 2019. It took out their whole water system and their sewer treatment plant, and he had to deal with FEMA the last couple years, with Plattsburgh getting their services back. And Mr. Portis was very efficient and knew the system well. I think he was a-- a good appointment for the NEMA position, and have found him to be very meticulous and fair to deal with. So I support the confirmation of "Erv" Portis. Thank you, Mr. President.

**FOLEY:** Thank you, Senator Clements. I see no further discussion. Senator Halloran, did you care to close?

**HALLORAN:** Yes, I would-- would encourage the body to confirm the-- approve of the Ag Committee report in accepting Mr. Ervin Portis' confirmation.

**FOLEY:** Thank you, Senator Halloran. Question before the body is the adoption of the confirmation report of the Agriculture Committee. Those in favor vote aye; those opposed vote nay. Have you all voted? Record, please.

**ASSISTANT CLERK:** 35 ayes, 0 nays on the confirmation report.

**FOLEY:** Confirmation report has been adopted. Next report, please.

**ASSISTANT CLERK:** Mr. President, the next report comes from the Education Committee concerning the gubernatorial appointment of two

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individuals, Nicholas Baxter and Darrin Scott Good, to the Nebraska Educational Telecommunications Commission.

**FOLEY:** Senator Walz, you're recognized to open on the confirmation report of the Education Committee.

**WALZ:** Thank you, Mr. President and members of the Legislature. These reappointments are to the Nebraska Educational Telecommunications Commission. The commission was established in 1963 by the Nebraska Educational Television Act. Its powers and duties include, but are not limited to, promoting, sponsoring and promote-- promoting and sponsoring noncommercial educational telecommunications throughout Nebraska via broadcast, satellite, fiber optic, computer and other technologies. This is an 11-member commission and the appointed members serve a four-- a term of four years. Commission members do not receive compensation but are reimbursed for reasonable and necessary expenses incurred in attending the scheduled meetings. Nicholas Baxter is reappointed to a second term as a 2nd District representative on the commission. He serves as vice chair of the commission. Mr. Baxter is a chief risk officer at First National Bank of Omaha. Dr. Darrin Good is reappointed to his second term as the private college representative on the commission. He is the President of Nebraska Wesleyan University. Dr. Good received his Ph.D. in biology from the University of Kansas. He previously served as vice president for the academic affairs and dean of the faculty at Whittier College. Thank you for your time, and I ask for your-- the confirmation of Nicholas Baxter and Darrin Good. Thank you, Mr. President.

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

**ASSISTANT CLERK:** 34 ayes, 0 nays on the adoption of the confirmation report.

**FOLEY:** Confirmation report of the Education Committee has been adopted. Next report, please.

**ASSISTANT CLERK:** Mr. President, the next report is from the Revenue Committee concerning the gubernatorial-- gubernatorial appointment to-- of Robert Hotz to the Tax Equalization and Review Commission.

**FOLEY:** Senator Linehan, you're recognized to open on the report.



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**LINEHAN:** Thank you. Excuse me. Thank you, Mr. President. Robert W. Hotz is TERC commissioner. He was appointed-- he's appointed from the 1st Congressional District to the Tax Equalization and Review Commission, also known as TERC. He was first appointed by the Governor on August 20, 2007, and is currently serving a term ending January 1, 2022. He has served two terms as chairman of the commission. He is being appointed to another term that will run from January 2022 to January 2028. Commissioner Hotz is a fifth-generation Nebraska [SIC], born and raised in Grand Island. He received both his B.A. and J.D. degrees from the University of Nebraska in Lincoln and Nebraska College of Law. Commissioner Hotz holds a Nebraska state assessor's certificate and has completed 187 hours of appraisal coursework. In addition, he has completed 30 hours of basic media-- mediate-- mediation training as recognized by the Nebraska Supreme-- Supreme Court's Office of Dispute Resolution. In 2016, Commissioner Hotz was designated the Tax Judge of the Year by the Lincoln Institute of Land Policy and the National Conference of State Tax Judges. He's also a member of the International Association of Assessing Officers. He also teaches a class on the U.S. Constitution to high school students. He and his wife, Marianne, have five children and live in Lincoln. The Revenue Committee unanimously brings Mr. Hotz's reappointment to the Legislature. Thank you, Mr. President.

**FOLEY:** Thank you, Senator Linehan. Any discussion on the report? I see none. Senator Linehan, you're recognized to close. She waives closing. Question before the body is the adoption of the confirmation report from the Revenue Committee. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

**ASSISTANT CLERK:** 33 ayes, 0 nays on the adoption of the confirmation report.

**FOLEY:** Confirmation report from Revenue Committee has been adopted. Next report, please.

**ASSISTANT CLERK:** Mr. President, the next report comes from the Government, Military and Veterans Affairs Committee concerning the appointment of Jerry Lee Jensen to the State Personnel Board.

**FOLEY:** Thank you, Mr. Clerk. Senator Matt Hansen, you're recognized.

**M. HANSEN:** Thank you, Mr. President, and good morning, colleagues. On January 21, the Government Committee held a hearing on the appointment of Ms. Jerry Lee Jensen to the State Personnel Board. Ms. Jensen would be a new member of the board; however, she is not new to the human

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resources field. Ms. Jensen has over 45 years of experience in HR for the state of Nebraska, including at the State Patrol, DEQ, DAS, and DHHS, where she was a member of the state bargaining team. Now that she is retired, she wants to keep serving and, thus, the Government Committee recommends the confirmation of Ms. Jensen's appointment to the State Personnel Board. Thank you, Mr. President.

**FOLEY:** Thank you, Senator Hansen. Is there any discussion on the report? I see none. Senator Hansen waives closing. The question before the body is the adoption of the confirmation report from the Government Committee. Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

**ASSISTANT CLERK:** 31 ayes, 0 nays on the adoption of the confirmation report.

**FOLEY:** Confirmation report has been adopted. Moving to the next item on agenda. Speaker Hilgers, you're recognized.

**HILGERS:** Thank you, Mr. President. Thank you for reading the agenda there. Good morning, colleagues. I wanted to give a brief announcement as to going into next week, just a few, a few items. Going into Monday, we will have Select File debate on our first consent calendar, as well as on some senator and committee priorities which are ready for the second round. We will also have our second-- or, I'm sorry, our next consent calendar. Some of you have asked me, if it wasn't on this consent calendar, does that mean it was rejected or not? We have-- in general, it's a rolling consent calendar, so we-- we have identified some that are maybes. We've accepted some, but we haven't listed them on the agenda. There are a few that just don't meet the guidelines, and-- and over the coming week or so I'll be reaching out to individual senators to talk through those specific bills. The next deadline for consent is next Thursday, February 17, at noon. I don't know exactly when the consents will end. I know we'll have several more weeks. We've received a number of requests. In addition, as a reminder, this is a very important reminder, and I know many of you might express some surprise because it feels like the calendar is-- we've just gotten started, but the Speaker priority request deadline is next Thursday. Next Thursday, one week from today-- or from yesterday, excuse me, upon adjournment, you have to have your request in to my office. And there's-- we anticipate, given the conversations I've had with colleagues, I certainly anticipate that I'm going to have a lot of requests. I mean, in my opinion, I think I could fill 25 Speaker priorities in ten minutes, given the volume of at least individual conversations I've had. If you know you're going to request

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one, please, if you can, at all possible, get it in as early in the week, next week as you can, or even today, because there's a lot of paperwork that my staff has to go through just to be prepared to go through them all. And so the earlier you can get it in, I think, the-- the-- the better for us. As a reminder, as well, your committee priorities-- or, I'm sorry, senator and committee priorities are just the following week. And we went through the numbers this morning. There's 28-- so there are 106 total priorities; 25 are Speaker priorities. The-- of the remaining 81, only 28 have been chosen so far, only 28. If you have it, if you know what you want to prioritize, I cannot encourage you strongly enough to get the letter in and get it on-- on our list so that we can start thinking about how to schedule those. The last thing, I think, that I have-- excuse me, just make sure I look at my notes for next week. That's it. Have a good weekend, everyone. Thank you, Mr. President.

**FOLEY:** Thank you, Mr. Speaker. Members, we're now moving to Final Reading. Pursuant to the rules, all senators must be at their desks for Final Reading. Could all senators please be at your desks for Final Reading? Now commence with Final Reading, LB310. Mr. Clerk.

**ASSISTANT CLERK:** [Read LB310 on Final Reading]

**FOLEY:** All provisions of law relative to procedure having been complied with, the question is, shall LB310 pass? Those in favor vote aye; those opposed vote nay. Have you all voted who care to? Record, please.

**ASSISTANT CLERK:** Voting aye: Senators Aguilar, Albrecht, Arch, Blood, Bostelman, Brandt, Briese, Clements, DeBoer, Dorn, Flood, Friesen, Geist, Gragert, Groene, Halloran, Matt Hansen, Hilgers, Hilkemann, Hughes, Kolterman, Lathrop, Lindstrom, Linehan, Lowe, McCollister, McDonnell, Morfeld, Moser, Murman, Pahls, Slama, Vargas, Walz, Wayne, Williams, Wishart. Voting no: Senator Erdman. Not voting: Senators John Cavanaugh, McKinney, Sanders, Bostar, Brewer, Machaela Cavanaugh, Day, Ben Hansen, Hunt, Pansing Brooks, and Stinner. Vote is 37 ayes, 1 nay, 3 present and not voting, 8 excused and not voting.

**FOLEY:** LB310 passes. While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LB310. Moving on the agenda, General File 2022 committee priority bills. Mr. Clerk.

**ASSISTANT CLERK:** Mr. President, legislative bill-- LB890 is a bill for-- introduced by Senator Walz, is a bill for an act relating to

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education; amends several sections; changes the Tax and Equality-- Equity and Educational Opportunities Support Act as prescribed; creates a fund; eliminates provisions relating to community achievement plans; eliminates obsolete provisions; harmonize provisions; repeals original section; outright repeals Section 79-2122; and declares an emergency. Bill was read for the first time on January 7 of this year and referred to the Education Committee. When we left the bill, Mr. President, there were committee amendments pending, as well as a floor amendment from Senator Walz.

**FOLEY:** Thank you, Mr. Clerk. Senator Walz, if you'd like to take a couple of minutes to refresh us, both on the bill itself and the committee amendment, you may do so at this time.

**WALZ:** All right. Thank you, Mr. President. LB890, first of all, creates a education stabilization base aid, which in year two we provide \$1,100 per formula student; and beginning in year three, it grows by the basic allowable growth of 2.5 percent. As a side note, formula students are modified to count four-year-olds in preschool as a whole child, as well, as opposed to just 60 percent. The other thing it does is that it creates educational stabilization base aid or a trust fund from which ESBA is paid. We really looked at how Deb Fischer created the trust fund in the highway fund when we were creating this bill, and that-- and that's kind of something that we looked at. We do want to highlight the value in creating the separate fund. It's essential that we have designated funds in the future because we all know that in lean years, and there will be lean years, it's something that we will be able to access and get out to schools. The other thing, or number three, it takes our allocated income fund from 2.23 percent to 20 percent in year two. The local effort rate, as you may recall, recalculates the amount of property taxes that a district has to contribute, and it's reduced in year two to 75 cents. We have also created district-specific maximum levies to ensure that property tax relief is provided to taxpayers, and we added a statutorily required TEEOSA report by the committee to the Legislature every four years that includes recommendations for any adjustments to the formula needed. FA71 re-- removes the 20 percent of basic funding. Thank you, Mr. President.

**FOLEY:** Thank you, Senator Walz. Senator Kolterman.

**KOLTERMAN:** Good morning, colleagues. Yesterday I put up a bracket motion, MO142, which would have bracketed it to a week from yesterday. I've talked to all the parties involved and there's not a lot of

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consensus that we ought to get together and try and negotiate on this bill, so I'd like to pull that motion at this time.

**FOLEY:** Bracket motion has been withdrawn. We'll now move to the speaking queue. Senator Erdman.

**ERDMAN:** Thank you, Mr. President. I appreciate the opportunity to speak. I want to talk a bit about LB310 that just passed. First of all, let me start with, we're moving way too fast. That was the second bill we passed this year. That's way too fast. We gotta slow down. I've heard that before. That might be a little slow, might be good for the people of Nebraska, but I want to talk about what this bill will do to my schools in my district that have a significant number of option students. It could eliminate their school, and I guess that's what the big schools want and what the committee that put this together want because they would-- surely would have figured that out if they'd done all the research that they did. And we stand up here and we give accolades to all those people that worked all summer long and hard on this job. We all work hard, all of us. All of us put in a lot of time. It's part of our job. We signed up for it. We volunteered for it. We knew that. This bill makes no sense at all and I will not vote for this bill. Let me speak just a moment about the bill that we just passed. The inheritance tax bill that we passed, LB310, I thank Senator Clements for having the initiative to bring it, but what I want to explain to you today is this is a perfect example, that inheritance tax discussion is a perfect example, why we need the consumption tax, and I'll tell you why. We focused completely, 100 percent, on those who collect and spend the tax dollars. The counties have a lobbyist, two of them, in fact, and they came in and lobbied everybody about it's their money, the county's money, we can't give it up, and they got significant COVID money, five years' worth in one year, but our focus was on those who collect and spend the taxes. That's exactly what it was, 100 percent. Now those people who pay the taxes, did anybody see their lobbyist out there lobbying anybody to eliminate it? They did not. Those people don't have lobbyists. And Senator Vargas and I have had conversations over the last two or three years about paid lobbyists for agencies that receive tax dollars. That is wrong. That is wrong. So the lobbyist for the counties, NACO and those others, were very effective on that issue of the inheritance tax, very effective, and those people that are listening to me today that is paying-- that are paying the inheritance tax, your opinion does not count. They're not interested in hearing what burdens we put on you by having inheritance tax. All we're concerned about in this room is those who collect and spend the taxes. And until we change our focus and we understand where the money comes from and whose money it

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is, we will continue to have somebody tell all of these people who inherit things how much money you should pay and when you should pay it. It doesn't make any sense that it is their money, but someone else tells them when to pay it and how much to pay. Doesn't make any sense.

**FOLEY:** One minute.

**ERDMAN:** So if the taxes weren't so high and those people who are paying the taxes could hire lobbyists, maybe we'd have a fair chance. But I want to tell those people listening today back home, until we fix this tax system more, we take you into consideration, you're going to keep getting what you've always got and you're going to keep paying what they always want you to pay. That was a mistake, LB310. It did a little bit of nothing. It may save two people something, but in the end, with inflation going up like it is, the values going up, it'll mean absolutely nothing. And so I didn't vote against that because I don't want to give property tax relief. I voted against that because it was the wrong, wrong thing to do, wrong thing to do. And so I came here with morals, values and conviction, and I'm not giving them up.

**FOLEY:** That's time, Senator.

**ERDMAN:** Thank you.

**FOLEY:** Thank you, Senator Erdman. Senator Briese.

**BRIESE:** Thank you, Mr. President. Good morning, colleagues. Again want to thank Senator Walz and folks she worked with on this. They put a lot of time and effort into this, and I admire what they've done, what they've put together, what they've tried to accomplish, and I think all of us appreciate that. And I-- as I indicated previously, conceptually, I agree with what we're talking about here, putting more state dollars into public education, and, yes, that should be a goal. It's been the goal of many of us for many years. But let's talk about the combination of LB890 and LB891. We need to remember that LB891 would repurpose the LB1107 refundable income tax credit and funnel those dollars into education. And what does the LB1107 income tax credit do? It provides a-- essentially a refund of 25.3 percent. Those are Senator Dorn's numbers, 25.3 percent currently of your school property taxes paid. And so if we strip that away, we're taking away that tax relief, we're putting those dollars into the formula, and for those schools that do not get a significant amount of relief from this formula, their taxpayers go backwards. I think I gave the example the other day. An Elgin taxpayer would probably have a 20 percent, roughly a 20 percent increase in their school property taxes. And somebody

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suggested on Twitter, well, no, no, they've only gotten 6 percent so far. Well, this year, for '21, when they're filing their taxes now, they're going to get a-- roughly a 25 percent rebate of their school property taxes paid, so it will be an increase on those folks, it will be an increase on a wide swath of Nebraskans. I didn't look down at all of the school districts, but very many of our constituents, very many Nebraskans, would see a tax increase from a combination of these two bills, as currently presented. And I-- at this point, I do not support moving this to Select, and I think there-- there's just too many issues with it. Number one, we have the cap issue and what I consider to be a lack of an effective cap to ensure these dollars yield property tax relief. Well, some people say, well, no, there's-- there's a mechanism in there to do that, but-- but I've asked folks if they could explain that to us on the-- on the mike. And if somebody wants to explain to us on the mike how that cap mechanism works, I think we would all appreciate that. And I-- I need to know more about that, but it doesn't look to me like it's going to be that effective. You know, and the next issue was the disparity in the treatment of various districts, you know, OPS getting a potential 41 percent, and I say potential, 41 percent reduction in their levy and some districts getting nothing. There needs to be more parity in how that is done, and I haven't heard anyone suggest how we're going to achieve that parity. And finally, the-- the biggest issue for me is the-- how we're going to fund this thing. Utilizing the LB1107 credit, I think, for the vast majority of us, is off the table. That is direct property tax relief to all Nebraskans, distributed in a fair and equitable manner as the same percentage of school property taxes paid by every Nebraskan. We need to keep that in place. And so how are we going to do this without the LB1107 dollars? We're going to have to step it in, pare it back a bunch, find some existing revenue to do it. If you want to talk about comprehensive tax reform, modernization, or a sales tax base, we can talk about that, but I don't think there's the appetite to do that. So I guess I'm-- I'm open to ideas on how we're going to handle that, how we're going to leave LB1107 dollars alone and see this thing move forward. And if folks have ideas, I'm willing to listen to those ideas. But looking at it with those three areas of concern that I see, I do not see a path forward to this bill. And again, I-- I thank Senator Walz and the folks who have worked on this and their efforts here, but I think there are far too many trouble spots here to move this forward. And so with that, Mr. President, I'll yield my time back. Thank you.

**FOLEY:** Thank you, Senator Briese. Senator Morfeld. Oh, I'm sorry, Mr.-- I'm-- I'm sorry, Senator. Mr. Clerk.

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**ASSISTANT CLERK:** Mr. President, Senator Friesen would move to bracket the bill until April 1, 2022.

**FOLEY:** Senator Friesen, you're recognized.

**FRIESEN:** Thank you, Mr. President. Sorry, Senator Morfeld. So evidently, some school employees want to play a Twitter game with me. No districts are at a net loss, Senator Friesen. You're discussing taxpayers being at a potential net loss if LB1107 fund-- LB1107 funding can be sustained at 25 percent. Thank you for admitting ag doesn't pay income tax, has devalued property valuation, and receives the highest number of income tax credits. I've always said that facts don't matter. Thank you, Chip Kay. We're going to have this discussion here on the floor instead of on Twitter, because I don't do Twitter. I do have an account and I love to read your stuff, but a lot of it is worth not even the paper that's printed on. So I handed out some counties at a glance. Our Legislative Fiscal Research Off-- Legislative Research Office does great work and puts out a lot of stuff. It's available on the internet. And I just picked a few pages, and I forget what year this was done. This is a-- just happens to be they did this probably two or three years ago, so it's not up-to-date information, but it's-- I think it's consistently what it shows across the state, and so this was like data from 2012 through '16, I believe. And so when you look at this, I just included the median household income of counties, and it's called Counties at a Glance, and so it just looks at-- it's not looking at school districts or anything like that. It's looking at county data. And so when we go and it says the state income tax, on the next page, the per capita state income tax collected, so it ranks them by county. And since farmers don't pay income taxes, I'm curious to see why Grant County is number one in the state in per capita income tax collected. That is interesting. Douglas County does come in second. Hamilton County, where I live, is number seven. Lancaster County is number eight. I'm starting to think that maybe somebody out there is paying income taxes because we seem pretty heavy ag out there. So if you look at the federal income taxes, well, Douglas County jumps to the top. That's on the next page. Hamilton County is two. Lancaster County is up there somewhere but, boy, they're sure a lot of rural counties. I think that's where farmers live. They're in the top. But you know what? We also have poor counties out there. When you get into Sioux, Hayes, Keya Paha, Blaine, Logan, Hitchcock, Sheridan, we have some poverty out there, but we don't get school funding out there. Now go to the property tax collections page. Property tax collections per capita, Senator Pahls, you kind of like to talk about that. But when we break it down to per capita, see if you can find your county on there. When I see the



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number one county per capita in property tax collections, it's McPherson County. Number two is Arthur. I'm just going to go down the list. It's kind of interesting because it's a long, long ways before I get to Lancaster or Douglas. We can go to Loup, Hayes, Thomas, Blaine, Banner, Gosper, Sioux, Keya Paha, Dundy, Perkins, Rock, Frontier, Logan, Fillmore, Greeley, Hooker, Clay, Burt. You get my drift. None of the big counties are anywhere close to the top half. Property tax rate is on the last page. Yes, Douglas County is at the top. You guys love your property taxes. The rates are high, but you got 13 different entities leveraging-- leveraging a tax there. So I want to spend a little time talking about who pays income taxes, who don't, how this bill distributes that money. There are counties out there that are poor that don't receive anything from the allocated income tax because there's poverty there. Yes, you have a few high payers in taxes, but there is some poverty out in rural Nebraska. What I've always tried to do is bring in some sort of basic funding for those schools who have high cost, 8, 9, 10, 12 kids per class. They can't cut teachers. They can't cut classrooms. They offer a extremely basic education to get their kids through school. And I've heard the comment before from clear in the northwestern part of the state that if they wouldn't have to pay property taxes to their community colleges, with that money, they could get a scholarship for every one of their kids to go to Harvard. So is it fair? When we talk about funding our schools, is our distribution model fair? Does it even come close to being fair? And when you look at the distribution model of this bill, it makes it even worse. There are schools that go backwards, and I will stand on that, and they can come on the floor and try and prove to me that it doesn't. But when you take LB1107 money, there are a lot of schools going to go backwards. And the line in the sand for all of the big schools that are getting the money has always been they don't support basic funding, they don't support giving one single dollar to those rural kids. That's their line in the sand and I'm calling them out. If you care about education, if you care about rural kids at all, where's the funding to give a small school like that with eight kids per class, give them a thousand dollars per student? That's a slap in the face. Their costs are at \$28,000 a kid because they're in rural areas, they can't have any more kids in the classroom, they've consolidated, they're driving 50 miles one way to get to their school. I know parents who have bought a house in town that their kids stay in during the week so they don't have to drive back and forth all the time. I'm talking about how we can fairly fund students through our TEEOSA formula. There are methods of doing this. LB890 is not one of them. We're going to talk a lot in the future here about income tax cuts. That, to me-- I'll be like the schools now. That puts our General Fund

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at risk for me to get property tax relief. We have a surplus of money, and this is going to be a real interesting session going forward as we trip over ourselves trying to spend it. And I'm, for one, will be one that will say adamantly that we don't all have to spend that this year. I think we can save some of it for the next Legislature when I won't have to be here for the cafeteria food fight. They might be better at it than we are. But we're going to have a little fun this session, and we are running short of time and the pressure is going to get great. And I'm counting down my days. I think it's 36 or 37. We have some important things to do, and I still want to talk about how we can fix our TEEOSA formula and make room for some tax cuts. I'm not opposed to that, but first I need our K-12 schools properly funded. We have not done that. I'm looking forward to the discussion and I'm open to working with anybody. But when that line in the sand is where I've been told, I think then our philosophical differences are too far apart and we're just going to have fun this year. We're not going to accomplish a thing again, like we haven't for the last seven years. Thank you, Mr. President.

**HILGERS:** Thank you, Senator Freisen. Debate is now open on the motion to bracket. Senator Morfeld, you're recognized?

**MORFELD:** Thank you, Mr. President. Colleagues, just want to note a few things, then I'm going to yield my time to Senator Walz. First off, Senator Friesen just got done saying we haven't done anything for this last seven years. I thought LB1107 was the big grand thing, like everybody was running around excited and they were like, wow, we really accomplished something, and yet we kind of treat it like the sacred cow when, I gotta be honest with you, my recollection of LB1107 was about the closest that I've ever gotten to having a legislative gun to my head in terms of having to vote for it because the Speaker decided to package two other bills that were really important to me and my district and a lot of other people in the business community with this bill, 11-- the underlying, you know, property tax relief portion. And really a lot of us were left with feeling like we had no choice. I was going to vote against the largest employer in my district. I was going to vote against all of this business incentive package that all of my businesses were telling me that was really important if I didn't vote for this. So I don't understand how LB1107 is some big, sacred cow that we can't come back and revisit, particularly when many of us were really upset with how that-- that happened. So I just want to note that for the record, real quick. There might have been seven people in a room that were a part of some deal that they all shook on, but I certainly wasn't one of them, and I wasn't happy when I was made to vote on that bill, along with two

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other completely different bills that had nothing to do with it. The other thing that I'll say is-- and then I will give my time to Senator Walz before I go on a rant here. But the other thing I'm going to say is I was talking to some people in my district who are regular voters, pretty well-informed folks. And I asked them, well, do you know about LB1107, what you can take off on your taxes and all that stuff? They had no clue what I was talking about, and the numbers also bear that, as well, in terms of the amount of people that didn't take advantage of this, quite frankly, because they didn't know about it. And I'll go-- I could go into depth on how we can do this better, and I've come up with some suggestions and people just kind of laughed at me. But the bottom line is, is when I told them that if we reduce our-- our levy for our property taxes for our schools by 25 percent and they still come out whole, how do you feel about that, they were very happy about that and they don't have to go through some weird process with their accountant to be able to claim this on there and hopefully remember it. So I just want to note that I think LB1107 is fair game. A lot of people said there was some grand compromise. I wasn't a part of it. It was seven people in a room that put two other completely different bills into it and basically held a legislative gun to our head and said, well, if you don't like it, you're going to have to vote for all these other things you really care about. With that, Mr. President, I'll yield my time to Senator Walz.

**HILGERS:** Senator Walz, 2:20.

**WALZ:** Thank you, Senator Morfeld. I have a few things to say, but I'm probably not going to get through it all. But I will start with saying that ever since this bill was introduced, the main talking point has been LB1107. It hasn't been about the intentional-- intentionality of LB890 or LB891. It's really been every time I talk to somebody, it's, what about LB1107? What about LB1107? So let's talk about LB1107 today. LB1107 was based on urgency, as Senator Morfeld mentioned. It was a hasty plan. And I'm not saying that it wasn't-- you know, there wasn't any thought behind it, but it was simply a vehicle to get two other very, very important pieces, very intentional pieces of legislation across the floor in the 11th hour. That's all it was. And today we have people in this body that just can't let go of bad policy because of the mindset that we want more, we want it now--

**HILGERS:** One minute.

**WALZ:** --we want it now, we want it now, we can't wait, we can't even take a little less, because we want it all and we want it now. We can't be patient and actually agree on a solution. We don't want to

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think about what could happen to that fund in the future. We want it now. And, colleagues, oddly enough, that reminds me and it sounds a lot like something I hear everybody saying on kids today. They all want it now. I'm going to stop right here and I'll finish in a minute.

**HILGERS:** Thank you, Senator Walz and Senator Morfeld. Senator DeBoer, you're recognized.

**DeBOER:** Thank you, Mr. Pres-- oops. Thank you, Mr. President. Good morning, colleagues. Good morning, Nebraska. First, I want to say thank you to Senator Walz because I didn't do that on my last time on the mike. And I-- I really do appreciate what she's done here because I think, even if you disagree with the bill, you have to recognize that she has developed and used a very good legislative process for trying to get us to a different place, for trying to move us along, for trying to get people together, for building bridges. So thank you, Senator Walz, for that. And, you know, there has been a lot of communication from her office. I had some concerns and Senator Walz has tried to work on them. She has done-- you know, tried to put in different things. We've worked on it, talked about them. And you know what? We haven't gotten through all of them yet, but she has promised to work on things and shown me the things that she's working on between now and Select. And I've gotta reward that kind of, you know, collaborative effort because we're not all going to be able to just agree on everything the first time through, and I do think it-- it helps to keep coming back and forth. I-- I wish we could have at least the opportunity to work on this bill alongside the Revenue bill that is its sort of sister bill. There are a lot of elements in this bill, LB890, that I'm really pleased with, that I think are-- are really interesting. And I've been saying that since the very beginning, since the first time I heard it. There is a-- you know, for years we've heard we need foundation aid and, you know, we need to get it out to folks in different areas. And here they've come up with this ESBA idea, which I think is really interesting because there's this stabilizing trust. One of the things that schools have been worried about is that the state's taxing base is a little less stable than property taxes, and here she's come up with a way to stabilize that tax base so that there's not the same concern about ESBA fluctuating in the same way that there might be about something like foundation aid. So I think that's great, having a stabilizing force, and I think that's innovative and it's new and, wow, we can think of new things here, which I think is really cool. She makes sure that every student gets at least \$1,100 per student. I understand, Senator Friesen. You know, I've gone through this enough to understand that that may be difficult for some places, but it's something. It's something. It's

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not nothing. You know, sometimes maybe we try to start somewhere and then we move from there. You know, we've heard in the bigger schools, those of us who represent them, that we need to have money for every student across the state. That's something that I'm committed to. But what it looks like, we have to work on that. If others have ideas how to do that better, I'm sure she would be open to talking about them. And the funding mechanism, you know, I'm probably not speaking out of turn when I say I think she and Senator Lindstrom would be happy to talk about the funding mechanism. And if folks have ideas about how to change or move around the funding mechanism, I bet she would be happy to do that. So I guess the question I'm asking is, when I first came here and started working on school finance, I asked, what's the number?

**HILGERS:** One minute.

**DeBOER:** How much money do we need to deal with the problem that we're being told about, about property taxes, about school finance, about all of this? What's the number? I was told \$600 million. LB1107 is very close to that number. So why is-- I-- I feel like somebody is moving the-- you know, Lucy's moving the football again. Six hundred million is not the-- is not the number anymore? Somebody tell me what the number is. I want to know what the number is and then let's figure out how we get to that number. Tell me what the number is. Thank you so much, Mr. President.

**HILGERS:** Thank you, Senator DeBoer. Senator Walz, you're recognized.

**WALZ:** Well, thank you, Mr. President. I just want to kind of continue on the LB1107 talk. This morning I woke up and I woke up really, really early. I'm going to kind of put on my teacher's hat now. I woke up really early and I had this very humorous image and it really kept running through my mind over and over again, and the image was an image of a man bleeding; and he had this huge Band-Aid on his arm and there was a big black pot and there was a foreman with a yellow hardhat on her head; and there was a little guy running around with a wheelbarrow just back and forth, back and forth. And the image starts with the little man wheeling the barrel up to the big black pot. It was not completely full of money, but there was a lot of money in there. And the little man was shoveling the money out of the black pot as fast as he could, and he's getting as much as he could out of that little black pot. Then he would take the wheelbarrow full of money and he would dump it over a cliff, and the money went everywhere, but it went nowhere. And then he would sigh a little sigh of relief and he'd smile a little bit until he looked up at the man who was bleeding and

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he pulled back-- the man pulled back the Band-Aid to check to see if he's still bleeding, and he saw. He was like, still bleeding. So he called out to the foreman and he said, we're still bleeding. And the foreman called out, we need more money, we need more money, more money. So the little guy with the property tax credit fund wheelbarrow would run back over to the pot, shovel in more money as fast as he could, wheel it quickly back over to the cliff and dump it over. And the money went everywhere, but it went nowhere. That went on and on and on. He would dump it into-- over the cliff. He would look at the man that was bleeding. The man would pull back his Band-Aid to see if the wound had been healed and it was still bleeding, back and forth. Still bleeding, he would yell. You know, I actually started laughing about 4:30 this morning because I couldn't believe how absurd, how absurd it is to just throw a half a billion dollars over a cliff. And that's what you're doing when you can't sit down and talk about repurposing LB1107. You're just throwing it over a cliff. That's what happens when you can't think intentionally. That's what happens when you can't be a little patient and actually repair the wound that continues to bleed. Colleagues, LB1107 is about equal to half of the total budget we spend on education. I'm not saying, you know, it is half. I'm saying about. We're taking a total of half of what--

**HILGERS:** One minute.

**WALZ:** --we spend on education and we're dumping it over a cliff without any investment, without any return. That is absurd. It is the most irresponsible use of funds. And I thought I was among a bunch of businesspeople-- no return on investment. If you want to continue down this path-- if you want to continue down this path, you vote no on LB890. If you don't want to find a solution to the wound and stop the bleeding, you vote no on LB890. But I think it's an absolute waste of a half a billion dollars without any return on investment. Thank you, Mr. President.

**HILGERS:** Thank you, Senator Walz. Senator Linehan, you're recognized.

**LINEHAN:** Thank you, Mr. Speaker. Would Senator Walz yield to a question, please?

**HILGERS:** Senator Walz, would you yield?

**WALZ:** Certainly.

**LINEHAN:** I couldn't follow from what you just said. Who's wounded and bleeding?

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**WALZ:** It was an-- it was just an image that I found, so who's--

**LINEHAN:** But, OK, but, I mean, that's kind of important.

**WALZ:** I would say the-- I would say the property tax issue is what's wounded and bleeding.

**LINEHAN:** Well, it--

**WALZ:** There's an issue.

**LINEHAN:** I-- I-- thank you, Sen--

**WALZ:** --and we're not fixing it.

**LINEHAN:** Thank you, Senator Walz.

**WALZ:** OK.

**LINEHAN:** I think to be wounded and bleeding, it has to be somebody that's alive. So I can't figure out if it's the schools that are wounded or bleeding or the property taxpayer. I-- I didn't follow that at all. It's absurd, and I'm-- I am going to join in here with Senator Friesen. He-- several of us in this body have worked for the whole time we've been here-- him, eight years; I'm now in my sixth year-- on school funding. So, no, I don't appreciate when Chip Kay tweets: I've never seen a convers-- conversation surrounding tax concerns of schools with 35 cent levies-- in case we don't know, he's talking about NRCSA schools, or some of them. Many of them are much higher than that-- and a lack of understanding how net option funding is funded-- and then he makes a funny face-- or how current lids work-- two funny faces-- or where Linehan gets her data-- three funny faces or that net option schools come out behind. I-- I get my data from the Department of Education, the U.S. Census Bureau, from the Legislative Fiscal Office. I actually work with data. Somebody joked once, do you actually know the levy of every school district in the state of Nebraska? I said, no, but I-- a lot of them, a lot of them. Do I actually know where the net option funding goes? Yes, it's \$100 million. It comes out of TEEOSA. And there's a lot of data that just gets ignored by the very people who are on Education Committee. We don't spend a billion dollars on state funding, on school funding. That is the TEEOSA money. It's one-point, I think, zero-eight billion dollars. That's what we spend in TEEOSA. There is another \$500 million that we spend in other state funding on schools, so it's \$1.5 billion. I've only said that, like, I don't know, five times during this debate. So, I'm sorry, \$548 million is not half of \$1.5 billion. It's

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a third. So it is kind of important that we actually understand the numbers when we're talking about this. And then I'm-- and then, to earlier comments that this was a last-minute deal thrown together, oh, please. This deal, LB1107, took two legislative sessions, a whole summer break of meetings on-- what is at those meetings? You know, the meetings we've all been doing over the computers from mid-March till we came back in July, then, you're right, we had the group of ten that went to the group of seven and we got a compromise. That's what Legislatures do. And, yes, people voted for things they didn't like. We had a whole bunch of people. I think-- Senator Friesen, would you yield for a question?

**HILGERS:** Senator Friesen, would you yield?

**FRIESEN:** Yes, I would.

**LINEHAN:** Did you like all of LB1107?

**FRIESEN:** No.

**LINEHAN:** You actually really didn't like quite a big part of it, did you not?

**FRIESEN:** I have told people that I had to go home and take a shower after that vote.

**LINEHAN:** Thank you. Senator Brandt, would you yield to a question?

**HILGERS:** One minute. Senator Brandt, would you yield?

**BRANDT:** Yes, I would.

**LINEHAN:** Did you vote for LB1107?

**BRANDT:** Yes, I did.

**LINEHAN:** Did you like everything in the bill?

**BRANDT:** No, I did not.

**LINEHAN:** Did you like the Property Tax Credit Fund?

**BRANDT:** That got me to vote for the bill.

**LINEHAN:** Thank you. Senator Halloran--

**HILGERS:** Senator Halloran--



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**LINEHAN:** --would you yield?

**HILGERS:** --would you yield?

**HALLORAN:** Yes.

**LINEHAN:** Did you vote for LB1107?

**HALLORAN:** I certainly did.

**LINEHAN:** Did you like everything in that bill?

**HALLORAN:** I rarely like everything in any bill.

**LINEHAN:** Right. Did you like the property tax--

**HALLORAN:** I mean, there's-- there's always something I don't like. Yes, I-- I did. I liked the property tax credit.

**LINEHAN:** Do your taxpayers like a 25 percent refund on the property taxes they pay for their general funds for schools?

**HALLORAN:** They do, and they understand the two-click method that you pointed out, yesterday, yes.

**LINEHAN:** Yeah, two clicks, yeah. Another-- and I'll be real quick. I think it's insulting to the public when we stand up here and say that people can't figure it out. It's insulting. Thank you.

**HILGERS:** Thank you, Senator Halloran, Senator Friesen, Senator Brandt, Senator Walz, and Senator Linehan. Senator Friesen, you're recognized.

**FRIESEN:** Thank you, Mr. President. So I think I've numerous times said on the floor that there are better ways to distribute the LB1107 money. I'm not opposed to it. I just want to do it right. I want to do it to help those equali-- nonequalized schools out there. And if there's money left over to do things with, I would help get the LER down. I would come up with a combination to where we can at least get some funding out to these rural schools that get a half a percent of their budget from the state. I have always maintained that I will support something to redistribute that money. I have no problem with that. The only way I think I can protect it when I'm gone is to put it in the TEEOSA formula, because I think leaving LB1107 funds currently as they are, it puts it at risk when our revenue turns down, and we're going to have that time. We all know that. I've been-- I'm a farmer. We go through these cycles all the time. We have good income. We cycle

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down to the low income. We have to make cuts. We're going to do that here again. I won't be here, but somebody is going to have to make some cuts and they're going to go after the LB1107 money because it's an easy fund to go after. I don't even-- I won't even blame them. They're going to do what they have to do to balance the budget. I do know that they won't raise taxes. They won't increase the tax rate. We've tried broadening the sales tax base, we've tried raising the income tax rate, failed every time. We have tried to find a dedicated funding source, blocked every time. Now, when we've finally got the money-- that was my goal. Let's raise the pot of money. I was always trying to raise money and redistribute at the same time. Always somebody didn't like one half of that equation or the other. Now I'm thinking, OK, we've got the money set aside, now let's figure out a way to put it in the TEEOSA formula, and right away the big schools want all of it. Let's give a little dribble out there to the nonequalized schools and make them feel warm and fuzzy, but I'm talking about the taxpayer. You may hold the schools harmless, but not the taxpayer. That's who I'm looking out for. I'm looking out for the guy that's paying that tax, that school out there that's 92 percent funded by ag. They're not in my district. If I just look at my district, this bill isn't so bad. It does them pretty good, except for Grand Island Northwest. They take a 25 percent haircut, but now that's no big deal. It's the taxpayer that takes the cut, not the school. So, yeah, I am pretty protective of LB1107. Yes, it came up in a hurry, but a lot of people voted for it. We all saw the effort on the floor to filibuster it right at the end, and it was like standing on the railroad tracks. There was nothing going to stop it. It's an amazing thing when you get to the end of the session and there's a lot to be done and the pressure's on. So for me to waste time my last 37 days is going to be no problem at all. I've got all the time in the world. I'm going to be like Senator Chambers. Time means nothing. Sometimes he'd just stand here and look around, wouldn't say a word. You don't have to talk your whole five minutes. It gives people time to contemplate what you've said.

**HILGERS:** One minute.

**FRIESEN:** I've learned a lot from Senator Chambers. If you'll dig back to our first bill that I was in a filibuster back in the day, we tried to raise the marriage license fee. And if you go back to those transcripts, you can find a classic one-man filibuster and all the motions you need to make in order. You can print that out, put it in your desk here like it's been in mine, and you can have a one-man filibuster for a long time. Thank you, Mr. President.

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**HILGERS:** Thank you, Senator Freisen. Senator Slama, you're recognized.

**SLAMA:** Thank you, Mr. President, and good morning, colleagues. I rise today-- I'm still in consideration of LB890. But since I'm getting on the mike to join Senator Friesen in talking today, I guess you can probably understand where I'm at. At this point. I would normally say something nice about Senator Walz and the amount of work she's put into this bill, and I really do appreciate the senators who have come around the table to put this thing together. But we're getting to a point now where it's getting a little chippy and we're getting into a little bit of revisionist history about what LB1107 is and what it means for our state. So I'm going to just skip through the niceties because they're worthless anyways. This bill isn't going to pass. Who cares? LB1107 is the largest property tax relief bill passed since the 1960s, when we just decided to get rid of property tax-- taxes altogether, and that was by a vote of the people. So I guess you could say this is the most the Legislature's ever done for property taxpayers in this state. So now we're hearing that that relief, that half-a-billion dollars, is a waste without a return on investment. Please, tell that to the property taxpayers when they're getting checks this spring for 25 percent relief on their school taxes paid. We hear in this body all the time what's good for Omaha is good for the rest of the state. We hear it every time a bill that's brought up that impacts only Omaha, but we should all support it because, you know, we're all beneficiaries. But when rural interests are given an inch with a bill that tries to help them, we're asked to give urban interests a mile in exchange. LB890 is the perfect embodiment of that approach. We're raiding the funds from the most impactful piece of legislation we've passed for property taxpayers in this state to dump into new funding in a different form of spending. Sure, we're giving a little bit more funding to small schools, but once again, urban districts will be the biggest winners of this bill that's going to spike our property taxes again in rural areas. Now rural senators are being told to be patient, comparing rural senators and those who have advocated for property tax relief for decades and fair funding for rural schools for funding to children screaming, "We want it now!" So you're right, Senator Walz. I am impatient. I am tired of coming in here year after year to fight for our rural schools and our rural students. We live in a great country where every kid in the United States, no matter what your background is, no matter what you've been through, no matter what you face, you have a chance to make something of yourself, break cycles of poverty, break cycles of drug addiction, and that's in getting an education. And I am so proud of all of our schools in the state of Nebraska, public, private, home school,

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doesn't matter, because they give kids a chance. And in this state, we say that we value kids, if they're sitting in an urban classroom, like in Papillion, in Omaha, in Lincoln, we value them more than that kid sitting in Keya Paha County, that kid sitting in Cherry County, that kid sitting in Pawnee County. We tell that kid, eh, somebody else can handle the bill, and that's how we fund our rural schools in this state. And if we attempt to change that, we get a bill like LB890 where we go, well, we could try to address that, but we're going to raise your rural property taxes, too, we're going to compromise the one economic driver your area has, agriculture, in order to fund this small change that you want. So you're right, Senator Walz. I am tired.

**HILGERS:** One minute.

**SLAMA:** Thank you. I am being-- I am so tired of being told that our rural students aren't worth it, they're not worth the investment of the state of Nebraska, and if that-- if we want even a small investment in their futures, in our rural communities' futures, that we have to sacrifice the most impactful piece of legislation we've passed in this body in a decade. Oh, and while we're on bad policy, which I believe LB890 is, I think it's bad policy to waste this body's time on a bill that we all know doesn't even have 25 votes for cloture. We've wasted a week of this body's time-- having a great discussion about property taxes, I'm with every single property tax relief advocate in here in having that discussion, but this is a waste of time. Thank you, Mr. President.

**HILGERS:** Thank you, Senator Slama. Senator Matt Hansen, you're recognized.

**M. HANSEN:** Thank you, Mr. President, and good morning, colleagues. I rise to continue talking about LB890, and I wanted to touch upon kind of a wide variety of things. First and foremost, I will just respond to rural versus urban. I really try hard to not wade into that. Sometimes I do. Sometimes I don't. For me, sometimes it's a Lincoln senator thing and I will be open and honest when I am doing that. But if the notion that this body is skewed to favor the big cities, is skewed to favor the urban districts, for me, is simply not the case. I don't mean to hold a prop, but look at the budget priorities for the state this year, look at what the Governor proposed, looked at where the ARPA funding is proposed, and figure out where those are going. Those are not going to Lincoln. They're not going to Omaha. They're going to rural areas. They're going to rural housing. They're going to canals in western Nebraska. They're going to lakes outside of cities. It's not actually going to local places. And perhaps the most obvious

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and painful one about that, about like what kind of priorities do we have, and I-- yeah, we turned down federal money for housing, like we're going have a hearing on that today because the Governor just turned down federal money for housing that would benefit the renters, that would just benefit people who live in cities. So if we're going to talk about this is an urban-focused Legislature, like if that's-- if that's your take, I understand it. That's not my take at all, and I don't believe many other people who live in Lincoln and Omaha and some of the other big cities or-- or suburbs feel that way. We feel like we have to scrap and claw and defend and go to cloture to just not have things backslide, and that's where I'm coming from, and I appreciate that because I think that's showing the evidence of why things are going so far and being so hard. You know, we've had some senators talk today that, you know, a lot of things are just going to get bogged down this session and we're at an impasse and there's no room to compromise. I don't disagree, like I-- I don't-- I don't want to threaten that, I don't want to promise that, but like if they're-- basically what I've heard people throughout this debate, throughout debate the last couple of tax bills, say is not on the table, I really don't think there's a path forward. I think we are going to have to probably just call it a draw this year. We can decide if we want to prioritize all these bills and spend eight hours, four hours, whatever, on each one, or we can just move on, pick other priorities, change the schedule, whatever we need to do. I do genuinely think we're at an impasse. And I'll throw myself in the-- in the ring of people who have spent a considerable amount of time on this. I'm not going to put any-- myself in the top half of the top ten. But just for context, everybody, the last time before COVID I remembered that we had, the last normal day we had before COVID, the last thing I did in this meeting before I left is I hosted a meeting in my office. Main reason I hosted it was because I had a decent conference table, but I hosted a meeting in my office where we had probably close to a dozen of us talking about school funding and about taxes. That was the last thing I did in a normal session when we can all just sit around and talk, and it was a br-- really broad group. That didn't lead to anything, but that was an attempt. And that was, again, a number of us have repeatedly attempted on multiple issues. I said yesterday, if there's a line in the sand that you're not willing to cross, I really appreciate it when people just say it out loud and make it clear because that's what I'm doing too. And I think once we start stacking all these up, we're going to show that we don't have much room to navigate, and if we know that we know that but we can kind of stop some of the suspense or surprises or-- or-- or things, to-- to-- to stop. I don't want to bog everything down, I don't want everything to

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stop, but we keep tying all these bills together and you voted this way on this bill, so, you know, logically, you should vote this way on that bill or vice versa. You know, fair debate, but, again, they're all tied together, and that's the struggle we're going to get at. I mean, for me, one of the things that I always struggle with, and this is what I intentionally--

**HILGERS:** One minute.

**M. HANSEN:** Thank you, Mr. President. You know what, I-- I'll just hit my line again. I'll get into my numbers. Again, colleagues, we have talked about what we can and cannot do, and I appreciate that. I agree this bill is probably in trouble, the next bill's probably in trouble, lots of things are just going to be in trouble, because we're at an impasse and we can't agree on how we want our state to look and it's tough. It's tough. I don't enjoy this. I don't expect anybody to enjoy this. But if you think that there's some benefit to being an urban senator in this body, I just want to be clear, I don't feel that. I feel like I have to fight tooth and nail for my constituents to just get recognized a lot of the time. Thank you, Mr. Senator-- Mr. President.

**HILGERS:** Thank you, Senator Hansen. Senator Briese, you're recognized.

**BRIESE:** Thank you, Mr. President. Excuse me. Good morning again, colleagues. Wanted to make a couple of comments about a few things that were said and then talk about Twitter a little bit. Now we need to remember the LB1107 compromise that people express angst over was the result of a-- we had an effort to reform education funding at that time. We moved it along with the business incentive package, the UNMC project. And as Senator Friesen indicated, there was a lot of us, and Senator Linehan, there was a lot of us in here that were not very happy with all components of that. But the LB1107 compromise at the end really represents what it's like to come together, swallow hard on a few things, and do what's best for our state, come together with a package that moves everybody forward. Did I like all aspects of the business incentive package? Did Senator Friesen? Did Senator Halloran? Others? Likely not. The UNMC project, all aspects of it? Likely not. We had our eyes set on education funding reform at that time, but it is what it is. That's what we ended up with was LB1107. That was what we ended up with as a result of a compromise to get everybody moving forward, to get the state moving forward, to get the thing across the finish line. And for someone to suggest that it's bad policy, that it's absurd, things of that sort, I don't think those taxpayers that are getting 25 percent of their school property taxes back would agree

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with that. We're giving taxpayer dollars back to taxpayers and I-- I'm very reluctant to ever call that absurd or back pol-- or bad policy and suggest we're wasting-- wasting an opportunity. No, when we're giving money back to the taxpayers, giving their tax dollars back, we're not wasting-- wasting resources there. And, Senator Friesen, you indicated that you have a Twitter account. Well, I don't even have a Twitter account, but I have some people tell me what's on Twitter, and I thought maybe I'm going to have to get an account. I don't know. You know, someone on Twitter suggested I don't know what I'm talking about because it's not going to be a 20 percent tax increase for the taxpayers up at Elgin if we put these two together because they haven't gotten their 25 percent yet, they've only gotten 6 percent. But they're going to be getting a 25 percent ref-- refundable income tax credit for their school property taxes paid for tax year 2021. Those folks are getting it right now. So, yes, this does represent, the combination of these two bills would represent a tax increase on a wide swath of Nebraskans. I was also-- it was also suggested that when I spoke to a group of school board members a week or so ago, that I indicated zero willingness to make a compromise on LB890 to LB891. No, I expressed my concerns about LB890 and LB891 and the combination of those, and I laid out the three main reasons why. But I was asked by someone in the crowd what is my willingness to cough up part of the LB1107 money, and I said I had zero tolerance for that, LB1107 money should be off the table. And someone also said on Twitter that I lack an un-- an understanding, I lack understanding of the potential cap that is supposed to be in this bill. And again, I'd like to have somebody explain on the mike to me how the-- how this bill has a mechanism to ensure these dollars yield property tax relief. As I see it, any purported cap in this bill boils down to the budget authority for the General Fund budget of expenditures of 79-1023 plus the exclus--

**HILGERS:** One minute.

**BRIESE:** --thank you, Mr. President-- plus the exclusions of 79-1028. And there is-- there are several exclusions here. Those funds necessary for-- I'm kind of paraphrasing them here, not describing them very accurately, but funds necessary to pay for natural disasters and judgments and retirement incentives, distance education, excess employer contributions, voluntary termination incentive policy-- or programs prior to '09 grant funds, federal im-- impact aid, new elementary attendance sites, so on. And again, I-- I paraphrase some of those. I'm not extremely accurate probably on what I'm describing there, but you get the point there. There is a litany of exclusions that add to the-- add to the potential budget authority

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here, that adds to the potential ability to levy property taxes. It takes away from the ability of any purported cap in this bill to ensure these dollars yield property tax relief. If I'm wrong on that, I'd welcome an explanation on the mike.

**HILGERS:** That's time, Senator.

**BRIESE:** Thank you, Mr. President.

**HILGERS:** Thank you, Senator Briese. Senator Blood, you're recognized.

**BLOOD:** Thank you, Mr. President. Fellow senators, friends all, I don't believe I've spoken at all on this bill, and this is likely the only time I will speak on this bill, because I saw this as an opportunity to be a learning experience and I wanted to hear from everybody that-- that had words of wisdom, which weren't all the comments, but words of wisdom on the mike. I was tickled to hear people talking about Twitter when some of those same people are the ones that always say, I don't even pay attention to social media. So it was kind of entertaining to all of a sudden hear people reading things off Twitter, but that's the world we live in right now. But the thing that I find concerning and really the reason that I'm standing up is sometimes I think we get to the point where we get out in the weeds when we have opportunities to come together and maybe fix something that we don't like. I remember a lot of the bills that we've talked about on the mike during-- during this bill happened because people got together under the balconies and tried to make it better and tried to figure out, if we give you this, can we have that, and I-- I'm just not seeing that on this bill. I'm just seeing an all-or-nothing approach. I saw some feelings that were supposedly hurt at the beginning of this discussion when we very first started debating about how people supposedly hadn't been contacted about it. But I know that most of the senators that I talked to had been contacted a minimum of one time, but I could be mistaken. And I didn't talk to every senator in the body, so I certainly don't want to speak for every senator in the body. But when I hear comments like this bill is going to die anyway, and so I'm going to take time on the mike, I think of all the bills that we've ended up passing because that was the intent when people first started filibustering and then folks came to the table in the bipartisan spirit that this Unicameral is all about. But not everybody has that bipartisan spirit, and it's really just unfortunate. So I would ask that Senator Walz, who I know is talking to her staff, if she would please yield.

**HILGERS:** Senator Walz, would you yield?



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**WALZ:** Yes.

**BLOOD:** I'm sorry about that, Senator Walz--

**WALZ:** That's OK.

**BLOOD:** --make you run back on. Senator Walz, as you heard, I've-- I've not spoken on this bill because I saw this as a learning experience and it was really interesting to hear people's opinions. So I want to just bring this back down to the most basic level, and I have a question for you. Why did you bring this bill forward?

**WALZ:** We brought this bill forward because we know that there is a problem with property tax for property taxpayer. We know that payers-- we know that there is a problem for homeowners to receive direct property tax reductions on their monthly mortgages, on their property tax statements, and that was something that was really important. The other thing, the other reason why we brought this bill, is that we really wanted to take into consideration our education system. We did not want to bring a bill that would hurt our education system because it's so important to the future of our state, and so we wanted to be able to do both. We wanted to be able to provide adequate school funding, as well as provide significant property tax relief-- relief.

**BLOOD:** I'm going to ask you to take it to a more personal level. Why is education so important to you personally? Because I feel like that's the passion that we haven't heard, and I know, because I've known you for six years, how passionate you are about education and about how you believe it's the right of every child to have the opportunity to be educated. And--

**HILGERS:** One minute.

**BLOOD:** --can you-- can you take my last minute and speak from the heart and tell us why education is important?

**WALZ:** Absolutely. You know, it was-- I was really surprised to hear Senator Slama say that this was a proposal that didn't take into account all children in Nebraska. I mean, as Education Chair and as a past teacher, one of the things I will tell you that is number one, number-one priority and our number-one focus, is our students and our kids and making sure that we're providing a quality education to every child. I-- it doesn't matter if they live in Bridgeport or Hay Springs or Grand Island or Columbus or Fremont or Omaha. This was a bill that did address and provide funding for every single student across the state, every--

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**HILGERS:** That's time, Senators.

**WALZ:** --single student.

**HILGERS:** Thank you, Senator Walz and Senator Blood. Senator Bostelman, you're recognized.

**BOSTELMAN:** Thank you, Mr. Speaker. I guess there's a couple of things I want to talk about today, and in a minute I'm going to ask Senator Friesen if he'd yield to some questions because I think we need to address a couple things here. But, you know, I think it's little disingenuous in saying this is it, this is it, everything's about this bill. Well, I've been here five years and there's been bills come to this floor, Senator Friesen's brought bills to the floor I think almost every year, if not every year, to try to compromise, try to work, has met with everybody, all the stakeholders within that time frame-- nope, can't do it, nope, can't do it, can't even talk about it. It gets killed right away. So now all of a sudden, oh, this is-- this is it, and my understanding is, is what I read on this, half of my district benefits from it and half of it doesn't. This is about property taxes. This is about good education for our students and-- and ensuring that our schools receive appropriate funding that they need, but also making it on the tax side not such a heavy burden on taxpayers. Senator Friesen, would you yield to some questions?

**HILGERS:** Senator Friesen, would you yield?

**FRIESEN:** Yes, I would.

**BOSTELMAN:** So, Senator Friesen, you said earlier, you talked about you're willing on LB1107, you could see where there's some flexibility there, where we could need to move that into some formulas or someplace that actually would make a difference for everybody. Is that correct?

**FRIESEN:** Yes. I've--

**BOSTELMAN:** So--

**FRIESEN:** --I've always been willing to-- that-- that was my goal way back in the day, so I've not changed from that.

**BOSTELMAN:** All right, and-- and I agree. I don't disagree. It's interesting you-- you had some handouts here and I want to talk about them a little bit. There's-- there's one of the handouts you gave us

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from Chip Kay, a tweet for Chip Kay, @Chip\_Kay, and in this thing it says that you admit that ag doesn't pay income tax. Is that right?

**FRIESEN:** I-- I don't know when I admitted that, but I-- I-- I guess I must have missed that.

**BOSTELMAN:** Well, on the handouts, I do believe it shows where-- you had some other handouts here-- income tax being paid, and actually, per capita in the state of Nebraska, our rural districts, if you will-- Grant, Deuel, Polk, Boone, Hamilton, Fillmore, Sher-- they're paying the most, aren't they?

**FRIESEN:** Yes, by far.

**BOSTELMAN:** And I guess those are all urban communities that is paying that, if I understand that right from what Chip's saying, it's all urban?

**FRIESEN:** These counties or--

**BOSTELMAN:** Yeah, I mean, is that--

**FRIESEN:** I don't think there's much urban population in Grant County.

**BOSTELMAN:** So they're ranchers and farmers?

**FRIESEN:** That's what I'm thinking. I'm-- I'm thinking that's where they live.

**BOSTELMAN:** Hmm. So they're probably paying income tax.

**FRIESEN:** Well, it appears that way. Somebody is.

**BOSTELMAN:** Yeah, it's--

**FRIESEN:** There's not many residents in some of those counties. They are pretty sparse.

**BOSTELMAN:** So do you agree that our county assessors has devalued property valuations?

**FRIESEN:** Well, and I-- I'm assuming they're referring to the ag land as being taxed at 75 percent versus 80 or 100, but I'm not sure what he was referring to, how we devalued--

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**BOSTELMAN:** Right, I-- I-- I don't either. I can tell you, as a landowner myself, I don't think my land's been devalued at all. I think I'm paying more than my share in taxes on that.

**FRIESEN:** Well, I think if you start really digging into the data, you can see where residential property values have been held down and not ag land.

**BOSTELMAN:** And it says we receive the highest number of income tax credits, farmers and ranchers do. Is that right?

**FRIESEN:** No, it's not. And I don't know the exact number, but it's somewhere in that 30 percent range is what ag gets from LB1107, so 70-some percent of it roughly goes to the urban residential, commercial property owners. So, no, it's not, by far, not heavily ag centered.

**BOSTELMAN:** So I-- I imagine I'll get some--

**HILGERS:** One minute.

**BOSTELMAN:** --ugly tweets, as well, coming from this, this conversation we're having right now. But your handouts really do show that what people are paying, where on property tax rates, on income tax and that, it really does show that-- that rural Nebraska, out-state Nebraska is really paying more than their share of taxes, would you-- per capita?

**FRIESEN:** That-- that's the way I feel. And-- and by having to fund our schools the way we do without state aid, it takes money out of our rural communities that we can try to have economic development and grow our communities right now because we are paying that full bill. The state doesn't help. It lowers our resources for doing more in those communities.

**BOSTELMAN:** And make-- make no mistake, I totally support our schools. We need to fund our schools to-- as much as they need to be funded, but we need to find that better way in order to do that, and I don't believe we're there with LB890.

**BOSTELMAN:** Thank you very much, Mr. Speaker.

**HILGERS:** Thank you, Senator Bostelman and Senator Friesen. Senator Linehan, you're recognized.

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**LINEHAN:** Thank you, Mr. Speaker. Maybe I miscommunicated here about my concerns on LB890, which I do not support, or LB891, which is in the Revenue Committee. I-- what I am-- what I meant to say, if I didn't say it clearly, is we as committees have the issues that we are supposed to address, and revenue and how we collect it is in the Revenue Committee. So it's not about how I feel. It's about a bill put together to spend \$730 million, and the Revenue Committee has spent very little time on this. And it's not because we aren't working hard. We're working really hard. But LB891 is in the committee. I don't think is coming out of the committee. I'm quite certain it's not coming out of the committee and no one has even prioritized it. So this is-- you can't-- which many of us realize because we tried, again, ever since we've been here, and specifically the last Legislature, we tried to do education, do a bill, and then actually the Speaker said we couldn't do it. Then we-- Revenue and Education had to have joint hearings and then we had to bring the Appropriations in. Here-- here's the bottom line. If we are ever going to do this, which I have been trying to improve school funding since I've got here, it's not a one-committee deal. It just isn't. You have to have in the room, first, probably as important as ed-- well, maybe-- it depends. I'm not going to-- you-- you have to have Appropriations in the room. You have to. I don't-- I don't know how involved the Appropriations Committee has been, or Chairman, but I don't get a feeling that they've been much more involved than the Revenue Committee. You're never going to get a big thing like this done without all three of those committees. And going back to the Twitter, I-- I don't-- a senator asked me yesterday if I'd saw something on Facebook or whatever, and I go, I don't even look at it. Mostly I don't look at it because my children, who aren't even-- they're adults now-- just think it's better if I don't and they're right. I've learned it doesn't really matter. I don't care. But when we have public officials who feel it's quite OK to tweet remarks about the intellect or the abilities of four state senators, I don't think that's OK. This isn't some political group or a political party tweeting about us. I expect that. This is about public employees. And the lack of respect, we should all be very, very concerned about the lack of respect that shows for the Legislature. I-- I've said this before, and I know several of you disagree with me. I don't like term limits. I've never liked them. But when we have them, which we do, it is critically important for this body to stick together when it comes to respect for each and every one of us. Now that doesn't mean--

**HILGERS:** One minute.

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**LINEHAN:** --that we don't belong to this party or that party or this group for a cause. That's different. This is public employees thinking it's just fine to make fun of four or five sitting senators. It's not OK, and none of us should think it is. Thank you, Mr. President.

**HILGERS:** Thank you, Senator Linehan. Senator Walz, you're recognized.

**WALZ:** Thank you, Mr. President. You know, I-- I guess what I want to do at this point is really just take a step back and just talk about all the positive things. We've been talking about a lot of negative things this morning and I guess it-- I just want to take a step back and talk about all the-- all the positive things that have happened over the month, starting with the-- the leadership of two educators from Columbus, Nebraska, that made the decision to become part of a solution, a solution that is good for our students, a solution that is good for our schools, and a solution that's good for our taxpayers. And I will be-- you know, I'm going to be the first to say that Troy and Chip showed true leadership. They showed true leadership skills, creating a brilliant school funding proposal that brings 186 schools into equalization and provides a reduction in tax levies in nearly all the school districts. You know, and over the past few months, I've heard over and over and over again that this is one of the best proposals that's been brought to the Legislature for our schools and for our students and for our taxpayers. It-- it had the big picture, all three. Secondly, I want people to understand that it was really important to me that we bring every single school district to the table; whether you are equalized or not equalized, urban or rural, it was really important that we brought every, every representative to the table. And because of that effort-- here's the important thing. Because of that effort, trust was built. Regardless of where you lived or-- or what location you represented, we built trust and we had a common goal to provide funding to all schools and all kids. And, colleagues, I think that is unprecedented. That has never happened, to my knowledge. The fact that this proposal unified all schools, we never thought that would happen, ever, and schools will tell you they never thought that would happen. I think that through this process we become stronger advocates for education, we become stronger advocates for kids, and we become stronger advocates for our communities and our constituents, and honestly that's something that a red light or a green light cannot take away. So whether or not this bill passes, our priority throughout this whole process and the things that we did accomplish by unifying schools, I think it's a win. The fact that we as an education community--

**HILGERS:** One minute.

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**WALZ:** --are unified and that we're stronger, is a win. There are a lot of people who are involved in this proposal. That includes school board members, superintendents, GNSA, STANCE, NRCSA, and I really, really appreciate their leadership and stepping up. That's all. Thank you for now, Mr. President.

**HILGERS:** Thank you, Senator Walz. Senator Clements, you're recognized.

**CLEMENTS:** Thank you, Mr. President. First I really want to thank everyone for your expressions of sympathy on the passing of my father. I've been overwhelmed with your graciousness, and I thank you for that, and we had a wonderful celebration of life last Saturday. I'm rising in opposition to LB890. I did watch the presentation of this plan when the creators of it were educating people about it, and I got to the end and I said-- saw there was no funding plan to where they were going to pay for \$700 million of spending. And I'm on the Appropriations Committee. We've got \$4 billion worth of spending requests for ARPA money. It's really easy to propose spending, but where are you going to come up with it is-- I think it's not a full plan when you-- when I was told, well, the Legislature will just have to figure that out. In the LB1107, the current 25.3 percent property tax credit is guaranteed, and now it's been indexed with inflation, thanks to Senator Briese's bill, and that gives some protection to the property taxpayers as valuations go up that our property tax credit will go up and give them something real that they can rely on. This plan has no guarantee in the future for property tax relief. Taking the lid from \$1.05 to 95 cents is not much of a limit. I might be more interested if you were talking about 75 cents. But the-- and then plus the 10 cent building fund outside the-- the levy and allowing that to be a vote of the board to build new buildings without a vote of the people, that's another objection I have. Then the option enrollment, there's no more \$10,000 payment for option students. There's going to be, I think, little incentive in the future for school districts to accept option enrollment, and that I think there are students that could really use the change from different schools, but when they're not going to be rewarded with the cost of educating those students, I doubt that it would be as popular as it is today. With that, if Senator Friesen would like the rest of my time, I'd yield to Senator Friesen.

**HILGERS:** Senator Friesen, 2:00.

**FRIESEN:** Thank you, Mr. President. Thank you, Senator Clements. So there's been a misperception, I guess, that most of this LB1107 money, or the Property Tax Credit Relief Fund, goes to ag. So I've got a-- an

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analysis of here of where-- first of all, how much each school gets in TEEOSA aid, and this for '22-23, and each school, how much they would get from the first tier of the Property Tax Credit Relief Fund. That's that \$313 million. And then I've got the LB1107 money that's currently at \$548 million, and I have a total of what each-- goes to each school and in the percentage of that total fund that that school receives. So I'm-- the other day, I was kind of picking on David City Public Schools, so we'll start with that one. They get \$130,000 of TEEOSA.

**HILGERS:** One minute.

**FRIESEN:** They get, in the end, 0.18 percent, 0.18 percent of that total pot of money; Arnold Public Schools, 0.07 percent of that pot of money; Omaha Public Schools gets 20.49 percent of that giant pot of money; Elkhorn, 2.2; Millard, 6.1; Grand Island, 3.99; and then you've got Hampton, 0.07. So there's the distribution of those dollars. There's a lot of it goes to the urban residential homeowner. If they just file their income tax, get the credit, it's there, but you do have to file your income tax. Thank you, Mr. President.

**HILGERS:** Thank you, Senator Freisen and Senator Clements. Senator McCollister, you're recognized.

**McCOLLISTER:** Thank you, Mr. President. Good morning, colleagues. I haven't spoken on this bill yet and I'll do it now. I need to congratulate Senator Walz on bringing this bill forward and the major accomplishment of getting all the school districts to agree. That's hard to do, so I salute Senator Walz for that. With regard to social media and Twitter, I've got some experience, three years of experience with that. I've received a lot of slings and arrows during that time, but it is a great way to communicate with people and you can really communicate with a lot of people that way. I served two years on the Revenue Committee and we went through numerous iterations of bill for school financing using that Revenue Committee. I would guess we probably killed five or six trees with all the-- all the spreadsheets that we developed for that effort. And I think we recognized then, with that failed effort, it would take a major effort, like we did for LB1107, LB1107, to get the bill passed. With our filibuster rules that we have, it's so easy to stop a bill, and that's why LB1107 was so successful. We brought those groups together and were able to get that bill passed, and I think that's what it's going to take for LB890 as well. I think we need to -- when this bill moves forward, we need to engage all the-- all the partners, all the stakeholders, and get together and get this bill passed, similar to the effort that we had with LB1107. That's what we need to do. And I think we also need to



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talk about the income tax bill that's coming next week, LB939. Are we going to go eight hours on that without success? I think we need to bring all the stakeholders for that bill together so we don't waste time in this body. We're going to be-- discover soon, I believe, that we're wasting a lot of time with filibusters when, if we did some advance preparation, we could be more productive and waste less time. I yield the balance of my time.

**HILGERS:** Thank you, Senator McCollister. Senator Matt Hansen, you're recognized.

**M. HANSEN:** Thank you, Mr. President, and good morning, colleagues. Looking at the queue, this will probably be the final time I speak today. This is the-- this is what I intentional-- intended to talk about earlier, and I'm going to talk holistically about all these tax debates. And it's difficult for sometimes in these tax debates, both for me to follow, for others to follow, I presume the public to follow, because we jump from like what numbers we're talking about, and I don't necessarily mean like different data sources but like what type of numbers we're talking about. Sometimes we're talking about the tax levied, sometimes we're talking about the tax amount collected, sometimes we're talking about per capita spending, sometimes we're talking about holistic spending, and on and on and on. And that's the thing, these are all valid numbers, these are all helpful numbers, these are all important numbers to look at. But sometimes you can use them in a way that paints part of a picture. For example, yesterday, and I believe this came from the consumption tax hearings, we heard a story about somebody who paid \$90,000 in one year in property taxes, paid \$90,000 in one year in property taxes, and that is-- in my mind, I heard that number and that's some-- I got sticker shock, too, and that wasn't even my property tax bill, but I was thinking about it more and more. If that person pays \$90,000 in property taxes and they pay it at the same rate I do, which is almost exactly 2 percent, that means they own at least \$4.5 million worth of property. And when you compare \$90,000 to \$4.5 million, the numbers matter. We-- that might be too high, that might not be proportional to the income they derive off that land, the valuation might be wrong, there's things we could talk about there, but when you just talk about this person paid \$90,000 in a vacuum, it only tells a bit of the story. And that's not to say you can't use that example or shouldn't use that example, but that's to say that all of us, when we start hearing these numbers, need to take a step back and look at the bigger picture. That's the same thing I talk-- think about when we talk about, you know, property taxes collected or property tax increases. We talk about the property tax increases we've seen and, yes, property taxes have gone up in raw

dollars paid. People are paying more out of their pocket in a lot of these communities. But the reason they're going up is not necessarily because the tax rate is going up, it's because the valuation is going up. That's the equivalent of saying you paid more in income tax because you got a raise, and that's something that can get your attention and you can want to solve and it can be a problem and it can mess with your budget. I get all of that. But let's not pretend that-- or let's not forget, I should say-- I don't know if anybody's pretending. Let's forget that it's not necessarily rampant, incredibly high tax levies. It's the valuation. Again, if this is a valuation problem, that's something we could look at. But again, we're talking about doing all this through school funding and school taxing authorities. And the final thing I wanted to talk about, and I was having-- somebody yesterday was asking me about this just in my personal life, to kind of explain equalized school districts and the notion of that. And I was like, you know, the point of equalization aid is to equalize, so it inherently says that not all school districts are going to get it. That's-- that's kind of how we've designed it; for better or for worse, that's how we've designed it. But there's going to be some school districts that have enough local resources that they don't need state aid. I-- I have dipped my toe in the water. I've said I've been interested in maybe looking at some sort of foundation aid, base aid. I can get there. But when we talk about the current equalization aid model doesn't fund all schools, it's like, yes, it doesn't fund some of the school districts that have lower tax levies and more local resources, and if there's a particular problem in a particular school district that doesn't fit that model, that the numbers don't work out, that the formula is unfair to them, we could talk about it. But in a lot of instances, we're asking to try and figure out a way to give more property tax relief to people who already pay lower tax levies on that property. And that's where we start getting into some of these difficulties.

**HILGERS:** One minute.

**M. HANSEN:** So when we say-- and we see this in all the things we've done. So the two tiers of LB1107, one is based on valuation, one is based on school districts' taxes paid. We're trying to do some other things based on the caps, based on school district taxes. We're trying to do some other things based on school bonding and all these different things. We're approaching it from all sorts of different angles and when we start putting all these layers and layers and layers on, it starts getting really difficult to actually know, when we pull this lever and raise this number or roll over this number, what are the outcomes going to be in part because we've piecemealed it

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all together because we've been focusing on different problems at different times. Thank you, Mr. President.

**HILGERS:** Thank you, Senator Hansen. Senator Slama, you're recognized.

**SLAMA:** Thank you, Mr. President. Good morning again, colleagues. Like Senator Matt Hansen before me, I-- I believe this will be my last time on the mike today, so I just wanted to close with a few thoughts just to wrap things up. But first, I have big news for the body. It's actually kind of cool. The University of Nebraska Regents just voted 7-0 to allow alcohol to be sold at Husker and Nebraska athletic events, so there's some applause going on. Big news. Something that's come up in debate today, and I think it's important that we address because this has been a theme in some of the debates we've had thus far this session, is portraying that everyone's united behind a bill, everyone's on board. When you hear that on the mike and you're a senator, you think, oh, that's actually really interesting. Especially with this bill and on other bills where this has been raised, that's unfortunately been false. All the schools are not on board with this bill. Even NRCSA, who came in support of LB890, pointed out some really big issues with things like option funding and the six rural schools that would be held whole, which simply means that they're going to continue falling further behind their peers and having to increase their property taxes to pay their bills. Omaha Public Schools opposed LB890 and last time I checked, they haven't changed their position. And moreover, the one thing, when I look at the committee statement, that doesn't appear is the testimony of the property taxpayers who are, you know, busy working. They don't have a lobbyist. They don't have the time to take off of work and come down here and testify and go, you guys are going to raise our property taxes, send it to the bigger schools, and, yeah, we get a few pennies for our rural schools, but it doesn't cover the losses we get from raiding the LB1107 money. There's a really big difference between the lobby being unified behind a bill and everyone being on board for a bill. Senator Pansing Brooks had a --had a bill up earlier this year where the County Attorneys Association had switched to proponents of a bill, but there were still individual county attorneys that were reaching out with concerns on the bill. So just because a lobby group says that they're on board, it doesn't mean that every single individual person that they represent is on board. We saw that last year with the debate on a law enforcement bill. There's a big split between urban and rural law enforcement, but the particular law enforcement lobbying group came in support, even though there was a large amount of dissension amongst the rural law enforcement officers over the bill. So I think it's important that when we're discussing and acting like everyone's

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singing "Kumbaya" about a bill to read behind-- between the lines. And if the lobby is unified behind a bill, what that actually means, because first off, on this bill, it's not true; and second off, that means that the lobby, not all Nebraskans, not all property taxpayers, not even all the schools, are behind this bill. So with that, I will give the rest of the time back to the Chair. Thank you, Mr. President.

**HILGERS:** Thank you, Senator Slama. Senator Erdman, you're recognized.

**ERDMAN:** Thank you, Mr. President. I was listening to Senator Matt Hansen, his comments about if your valuation goes up, that doesn't necessarily mean your taxes go up. Well, Senator Friesen passed out a document yesterday that showed, over the last ten years, how much tax asking, taxes actually collected, went up. And I have looked at all 93. I see not one of them, not one, stayed the same or even went down. Every one of them went up, and the average looks like about 4 to 5 percent annual increase in tax asking every year. And so don't stand up on the mike and say, just because your valuation went up, doesn't mean your taxes went up. Last year, my county assessor raised my value 16 percent, and everybody that collects taxes kept their mill levy the same. So guess what happened to my taxes? They went up. That's what happens. Senator Walz says all schools are on board with this. That's a false statement. I have gotten emails from schools in my district who have a significant portion of their students are option students and, if this is passed, they will no longer have option students. That's a problem. So I don't believe you can stand up and say all schools are on board. So we've had issues this last summer with education. Many people have showed up at the State Board of Education. And I want to give you a couple of definitions this morning and I want you to see where you think our schools fall. We call them public schools. So if we have a public school and a parent or many parents show up at a school board meeting and they suggest that we want you to teach this certain thing in our school, that means the public would have input in what's taught. That would be a public school. What we have is something different. Many parents show up at school board meetings and share their opinions about what they're trying to teach and it falls on deaf ears, so I don't know that that's a public school because the public doesn't have any input. A better definition may be a government school because we're going to teach what the government wants to teach, irregardless of what you, the parent, want. Now the other thing that you need to keep in mind, if you go to a school board meeting and you speak up and have an opinion, you very well may be called a terrorist. So tell me how someone going to something that they're supposedly supposed to be involved in, a public school, go and share with the public their opinion, how that's a terroristic threat.

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So you decide what bet-- definition bet fits-- best fits our school systems today. So this bill is basically, what it is, is the inmates are running the asylum-- the asylum here. We have touted these superintendents as doing a yeoman's job of trying to get all the schools together, and we talk about all the schools being in unison on this and they're not. And I think Senator Friesen and Senator Linehan have laid out quite eloquently what this bill actually does. And the longer we talk about it, the less enthusiastic I get. I was opposed to it when it started. But after hearing all the information I've heard about what it actually is going to do, I have now come to the point--

**HILGERS:** One minute.

**ERDMAN:** --and a lot of people say this, I am strongly opposed to LB890. I don't know what that means. I know if that's more than what I normally am. I most normally use a red light, as you may know, but this is one where if I had two red lights, I'd use both of them. Thank you.

**HILGERS:** Thank you, Senator Erdman. Senator Vargas would like to welcome 18 students and 8 teachers from Creighton University in Omaha, along with 2 sponsors, one of which-- one of whom is Rachel Gibson of the League of Women Voters. They are all seated in the north balcony. Please rise and be recognized by your Nebraska Legislature. Senator Briese, you're recognized.

**BRIESE:** Thank you, Mr. President. And again, I want to thank Senator Walz for her work on this, but at this time I'm just not there for the reasons I've mentioned earlier, the-- my concerns about the cap or control, my concerns about the disparity in how different schools are treated, and my concerns over jeopardizing LB1107 dollars. And until somebody can suggest a way we can work around those concerns, how we can address those concerns, I can't be there. Senator DeBoer mentioned earlier, you know, was asking rhetorically how much is enough on property tax relief, and-- and, Senator DeBoer and others, you know, it depends on who you ask. I think at a hearing last summer, I think a representative of a farm organization suggested we need another \$900 million in property tax relief. I think that was the number I heard. And-- and others have far less lofty goals. Myself, I've asked the Legislative Fiscal Office to compare tax collections in Nebraska, corporate and individual, excuse me, corporate and individual income taxes versus state and local and motor vehicle sales taxes versus net property taxes, and they didn't have current-year data when I first asked for it. We did get some subsequent to that that I think was biased because of some collection changes, so I-- what I did is I went

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back to '19 and '20 and I fa-- pulled out the \$548 million in property tax collections and probably pulled out a little bit more from the growth in their-- in the Property Tax Credit Fund. And my back-of-the-envelope math suggested, if you look at the three-legged stool, we're collecting roughly \$600 million more in property taxes than income taxes and roughly \$700 million more in property taxes than state, local, and motor vehicle sales taxes; again, back of the envelope, but I-- I-- I would stand by those numbers fairly well. But again, it depends on who you ask, depends on how you calculate it. And is a three-legged stool the right assessment of the need for property tax relief? I think a lot of folks would agree that it is. But again, that too is a-- depends on who you ask. But that would be my short answer to that question, Senator DeBoer. And with that, I would yield the balance of my time to Senator Linehan if she would like it. Thank you, Mr. President.

**HILGERS:** Senator Linehan, 2:25.

**LINEHAN:** Thank you. Thank you, Senator Briese, and thank you, Speaker. I'm going to-- first of all, I need to thank the committee clerk of the Revenue Committee because I asked him this morning if he could run down Dr. Cheryl Logan's testimony in front of the Education Committee, and he called the Transcribers Office and we have it, so yay for our staff all around the Capitol. And I will hand it out, pass it around as soon as I get done speaking here, because I think many things have been said on the floor-- you know, I can't remember exactly who said what in every committee, but I think it's-- to clear the record here, I'm going to read some of Dr. Logan's testimony, and I think it's good to remember that she has one-sixth of all the students in the state of Nebraska in the OPS system. She has a very big and very tough job. Our opposition is not something-- I'm quoting her now. Quote: Our opposition is not something we take lightly. I had the opportunity, along with our legislative committee, to meet with Senator Walz and representatives of the Columbus schools to discuss-- to discuss in detail the plan that is embodied in LB890 and LB891. We highly respect the efforts of Senator Walz and Senator Lindstrom, and very much appreciate them including us in meetings and discussions--

**HILGERS:** One minute.

**LINEHAN:** --seeking to make the plan better. So I will wrap up here. They-- they are against it for a couple of reasons. She comes from a state where she didn't control her own budget. She likes controlling her own budget. She knows that if a state ends up-- this would put Omaha dependent-- 71 percent of their budget would be dependent on the

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state. And she knows if we're in charge of 71 percent of her budget, pretty soon, we'll be in charge of her school district. It's just common sense, which I find very refreshing. Thank you, Mr. President.

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

**MURMAN:** Thank you, Mr. Speaker. Sitting in the Education Committee, LB890 did purport to fix the broken TEEOSA formula. We can all agree that the formula is broken. It doesn't collect taxes fairly and it doesn't distribute them fairly around the state. It only really puts a-- a temporary Band-Aid-- LB890 only really puts a temporary Band-Aid on the TEEOSA formula. It does increase school funding to many of the rural districts, I guess, probably all the rural districts. But that's only temporary property tax relief, and that would quickly erode away because it do-- the LB890 really doesn't have any substantial change to the formula. Right now with LB1170, and those are the funds that LB890 purports to-- or will use to at least fund a large portion of LB890, and those-- those funds right now are guaran-- they are guaranteed property tax relief. And somebody this morning asked, when will we-- will we be satisfied with property tax relief? And-- and as Senator Briese just mentioned, the three-legged stool would be a-- a huge step in the right direction, as LB1107 was. But, you know, if we're going to redo the formula, we've got to at least stop there and at least have a large amount of assurance that the property tax relief provided will continue. And 11-- LB1107 did more for property tax relief than anything in many years, so that is why this year I did make LB723 my personal priority, Senator Briese's LB723 my personal priority, because that's more than we've done in years to-- to assure some property tax relief. It's going to be 25 percent this year and, you know, this is the first year that even LB1107 provided property tax-- a substantial amount of property tax relief, and-- and we're talking about taking that away already when-- when this is the first year that it's even been implemented in a substantial way. So-- so in other words, we're-- we're raising property taxes to lower property taxes in another way, and then we have no assurance that we're going to continue to get that relief that we assured ourself. And by the way, it wasn't-- it did surprise, I think, probably everybody in the Legislature here that LB1107 did get funded as large as it has been this quickly. But to be honest, it wouldn't have passed if that-- if everybody thought, you know, we were going to have this much property tax relief this-- this soon with LB1107, it wouldn't have passed because, to be honest, there's a-- a large group of senators in-- in here that aren't really that interested in property tax relief. You know, they give lip service all the time, but they're not really

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interested in-- in actually giving property tax relief in any large amount. They're-- they're influenced by the large school districts and, you know, I understand that. You know, that's-- that's who's in their district, so-- so that would be the-- the influence that they would have on them.

**HILGERS:** One minute.

**MURMAN:** Thank you, Mr. Pre-- President. So tax-- tax collections on a state level are collected from parts of the state that are least able to pay and distributed to parts of the state that really need it the least according to their income. And I thought it was really interesting, Senator Friesen's handouts that he had here-- here this morning. The counties I represent, rural counties, in the per capita property tax collected, they're all in the upper half, really the upper quarter. There's no large populous counties in the upper part of-- even hardly in the upper half of property tax collected per capita. But the populous counties are all in the upper quarter--

**HILGERS:** That's time, Senator.

**MURMAN:** Thank you. And--

**HILGERS:** Thank you, Senator Murman. Senator Halloran, you're recognized.

**HALLORAN:** Thank you, Mr. Speaker. Colleagues, good morning. Part of what we do here, a great part of what we do here, on many issues is pick winners and losers. And this is-- LB890 is an-- an example of that. Every school district in my district, District 33, other than Hastings and Kearney County, which I share that with Senator Briese and Senator Lowe, and I'm glad to share that district with them, they all lose money; except for the larger districts, they all lose money switching from L-- LB1107 to LB890. In a handout that was provided by-- by the Education Committee, and it-- it goes through projections of the savings based on N-- NDE's model of LB890, amended by AM1756. Bottom line is this: Adams Central loses \$706,901; Axtell Community Schools lose \$341,841; Bertrand Public Schools, \$232,761; Kenesaw Schools, \$154,606; Loomis Schools, \$622,316; Minden Schools, \$272,000; Silver Lake, \$214,000. Now when you add all those up, that's \$2,544,000 less revenue with LB890 than they're receiving with LB1107. Winners and losers-- they're going to lose. Hastings Public Schools gains \$2-- \$2,436,000, almost the same as all those small schools. Almost the same as all the smaller rural schools are losing, Hastings picks up. Now I'm not going to make friends with the Hastings Public



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Schools by talking about this, but the fact of the matter is, this is picking winners and losers, and we should do less of that. We should be talking about picking more winners and winners. Let's talk for a second about option enroll-- enrollment. I understand option enrollment is an opportunity. Sometimes it's a geographic choice, right, when you're close to a school, School A, but you're assigned to School B, which is some distance away, so sometimes it's-- it's a matter of geography, distance from the school. Sometimes it's a matter of school choice. I know we don't like to talk about that in this body, and we don't like to vote to enhance some degree of school choice, but open enrollment gives the opportunity for people to move from one school to another based upon whether or not they think it best fits their child. Was my understanding, and I will stand corrected if I'm wrong, but it's my understanding that-- that option-- option enrollment goes away, right? Well, someone has to tell me then, if that goes away, what schools are going to receive students from another district. It's not going to happen. It's not going to happen. They-- you know, it averages somewhere around \$10,000 of money that walks with the child to a new school if they do open enrollment, so that money doesn't go with them and the-- and the child, the parents opt for their child to do open enrollment, go to a different school. That school, that new school that picks up that child doesn't have the revenue flow with them. Someone has to tell me how that will work. It won't work. So I'm-- I'm clearly opposed to LB890 as amended by AM1756, and I will yield--

**HILGERS:** One minute.

**HALLORAN:** --my time back to the Chair.

**HILGERS:** Thank you, Senator Halloran. Senator Linehan, you're recognized.

**LINEHAN:** I am going to ask Senator Walz or somebody else on the Education Committee a question, but I'm going to say the question so that I don't catch them off guard. On page 3 of the bill at the bottom, it's subsection (2): Reduce the reliance on property tax for support of public school system to the median level of reliance on property taxes for the support of public schools in other states. So my question will be, what is that percentage?

**HILGERS:** Senator Walz, would you yield?

**WALZ:** I will find out that percentage, Senator Linehan.

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**LINEHAN:** OK, thank you. I want to-- I know I'm a big history buff, so maybe I do this too much, but the \$548 million is not that big of a shock. Three years ago, when we were working on-- and I'm not as good as Friesen and Senator Groene and Senator Friesen and Senator Briese about remembering all the numbers, but when we worked on all of those bills, what was agreed to by the Governor and Appropriations, that there was \$514 million we could use to increase state funding to the schools. So we had \$514 million over three years. That's what the budget showed we would-- could get to. So I, for one, am not shocked that we're at \$548 million. And it's probably-- some of the irritation you hear from the people that worked on that, one of the reasons we're irritated is because we had the \$514 million right there, please take the money, with these guardrails that it actually works, and every school system said no, and they said no because we tried to cap valuation increases. And as far as I understand, LB890, and somebody gets up next, they can correct me. We have a new maximum levy for every school district, which in my school district, I think, in Elkhorn, it's 77 cents, which is a lot better, as I said yesterday, than \$1.05. But if I understand, two-thirds of the school board can vote to override that up to \$1.05. And there is nothing in the bill, as I understand it, that controls valuation increases. And if I am to believe all the realtors' things I get in my emails. In Elkhorn, our valuations went up, are going up 8, 9, 10 percent a year. So even if we leave the levy at 77 cents and valuations go up 10 percent, my property taxes, even when we do all of this, are still going to go up 10 percent a year. So that-- that's the problem, folks. We-- this-- this may actually work for a couple of years, but it will not work long-term because we're doing nothing to address-- address valuation increases. And unless-- and that was-- that was a hard stop we got two years ago. Unless we do something to address valuation increases, you cannot fix school funding. Now, the schools are also facing a problem, and I'm sympathetic to this, and this is why we've gotta keep working on this. I agree with Senator Walz and Senator Kolterman and Senator Lindstrom, all of us. This-- this is-- we've got to keep working on this because the way the current law works, when valuations go up, we're going to catch up. Maybe we won't catch up with ag.

**HUGHES:** One minute.

**LINEHAN:** But if evaluations start going up 10 percent a year in residential, their TEE-- TEEOSA aid drops because their local effort rate is going to go up. So what happened to ag for the last decade to 12 years is now happening to residential. So I have empathy that this is a huge problem. That's not-- and I know we're getting close to hopefully the end of today. This is not to say we don't have an issue,

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it's not to say that we don't need to keep working on it, but again, it's got to be the whole thing. You can't put the money out with no guardrails and think your property taxes are going to stay low because, unless we address valuations, that's not going to work. Thank you, Mr. President.

**HUGHES:** Thank you, Senator Linehan. Senator Bostelman, you're recognized.

**BOSTELMAN:** Thank you, Mr. President. As we look at-- as I looked at LB890, I had one chart comes out, savings versus tax credit on it. Half of my school districts, this tax credit that my property-- the property owners in my area would lose is \$2.5 five million and that. So that's a challenge for me that, no matter if you go with the-- with the AM or with the bill, either way, half of my schools, one way, they lose \$2.5 million that comes-- that this could be paid by the property tax owners; the other one's almost \$2.3 million. So those are concerns of mine. Wonder if Senator Erdman would yield to a question or two.

**HUGHES:** Senator Erdman, will you yield?

**ERDMAN:** Be glad to.

**BOSTELMAN:** Senator Erdman, do you have a tax proposal that's been-- been heard in Revenue?

**ERDMAN:** I do, Senator Bostelman. It's called the consumption tax and we had a great hearing last Thursday.

**BOSTELMAN:** Was there anybody come in and testify in support of that?

**ERDMAN:** There were 29 taxpayers that came from as far away as Scottsbluff, all across the state, some agricultural people, residential people from Omaha, Broken Bow, significant people. Twenty-nine different people shared their story. Senator Bostelman, not one repeated each other.

**BOSTELMAN:** And they were from Omaha, as well as further out west, rural, both?

**ERDMAN:** The majority of them were from Omaha and Lincoln.

**BOSTELMAN:** Thank you. Could you tell me a little bit more about consumption tax? What is it? What is what--that bill?

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**ERDMAN:** Senator Bostelman, it is an opportunity for us, as I've said many times on the mike, to change our focus from those who collect and spend the tax dollars to those who pay. So the consumption tax would be a tax placed on the consumables of each individual at-- at the point of sale or a service they hire for an individual, like lo-- mowing your lawn or getting a haircut, and it would remove or replace inheritance tax, sales tax, income tax, corporate and individual, property tax, personal and real. It's a revenue-neutral option, opportunity for us to collect the same number of tax dollars from a different source than we do now.

**BOSTELMAN:** Would you say those people who came in to testify in support or written position letters were pretty passionate?

**ERDMAN:** Senator Bostelman, in-- in the back of the room, there was a lady that when the people were testifying about what taxes are doing to them, she was-- she was sobbing or crying. And after the hearing, I asked her, what was it that moved you to tears? And she said the stories that were told and with the-- the compassion that they told those and it-- it moved her to think that we are putting people out of their homes, out of their businesses, and away from their farm and ranches by our excessive taxes.

**BOSTELMAN:** So was there testimony in that, during that hearing, that-- that may have said that a family is probably going to lose, could potentially lose their livelihood because their property taxes are so high?

**ERDMAN:** Yes, there was-- there was one gentleman that testified that he had moved from Nevada-- he didn't come and testify, but he sent a letter in-- that he moved from Nevada here and he couldn't, in his good conscience, allow his children to inherit his ranch because the property taxes are so high, he didn't think they'd be able to make it.

**BOSTELMAN:** So your-- with your bill, what that would do is the consumption, if I consume a new product, what it might be, then I pay tax on it. But if it's something that's used, if it's something that's maybe food items, certain ones, if-- if you're at a certain poverty-- a certain income level, it wouldn't apply to you, is that right?

**ERDMAN:** What-- what we have proposed, Senator Bostelman, we-- we've proposed that each individual in the state of Nebraska, each legal resident, would get a prebate--

**HUGHES:** One minute.

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**ERDMAN:** --which is basically a rebate in advance, to offset any consumption tax they would have to pay up to the poverty level. And that includes everyone, including Warren Buffett, would get a prebate up to the poverty level times the consumption tax rate. And so there's no cliff effect. If you are making \$12,800, if that's the poverty level for \$12,800 and you make \$40,000 as an individual, you still get the prebate, so there's no cliff effect. We will hold low-income people harmless; medium-income people, it'll be an advantage. And what will happen is the people who have more money will pay more consumption tax because they buy more consumables.

**BOSTELMAN:** Thank you, Senator Erdman. I appreciate the conversation we had on the mike. This is what we're talking about, folks, is-- is people across the state of Nebraska, it's that property tax and how to fix it. We've talked about LB1107, a lot of other areas. But this is-- this is affecting a number of people, both in the city and in smaller communities--

**HUGHES:** Time, Senator.

**BOSTELMAN:** --and farmers and ranchers. And what I'm seeing--

**HUGHES:** Time, Senator.

**BOSTELMAN:** --projections for mine--

**HUGHES:** Thank you, Senator Bostelman and Senator Erdman. Speaker Hilgers, for an announcement.

**HILGERS:** Thank you, Mr. President. Good morning, colleagues. At the request of Senator Walz, the primary sponsor of LB890, I'm going to put a Speaker hold on this particular bill, which means it won't come back this year absent an agreement amongst the sponsor and the proponents and the primary opponents of the bill. With that, we are going to end for the week. Everyone have a great weekend. Thank you, Mr. President.

**HUGHES:** Thank you, Mr. Speaker. Mr. Clerk, for items.

**ASSISTANT CLERK:** Thank you, Mr. President. Your Committee on Appropriations, chaired by Senator Stinner, refers LB937, LB988, and LB991 to General File. Additionally, your Committee on Revenue, chaired by Senator Linehan, reports LB776 and LR283CA to General File. Your Committee on Enrollment and Review reports LB906 and LB700 as examined and placed on Select File, both having E&R amendments. Senator Hughes designates LB1015 as his personal priority. Notice that

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LB310 was presented to the Governor this morning at 9:50. Name adds: Senator Slama to LB1085; Senator Groene to-- and Senator Williams both to LR284. The Appropriations Committee will have an Executive Session in Room 1307 at noon, Appropriations, 1307, at noon. Finally, Mr. President, a priority motion. Senator Hilgers would move to adjourn the body until Monday, February 14, at 10:00 a.m.

**HUGHES:** Colleagues, you all heard the motion to adjourn. All those in favor say aye. All opposed. We are adjourned.