

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

FOLEY: Good morning, ladies and gentlemen, welcome to the George W. Norris Legislative Chamber for the fifth day of the One Hundred Seventh Legislature, Second Session. Our chaplain for today is Pastor Noah Tyler from the Westmark Evangelical Free Church in Loomis, Nebraska, Senator Halloran's district. Please rise.

NOAH TYLER: Join me in prayer. Father, God, you are holy and you are good, and we thank you for today. We thank you that you've brought us here, that you've kept us safe, that we're enjoying so many of these beautiful freedoms that you've granted to our country. I want to thank you for the opportunity to serve our fellow Nebraskans. And, God, I ask specifically this morning for wisdom and for humility for all the leaders in the room. Help us to find joy in serving. Help us to be filled with compassion and mercy for those who we lead, and, and guide us into discernment, Father. We ask that you empower President Biden to lead America with integrity. And, Lord God, we pray for our Governor as he serves our people. And, Lord, for everyone else in this room, I ask that you stir their convictions to live righteous lives and to keep compassion on the forefront as they work to lead our state. God, we ask that your will be done and that you're pleased with Nebraska and its leaders at the end of the day. I pray this all in Christ's name and in the power of the Holy Spirit. Amen.

FOLEY: Thank you, Pastor Tyler. I recognize Senator Gragert for the Pledge of Allegiance.

GRAGERT: Please join me in the Pledge. 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 Gragert. I call to order the fifth day of the One Hundred Seventh Legislature, Second Session. Senators, please record your presence. Roll Call. Mr. Clerk, please record.

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

FOLEY: Thank you, Mr. Clerk. Any corrections for the Journal?

ASSISTANT CLERK: No corrections this morning.

FOLEY: Thank you, sir. Any messages, reports or announcements?

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ASSISTANT CLERK: Mr. President, I have no messages, reports nor announcements this morning.

FOLEY: All right, we're going to-- we have no need to announce new bills at this time. We'll come back to that. First item, then, on the agenda is General File 2022 senator priority bills. We're going to pick up where we left off with LB310. Senator Clements, if you'd like-- we'll go to Mr. Clerk first.

ASSISTANT CLERK: Thank you, Mr. President. LB310, offered by Senator Clements, it's a bill for an act relating to revenue and taxation: to change inheritance tax rates and exemption amounts as prescribed; harmonize provisions; repeal the original section. The bill was introduced on January 12 of last year. It was reported to General File with committee amendments. The bill was considered yesterday. At that time, the committee amendments were still under consideration, as was an amendment to the committee amendments from Senator Albrecht.

FOLEY: Thank you, Mr. Clerk. We were just on this bill yesterday afternoon. Senator Clements, Senator Linehan, and Senator Albrecht, if you'd like a minute or so each just to refresh us on where we left off yesterday afternoon, you may do so, Senator Clements, you are recognized.

CLEMENTS: Thank you, Mr. President. Yes, this is my LB310, which is reducing the inheritance tax rates, and the committee amendment changed what my bill was. I had-- my bill was going to reduce the rates by half. The committee amendment is only about a 15 percent reduction. I wanted to point out that for distant relatives, Class 2 with nieces and nephews, in 2007, they had been at a 9 percent rate of tax. In 2007, they were raised to 13 percent, which is what they are now. And I'm-- the committee amendment brings it back down to 11 percent, but not back down to the 2007 level. So it's, it is a compromise and I think it's a reasonable amount. The committee amendment also raises the exemptions, which is-- they have not been raised for 13 years, and the-- the \$100,000 for children just barely is the amount of inflation, from \$40,000 to \$100,000. And so the-- it's reflecting inflation increases that-- and also the extreme valuation, sharp increases in valuation and assessed values, have given windfalls to the inheritance tax rates where the counties aren't able to lower the levy like they do on property tax. We're lowering, basically, the levy on inheritance tax to do some adjustment for the sharp increases of valuations. Thank you, Mr. President.

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FOLEY: Thank you, Senator Clements. Senator Linehan, would you like a moment just to refresh us on the committee amendment?

LINEHAN: So what the committee amendment would do is-- thank you. Good morning, Mr. President. Good morning, colleagues. The committee amendment, which is LB310, came out of committee on a vote 7-1. Well, it came out of committee on a vote 6-2. The amendment changes the exemption amount and the rate of tax under the inheritance taxes. Changes apply for descendants [SIC] dying on or after January 1, 2022. For first-class beneficiaries, which are brothers, sisters, children, the exemption amount is increased from \$40,000, which it is today, \$40,000, to \$100,000, and the rate remains at 1 percent. Class 2 beneficiaries-- nieces, nephews-- the exemption amount is increased from the low of \$15,000, which it is today, to only \$40,000, but it's at least \$40,000, and the rate is reduced from 13 to 11 percent. For Class 3 beneficiaries-- these are non-related beneficiaries, non-familial, related-- exemption amount is increased from the current \$10,000 to \$25,000, and the tax rate is reduced from 18 to 15 percent. Any person under the age of 21-- excuse me, under the age of 22-- is not subject to the inheritance tax. We do this because, if you're still in school, we feel that you shouldn't have to be paying inheritance taxes. AM635 requires the county treasurers to submit an annual report to the Department of Revenue on inheritance taxes. The report is to be submitted on or before July 1, 2022, and before July 1 each year thereafter. The report shall be submitted to the Department of Revenue for all classes of beneficiaries on a form prescribed by the Department of Revenue. The report shall include the amount of inheritance tax revenue generated by each class of beneficiaries and the number of beneficiaries in each class who receive any property subject to the tax. The report shall also include the number of beneficiaries who received any property that was subject to the tax who do not reside in the state of Nebraska. Excuse me. Thank you, colleagues, and I ask for your support. I still would like people to support AM635, and I'm happy to answer any questions.

FOLEY: Thank you, Senator Linehan. And, Senator Albrecht, you had AM1511 pending when we left yesterday, if you'd like to refresh us on the amendment.

ALBRECHT: Yes, and thank you, President. Colleagues, again, given the landscape of what we've been talking about yesterday on the floor and the two meetings that we had today, both with Senator Walz, Senator Lindstrom, and Senator Stinner, explaining about the different funds that are out there and available, again, I think the theme of this

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particular session is, it is the people's money. It is time for us to revise an outdated tax plan that we've had for many, many years. So AM15 [SIC-- AM1511] would basically fully phase out Nebraska's inheritance tax over the course of five years and eliminate, eliminating it completely by January 1 of 2028. So I hope that you'll all engage with a little bit more conversation than just one or two people in the queue, because this truly is impactful to the people who live in Nebraska, who raise their families here, who raise crops here, who do business here. You know, we're building on what we need for our future, for the future generations, but we're going to take it away from them at the time of death. It's very difficult for people to assume that that's the thing to do. So appreciate any conversation we can have on AM511 [SIC-- AM1511], and hope to get your vote. Thanks.

FOLEY: Thank you, Senator Albrecht. Before moving to debate, Senator Albrecht would like us to recognize Dr. David Hoelting of Pender, Nebraska, serving as today's family physician of the day. Dr. Hoelting is with us under the north balcony. Doctor, would you please rise? I'd like to welcome you to the Nebraska Legislature. Debate is now open on LB310 and the pending amendments. Senator Erdman.

ERDMAN: Thank you, Lieutenant McGov-- Lieutenant Governor. Good morning. I want to say hi to Don [PHONETIC] out there in Angora this morning. I know he's watching; I appreciate that. I'm going to follow up with some of the comments that I made yesterday about inheritance tax. One of the things that we need to always keep in the forefront of our mind is the fact that it's not the county's money. It belongs to the individual who passed, and now it belongs to the heirs that he left it to. And I don't understand why dying creates a tax event. All of the money that was used to pay for that real estate, equipment, cattle, whatever they may be inheriting, was done with after-tax dollars. And now we're going to tax them again. It doesn't make any sense at all. And so some have said it's very similar to property tax. You know, we've paid for our property with after-tax dollars and they continue to tax us every year. Well, I know this won't be a surprise. I have an answer for all of those. I have an answer for inheritance tax. I have an answer for property tax and income tax. It's called the consumption tax. That's the answer to fix all of these problems. We wouldn't be talking about this today if we adopt the EPIC consumption tax. But I'm going to speak today about Senator Albrecht's AM 1115-- AM1511, excuse me. I'm in support of AM1511. I did draft a yellow-copy amendment yesterday afternoon, and the amendment said I want to amend LB310 to eliminate inheritance tax effective January 1, 2025. I've chosen not to drop that in. But I'm

going to support Senator Albrecht's AM1511. Let me run through what AM1511 does, for those three of you who are listening. In the first year, those close relatives, the, the rate is going to be 1 percent and then it drops to 75 percent-- 7 tenths of a percent, 75 hundredths, 5 tenths, 25 hundredths, and 0. The second class, the second group, it goes from 13 to 11, 11 to 9, 9 to 7, 7 to 5, 5 to 3, and then to 0. And the top class, the most expensive or the highest percentage, goes from 18 to 15, to 12, 9, 6, to 3. Here's the point. We're reducing inheritance tax by 15 percent a year over a five-year period. When the counties have the opportunity to receive inheritance tax, they have no idea how much it's going to be from one year to the next-- none, zero. So when I was a county commissioner, I would rather have funds that I knew I was going to have year after year than to have some funds one year and not have them the next. And so they have an opportunity, over five years, to work into their budget to raise their budget enough, the mill levy enough, from those who are going to get the benefit from the services that they're going to be paying for, that at the end of five years, they will never know they missed it. So Senator Albrecht's amendment is different from what I would do, but I think it's the only thing that, at this point, makes sense to get something passed. And so if you haven't considered voting for AM1511, I would encourage you to do so because it is not at all restrictive to the county budgeting process, and most of the counties use it as a slush fund anyway. And if they've been using that as part of their general fund, shame on them. Most of the people--

FOLEY: One minute.

ERDMAN: --who receive the property and pay the inheritance tax do not live in your district. They do not live in the county. They never benefit from the new road or the new bridge or whatever you use the inheritance tax money for; they never benefit from that. But you don't mind raising the taxes on those people because it's few in number, and they can never vote against you or vote for you. And so it's really easy to raise taxes on somebody that have no repercussions of your actions. So it's time to, once and for all, understand whose money it really is. It is not the county's money, it's not the state's money, the school, the city; it belongs to the individual. The state has no money. OK? They have only the money that they force us to pay, and they decide how much and when we pay it. It's time for all that to stop. I encourage you to--

FOLEY: That's time, Senator.

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ERDMAN: --vote for AM1511. Thank you.

FOLEY: Thank you, Senator Erdman. Senator Wayne.

WAYNE: Thank you, Mr. President. Good morning, colleagues. So I've been been bin-- binge watching, for like five or six sea-- six times now, the West Wing. I'm pretty much finding out all the arguments that we have on this floor has already been argued from 1994 to 2000, on the West Wing. And in this particular case, it was West Wing "Ways and Means"-- I think it's episode 4 of season 1-- they talked about the inheritance tax, and the one thing that hasn't been said on this floor is you haven't called it a death tax. Republicans are really good at making sure they call this a death tax every time, and it's a kind of comical thing where, in West Wing, they talk about it, it's-- it's a blood oath that, if you're a Republican, you have to say "death tax" every time you mention the inheritance tax, so I thought that was kind of interesting. So I'm going to be opposed to this because West Wing was opposed to it. At the end of the day, it was a big deal, a big discussion, and that's why they were opposed to it. And so generally, if I think I start following West Wing, I'll be OK in this body. And all the reasons are in that episode, so you can read that reason. So that's all I wanted to say. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Senator Lathrop, you are recognized.

LATHROP: Thank you, Mr. President. Colleagues, good morning. I'm not sure what I'm going to do just exactly with this bill, but I want to talk about a couple of things that I heard yesterday that are not, I believe, suitable considerations as you decide what you want to do with LB310 and the amendments. Yesterday, we heard about all the money that's floating around, all of the federal dollars that have come into the state. The counties are flush with cash from the ARPA funds or the funds that have come in one stimulus or one coronavirus aid package or another. You know, over in Appropriations, they're preaching the gospel of one-time expenditures, don't expand things. And the flip side of that coin is they have some one-time money coming in, but that doesn't mean we should starve the counties because they happen to have received some aid, as the state has. And I-- and I say that as a broader caution as we proceed and consider revenue bills. Can you hold it down for a second? As we proceed forward with different revenue bills, please understand that the money that's coming in and the, frankly, the tax revenue it's generating is not the new normal. This is a bulge in revenue. It is not something that we should be viewing as a permanent or a new

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normal. I think it's very important that we recognize that this is a bulge created by federal dollars that have come in. So to argue that the counties have a whole bunch of money that's come from the federal government so let's pass LB310, I think, misses, and I don't think that's a fair argument or-- I don't want to say an honest argument, but intellectually, I don't, I don't believe it, it carries the day. The other thing that I got a problem with, and I heard yesterday, was, well, the county employees only have a \$500 deductible healthcare plan, so this, this LB310 is fair game. I don't think, when it comes to state, county, and city employees, we need to be in a race for the bottom, like we're not going to help you, cities, or we're not going to help you, counties, because, by God, we looked at your health plan and it has a better-- it's a better plan than the one my aide has. I don't think that's a fair argument or we'll never get to a place where we do the right thing for the counties if our measure is what's the deductible on the county employees' health plan. Just two things that I heard, and I think it's important that we recognize that, to a large extent, the counties are dependent. They have to do what we tell them, and their authority to, to pay for that is limited by whatever we do on the floor and however we proceed here. So I just caution you, I just caution you that we need to recognize that we have a partnership with the counties and the cities, and we need to, we need to understand their circumstance and their needs and their ability to pay for the things we make them do. The other thing is, this, this federal money that's coming in, is a temporary thing. It is also creating revenue for the state that I believe is also temporary in nature and not a new normal. And I-- I would implore my colleagues to keep that in mind as we consider revenue bills and make policy going forward. Thank you.

FOLEY: Thank you, Senator Lathrop. Senator Friesen.

FRIESEN: Thank you, Mr. President. I, too, want to just talk about a few things that have been said in the past here. And again, I-- I do not support the amendment AM1511, but I do support the committee amendment to the bill. And so when I, when I talk about the-- how the counties are impacted, we have to remember that there are-- across the state of Nebraska, the impact varies greatly from Douglas County on out into the Sandhills of western Nebraska. In my area, for instance, I look at it as-- the revenue now is that you collect in an inheritance tax, and if I was to be a good Republican, I'll say death tax; I don't care what you want to call it. Let's just say the inheritance tax, and we're taxing some intangibles and, when we tax those intangibles, it's a one-time thing. And so if we take away that ability to do that, we are going to raise property taxes. And that is

something we've worked on in this body for years, and we still have not addressed it sufficient to where my constituents say we've addressed it. And so some of the misconceptions here-- and I'll talk about Hamilton County, which is I'm more familiar with, is when I've recently talked to them, they can't find enough employees. They may have a fantastic benefit program, but they're not paying enough. Today's employee needs a living wage, and so they're going to have to raise their wages. And I don't care what the sum is. I mean, the average wages from the counties, from what I understood it, the average is \$33,413 per employee. Now, yes, it goes up to-- gives a pretty broad range, but that's not a, I don't think, an exorbitant amount that I'm going to go jump and get a job, work for the county right away. And we are having trouble finding truck drivers. The gravel trucks a year ago were, were sitting parked in the yard because they couldn't find drivers. And so, I mean, if the wages are that fantastic, they should be lined up ten deep, but we just cannot get the employees. I'm hearing from contractors, when they're bidding on bridges and road projects, they can't find truck drivers, so they raise their bid to try and figure out how they're going to get this done if they can't find the employees to get the work done. Inflation is here and it has finally hit. Pre-pandemic, I talked about, you know, on this floor numerous times, about how our unemployment rate was really low and our wages were not going up, and it seemed odd to me. Well, now, after the pandemic, our unemployment is at historically low levels and our wages are skyrocketing. People have an opportunity to quit one job and move to another and get a substantial pay raise. In the past, we've talked a lot about roads and bridges. Counties in the state have the most deficient bridges of our system. The state has a few left, but they're in pretty good shape compared to counties. And when you look at the deficient bridges in the counties, I think the state-- this is kind of using 2021 data that I recently got-- there are 6,366 bridges that are identified in need of repairs at a cost of \$2.3 billion. So when you look at these numbers and you say, well, you know, the counties can do without this money, we're not looking for a way to replace it. We're just saying, no, we're going to take it away and you can figure it out, cut your budget, fix less bridges. Let's get further behind in our bridge program. And if we would have focused more on bridges ten years ago, the inflation factor wasn't there. Today, when you bid on a bridge, we're seeing 10, 15, 20 percent increases in bid costs. We're not going to be able to do near as much work with the dollar that we used to do. And we're going to have to get used to that when we're starting to talk about what kind of projects we need to get

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done in this state. And at least in the rural areas, I've got bridges that need to be replaced--

FOLEY: One minute.

FRIESEN: --if I'm going to get my crops to market. If you want to come up with something that replaces some of this money and allows the counties to fix these bridges, I'm open to limiting the inheritance tax. But right now, this is an alternate source of revenue that's not just totally dependent on property taxes. And that's all we've allowed counties really to get their revenue from, is property taxes and inheritance taxes. So if you take one away, the other one is going to go up. So to me, I guess, personally and otherwise, I'd rather pay the inheritance tax. If you want to give me something, I'm here. Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. I had listened. Maybe one of three or four or five of us are listening to Senator Lathrop. He has, he has made a decision. I don't know if he understands that, but his comments alluded to the fact that he's opposed to removing inheritance tax. I understand that. Just come out and admit what you're going to do. But here's the issue that we keep missing. It is not the county's money. All right? And Senator Friesen talks about, well, these counties won't be able to do certain things. Let me give you a little history. In 2005, I became the county commissioner of Morrill County. We had zero rainy-day fund, zero reserves. Our mill levy was 49.8, we could go to 50. Our valuation hadn't changed in the county in years. Our assessor was doing creative things with our, with our sales and held our values exactly the same for at least 16 years. We got to the place where we couldn't even make payroll. What did we do? We made decisions that needed to be made to make it work. Once we did a whole county reevaluation, we doubled the ag land values, feedlots went up 400 percent. We made adjustments. I had 500 protests, 500 protests. I didn't blame them for protesting. It was a dramatic change. What I'm trying to tell you is, as a county commissioner, you make the decisions you need to make to fit within the revenue you have. We are not, according to AM1511, taking away your birthday. We are not taking away every dollar you're going to get. If you're a county commissioner in the state of Nebraska and you cannot figure out a way in the next five years to phase this out, then they need to elect somebody else to serve in your position. That's plain and simple. And I got several emails from county commissioners on my comments I made yesterday, and you can send some

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more today. The truth hurts. If the shoe fits, wear it. OK? I'm sick and tired of hearing from people saying, oh, man, we're going to be up against our mill levy and we won't be able-- our limit, we won't be able to fund county budgets. In a lot of those counties, it's a tenth of a percent of increase. One county, the mill levy is 40 cents, and they were whining that they're going to get to their maximum 50. I figured it out. They're getting \$20,000. The last four years, they've averaged \$20,000 a year in inheritance tax. So their increase would be 0.08. So in, instead of 40 cents, it'd be 40.08. So that would be like a dollar on each parcel in the state, in the county. Ooh, that's pretty high. But those people who inherited the property may have to pay \$5,000, \$10,000, \$15,000, \$20,000. That's raising taxes. So if these county commissioners can't figure out how to make this work over five years, we need different county commissioners. Now Senator Friesen talked about those things the state sends to them, unfunded mandates. I would agree. There is an abundance of them. For example, in my county, about one-third of our budget goes to judicial-- judiciary things, enforcing state laws. There is no state law in Morrill County that says it's illegal to drink and drive, none. There's not one person ever sat in Morrill County Jail for breaking a county law, not one. Every one of those people that are in jail broke a state law, but the taxpayers pay for all that. So if you want to start with helping to fix the unfunded mandates, start enforcing the laws and send the money to the county to do that. So there are issues that need to be dealt with. But I can tell you right now, this inheritance tax is one of those--

FOLEY: One minute.

ERDMAN: --that is very, very fluct-- fluctuates from one year to the next. I would rather have a budget that said I have X every year than to say next year have two times X and the year after that, I don't have anything. They can figure out how to make it work. And just for the record, so Senator Wayne-- I don't know if he's still here-- I did say death tax yesterday, and if he wants to put that on a Republican, I'm fine with that because that's exactly what it is. And there is a difference between inheritance tax and estate tax. All right? So inheritance tax needs to go away, and I haven't thrown away my yellow sheet yet. I may have to use that later on today. Thank you.

FOLEY: Thank you, Senator Erdman. Senator Stinner.

STINNER: Thank you, Mr. President. Members of the Legislature, I need to add some comments on this. I've been somebody that has spent one

or two days with my county commissioners, except for COVID years, and I have a high regard for the county commissioners, what they do, the challenges, the issues. I think Senator Friesen talked about deficiencies as it relates to bridges within, within our state. I continue to see people show up at the county commissioners' meeting, complaining about their roads, and the gravel roads, and not enough gravel, and the like of that, so they have their issues. But interestingly, when you look across the state of Nebraska, very few counties are at their mill levy top. I think Gage County would be one of them, that Senator Dorn has, has worked because of a lawsuit. But I think, as far as stewards and doing the right things, I want to commend counties, county commissioners for their stewardship and what they do. But the idea that we have presented today, and I hear, is we're going to take ARPA one-time money and we're going to make them flush with cash. I'm sorry. As a business person, that makes no sense. But the other thing I want to point out is there's no fiscal note in this, in this bill. Did you notice that? Why isn't there a fiscal note? Because it isn't our money. It doesn't affect our revenue. What it affects is the counties' revenue. So I asked Senator Clements, who's-- I have a high regard for-- and I have a high regard for Senator Erdman and his comments and anybody that's been a county commissioner. Senator Albrecht, I think you've been, Senator Dorn. So I will listen to what they have to say about management and, and the like of that. But I'm going to work through a fiscal note with Senator Clements. Senator Clements, I have really two-- can you yield to a few questions?

FOLEY: Senator Clements, would you yield, please?

CLEMENTS: Yes.

STINNER: I have two handouts here. One is a ten-year average that says \$64,177,000. That's an average that was distributed out of inheritance tax to counties. Is that correct?

CLEMENTS: Yes. NACO gave me that data, and I averaged it the last ten years.

STINNER: So if I'm going to do a fiscal note, would I use a ten-year average, or would I use, maybe, the Platte Institute's handout that shows the last couple years being a high spot of, say, \$70 million, simply because I think it's skewed because of inflation, if I use a ten-year average? So it would be prudent for me to use probably that \$70 million, would it not?

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CLEMENTS: Yes. The current rate, current total is probably about \$70 million.

STINNER: So in this bill, how much revenue are you cutting out of-- for the counties' inheritance tax?

CLEMENTS: My determinations show that they would still get about \$60 million.

STINNER: So there's about a \$10 million deficit relative to moving these incrementally up, in your calculation. Is that correct?

CLEMENTS: Yeah. The reduction of the rates of, of about 15 percent takes you from \$70 to \$60 million. Yes.

STINNER: So how long have counties received inheritance money?

CLEMENTS: Since 1901, 120 years.

STINNER: So you're suggesting or it is suggested that counties don't need this money, don't count on this money, have never counted on this money to run their government. Is that the proposition that I hear is pre-- being presented by--

CLEMENTS: They, they use it for-- usually use it for emergency items like a bridge that goes out. Not very, not very many of them use it in a general fund way. They usually just save it up for an emergency purpose.

STINNER: And you being a businessman, you know, when you craft a budget, you want to make sure that revenue--

FOLEY: One minute.

STINNER: --source is consistent, doesn't vary, that, that you can really count on that as it relates to operating expenses. And these aren't consistent, so you wouldn't put those in a normal budget, would you?

CLEMENTS: No.

STINNER: OK. So they, though, would be set aside as reserves to use for bridges that we already talked about are deficient, emergency situations. I know they spend it for capital improvements. Wouldn't that be normal operating that would put you up against the limit if it wasn't available?

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CLEMENTS: I don't believe so. The-- Lancaster County said they might raise their levy 1.5 cents and they're way below 50 cents. They have plenty of capacity to absorb this.

STINNER: So if we take this \$10 million away from Banner County, from Scotts Bluff County? I, I understand Lancaster County, they're a whole lot richer than we are out west.

FOLEY: That's time.

STINNER: But there's-- oh, thank you.

FOLEY: Thank you, Senator Stinner and Senator Clements. Senator Linehan, you are recognized.

LINEHAN: Thank you, Mr. President. I've asked Senator Brandt if he would yield to some questions.

FOLEY: Senator Brandt, would you yield, please?

BRANDT: Yes, I would.

LINEHAN: So, Senator Brandt, last night after we got done with session, we were together and we talked a little bit about this issue, didn't we?

BRANDT: Yes, we did.

LINEHAN: And I was trying to put these classes and exemptions in like tangible things that we could understand, because it was suggested yesterday that this is a tax that only affects the rich. So do you think-- right now, Class 1 beneficiaries have to pay starting at \$40,000. What, what does a new pickup truck cost nowadays?

BRANDT: A new farm truck? Probably a plain-Jane farm truck, you could probably find something out there for \$35,000 to \$40,000, but if you're going to dress it up, \$60,000, \$70,000, \$80,000.

LINEHAN: So are most people driving those kinds of pickup trucks rich, do you think, many of them?

BRANDT: It's-- everyone makes their own business decisions on how they operate, so you have a wide range of people driving a wide range of vehicles.

LINEHAN: So you come from part of Nebraska where housing is a problem, right? I mean, workforce housing is a problem.

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BRANDT: Yes. It's probably not as severe as it is here in Lincoln, but workforce housing is, is hard to come by. In our small communities, it seems like you have both ends of the spectrum. It's very hard to find that, that house in the middle.

LINEHAN: So can you buy a house, even in your district, for \$40,000, with like two bathrooms and maybe three bedrooms?

BRANDT: Maybe not one you'd want to live in but, yes, you can.

LINEHAN: But it'd need some work, right?

BRANDT: Yeah, it would be, it would be a fixer-upper, yeah.

LINEHAN: So what do you think, maybe, the average house in your district is?

BRANDT: I would, I would guess, if you, if you aggregated all the small towns and villages with the larger towns, you're probably looking at \$180,000 to \$200,000.

LINEHAN: So are the people living in those \$200,000 houses, which they might own-- it's probably the vast majority of their assets-- would they be rich?

BRANDT: Well--

LINEHAN: It's all relative, I suppose.

BRANDT: Yeah, I, I would, I'm making an assumption here. A lot of those people have dual income or they are retired.

LINEHAN: No, but I'm just saying, if that's all they have. They have their house, they have a little pension and Social Security.

BRANDT: I would not consider them wealthy, no.

LINEHAN: Thank you very much. So I think that's kind of where there's some real, kind of, easy facts here, I think, on this. Right now, currently, we are taxing people or their estates when their whole estate is worth more than \$40,000. That, that's not reasonable, folks. That's, that's for their own children or brothers and sisters, anything over \$40. And on Class 2 beneficiaries, your niece or your nephew and in some cases-- and hopefully this is true in Nebraska-- that niece and nephew may be the only person that checks in on their aunt or their uncle or calls them or invites them over for Christmas.

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We start taxing them at \$15,000, \$15,000. That could be, it could be a family heirloom, a ring. And then on Class 3 beneficiaries, who are not related-- I get that-- we tax them at \$10,000. We're not talking about rich here, folks; we're talking about almost everybody that's not broke. And what the committee amendment does, is it moves the \$40,000 for your own children or your brother and sister to \$100,000. Still, I don't think any of us think that's rich. For Class 2, it moves them from \$15,000 to \$40,000. They might be able to inherit a pickup truck, as long as it's not souped up, without paying inheritance taxes, from their uncle or their aunt. Class 3, \$10,000, we're moving it up to \$25,000 so they can inherit a souped-up used truck, maybe. These rates are too low. It's-- we, we-- none of us really believe this is OK. I can't believe any of us think that we should be taxing people, estates, like I don't even know know-- estate, I guess, if you die and you leave, you know, anything, you have an estate. But I don't really think any of us think we should be taxing estates at as low as \$10,000.

FOLEY: That's time.

LINEHAN: Thank you, Mr. President.

FOLEY: Thank you, Senator Linehan. Senator Lowe.

LOWE: Thank you, Lieutenant Governor. Well, if Senator Wayne's here, death tax, death tax, de-- death tax. Now I'd like to frame it in my own words, since I am a Republican: death tax. When did dying become a taxing event? You have paid taxes on, on these materials, whether it is property, it's a house or, or things of that nature for years. You have paid taxes on these things and now, once just because you die, we get to tax you one more time. You save up your whole life. Why? Not to stuff it in your coffin, but to leave it to your children and grandchildren and, God hoping, your great grandchildren. You don't make plans on leaving it to the government. When was that ever in your plan? I understand our counties. We have put unfunded mandates on them, and that's wrong on us. That is very wrong on the state to do that. We want our counties to have power. We want our counties to handle things so they don't come to the state. This is a wrong tax. I'm in support of LB310 with hopes, and if not that, AM635, and definitely AM1511, because this needs to be phased out. It's not a fair tax. You're taxing those people who are receiving whatever it is, and a lot of them think, this is Mom's house but I can't afford it because I just received it for free but now I have to pay for it, and I don't want to sell Mom's house but I can't afford it, so now I have to sell Mom's house. That's, that's, that's not

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right. It's not right for government to come in and take your property. We need to work around this. As a business person, I plan on my expenses. I, I plan that there are going to be some extras that come in, much like a county would have to plan that a, a bridge may go out, because we do have rain every year. I don't plan on an air conditioner going out, and it may happen two years in a row. You don't plan on that. You plan on the expenses. That's the way our counties need to be also. You don't know if you're going to receive \$200,000 that next year. Well, you can't put a bridge in for that. You don't know if you're going to receive \$2.5 million because somebody richer died. And what happens if those with our-- with money leave our state in the retirement ages? Can't get death tax off of them. We really don't want to drive the people out of Nebraska after we've done all this work to keep them here. We want people in Nebraska. We don't want to tax them overly. We need to pay a fair tax. We all do. We need to run our governments and we're willing to do that.

FOLEY: One minute.

LOWE: Thank you, Lieutenant Governor. I have talked to our county officials and they say, John, we need this. Well, we need a lot of things. I think it's more so we want, we want this. Need means you have a need today for it. A want is, well, I want to get this done. And we don't need to schedule paying for a bridge if we think we're going to get this money in. We'll buy something else with that money. I appreciate our county officials and all, all our government officials, but this is not the right way to do it. Thank you, Lieutenant Governor.

FOLEY: Thank you, Senator Lowe. Senator Moser.

MOSER: Thank you, Mr. Lieutenant Governor; appreciate the opportunity. Good morning, colleagues, and good morning, Nebraska. We're talking about taxes today, and taxes are always, always an interesting discussion. And normally I'd be for reducing any taxes, anywhere, anytime. There are some complications, though, when you talk about the death tax, the inheritance tax, however you want to describe this, because Nebraska is unique in what it does. It gives those tax incomes to the counties directly. And in other states, the inheritance tax went to the state and the state could adjust its budget and cover those changes if you did away with the tax, cover that shortfall with income tax or sales tax. You-- we'd have other revenue streams. But for the county, their expenses are primarily paid from property tax. And if we completely did away with the

inheritance tax totally, there would be a \$70 million drop in funding for counties. And where are they going to go to make up that \$70 million? They're going to have to go with the only authorization they have, primarily, property tax. So we complain about property tax, but yet we're going to do something that's going to increase the counties' reliance on property tax. That doesn't make sense. Some of them-- of my colleagues have commented that these funds are rainy-day funds, and I, I do think that a lot of the counties use their inheritance tax as a rainy-day fund. But I think that's a good thing. I think every county needs a little bit of a reserve. You know, we have-- I shouldn't say we-- the counties have 1-year roads plans, 6-year road plans and then I don't know if the other one's 10 or 15 years, and they schedule repairs and reconstruction of bridges and roads and things according to that plan and they budget for that. But if they have something that falls outside the plan, if they have a failure that they weren't expecting or if they have a flood like we had a couple of years ago, that's when they dip into this rainy-day fund. So I think it's appropriate to call it a rainy-day fund. We had a lot of rain, we had floods, and the rainy-day fund covered some of those expenses. In the case of Platte County, they had \$7 million in losses due to the flood, and they're going to get some of that money back from the federal government eventually, but they're still waiting on a lot of that. And they used these rainy-day funds to cover that, and they still have \$5 (million) or \$6 million in their rainy day fund. So if we're going to take away inheritance tax completely, maybe we have to look at reinstating some aid to counties. I mean, their state aid to counties has gone from wherever it was down to practically nothing. And for us now to take away one form for them to raise money to run the county and pay their expenses, without reimbursing that somehow to them, I think, would be a bad thing to do. So, you know, if the committee amendment is brought forward, I might support that, but I do feel that the counties have a point--

FOLEY: One minute.

MOSER: --in how that-- this is affecting them. We gave them all kinds of mandates. They have to provide housing for the probation office, they have to provide housing for the county extension office, but we don't give them any money to pay for that. So I understand their perspective and I hope we consider that as we move forward. Thank you.

FOLEY: Thank you, Senator Moser. Senator Williams.

WILLIAMS: Thank you, Mr. President. Good morning, colleagues. This is really interesting discussion and discussion that I appreciate having the opportunity to weigh in on a little bit. I find this discussion interesting because, once again, we're talking about other elected officials, not ourselves as elected officials. And I want to give a big shout out to those elected officials back in the counties that I continue to represent, you know, Dennis, and Rod, and PJ, and Bill, and the others in Dawson County that work very hard during difficult times, thinking about the snowstorms that we've had, the bomb cyclone, the floods, all the bridges and everything that they're trying to deal with, and criticizing them and their efforts, I think, is, is self-defeating in here. Over the period of time that we have looked at this, you know, our, our counties have several revenue sources, the primary one being property tax. But as we've heard in this discussion, as I understand it, for over 120 years, they've also depended on inheritance tax as a revenue stream coming in. We've heard today and yesterday that we could eliminate that revenue stream and replace it with the ARPA dollars. You know, they've got plenty of money coming in now. And as you know, if you have paid any attention to the discussions we've had with ARPA dollars, those dollars do come in, but they have to be spent, they are limited and, by the end of 2026, they all have to be gone. So anything that would be replaced in a county budget by the use of ARPA dollars is not something that is sustainable and long term; it's done. So the plain fact, it seems to me, if the counties are going to lose a revenue source through this action that we may take, if they are going to maintain the revenue, what are they bound to do? They have to raise property tax. I find it very interesting in this body that we simply argue, over and over again, to reduce property tax and now, all of a sudden, we're arguing a result which would increase property tax. I don't know how that makes sense to, to anybody. The, the other thing that I would like to just take a moment to point out, been a lot said about the, the people that have to pay the inheritance tax. Many of us spent time studying the federal estate tax laws, the state estate tax laws when we had those, and the county inheritance tax laws, and there's a lot of planning that goes on. Virtually all of these taxes, in virtually all circumstances, can be eliminated or managed through proper planning. Did you hear that? They can be managed through proper planning, so be careful what we do here. Now, am I opposed to some adjustments as included in the committee amendment? No. I think it's probably time over all of these years, but I would certainly be opposed to the full elimination of the inheritance tax now or even being phased out over time. Thank you, Mr. President.

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FOLEY: Thank you, Senator Williams. Senator Dorn.

DORN: Thank you, Mr. Lieutenant Governor. Agree with Senator Williams there. Thank you for the conversations this morning and yesterday. Thank you for the discussion on this and how, I guess, different perspectives look at maybe different taxing entities or different entities we have in the state, counties, and cities, and how we look at maybe what, what a version of, I call it, a tax is, or how those are looked at from a different perspective. It depends on where you live or what your income might be or something like that. I wanted to make the point again today here that I understand why we would like to get rid of inheritance tax. Nationally they did; federally they did. Here in Nebraska, it would also be a great thing to get rid of. I am not in support of this bill, though, because it's not our money in our General Fund, our revenue, the state of Nebraska, that we are getting rid of. We are making a decision for another political entity that says, yes, we trust you to have local control, local decisions, but we're not going to give you some of those funds to help with that what you've always had in your budget or however you go along. When I sat on the county board in Gage County for eight years, people talk about local control and the lack of control of spending. Counties are allowed to do 2.5 percent increase each year on their property tax collection, 2.5 percent increase. Supermajority vote of the board, another percent, they're allowed to go 3.5 percent. The eight years I was on the Gage County Board, we averaged 2.1 percent increase over those eight years. We had various conversations over those eight years about the fact that we were now leaving money on the table. We could have went to 3.5 percent; we didn't. We held property taxes down. But we also talked about things like this, that when something or some part of your revenue doesn't come in, now that has a greater effect on the revenue you control, those property taxes. So how you manage that, how you look at those decisions was a very, very important. Gage County, when I was on the board, we had a bridge we had to close for approximately six months in the northwest part of the county. Four and five years ago, that bridge had an estimated repair cost of \$900,000. Some people have talked about, well, you can just manage that within your budget. Gage County, in this time period, right now today, are in the \$9 million of property tax collected for that county. That doesn't include the Beatrice Six judgment. Four or five years ago, that bridge was a \$900,000 bridge. By what costs have gone up today, if they have to-- or when, I shouldn't say if-- it's when they have to replace that bridge, they're looking at \$1.2 million to \$1.5 million. That's not just something you go and we'll fund that out of the budget this year.

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Their total highway department budget was \$4 million. That included all the rock, the gravel, all the operations, everything in that highway department. So you have to be able to have some assurance. You have to be able to have some promise-- not promise, but know that the funding sources are there, and then let those local entities manage that. Could they do without that? Some of these counties--

FOLEY: One minute.

DORN: --definitely could do without it. Would it be a financial hardship on some of them? Yes. Many of them, though-- and I-- the last point I want to make is many of them will pass this on to the one thing they can, and that is property taxes. This bill, the state of Nebraska reducing the inheritance tax, has no effect on our state budget, our tax collection. It will, however, be a property tax increase, at some point in time, in these counties. I repeat that. This will be a property tax increase when you cut the funding for this unless the state of Nebraska makes up that funding. Otherwise, it will ultimately lead to and most likely be a property tax increase. Thank you.

FOLEY: Thank you, Senator Dorn. Senator Friesen.

FRIESEN: Thank you, Mr. President. So, you know, in the, I think in the latest collection, those counties collected around \$73 million in inheritance taxes. And I've, I've heard the comment on the floor numerous times that it's not our money. Well, any of the money we take is not our money. We could eliminate income taxes and everything else because it's not our money. Let's, let's cut all property taxes to zero because it's not our money. This is a tax that we've decided, and it's been in place for 100 years or more. It's just a source the counties have grown to use. They've adapted to it. Each county has decided to use it differently. In my area, they use it for one-time purchases. They make sure that that, that inheritance tax fund is, is at a certain level. They keep it as a cash reserve. You take that away from them, they're going to levy to have a cash reserve because, in any given year, you don't know how much snowfall you're going to have; you're not going to know if a bridge might fail somewhere because an overloaded truck went over it. Again, it goes back 96.7 percent of our bridges that are deficient are probably county bridges. They've got a multitude of projects to work on and not enough revenue to do it, and anytime we take away their ability of taking a different tax, like inheritance tax, it goes back on property taxes. So we talk a lot about workforce housing and how people can't afford houses. And yet now we're going to raise the

property tax so they can't afford a house. Businesses are struggling. We're a high-tax state. Property taxes are-- we're 49th in the country, bringing in property taxes. We are really good at it. We need to cut our property taxes and this, I tell you, will raise property taxes. And it is something every constituent we've ever talked to says we're supposed to fix it. Inheritance taxes are paid-- you know, if you look at the ag land, in rural areas, we have sent our kids all across the country. We've been losing population for 100 years. And when they inherit the land, when they're living in Florida or D.C. or California or wherever we send them, they pay this property tax, this inheritance tax. If my kids were living out of state, I, I have no sympathy there. I'm giving them something that they really haven't earned. I'm giving them a gift. And if they have to pay 1 percent for that gift, I have no sympathy for them. I'm giving them something really that most of us haven't earned. It's inflation who's taken up the cost of my land. It isn't something I did to the land. It isn't an improvement I made to the land. It's the scarcity of it or inflation. And that's, that's where most people make their money: their houses, their inflation. It's not something they did to the house. So, I mean, it's, it is a-- if I could get rid of inheritance tax, I would. But if I'm just going to shift it to property taxes, that's where I draw the line. We have to have options. We've-- we just got done talking about convention of states, where we say the federal government's out of control, and we talk about how we would do a better job, and yet we got local entities, we got entity boards, we got city councils, we got county boards. We elect them to do their job and if we think they're overspending, run for county office, run for that school board. Everybody that says, I don't have time, I found time. It's your priorities. And if you don't like how something is done, run for office. If you don't like how counties are running their funds, be a county board member. We've got some here. I've never been a county board member. I've been on a city council, and it irritated me to no end that there was a property tax limit on our ability to collect taxes in the city because our constituents were demanding things to be done. And so in order to get them done--

FOLEY: Thirty seconds.

FRIESEN: --we worked around that lid limit. We bonded. We made things fit outside the bond. I think the levy in town was probably around 86 cents, and yet we had a 50 cent lid limit. We did things that actually cost us more money because we had to work around the lid. And so when we always talk about local control is best, state control is best, we're kind of hypocrites when we keep saying that we need to

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tell counties how to do their job, they're spending too much money. Well, go find a candidate to run for office.

FOLEY: That's time, Senator.

FRIESEN: Take care of it. Thank you, Mr. President.

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

ERDMAN: Thank you, Lieutenant Governor. Third opportunity already, OK. I want to follow up with some of the comments I made earlier about the county commissioners. I don't believe there is one county board that could not manage, would not be able to deal with the reduction in inheritance tax over five years. So if I left them with the impression that they didn't have that ability, I'm sorry about that. There's not one of those groups, not one of those boards that would not be able to deal with this. They would do that; that's what they do. My county, Morrill County, received \$114,000 in inheritance tax over the last five years. That equates to one-tenth, one-hundredth of a percent. So in other words, let me say it like this. On \$100,000 property, it's 10 bucks, \$10. And so Senator Friesen talked about he wouldn't care if his kids had to pay 1 percent. The point that he missed, it's the kids' money. It's their property. It's not the county's property. And he also made a comment about, well, other taxes are collected the same way, we force people to pay them. I have an answer for that. It's called the consumption tax. You decide how much of your money you pay, how much of your money. So we've lost total focus on whose money it is. It's not the county's money, it's not the city's money, school; it's your money. And when we finally get to the place we understand whose money it is, we'll have a fair tax system. But until then, we'll allow someone else, some other local unit of government, the state to tell us how much we're going to pay in taxes, of our money, and when we're going to pay it. That's a problem. So I wonder if Senator Dorn would yield to a question.

FOLEY: Senator Dorn, would you yield, please?

DORN: Yes.

ERDMAN: Senator Dorn, when you were a county commissioner, would you rather deal with a budget that you know, year after year, is going to be the same? Or would you rather deal with one that fluctuates on whoever dies?

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DORN: You would like some reliability in a budget.

ERDMAN: OK. So you'd like to-- So for example, if your budget was \$100,000 and that included inheritance tax, and next year, because you included that in your budgeting process and it was \$90,000, you'd have to deal with a reduction?

DORN: Yes, you would.

ERDMAN: OK. I personally would rather see the counties shift this inheritance tax to a more stable, consistent tax every year, that they knew what it was going to be rather than, in my case, my county-- I'll take Banner County, for example. They received \$63,000 five years ago, and since then they've been getting \$20,000. And so how do you budget for that? I think they'd be better off budgeting, increasing the small amount they need to change. As I said earlier, in my county-- and I think the same in Columbus, where Senator Moser lives-- it's one hundredth of a percent. OK, so if you raise it incrementally over five years, one hundredth of a percent, \$10 per \$100,000, nobody'd even notice it. And those people paying the inheritance tax, pay a tax. So do you think that when those people pay the inheritance tax, you raise taxes on them?

DORN: That is a tax on them, yes.

ERDMAN: And it raises taxes on those few people, right?

DORN: It raises that-- it raises a tax on those few people. They now are paying a tax that they weren't paying before.

ERDMAN: So when you were a county commissioner, did you ever consider some of these people paying the inheritance tax, when you found out where they lived, you would say, well, I really don't care if they pay the inheritance tax if they live in Florida or they live outside the state, they can't vote for me? Did that ever come to your mind?

DORN: You know, I can't say that that wasn't a part of the conversation. I don't remember that. You know, the inheritance tax, the county--

FOLEY: One minute.

DORN: --Gage County was fortunate. We didn't use it in our day-to-day budget, but it was used, I call it, in a fund, so by-- we could use when special projects or needs arose.

ERDMAN: Right, right.

DORN: And so it wasn't a day-to-day budget.

ERDMAN: And I appreciate that. Yeah, thank you for your answer. So Senator Friesen said they're going to use it for a reserve or a cash fund. They have no idea what they're going to have from one year to the next. But if you phase in, AM1511, you'll know exactly what you're going to have. So those people that are elected county commissioners and supervisors can figure this out. They're smart enough to do that. So when we do the reduction, it's going to be 15 percent for those, the second class or the third class, the highest two. But it's going to stay the same next year for the close relatives and, over five years, it decreases. So it's about a 15 percent decrease over five years. They'll be able to figure that out.

FOLEY: That's time.

ERDMAN: It's not that hard. Thank you.

FOLEY: Thank you, Senator Erdman. Senator Stinner.

STINNER: Thank you, Mr. President. I do want to make one comment. If I could eliminate tax-- inheritance tax today, I would do it. So just understand I am not favorable to inheritance tax, but I do want to ask Senator Clements-- Senator Clements, would you yield to one or two questions?

FOLEY: Senator Clements, would you yield, please?

CLEMENTS: Yes.

STINNER: Yeah. How many states right now have inheritance tax?

CLEMENTS: Six.

STINNER: Is it six?

CLEMENTS: The people-- the--

STINNER: So the states that eliminated inheritance tax, did that inheritance tax go to the state or did it go to a county or did it go to some other municipality?

CLEMENTS: As far as I know, all of the other states went-- the tax went to the state revenue.

STINNER: OK. So the state was able to use this inheritance tax, decided that it was a-- it didn't fit their tax policy and eliminated that as opposed to where we're at today. We don't get any from the state, and it goes to the county as a revenue source. Is that, is that how we distinguish ourselves from other states?

CLEMENTS: Yes.

STINNER: OK. Thank you very much. So we have a \$10 million-plus fiscal note to the counties. And I don't care how you cast this because, when you look at the counties, their revenue sources are from property taxes. Inheritance tax, I believe, and I could be wrong on this, over a period of time is the second largest revenue source. I know they get some lodging taxes and maybe some, some other types of-- and if they pass a special issue, they can maybe get some sales tax. I get that part of it. But this has been coming in as a source of revenue. Whether you plan on it and put it in the budget, it does not matter. We don't plan on revenue, extraordinary revenue increases of 14.6 percent, without putting money into the Reserve, which we did. We built the Reserve. Now it's projected to be almost a-- if we hit projections, we're certainly over a billion dollars or close, close to a billion dollars, but they need to have reserves in order to function in an orderly fashion. And if it's not-- if you're trying to put together a budget, you put together that budget as tight as you can for tax asking. You turn around extraordinary-- and you probably build a little bit of a cash cushion in that for contingencies. But then you build a reserve over here for other contingencies that may come in or capital projects, and that's how they've been using the money. It's capital projects, it's road graders. It would have been a task-- tax asking if they didn't receive it. And I agree, too, that some adjustment, and apparently there is a compromise out there that we can now look at, some adjustment makes some sense relative to inflation and the like of that. But 14.3 percent of a cut in your second revenue source is significant. It's significant. You have to plan around that. That's dollars that aren't going to be there. If I want to put it into context, our second biggest revenue source is sales tax. Two, two-- or \$2 billion times 15 percent is about \$300 million. How would you like to try to plan around that? And I can tell you, as a business person, we always plan for contingencies. We always tried when we built our budget to try to budget as tight as we can, hold people's feet to the fire as best we can, but always have what's called a capital position; that is the reserve for unknowns. The same goes, the same logic goes to counties. Same logic goes to school districts. When I was on the Gering School Board, we built cash reserves up

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because we were unsure of where the state funding was going to be. So we didn't want to have to RIF teachers in the middle of a year.

FOLEY: One minute.

STINNER: We wanted to be able to plan long-term. This is consistent with that. If we want to eliminate it, then we better figure out a revenue source. And I will tell you that I have a list of, of unfunded mandates, cuts in aid. And actually, when I was first here, I carried a \$30 million bill ask for restoring aid because it had been cut over the years, because they were in need of it. Do you know what we did? We, we passed a gas tax. That was the other part of it. It was the only tax, when I ran, I said I could support, because I thought it was a user tax. But those dollars went back to the county, and my county actually used those dollars to repave a road that was in desperate need of repair. They used bonding, actually, to do about a ten-mile stretch of it. So the idea that they're flush with cash, the idea that they overpay employees because they got this great benefit program, if that's the rationale for it, I'm sorry, that, that--

FOLEY: That's time, Senator.

STINNER: --logic just escapes me. Thank you.

FOLEY: Thank you, Senator Stinner. Senator Clements.

CLEMENTS: Thank you, Mr. President. I wanted to just talk a little bit about what he was talking about, about the \$10 million cut. The total statewide has been about \$70 million to the counties, and AM635, the Revenue Committee bill amendment, does bring it down to about \$60 million. But I was also-- the, the chart that-- the graph that I had shows that the revenues for inheritance tax have been increasing 5 percent per year, and it's been pretty steady, in fact, even with recent years, even more than that. But if they have \$60 million statewide in 2022, a 5 percent increase would be \$63 million in '23, \$66 million in '24, \$69 million in '25, and \$73 million in 2026. Over the time when the ARPA funds are going to be received and distributed by 2026, they'll be back up to \$73 million if we adopt AM635. And so the other thing is that the inheritance tax has increased much faster than property tax. And so I think it's, it's easy to argue that inheritance taxes have actually reduced property tax rates, because they've gone up faster than property taxes have. And this amendment is just going to do a reset, a small reset, but they're going to continue to increase as assets, property valuations

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increase. The other thing is that raising the children's exemption from current \$40,000 to \$100,000, in 1901, the children's exemption was \$10,000. If you used Consumer Price Index to 2021, that should be \$306,000. We're going to \$100,000, so we're not even keeping up with inflation on the exemption amount. And the nieces and nephews, distant relatives, was \$2,000 in 1901. It would be \$61,000 today, but we're going to \$40,000 with the amendment, so we're not keeping up with inflation. And the distant relatives who were taxed at 2 percent in 1901, they're currently at 13 percent. We're taking them down to 11 percent, but we're still well above traditional amounts. And in the meantime, like Senator Stinner just mentioned, the gas tax, for counties to be able to have, has been added to their revenues. Then, as far as avoiding the inheritance tax with planning, that is going to be something more the wealthy people are going to be able to do, transferring money to a nonprofit foundation, giving away property. Maybe if they give away too much property, they'll become Medicaid-eligible, and that's going to cost the state some money, and they're going to have to do gift tax returns. So I think the middle class, lower and middle class people, are not going to be able to take advantage of planning--

FOLEY: One minute.

CLEMENTS: --to avoid this inheritance tax. So this is not a drastic reduction in revenues for the counties. And with the historical 5 percent increase, by four years from now, they're going to be above the current levels that they're already receiving. And this is something that, especially with the \$375 million of ARPA funds coming in to the counties, that they're going to-- not going to be having a hardship. So I do think the AM635, the Revenue Committee amendment, it's not nearly what I was asking for in LB310, but I'm willing to support that as a reasonable compromise. Thank you, Mr. President.

FOLEY: Thank you, Senator Clements. Senator Brandt.

BRANDT: Thank you, Mr. Lieutenant Governor. Thank you, Senator Clements, for bringing this bill. This is the first time I've had a chance to say something about this. I have four counties in southeast Nebraska and part of Lancaster County, and I meet with my commissioners every year. And this came to the forefront every year for the last three years that I've met with them. They are opposed to the elimination of the inheritance tax. They are not necessarily opposed to a reform of the inheritance tax, and I think AM635 is a nice compromise that everybody can live with. They recognize that estates have increased in value over a period of time, and they also

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recognize a hardship on the, on the lower amounts, so AM635 would increase those amounts. In Jefferson County, a commissioner sent me an email based on the funds that they used out of their funds last year. If they didn't have the inheritance fund, they would have had to raise property taxes in Jefferson County 5.5 mills; that's a given. So there is no doubt that, if you eliminate this revenue source for our counties, we will be increasing property tax, which is the polar opposite of what most of us came here to do. The counties are open-minded to another revenue stream. They say, give us a half-cent sales tax. Well, we know that's not going to fly, but they are open to doing things to get around this, and, and I just want to express that willingness from them here on the floor. To put this in perspective, we've talked a lot about bridges, and I've got a bridge bill hopefully coming up on General File this year. Four of my counties-- Fillmore County has 194 county bridges. Jefferson County has 207 county bridges, 4 of which, which are closed. Saline County has 254 county bridges. Thayer County has 167 county bridges; 2 are closed. Just those four counties have 945 county bridges. To put that in perspective, when you look at western Nebraska, Hooker County has one county bridge. Garden County has 13. Loup County has 9. That is a significant financial difference when your roads departments have to go out and maintain these. Box culverts today, to replace these bridges can run anywhere from \$100,000 to \$500,000. Usually, there's only enough in an inheritance fund to address maybe one bridge, if you're fortunate, maybe two. Senator Clements brought up some good points. I would encourage people that have sizable estates out there to do estate planning. It seems like a lot of people that get caught paying inheritance tax have not done an adequate job of estate planning, and that's sort of the price that is paid because of that. So to summarize, I support AM635 and do not support AM1511. Thank you.

FOLEY: Thank you, Senator Brandt. Senator McCollister.

McCOLLISTER: Good morning, colleagues. Thank you, Mr. President. I support the general notion of LB310, and I'm not exactly sure how, how this will all come out, but I think this is a matter we do need to deal with this session. No question, absolutely no question, there's a nexus between the property tax and the inheritance tax. You could call it an inverse relationship. One goes up, the other goes down, or inheritance tax, it goes down and you say-- some would say the property tax must go up. Not necessarily, but I, I can understand that people are making that connection. So what do we call this tax? It's an inheritance tax, a death tax, a bonanza tax, a surprise tax, a misdirection tax, but most of all it is a hidden tax. Hidden tax,

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why is that? It's a hidden tax because it was created by state statute, so the counties reap the benefit, but the state created the statute. But so counties, you could almost argue, it's a bonanza for them. Well, I would argue, when it comes to making good tax policy, just like the Tax Foundation advocates, you need to make it transparency-- transparent and accountable. But I would argue the inheritance tax is not transparent and not accountable. If we were to get rid of the inheritance tax, the counties then, you say, would have to raise the property tax and they are accountable. And they are accountable to the citizens for that increase, and that's the way tax policy should be. So I think this, this needs to be changed in part or a little, but in some way we need to deal with this issue. You may be familiar with this saying, "The salvation of the state is the watchfulness of the citizen." And I think by eliminating or at least slowing the inheritance tax is the way to go because that follows that dictum. Thank you, Mr. President.

FOLEY: Thank you, Senator McCollister. Senator Groene.

GROENE: [INAUDIBLE] President. I stand against AM1511. I will reluctantly support AM635 because of the fairness issue. Just who you're related to and why you-- and what place you stand in the line of inheritance, the uncles versus fathers, seems a little unfair, the huge jump. But I've watched for years. I had a western Nebraska taxpayers group when I moved back to Nebraska and couldn't believe the tax situation we had here. I've watched local governments, went to budget hearings for years, and I will say, of all the local governments, the best run, the most effectively run, the most efficient run is the county commissioners. I've seen it over and over again. And it's basic fact: accountability. They are the ones that send out the tax statement. They didn't raise the taxes like the schools did. They didn't pass a bond election like the schools did. They are responsible for doing the valuations on property. They get all the blame. Over and over again, people come into the county commissioners and blame them for their high property taxes, when they are just a minute 20, maybe 30 percent of the entire tax bill. The county commissioners did no wrong here, counties did no wrong. They're not big, bad people who took your, your kids' inheritance. I would tell you this right now, if you told me you would cut my kids' income, state income tax by 1 or 2 percent and let that money compound over time and let them accumulate their own wealth, I would gladly let you take an inheritance tax because my kids would be a lot further away. They'd feel a lot better about themselves. They wouldn't be trust fund babies. They've earned what they have. So if you want to cut taxes and you want to help my kids, cut income taxes.

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Our starting amounts where you start paying the max rate is way too low. It hurts young families. It hurts young people. When I paid my income taxes, I mean, I didn't pay anything. When I paid inheritance taxes, my family did, the estate-- the-- the best term for that is the estate paid it; I didn't pay anything. And I had an uncle, a bachelor uncle, my brothers and sisters split that up. I thought it was high what they charged us, but I didn't pay a damn dime; the estate did. We tax things, we tax things. I'd rather tax a dead person than a live young family with two or three kids. We tax things. We have to. We want roads, we want bridges, so where do we, where do we stop? What else don't we tax? Tell me about it. I've stood here for seven years telling you, let's cut spending, let's cut spending, and some of my conservative friends turn around, override Governors' vetoes about spending, then they want to cut taxes. I've never done that. Give my kids an income tax cut. In the long run, they will be-- those young people up there, they'll be a lot further ahead with money in their pocket, than worrying about daddy dying and getting an inheritance. Some do, some are going to be a lot better off, a couple of them in here, when daddy passes away. So anyway, I say, you gotta tax something, inheritance tax is good. It's the most efficient local government I know, the most accountable local government I know. My local county, Lincoln County, uses the tax, inheritance, tax for bridges.

FOLEY: One minute.

GROENE: They use it for bridges, use it for special bridge projects. If any of you think you're going to worry about where your money's at after you're dead and where your John Deere tractor went or the-- or the pickup you own, you got a real problem with reality. Just pay the tax or cut the spending, and then let's cut income taxes so that the young families and people can actually enjoy the money they made. Thank you.

FOLEY: Thank you, Senator Groene. Senator Moser.

MOSER: Thank you, Mr. Lieutenant Governor. Appreciate the opportunity to talk some more about inheritance tax. One of our colleagues said that putting money in a rainy-day fund is wasteful budgeting because then you spend it on things that you wouldn't put in a budget, and that you shouldn't spend that money, more or less, I guess, is the reasoning I see behind that. Another one of my colleagues said, well, including it in the budget is wrong because you can't rely on it and that may create budget problems for you. I think the simple fact is, most government entities try to have a general fund balance of some

kind to cover unexpected expenses. Now, if that comes from an inheritance tax, I don't think that's bad budgeting. I think that's smart budgeting. If we take that inheritance tax away from the counties, they'd have to raise taxes to try to build up some kind of a rainy-day fund so that they could repair a bridge that washes out in a flood or some unexpected expense that they didn't have budgeted or they didn't have in their roads plans, so they're one to five or six to ten or farther out than ten years. I talked to a couple of the county commissioners for Platte County, and right now their levy is about 0.2 percent. And I think their maximum is-- I don't know if it's 4.5 or 0.45 or 0.5 percent. So they're roughly 40 percent of their maximum or a little more, depending on what the lid is. They're doing a great job. But they said that, without the revenue from the inheritance fund, on average, they feel they would raise their levy to 2.3, so about a 15 percent increase in their levy. So if we're going to take money away from the counties, you know, maybe we should have county-- state aid to counties so they have another revenue stream to operate on. I mean, we've got sales tax, we have gambling taxes, we have income tax, we have revenue streams that are not available to most of the counties, so to me, I could support the committee amendment. I'd support AM1511 if we're going to give that-- if we're going to make the counties whole. So I just thought I'd give those opportun-- those opinions so that you can see kind of where I'm coming from. Thank you.

FOLEY: Thank you, Senator Moser. Senator Hunt.

HUNT: Thank you, Mr. Lieutenant Governor. Colleagues, to me, philosophically, inheriting a bunch of money from your parents that you didn't earn is a taxable event, and it should stay a taxable event. And practically, if we remove this revenue from counties without replacing it, it's just going to cause other taxes to go up because they're going to need to make up for the lost revenue somewhere, right? ARPA funds are a one-time windfall from the federal government for states that are meant to pay for recovery from COVID-19 pandemic, so we can't say that we can just replace, you know, the money that counties would lose from losing the inheritance tax with this one thing. Counties are dealing with this fine right now, and every time we fiddle with the law and say it's going to be \$30,000, it's going to be \$20,000, it's going to be \$25,000, it's just increasing bureaucracy for counties and for local elected officials, and it's just giving them headaches and we're not helping when we do that. For that reason, I'm opposed to all of this. And in my experience, to my mind, this is not what struggling Nebraskans are asking us to do. This is not the solution that most Nebraskans are

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asking for, and it will cause a headache for our counties. Thank you, Mr. President.

FOLEY: Thank you, Senator Hunt. Senator Murman.

MURMAN: Thank you, Mr. Lieutenant Governor. If anybody has been watching what I've done in the Legislature thus far, they know that I'm very fiscally conservative. By the way, I haven't spoke to this issue yet, so I feel compelled to talk about what my position is. My priority coming into the Legislature was property tax relief and still is property tax relief. I do believe most county commissioners or board members are fiscally conservative, just as I am, and we do give them unfunded mandates. So I'd love to eliminate the inheritance tax because, because it is a very unfair tax. It's double taxation, just, just like property tax is. I don't like it that Nebraska has this-- is one of five states that does still have the inheritance tax. I don't like being an outlier in tax situations. I don't think it's good for the state to be that way. So I would support, reluctantly support the Revenue Committee amendment that at least would smooth that over a little bit and make us not so much of an outlier in, in, in inheritance taxes. I don't like it that Nebraska is such an outlier in property taxes either. We're-- Nebraska is in the top ten in the nation of-- at least in the top ten, probably about ninth in the nation, in-- in property taxation. So we're an outlier there also, and that needs to be corrected. And we are second in the nation in the way we tax indi-- individual farms, and we're second only to California in that regard, and that's definitely a problem. So, so as I said, I will suggest a compromise-- or I will support the compromise, but if we, if there was some way we could eliminate the property tax or the-- excuse me-- the inheritance tax and retain local control, put the inheritance tax on sales and income tax rather than the property tax, I could support that, but can't support this the way it is right now. Thank you, Mr. Lieutenant Governor.

FOLEY: Thank you, Senator Murman. Senator Lowe.

LOWE: Thank you, Lieutenant Governor. When I first came to the Legislature in 2017, we were short on our budget by a billion dollars. Now, when you're short like that, according to this, you raise taxes. We didn't raise taxes. We did not raise taxes. We let the economy catch up to us. So if we get rid of the inheritance tax, our property taxes are going to get raised, right? Why? Why? Our property values have gone up across the state in every county. Our levees have not gone down to counteract that. Why? Because it is a

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landfall [SIC] of money. If we get rid of inheritance tax, our property taxes, our other taxes, do not have to go up. We do things frugally. We look at things. We analyze, Do I need this or do I need this bridge replaced? Which is more important? Which is more important to your constituents? I would say it's probably the bridge than a new pickup or something else. Look at it in a business sense. Look at it in a human sense. Because one thing happens, another thing does not have to happen. That's cockamamie. We took a billion dollars and we let the economy catch up and now look: this year, we've got to give out a billion dollars more. I would say we're doing things right here in the state. And I know our counties can do things right, and I know our cities can do things right, because they do. We work together, we make things work, but don't threaten us with our taxes will have to go up if we get rid of this tax. I'd like to yield the rest of my time to Senator Clements.

FOLEY: Thank you, Senator Lowe. Senator Clements, 2:00.

CLEMENTS: Thank you, Senator Lowe. Thank you, Mr. President. I'd like to come back to an-- more of an overall-- we've been, people been talking about overall tax strategy and policy in Nebraska-- and I brought this bill because now is the time to address this burdensome tax. And as I said in my opening, people are finding out that Nebraska is a bad place to die, and we're losing retirees to the other states that don't take 1 percent, 13 percent, up to 18 percent of their assets when they die. And I have heard from people who say they're going to be leaving Nebraska so they don't-- especially people with no children going to lose a large percentage of their estate. We've already last year passed a bill to exempt-- excuse me-- exempt--

FOLEY: One minute.

CLEMENTS: --military retirement because other states around us don't tax military retirement. We were losing people, especially from Offutt, over to Iowa. And we passed a bill to start exempting Social Security income because we're losing people to other states. I know Arizona is one. Several states around us don't tax Social Security benefits, but we do. And so we've had a policy we passed last year to exempt Social Security benefits. And we're an outlier, really an outlier in the inheritance tax. And it's getting to be a-- very much a burden to people, and they're finding out. And I've talked to investment advisers who say that they recommend to their clients--

FOLEY: That's time, Senator.

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CLEMENTS: --to move out of Nebraska.

FOLEY: That's time.

CLEMENTS: Thank you, Mr. President.

FOLEY: Thank you, Senator Clements. Senator Linehan.

LINEHAN: Thank you, Mr. President. I think we're getting pretty close here to, hopefully, lunch time. I think there's something-- I've heard a lot of good arguments this morning from people who are concerned about doing away with it totally; I get that. But one of the things I've heard that I think we shouldn't hang our hat on too much, the idea that, well, if you've got an estate planner, you don't have to pay these taxes. Well, that-- I don't think that's a good argument, folks. I mean, I understand that that could be true. I probably need to-- I mean, that's-- I know my parents did the whole, they did some kind of estate planning. My father passed away. It was in a trust so then we didn't have to. I-- I know you can do that, but these limitations are so low, folks, that we're taxing people that would never even think, in their wildest dreams, they need an estate planner. I'm talking about people, again, with \$10,000 or \$40,000 or \$100,000. Now I don't think a lot of estate planners are making cold calls to people with \$100,000 because there's not a lot of-- you know, I did that way back when in my early, early years out of college. I sold life insurance. I did estate planning. Your, your cold call list doesn't have people who are worth \$100,000. Your cold call lists starts at people with a million, and that's 30 years ago, so I don't know where your cold call list starts to help people estate plan, but it's not at \$100,000. So I think we'll take a break here, see if we can get some kind of compromise over the lunch hour. I don't-- I'm not saying the next person is not going to have an opportunity to speak; it's my last opportunity before lunch-- see if we can find a compromise here, but like stay with the facts. We're not talking about the super-wealthy. We're not trying to bankrupt the counties. We're trying to make an adjustment here in a very unfair, very regressive, very regressive tax. So I just would hope that everybody, over the lunch hour, talk to your-- talk to people, look at the numbers, the real numbers. I mean, there's concerns about Albrecht's bill. She took five years to do away with it. Maybe doing completely away with it isn't the right answer, but there's-- I, I don't think we want to leave here today without adjusting those limitations, because we're not talking about the rich. We're talking about not even the middle class. We're talking about people with very limited assets, and we're taxing them, talking about people who

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probably haven't paid income taxes if they're over 65 and retired and living on-- what do we call that-- limited Social Security and whatever limited income they have from their retirement. We're talking about people-- oh, here's-- we're talking about people who qualify the homestead exemption. We have a lot of people in Nebraska that can only stay in their house because they have a homestead exemption, which means we don't charge them property taxes. But yet when they die, they've managed to hold onto that house and we've helped them hold onto it by giving them a property tax exemption, though when they die, they're going to have to pay es-- inheritance taxes. It just doesn't make any sense. Thank you, Mr. President.

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

ASSISTANT CLERK: Thank you, Mr. President. New bills: LB957, by Senator Flood, it's a bill for an act relating to the Insurers Investment Act: provide, change, and eliminate definitions; change provisions relating to investments; to harmonize provisions; and to repeal the original sections. LB958, Senator Groene, it's a bill for an act relating to motor vehicles: to change the distribution of the fee revenue; to require a report; to harmonize provisions; repeal the original sections. LB959, by Senator McCollister, it's a bill for an act relating to appropriations: to appropriate federal funds to the Department of Health and Human Services; and declare an emergency. LB960, by Senator Vargas, it's a bill for an act relating to teachers and administrators: to remove basic skill and content test requirements; to harmonize provisions; repeal the field original sections. LB961, Senator Vargas, it's a bill for an act relating to appropriations: to appropriate federal funds to the University of Nebraska; and to declare an emergency. LB962, Senator Vargas, a bill for an act relating to appropriations: to appropriate federal funds to the University of Nebraska; and declare an emergency. LB963, by Senator Murman, it's a bill for an act leading to healthcare: to adopt the Medical Ethics and Diversity Act; to provide severability. LB964, by Senator Bostar, it's a bill for an act relating to the Nebraska State Patrol: to provide for reimbursement for per diem expenses and for actual meal expenses as prescribed. LB965, by Senator Bostar, a bill for an act relating to holidays: change provisions relating to the holidays; and repeal the original sections. LB966, by Senator Lathrop, it's a bill for an act relating to insurance; to adopt the Discretionary Clause Prohibition Act; provide severability. LB967, Senator Lathrop, a bill for an act relating to the Workers' Compensation Act; to allow for hearings and trials under the act to be conducted telephonically or by video conferencing. LB968, by Senator Dorn, a bill for an act relating to

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appropriations; to appropriate federal funds to the Department of Economic Development; and declare an emergency. LB969, by Senator Dorn, it's a bill for an act relating to appropriations; to appropriate federal funds to the Department of Environment and Energy. In addition to that, notice of committee hearings from the Natural Resources Committee and from the Education Committee. Announcement that the Rev-- the Reference Committee will meet in Room 1525 at noon, and that Revenue will meet today in Executive Session, also at noon in 1524. Finally, Mr. President, Senator Pahls would move to recess until 1:30 p.m.

FOLEY: Members, you've heard the motion to recess. Those in favor say aye. Those opposed say nay. We are in recess.

[RECESS]

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

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

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

ASSISTANT CLERK: Mr. President, I have a Reference Committee report for LB907 through LB956, as well as for LR272CA and for LB828 and LB873. I have a notice of committee hearing from the Banking, Commerce and Insurance Committee. And one new bill, LB970, by Senator Halloran, it's a bill for an act relating to appropriations; to appropriate funds for the Department of Agriculture. That's all I have at this time.

FOLEY: Thank you, Mr. Clerk. Members, we're going to pick up where we left off before lunch, LB310 and pending amendments. In the speaking queue are Senators Dorn and Albrecht. Senator Dorn, you're recognized.

DORN: Thank you very much, Lieutenant Governor. Welcome, everyone, this afternoon again. Just-- my comments this time are going to be a little bit brief. Senator Clements, when he talked here right before lunch, he talked about that as the state of Nebraska in the last year, couple years, we have worked to decrease Social Security benefits for the people of the state of Nebraska and not tax them so much and also military benefits. I wanted to point out this little bit of distinction though. Both of those, Social Security benefits,

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military benefits, only affect, I call it, the state's budget, our revenue. What we're talking about here with LBL310 is something that affects a different taxing entity. It has no effect on the state of Nebraska's revenue, no effect on the state of Nebraska's budget. Compared to what Joni Albrecht talked about here the other day or yesterday was, with Iowa, it entirely was their revenue and their budget, so that's a little bit of distinction. One other thing, though, I also will bring this up. I've heard the conversation a little bit about over the past five years part of what this-- you look at, it's kind of, I call it, a little bit adjusting for inflation maybe. Valuations have gone up or whatever, and this brings that more back in line. I will just make this quick comment and I'm going to sit down. Over the years, as we've talked about property taxes, those valuations have also gone up quite a bit. We have not done or looked at that as a way to readjust that for inflation. We haven't done a good job. Thank you very much. I look forward to a vote.

FOLEY: Thank you, Senator Dorn. Senator Albrecht.

ALBRECHT: Thank you, President Foley. OK, I've taken it all in, and there was a reason I brought AM1511. I think this conversation needed to be had. I think it's a false narrative to think that counties would raise taxes if we took this away from them. They already are raising taxes. You know, when the valuations go up and the levies don't go down, that's cause for pause for me. You know, I have many, many friends that are county commissioners. I have the greatest respect for Larry Dix. When I was a commissioner and they put me in as chair, I had a lot of questions. But I also had a great administration that we all made choices of how we were going to spend our money. And back in the day, 11 years ago, it was all on roads and bridges. That's what we were saving our money for, to grow Sarpy County. Not all counties have the same ability to do that, and I understand that. You know, some are just trying to fill seats. And there's a lot of things that we, as state senators, don't know. We're-- every day I'm learning more than I would have ever thought I would have needed to know on a lot of subjects. But to think that-- that I don't care, you know, every-- I mean, I-- I understand when you want to say, hey, these commissioners, hey, it's the greatest gig in the state, I can tell you that; if anybody wants to run for something, it's wonderful, you know, you get three to five people that get to decide the fate of your county. But as-- as a constituent, you need to be making phone calls and you need to be paying attention to how these monies are spent. You know, I live in a county where, gosh, forever they-- they didn't have any raises. Yeah,

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they might have some good benefits, but never once did I ever make that statement. But-- but it isn't just a slush fund to use however you wish. There's way too many things that these dollars have to go for. And when I stand as a state senator and I watch how we as the big brother, when in need, we are there. We're there for our schools, we're there for our cities, we're there for our counties. We are here to take care of the people. But I don't think we're taking care of the people when we double tax them. That same farmer that dies, he has paid his share of taxes in his lifetime. I don't think it needs to be repeated on the final day to his family. But again, this brought-- I mean, I'm sitting in the Revenue Committee again for just one year, and I'm watching and I'm asking the counties, hey, what-- if you don't want to do this and hold the line, what do you want to do for your people? Three people get to-- to decide the fate of the dollars coming into their county. But again, get ready, start doing the math, folks, because we have got to get a handle on this and this inheritance is just the beginning on property tax, income tax, sales tax. I mean, everybody wants to be funded somehow, someway. Corporate income tax, you know, if you're doing business in-- in Nebraska, you ought to be paying your fair share. But, you know, I'm not privy enough to what happened with estate taxes, and that happened in 2007. I'm sure there's some people on the floor that could help me out here, but we did away with that tax. Was Nebraska making too much money at the time, we just didn't need it? I mean, I'm not quite certain-- I mean, that was a double tax. I mean, you-- you go to the courts, they make you pay the state something, now we have them pay the county, which-- and just because we've been doing it for 120 years doesn't mean it's time to change. But I'm-- I'm-- in respect to Senator Clements for bringing the bill and our committee for-- for putting on, you know, an amendment, I'm good to go with that. I understand that we have a very strong lobby. But, county commissioners and people of Nebraska, you need to start paying attention to what's going on here and let's be fair and equitable to all peoples and let's get this done. But I'd like to pull the amendment at this time.

FOLEY: AM1511 has been withdrawn. Mr. Clerk.

ASSISTANT CLERK: Mr. President, the next amendment I have is from Senator Dorn, AM1551.

DORN: [RECORDER MALFUNCTION] excuse me. I would like to withdraw that amendment.

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FOLEY: AM1551 has been withdrawn. That takes us back to LB310 with the pending committee amendment. Senator McCollister.

McCOLLISTER: Thank you, Mr. President. Good afternoon, colleagues. I've enjoyed this conversation, thank you very much, a very good conversation to have for a tax that I believe should not be in existence. I've described the inheritance tax as a death tax, misdirection tax, surprise tax, hidden tax, bonanza tax. Which is it? Call it your favorite name, but what it is, I think, is taxation without representation. The state, by state statute, creates the possibility for the counties to levy a tax, an inheritance tax, and the counties get all the benefits and that's not right. You know, the county should step up and take part of that, as well, and be accountable for the money they receive. An idea that we may wish to pursue on Select is make this permissive. Maybe the counties should stand up and be counted to receive this money. Maybe a supermajority of the county board should authorize any kind of-- any kind of taking of inheritance tax money. And I think, by that way, we'd have representation for taxation. Maybe that's an idea, a novel idea we should consider on Select File. Thank you, Mr. President.

FOLEY: Thank you, Senator McCollister. Senator Erdman.

ERDMAN: Thank you, Lieutenant Governor. Good afternoon. I was disappointed to see that Senator Albrecht removed her amendment. I was in-- I was in favor of that amendment. I'm amazed at how much influence NACO has. That surprises me. I have an amendment. I've drawn up one of them yellow sheets to amend LB310 to eliminate inheritance tax effective January 1, 2025. That's what we should be talking about. So before you vote on this one, let me just share these thoughts. If you reduce inheritance tax by 15 percent and you have a 5 percent increase year over year, within three, four years, you'll be back to \$70 million. This is nothing. This is what we normally do here in the Legislature. We put Band-Aids on amputations. You may live a few minutes longer, but you're still going to die. And so AM635 is irrelevant. It's 15 percent for now, has no limits on how much they can collect; depends on who dies, how much they collect. This tax needs to go away. AM635 does not do that. So I haven't decided yet whether I'm going to vote for LB310 if AM635 passes because it doesn't mean anything to anybody anytime soon. And I thought AM1511 give them an opportunity to work into it over five years, and there's not a county board I know of that wouldn't be able to accomplish that. This morning, the one comment that maybe not all of you heard that I thought made as much sense as anything anyone has said was when Senator Lowe said all of you have spoken about the mill

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levy is going to go up if we eliminate inheritance tax and, he said, it does not have to go up, it's not a requirement that it goes up. That was wise counsel from Senator Lowe. Senator Lowe, I appreciate that. It doesn't have to go up. You can choose to not raise it. That's a very significant statement, but we focused every time-- every time almost everybody spoke, except Senator Lowe, said, if we eliminate inheritance tax, the mill levy is going to go up and taxes are going to go up. That's not true. That's not true. If you listen to what Senator Lowe said, it's the county board's decision whether it goes up or not. And when our county was up against the lid at 49.8, we made decisions on what we spent our money on and what we didn't, and these county commissioners are smart enough to do the same thing. So when they say to you, if you eli-- if you eliminated inheritance tax property tax is going to go up, they don't have to go up. They can choose not to raise taxes. So I haven't decided yet on AM335-- AM635, but I very well may be no on that one. Thank you.

FOLEY: Thank you, Senator Erdman. Senator Friesen.

FRIESEN: Thank you, Mr. President. Listening to Senator McCollister talk, I-- I found it kind of fascinating, so I'm going to explore a little bit some of the comments he made and maybe Senator McCollister would yield to a few questions. I know he mentioned taxation without representation. And so you elaborate a little bit on that and how you view this as a taxation without representation as compared to property taxes levied for schools?

FOLEY: Senator McCollister, would you yield, please?

McCOLLISTER: Sure. Thank you for the question. That organization, a county let's say, receives the benefit of the inheritance taxes. Correct. Well, that organization, that elected body, should be held accountable for that taxation. But here we have the state of Nebraska through statute created inheritance tax, but the counties reap the benefits. So I think that's taxation without representation, and that's why I suggest that maybe we make this bill permissive and let the counties stand up and be counted. If they want that money, let them be accountable to the taxpayers.

FRIESEN: So, OK, when school districts levy a property tax on me-- I have land in-- kind of in the Bermuda Triangle. I have four different school districts that I'm in. I only get to vote in one of them. Do I-- I'm taxed without representation there and I can't hold them accountable. Is this the same thing you're talking about here?

McCOLLISTER: I think so, because the school districts simply, you know, determine what the levy is and they pass that to the county board and there's hardly any comment. Yes, we can establish lids and we've done that. The state has done that. But I have never seen an effort of a county to limit the statutory authority of a school board or school district or the bus district or anything else, no effort to limit the increase in levy authority.

FRIESEN: We-- we have levy caps that they can go on, but again, I have no-- would this be taxation without representation?

McCOLLISTER: In a manner of speaking, yes.

FRIESEN: In a manner of speaking, how would that be different than what we're talking about?

McCOLLISTER: Well, I think we could very well change the statute and make it possible for the county board to receive that money, let them stand up and be counted and accept that money.

FRIESEN: Well, I think though the counties-- I'm not-- counties already are-- are standing up and saying they're collecting it. That's not an issue here. We have given them the authority to do it and they're using it. I think now I suppose they could, if they wanted, maybe not tax it. I don't know, maybe they have to, but school districts do the same thing with property taxes. They levy it on me. I have no say in it. I cannot hold anyone accountable. What's the difference between that and your saying this-- the inheritance tax?

McCOLLISTER: Well, there is a difference, actually. You can elect the school board members.

FRIESEN: No, I can't. I can't vote on that school board.

McCOLLISTER: Well, but you can vote in-- it's the school board that you reside in.

FRIESEN: But not the one that is taxing me.

McCOLLISTER: That's-- that's an issue we should-- we should probably deal with. I think--

FRIESEN: Thank you, Sen--

McCOLLISTER: --Senator Briese--

FRIESEN: Thank you, Senator--

McCOLLISTER: --had some-- some bills that he offered that did some of that, in fact.

FRIESEN: Thank-- thank you, Senator McCollister. I mean, this is one of those that-- we're going to talk about, I know, this session, property taxes again, and school funding, but this is one of those issues when we bring it up in some cases, we talk about taxation without representation; and other times, oh, that's OK, though, we-- you know, schools, they need the money, we've given them the authority and, no, I can't hold them accountable, I just have to send them a check, not a-- not a problem. They-- in that case, it doesn't matter if we're accountable or not. So again, I don't get to elect school board members on three of the school districts that tax me, but yet the state has given them authority. Maybe we should make it permissive there too. If I-- if I feel generous--

FOLEY: One minute.

FRIESEN: --and want to support the school district, I could pay the tax and let's make it permissive, make them stand up and take accountability for it on their own. But to say that, you know, it's taxation without representation, we-- we do that a lot around here. But, I mean, it's-- it's-- it's not the-- it's-- it's the same. And we do these things because it's what we've always done. And so unless we want to change our whole tax code into something else, this is where we're going to have the discussion this-- this session, is, are schools properly funded and who should pay for it? Thank you, Mr. President.

FOLEY: Thank you, Senator Friesen. I see no other members wishing to speak. Senator Linehan, you're recognized to close on the committee amendment, AM635.

LINEHAN: I'd ask for a roll call vote and call of the house, please.

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

ASSISTANT CLERK: 25 ayes, 2 nays to go under call, Mr. President.

FOLEY: The house is under call. All members please return to the Chamber and check in. The house is under call. All senators please return. The house is under call. Senator Ben Hansen, if you could

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check in. All unexcused members are now present. The question before the body is the adoption of the committee amendment, AM635. A roll call vote has been requested, Mr. Clerk.

ASSISTANT CLERK: Senator Aguilar voting yes. Senator Albrecht voting yes. Senator Arch voting yes. Senator Blood. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer. Senator Briese voting yes. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh not voting. Senator Clements voting yes. Senator Day voting yes. Senator DeBoer voting yes. Senator Dorn voting no. Senator Erdman not voting. Senator Flood voting yes. Senator Friesen voting yes. Senator Geist voting yes. Senator Gragert voting yes. Senator Groene voting yes. Senator Halloran not voting. Senator Ben Hansen voting yes. Senator Matt Hansen. Senator Hilgers voting yes. Senator Hilkemann voting yes. Senator Hughes voting yes. Senator Hunt voting no. Senator Kolterman voting yes. Senator Lathrop voting yes. Senator Lindstrom voting yes. Senator Linehan voting yes. Senator Lowe voting yes. Senator McCollister voting yes. Senator McDonnell voting yes. Senator McKinney voting no. Senator Morfeld voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Pahls voting yes. Senator Pansing Brooks voting yes. Senator Sanders voting yes. Senator Slama voting yes. Senator Stinner voting yes. Senator Vargas voting yes. Senator Walz voting yes. Senator Wayne-- Senator Wayne voting yes. Senator Williams voting yes. Senator Wishart voting yes. Vote is 40 ayes, 3--

FOLEY: Senator-- Senator Erdman.

ASSISTANT CLERK: Excuse me. Senator Erdman voting no. Vote is 40 ayes, 4 nays, Mr. President.

FOLEY: The committee amendment has been adopted. I raise the call. Is there any further discussion on the bill as amended? I see none. Senator Clements, you're recognized to close on LB310.

CLEMENTS: Thank you, Mr. President. Thank you all for the vote on the amendment. It-- it is what I started out to be with this bill, was going to be more like a \$35 million reduction, and this is a \$10 million reduction, approximately, statewide. But remember that the counties are getting \$375 million in ARPA funds and the \$10 million over 93 counties is-- is going to be not hurtful with the fact that they're getting ARPA dollars, and so this small reduction is going to be covered in their budgets. And the other thing in this bill, it's improving the statute of inheritance tax. We didn't talk a lot about it, but it does have some better reporting from the counties to the

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state by what-- what class of heir is receiving inheritance and the dollar amounts so it'll be easier to track what is really the exact numbers of inheritance tax and the trends. And the second thing I really like about this is it is going to exempt heirs who are 21 years old and younger, who are needing college funds, and many states do. Many states don't even tax children at all. We're one of the few that tax children, actually; but at least the younger children, it's going to help them out. And so I appreciate the discussion and appreciate the committee and thank you, committee, for advancing this as you did. And I urge your yes vote for LB310 and I would like a roll call vote in regular order.

FOLEY: Thank you, Senator Clements. Members, you've heard the debate on LB310. There's been a re-- question before the body is the advance of the bill to E&R Initial. There's been a request for a roll call vote.

ASSISTANT CLERK: Senator Aguilar voting yes. Senator Albrecht voting yes. Senator Arch voting yes. Senator Blood. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer. Senator Briese voting yes. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh not voting. Senator Clements voting yes. Senator Day voting yes. Senator DeBoer voting yes. Senator Dorn voting no. Senator Erdman voting no. Senator Flood voting yes. Senator Friesen voting yes. Senator Geist voting yes. Senator Gragert voting yes. Senator Groene voting yes. Senator Halloran voting yes. Senator Ben Hansen voting yes. Senator Matt Hansen. Senator Hilgers voting yes. Senator Hilkemann voting yes. Senator Hughes voting yes. Senator Hunt voting no. Senator Kolterman voting yes. Senator Lathrop voting yes. Senator Lindstrom voting yes. Senator Linehan voting yes. Senator Lowe voting yes. Senator McCollister voting yes. Senator McDonnell voting yes. Senator McKinney voting no. Senator Morfeld voting yes. Senator Moser voting yes. Senator Murman voting yes. Senator Pahls voting yes. Senator Pansing Brooks voting yes. Senator Sanders voting yes. Senator Slama voting yes. Senator Stinner voting yes. Senator Vargas voting yes. Senator Walz voting yes. Senator Wayne voting yes. Senator Williams voting yes. Senator Wishart voting yes. Vote is 41 ayes, 4 nays, Mr. President, on the vote to advance.

FOLEY: LB310 advances. Before proceeding to the next bill, Mr. Clerk, if we have any new items you want to read, you may do so. Please proceed, Mr. Clerk.

ASSISTANT CLERK: Mr. President, I do have new bills. LB971, it's a bill for an act relating to public health and welfare; to change the

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name Brain Injury Trust Fund Act to the Brain Injury Assistance Act; change provisions of the Brain Injury Trust Fund and Brain Injury Trust Fund to the Brain Injury Assistance Program; harmonize provisions; repeal the original sections. LB972, by Senator Matt Hansen, it's a bill for an act relating to property taxes; change provisions relating to agricultural or horticultural land receiving special valuation; provide an operative date; repeal the original sections. LB973, by Senator Matt Hansen, it's a bill for an act relating to the Nebraska Investment Finance Authority; change provisions relating to the powers of the Nebraska Investment Finance Authority; harmonize provisions; and repeal the original sections. LB974, by Senator Wayne, it's a bill for an act relating to transit authorities; change provisions relating to an assessment and taxation exemption under the State Transit Authority Law and Regional Metropolitan Transit Authority Act. In addition, a motion to withdraw LB835 filed by Senator Hunt. That's all I have at this time.

FOLEY: Thank you, Mr. Clerk. We'll proceed to the next bill, please.

ASSISTANT CLERK: Mr. President, LB364, introduced by Senator Linehan, it's a bill for an act relating to revenue and taxation; adopts the Opportunity Scholarships Act; provides for tax credits; harmonize provisions; provides an operative date; provides for severability; and repeals the original section. Bill was read for the first time on January 13 of last year and referred to the Revenue Committee. That committee placed the bill on General File. There are committee amendments, as well as an amendment to the committee amendments from Senator Hunt, and a motion from Senator Machaela Cavanaugh to recommit the bill, all pending, Mr. President.

FOLEY: Thank you, Mr. Clerk. Senator Linehan, you're recognized to open on LB364.

LINEHAN: Thank you, Mr. President. Good afternoon, colleagues. Today we're going to discuss LB364. I'm going to take five minutes to introduce it right and then I'm going to take half of that and I'm going to ask Senator Briese to talk about his portion. So what we did with this bill in committee is we took the Scholarship-- Opportunity Scholarship Act and we joined it with an early childcare tax credit. So Senator Briese will speak to his part of the bill, and I'm going to speak to the Opportunity Scholarship. I assume we're going to be on this for eight hours, so I'm just going to go quickly through what the Scholarship Act does. The Scholarship Act allows a donor, any Nebraskan who owes income tax, to donate to a scholarship-granting organization. They can only donate up to 50 percent of what they owe

in income taxes, so they still have to pay Nebraska income taxes, but they can use this credit to reduce what they owe in income taxes. They still owe the money. They either have to give it to the organization or they pay it in taxes. They don't get to keep the money either way. Now what happens to the money once they give it to the granting-- scholarship-granting organization, the scholarship-granting organization hands out scholarships to children, students who qualify for free and reduced lunch. In addition to qualifying for free and reduced lunch, they cannot currently-- cannot currently be in a private school. The only exceptions to that are kindergartners who aren't in school and high school. So this is not, as many people have said, not going to make any difference because those kids are already in private schools. That is not true. We have had this debate three, four years in a row. It has always been my priority bill. I have in the past waited toward the end of session, let many other things out of the Revenue Committee before we got to this. This bill is very important to me, but far more important to a whole bunch of children who are in schools, who could be doing better if they had an opportunity to go elsewhere. And people, today, when you get up and talk about how you don't like this, think about if you were a mother or a father and you had a child coming home every day from school crying because they're getting bullied or they don't like their school or they're failing and you have no options. I don't think there's anybody in this body that is in that situation. We talk about not liking school choice. The whole state is built on school choice. We have 244 school districts, a robust, very robust private school system. And if you can afford it, you have choice, but if you can't, you do not. This bill addresses that a little bit, just a little bit. Thank you. I will yield the rest of my time to Senator Briese.

FOLEY: Thank you, Senator Linehan. Senator Briese, 6:45.

BRIESE: Thank you, Mr. President. Good afternoon, colleagues, and thank you, Senator Linehan. I, first of all, want to thank Senator Linehan for her relentless efforts on the issue of Opportunity Scholarships and her relentless efforts to provide and increase educational opportunities for all Nebraska children. I admire and I appreciate her persistence on this issue. Right now we're on LB364, but I'm going to speak to the provisions of AM762, which also we're going to be talking about here later, which contains the provisions of my LB531. So as we talk about LB364 and AM762, besides Opportunity Scholarships, we also need to remember what is at stake here, and that is the provisions of LB531 that will provide a tax credit for contributions to early child-- childhood and childcare facilities.

And I'll talk about the details of that later, but I just wanted to talk generally at this point. I believe the tax credit for these contributions could play a crucial role in childcare access in Nebraska, and access to childcare is a key factor in attracting residents to our state. In many places, it's a primary factor. The components of LB531 reflected in the amendment, in I believe it's Sections 14 through 20 of that amendment, are extremely important to communities across our state and extremely important to parents across our state, extremely important to businesses across our state. LB531 establishes a program that will both subsidize and incentivize contributions to these facilities. And why is that important? We talk all the time about growing our state, growing Nebraska, creating opportunities for young folks to live and work and raise their families in Nebraska. And how do we grow our state? How do we stimulate economic activity, population growth, business investment in our state? Now there's no magic wand, but we often talk about tax policy, we talk about business incentives, we talk about schools, we talk about infrastructure, on and on. But I would submit that access to quality early childcare is perhaps even more important to the growth of our state than those other things I mentioned. As we try to attract a skilled workforce to our state, the presence of quality early childhood is crucial. Young families want to locate where their children have access to early childhood and childcare. You've seen the data suggesting that, and what sticks out in my mind was a couple years ago in the Urban Affairs Committee, we had a young person tell us about moving to a community in central Nebraska. And why did he move there? He said, we moved there because they had childcare. And if you did a survey of young folks across the state, you're-- that's going to be a common refrain. Their decisions where to locate or to move to a certain locality oftentimes revolve around the availability of childcare. If your community doesn't have childcare, sometimes you're just going to lose out. And businesses looking to locate in our state, they also hone [SIC] in on the availability of childcare. They understand the importance of early childcare to their company's success. They realize it's going to be easier to attract employees to that location if there's childcare available. But perhaps more importantly, businesses believe that the foundation established in a quality early childhood environment allows a young person eventually to enter the workplace with a wider array of marketable skills. Lack of early-- bottom line is, lack of early childhood in our communities can keep able-bodied adults out of the workforce and can handicap the quality of our future workforce. I would submit that access to such facilities is-- truly is one of the keys to growing our state, and the provisions of LB531, contained in the amendment there we're going

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to be talking about later, can help us enhance and increase the availability of early childhood in our state. So with that, I'm going to conclude here. And later on, I'll talk about the details relative to LB531, and I also want to talk about the importance of Opportunity Scholarships. But for now, thank you, Mr. President.

FOLEY: Thank you, Senator Briese. As the Clerk indicated, there are amendments from the Revenue Committee. Senator Linehan, you're recognized to open on the committee amendment.

LINEHAN: And here I thought Senator Wayne was going next. I think he did too. So the committee amendment, which we discussed last year, reduces the amount from \$10 to \$5 million and takes out the escalator cause [SIC]. But I've long since decided this isn't about whether it's \$5 or \$10 million. I know that now. This is about something I don't actually understand. So I know I'm not following the rule book here, but if we-- if we could get to a vote on AM762, it would reduce the amount-- maximum amount of tax credit from \$10 to \$5 million a year. It would also take the escalator out that the fiscal note says will go up every year. It would only do that, of course, if there-- we have a number of students out there who would take advantage of a program that avails them of the same opportunities that all our children have. So do I need to yield you any time, Senator Briese, on this? OK. I think I'll yield the rest of my time to Senator Wayne.

FOLEY: Thank you, Senator Linehan, Senator Wayne, 8:40.

WAYNE: Thank you, Mr. President, and thank you, Chairwoman Linehan. Colleagues, I'm going to start off with this simple thing that we've talked about this a year ago, and a year ago I challenged everybody in here that if you would send one of your family members to a school, a neighborhood school in my district or Senator McKinney's district, I would change how I feel about this bill and we can go through the struggle together. Just curious if anybody did that. Anybody-- anybody move their kid to Senator McKinney's neighborhood schools or-- or my neighborhood schools so we can go through the transformational [SIC] that you keep telling my community to wait for, together? OK, so nobody did that. But your kids did go to private school. So what I find ironic about this entire situation is those who oppose school choice are the ones who are using their choice for their kids or have the ability to use that choice. That's the most ironic part about this entire thing. And so today-- last year, if you recall, I was gone for two-and-a-half hours because I had to go to court. That's not going to happen today. What's going to happen today, we're going to have to have an honest conversation

about this issue. So when people get up and say this takes money away from public schools, we're going to have a Q&A on how because the state doesn't collect a dollar here. In fact, the only dollar that goes to public schools is already budgeted for out of our General Fund. It is our General Fund. And along those types of thinking, if we're going to go down and say this takes away public education funding, then every expenditure we have in our budget takes away from public education. So we're going to have to justify some votes here on tax credits such as the new farm-- farmers tax credit that was passed last year, for a little over \$5 million, that people who are opposed to this bill, who chose that tax credit over educating the most neediest kids in our schools; we're going to have to have that conversation. See, after going to Africa, it fundamentally changed me. And on the way up there, I had a conversation with some people about some of the-- the problems that we have in our community, and the biggest problem that I recognized is nice racism. And one of my colleagues on that trip asked me, what is nice racism? And I had a hard time defining it. And it's like pornography. You'll know it when you see it. So if you got the urge today to stand up and-- and defend public education system for the black and brown students, that is the white savior complex, that is the nice racism. They have more than elected people who are capable of defending them. In fact, Senator McKinney and I represent about 70 percent of African Americans in this state. And, no, not all African Americans agree on this topic. But by and large, statistically, you cannot say that public education is doing us a service when you talk about the number of suspensions in Omaha Public Schools, when you talk about the achievement gap that over the last 12 years for black students have increased, not decreased, although funding has increased. You're not going to be-- when you get that urge to stand up and defend my community and the poor and brown and black people in my community, that's the savior complex, that's the nice racism that we're speaking about. See, I've changed my tone since I came back from Africa. I don't have time for the BS and the lies that are being spilt out all the time on this floor from both sides on any issue. So if we're going to have a real conversation, we're going to have a real conversation. And if you fundamentally just don't agree with it, that's fine, but let's not say it's about indoctrination. We don't want to give private schools money, because we're not. We're giving the parent the choice, because I can name a school right now in Senator Hunt's district that has nothing to do with religion, the Phoenix Academy, that if a kid is struggling I would send that kid to in a heartbeat, because I've seen the work that they did with dyslexia and other things that OPS just isn't capable of dealing with, nothing to do with religion. It is a

parent's choice. So if we're going to have that conversation about indoctrination, then there is a DED bill that's coming up for services. Did you know that there are tons of services provided by Catholic Charities? Did you know that there are tons of services, such as Open Door Mission and other places, that are provided by churches? Then let's follow the logic all the way through, because if you believe healthcare is a right and you don't limit the choice of Medicare and Medicaid patients, whether they can go to CHI or just Charles Drew in my community, then why are you limiting the educational right of a parent for their kid? We don't eliminate housing vouchers. We don't-- we don't say that they can't go because it's no longer a public institution. In fact, we encourage places like Holy Name and other affiliated church organizations to provide those services. So if we're going to have a conversation, let's have a real conversation today. And if you say that \$5 million out of our massive budget is going to destroy public education, then we got a bigger problem with public education. The fact of the matter is, we're talking about \$5 million, and I have an amendment that would sunset this for ten years, so that's \$50 million. So my question to the colleagues in Omaha, are you willing to give \$50 million for OPS again? Because right now, I'm not. I'm not because they just got another \$194 million and they decided to set \$115 million aside for more infrastructure projects, but when their teachers don't have COVID leave pay, when their staff is making \$15 an hour, you can be a para working full time and still be on free and reduced lunch and on Medicare and Medicaid. So, no, I don't believe in giving them more money to close the achievement gap because I was on that board and this is an issue that I've struggled with for years from the learning community. 2008, we were talking about charters and vouchers and I was adamantly opposed, then I would go back. But what changed for me was my own daughter. We enrolled her into a private school. My little nephew we enrolled into a private school. They got opportunities, because of the smaller classrooms, that weren't here, weren't there. Then I talk to other people in my community who are saying, I want the same opportunity, but I can't afford it. I told you earlier that I've been watching a lot of West Wing and I sent all you guys a clip, and it was about vouchers in D.C. And they called in Charlie and Charlie sat down with the mayor and the President, and the President looked at him and said, how do you feel about vouchers? He said, man, I wish they were there when I was there. And why? Because he wanted the opportunity to go to a better school and he couldn't afford it. And President Bartlet looked at him and shook his hand and said, well, Mayor, you're going to have to help me with some Dems on this, because we're going to go ahead and get this deal done.

FOLEY: One minute.

WAYNE: That's leadership. And, yes, it's "fictional" because it's West Wing, but my community can't wait anymore. So come Martin Luther King birthday, I'm gonna get a whole bunch of text messages and Facebook folks' posts about a right delayed is a right denied. That's the quote that I always see by many people in this body. Well, if you believe education is a fundamental right, then why are you denying my community the opportunity to exercise a choice to a better school? That is the question. And if you say we have to wait to turn it around, then we're going to have a conversation where you can look in the camera and I'm going to ask the question: explain to my community why they have to wait one, two, five more years. It's unacceptable, and that's what today's debate is going to be about. Thank you, Mr. President.

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

ASSISTANT CLERK: Mr. President, there's an amendment pending from Senator Hunt to the committee amendments.

FOLEY: Senator Hunt, you're recognized to open on AM1051.

HUNT: Thank you, Mr. Lieutenant Governor. Good afternoon, Nebraskans. Proponents of LB364 are coming from a lot of different motivations. And Senator Wayne, in particular, and I share a lot of the same policy goals and a lot of the same priorities, and to me, on LB364, this is an instance where smart people, well-meaning people can disagree. Senator Wayne, in his-- in his speech-- it was very good-- he identified a lot of problems with our education system, but I don't see any of those problems being solved by giving wealthy people a tax credit by passing LB364. The cap on the amount of the credit, as we've talked about, in LB364 is \$5 million. I see no reason to anticipate that there wouldn't be annual efforts to make that even bigger. I think it would be one of those things where once the can is open, we're going to continue to see these tax credits increase. And if the focus is on helping the students, why are we doing that by giving a \$5 million tax credit to the people who aren't struggling? Why don't we just appropriate \$5 million to poverty alleviation, to food security, for housing security, for aid to teachers, aid to all of the community organizations that support students in need that this bill aims to help? If people think that private schools are better, then they should be willing to attend them without these extra tax credits. And what I mean by that, what I mean to say, is that people who have the finances to make a donation like \$5 million

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or like \$100,000 or like \$5,000 to a private or parochial school, they can do that already; like if they need a tax incentive for them to say, oh, let me give some of my money to this Catholic school or this Christian school or this, you know, parochial school, whatever, then I don't think that that's a good role of government to incentivize them to do that. Where would it end, colleagues, like how many interests are there in all of your communities where they would say, oh, if you could just use a tax credit to incentivize people to give to this charity? Well, if it was worth it, they should be doing that already. And if folks think that people need scholarships to attend private schools, then that's something that private philanthropy can provide without government intervention and already is. The problem that we're seeking to solve ostensibly is not solved by LB364. Once again, it's a tax credit to help the wealthy. It's trickle-down education: If we give these super-wealthy people at the top a little bit of savings, surely that will trickle down to increase the educational outcomes for kids instead of actually targeting the source of the problem, which are sometimes the living conditions and the environmental conditions that these kids live in. Speaking about my amendment, AM1051, I introduced it because I think it's important to get on the record that the nondiscrimination clause on page 3 of the bill is really lacking. It just doesn't go far enough for me to support this. And we need to make sure that when kids are being educated in their schools, that those schools are educating all the kids. And as introduced by the committee, as introduced in LB364 and with the committee amendment, AM762, it only requires that a qualifying school under the act comply with nondiscrimination provisions of 42 U.S. Code 1981. And if you actually go and look at what that is in federal law, there's pretty much nothing there that applies or is helpful. It talks about equal rights under the law, but the circumstances described in that piece of-- of-- of law don't really pertain to any kids in public schools or private schools. And I'll read the statement of equal rights contained in this section, quote: All persons within the jurisdiction of the United States shall have the same right in every state and territory to make and enforce contracts, to sue, be parties, give evidence, and to the full and equal benefit of all laws and proceedings for the security of persons and property as is enjoyed by white citizens, and shall be subject to like punishment, pains, penalties, taxes, licenses and exactions of every kind and no other. Leaving alone that we have explicitly racialized language in there, right there in our federal nondiscrimination law that this bill cites, that law talks about protecting citizens' rights to make and enforce contracts and sue and engage in leading-- legal proceedings

and things like that. It does say full equal benefit of all the laws, but in my view, using that as the guiding star for the standards that we're holding private schools to, it's inappropriate to the circumstances. I think that if we're even considering giving tax breaks for donations to private denominational schools and diverting funds from our public schools that guarantee every child the right to a education without discrimination on the basis of race, color, religion, national origin, ability, gender identity, disability, special education status, that's what it is that we need to do. And so what my amendment does is it says the nondiscrimination clause that we're going to refer to is not this thing about white people being able to sue each other that is in the federal statute. Instead, what we're going to do is talk about-- it's going to replace that federal language with language that says we can't discriminate on the base of race, color, gender identity, special education status, national origin, ancestry, citizenship status, sexual orientation. When I went to go visit some of the schools that would potentially benefit from this bill-- and again, no problem if you want to donate to a private school. Good for you. You should do that. You have every right to do that under the law now. If you need something like LB64 [SIC] to pass so that you feel like you can make a donation and cut it off on your taxes, maybe that's not like really the best reason for you to donate; maybe, you know, that's more of a tally mark in the naughty column than the nice column, in my opinion. But if you want to-- to go to a public school, obviously, you can do that. And if you want to support a public school, obviously, you can do that. I have no problem with that. But visiting many private schools around my community in Omaha, in both north Omaha and south Omaha and in midtown, which I represent, I talked to directly to the principals of those schools and I asked them, what are your policies around gay, transgender, nonbinary students; what are your policies around gender identity and sexual orientation? And the responses they gave me shocked me. They didn't even try to BS me. They didn't even try to blow smoke and tell me something I wanted to hear. They were like, oh, we've had some students before who struggled with gender dysphoria; oh, we've had some students before who weren't on the godly path, and we made sure to help them to realize that marriage is between a man and a woman, we helped them realize what their true biological gender is. And it's like, why are you saying this to me, like, do you understand how much you're hurting your own case here? But then when you look at their-- I found all-- all of these policies from schools in Lincoln and in Omaha and all around Nebraska that actually shares what their policies are concerning LGBTQ students. So how are we going to give a tax incentive from the government to make

it easier for people to attend schools that actually endorse discrimination? And the people who are supporting this are the same people who are against sex education and comprehensive health education in our schools. So tell me, colleagues, if gay kids shouldn't go to private school and gay kids shouldn't go to public school, where is it that they can go and be accepted?

FOLEY: One minute.

HUNT: Thank you, Mr. Lieutenant Governor. I cannot stand the argument that we need to give money to rich people to help poor people help themselves. Just fund the schools. How much could we improve schools for \$5 million? How many raises could we give to teachers for that? What if we gave a tax credit for that, for donating to any school? Why just private schools? That should be the plan, not incentivizing people to give to religious schools which discriminate. Like I said, you know, smart and good people can disagree about this issue. We certainly agree with the underlying problems that-- that children have in the education system. Giving tax cuts to rich people is not my first choice of how we're going to fix that. Thank you, Mr. Lieutenant Governor.

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

ASSISTANT CLERK: Mr. President, pending priority motion from Senator Machaela Cavanaugh to recommit LB364.

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

M. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Good afternoon, colleagues. This is a motion that I put on this bill last year. I don't intend to keep it up for a long time because I would be interested in getting to a vote on Senator Hunt's amendment. So, having some conversations off to the side, as we oftentimes do talking about this bill, and why I don't support LB364, so I'm going to try and explain as best that I can what my philosophy is on education and funding. I know that not everyone will agree with me, and that's OK. We can all have our own opinions, but I have always felt very strongly about the state's requirement and obligation to the children of the state to fund public education fully. So one issue with this particular tax credit is that it allows the-- the taxpayer to direct where their tax dollars are going. And I am pretty certain that if Senator Hunt introduced a bill that you would get \$5 million in tax credits if you gave it to Planned Parenthood, you all

would understand why that was problematic, a dollar-for-dollar credit. So think about how you would feel if that's where the tax credit was going. Just because you're OK with where it's going, doesn't mean that the next time it comes up you're going to be OK with where whatever senator wants to put that tax credit. My next issue is that you already get a tax deduction for your donations to private school, to public school. You can give to the public school foundations, you can give to private schools, you can give in to endowments, and you do get a tax break for that. So this is an addition to the tax break that you would get for any other donation that you would give to anything, including your church. You could give a donation to your church and you would get the regular tax break that you get. And then with this bill, if you give to a private school, you would get a tax credit. Why is that OK? For me, it's not. The next thing that is a reason that I stand in opposition to this bill, besides my philosophical views on taxes and tax credits, which I know I share with several of our senators from the western part of the state so it's not some sort of liberal activist point of view on tax credits, it's-- it's a pretty well-established view across different political spectrums, but the next thing is the discrimination. And the taxes alone are a reason that I oppose this, just full stop. But if we took that away, we're still trying to allow additional tax dollars to be diverted to institutions that are allowed to discriminate, not they do or they don't, they are allowed. They are explicitly allowed to discriminate, and not just against their students, also against their faculty. We had a teacher at Skutt who was fired when it came public knowledge that he was gay, and he had lift-- led that team to the Nationals in speech. We have children who get kicked out of school because they won't gender conform. You can be discriminated-- you can be discriminated for your hair in private schools. You can be forced to cut your locks or not have braids or not have an afro if that's the school policy. If you're a boy and you like to have your hair long-- my nephew, he's got gorgeous red hair and his hair goes beyond his earlobes. If he went to a private Catholic school in Omaha, they would make him cut his hair for no other reason than to gender conform. It's just-- it's not OK in any circumstance for us to allow discrimination. When we had the tax incentive bill in 2000 and they refused-- the body at that time refused to amend into it a very similar stipulation, I opposed that because I do not think that we should be allowing anyone to discriminate in the state, and we shouldn't-- certainly shouldn't allow them to benefit from that discrimination. I don't believe that it is moral to vote for this bill. I'm not putting-- everyone has to make their own choices, but for me, that is where I stand on it and I

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stand firm and I am not going to waver. And it doesn't matter who talks to me about it, it doesn't matter who tells me what, I firmly believe that it is immoral to give these tax incentives for this reason; and additionally, the fact that they can discriminate just adds to that immorality. I know that nothing that I say today will likely sway any votes. But I do think it's important to make a record and to tell the people of Nebraska why this is something that I so ardently disagree with. How much time do I have left?

FOLEY: Three minutes.

M. CAVANAUGH: Thank you. So this is going to be long. I know we're going till 5:00 today and then we'll pick this up tomorrow, and who knows how it'll go then? But I'm pretty certain, just the people that are in the queue, it will go to 5:00. And I hope that we can move forward in this debate with generosity and kindness in our hearts because, as Senator Linehan said at the start, she's prioritized this every year and this is really important to her. And I don't take that lightly and I don't relish standing in opposition for eight hours, but I do feel that it is my duty and a duty to my conscience to do so. So I think with that, I will yield the remainder of my time to Senator Linehan if she wants it; otherwise, to the Chair.

FOLEY: Thank you, Senator Cavanaugh. Senator Linehan, about two minutes.

LINEHAN: Thank you, Senator Cavanaugh, and I was going to say some-- a couple of things you said, and I'm not-- one of my children this morning told me to stay calm, stay calm, so they're not yet texting me, though, telling me that I'm out of line, so I checked. You said one thing, and I think-- I don't think-- either you don't-- I haven't explained it well or there's some confusion. I can't-- if I decide to give to this tax scho-- excuse me, the scholarship-granting organization, I can't direct that money. I-- I can't say-- it's explicitly in the legislation that I can't direct it to a specific school or specific family. It-- that's-- that's the protection here.

FOLEY: One minute.

LINEHAN: You don't get to say, I just want this to go to Creighton Prep or I just want this to go to Marian or-- you went to Marian, I think-- or I want it to go to Duchesne. You can't-- you can't-- that is not allowed under the bill. So I don't-- maybe we can talk offline as to what you're saying you can direct because that's explicitly not allowed under the bill. Thank you, Senator Cavanaugh.

FOLEY: Thank you, Senator Linehan. Debate is now open on LB364 and the pending amendments and motion. Senator Wayne, you're first in line.

WAYNE: Thank you, Mr. President. And, you know, had a lot of conversations, and I'm going to start off with a quote that was over 100 years ago and then re-- rementioned by Malcolm X, which is: Education is the passport to the future, for tomorrow belongs to the people who prepare for it today. There has never been more truth to that statement than there is today. When you think about children throughout this state who are not just competing with their local neighbor, but they are now competing with kids from China, from Africa, from India, they are globally competing, and the one thing, education, that is a marketable item that our kids are going to move into the future with, they have to be able to compete. But the fact of the matter is, when it comes to black and brown students in this state, we got an achievement gap, not a little achievement gap, a huge achievement gap. And what one of the colleagues I was talking to off of the mic said is, well, what about the other solutions, what about the solutions to the kids who can't, even after this passes, doesn't-- don't-- they don't have a scholarship? What about, what about, what about? There is not a bill that we have signed, since I've been here for the last six years, that has been perfect. There is not a bill that has-- we have signed that has solved all the problems. If that was the case, we wouldn't have cleanups and we wouldn't have rewrites, and every year there is a rewrite to a tax bill that we pass; every year there is a rewrite. There is an adjustment for TEEOSA every year. So clearly TEEOSA isn't perfect because we pass it every-- we gotta delay it every year. So if TEEOSA isn't perfect and you're-- then let's just get rid of that. If the answer is, if it's not perfect in solving every problem then we can't do it, then hold true to that principle for every bill that you vote on. See, the problem in this body is we can't be consistent. We can't follow the logic all the way down to where we're consistent. We want to pick and choose. Let me tell you why we pick and choose, particularly when it comes to black and brown people. See, it feels good. It feels good in this body when we treat black folks as a charity case. See, it feels good when we do low-income housing tax credits and we put \$25 million and we say, hey, those are for low-income folks and black and brown people, although they can never own the house, they just rent, so they never really build wealth. It feels good because we're putting a shelter on them. It feels good when we increase poverty rates for SNAP because we're helping them get some food. It feels good. But when it comes to empowering black

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and brown people, we get scared. When it comes to giving small businesses in our community actual dollars to grow, we get scared. We want to find reasons why the tax credit might not work. We gotta find reasons why I have to pair up my bill with Senator Groene's so I can say what's good for western Nebraska should be good for Omaha, because that's what we have to do. See, Senator McKinney introduced a bill last year for financial literacy, empowering kids, particularly minority kids in a public school, to learn how to do entrepreneurship and understand financial literacy in a society that is based off of capitalism. Seems pretty basic, but, see, that didn't feel so good, because the same people who are opposed to empowering black parents were opposed to his bill, the same ones. Go look on the committee sheet. The same ones who I introduced a bill to make sure we have more minority teachers, so when you walk in a classroom, you see somebody who looks like you, they opposed; the same people who get up and talk about diversity in this body but are afraid to give up their seat on a board to make sure a minority is on that board, because we don't want to give them power--

FOLEY: One minute.

WAYNE: --see, it feels good when we're just treating people as a charity. But when it comes to giving people power to make a decision that in education, the great equalizer, Senator Morfeld said last year, can change the dynamics of a family, we don't want to give them power. We don't want to give them the power to choose because it doesn't feel good. They can actually say, hey, I'm going to do something you don't want to do, I might go to the Omaha Street School, I might go to the Phoenix Academy, I might not go to Fontenelle, I might not go to Dundee, and that's a scary thought of empowering people for an education system that has never wanted us in it. Let me repeat that: an education system that has never wanted us in it, and the stats bear that out for the last 400 years, so let's have that conversation too. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor, colleagues. Well, I think it's important to start a conversation talking about maybe where we agree and what our constructive points are, so I-- I appreciate, well, first off, Senator Linehan's dedication to bringing this bill consistently and her deeply held belief in it. I believe-- I-- I appreciate the thoughts and suggestions that have been put forward so far. I think we all share the objective of this bill, which is improving educational outcomes for children. We all want to

make sure that when kids come out of the educational system, that we are all working towards, us in conjunction with parents, school districts, local schools, that they have a quality education, that they can-- they learn and they can perform, that they then can operate in the world. That is ultimately the objective, right, is to help people learn and to have a good outcome. And so we have a bill here today that proposes a specific structure on how people can shift, through tax avoidance, to put money into private schools. And some people have commented on the specifics of that mechanism, but I think it's important for us to maybe take a step back and have a conversation about how these types of systems have worked in other places. Have they gotten us the results that they put forward when people were asked to adopt those programs? And so there have been many other states that have adopted lots of different types of programs. I've been reading a number of reports, some of them rather dense academic reports, about how you can analyze success and-- and determine whether or not kids get a better outcome when they go to a private school, they go to a charter school, they go with vouchers. And I would say, at best, the data is middling, meaning that the results-- you do not get a better result for a kid based off of when they change schools. And so I would take an opportunity-- I wasn't ready because it was off to the side and I didn't know I was up next. But so I was reading a study. Here's one-- economic studies by the Brookings Institute-- that does a analysis of several different school districts' scholarship programs. The District of Columbia Opportunity Scholarship Program: This study is a classic field experiment consistent with the authorized legislation that calls for a program to be studied using the strongest appropriate design. Students selected to receive vouchers could attend private schools that agree to accept the voucher as payment, which was more than half of all private schools in the district. Students and families had no obligation to use the voucher and after a year, the study reported that about 30 percent of students, in fact, did not use their voucher. This is a useful reminder that being offered a voucher expands options for parents, but does not itself require parents to do anything. So the takeaway from that paragraph, and I'll read some more that I've underlined here, but is that the District of Columbia, I think, in the video that somebody-- Senator Wayne referenced earlier from the West Wing, was perhaps art imitating life, was talking about this particular program. One of the things about this program is it had a very strong data collection and analysis component, which is important if you actually care about improving outcomes, is that you need to have some sort of analysis and study of the people that you are trying to find or improve--

FOLEY: One minute.

J. CAVANAUGH: --outcomes for. Thank you, Mr. Lieutenant Governor. And so I-- I don't recall. I don't think that there's any data collection, testing, analysis portion of this program. It's billed as a first step, a pilot. There was a graduated-- in the original bill, a graduated, stepped-up approach that would say more people are going to use it, therefore, we should put more money into it. That is not a qualitative assessment of whether or not we're getting the results we're talking about, that's talking about whether more people want to use it, and those are two different questions. And I'll get back on the mic, because I'm going to run out of time here, to keep talking about these. But if our outcome is improved-- if our objective is improved outcomes, we should keep an eye towards that when we are pursuing this and we should look at the data and see where-- if we actually are getting improved outcomes in similar situations and similar projects before we go down that path. There is a lot of data available already. There's been a lot of study and that is available to us to talk about, so I will take some time today to talk about that, and so I'll push my button.

FOLEY: That's time, Senator.

J. CAVANAUGH: Thank you, Mr. Lieutenant Governor.

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

B. HANSEN: Thank you, Mr. President. First I want to start off with a quote that it kind of-- it seems like it fits the conversation that we're having here today, and it is by somebody that I have read many books on: Parents generally have both greater interest in their children's schooling and more intimate knowledge of their capacities and needs than anyone else. Social reformers. and education reformers in particular, often self-righteously take for granted that parents, especially those who are poor and have little education themselves, have little interest in their children's education and no competence to choose for themselves. This is a gratuitous insult. Such parents have frequently and limit-- had limited opportunity to choose. However, U.S. history has demonstrated that, given the opportunity, they have often been willing to sacrifice a great deal and have done so wisely for their children's welfare. I think that quote right there speaks volumes concerning what Senator Linehan is trying to accomplish here, and I believe that parents, not 49 politicians here in Lincoln, know what is best for their children's education and well-being, and I feel they are fully capable of choosing wisely for

their children when they have the opportunity to do so. There's a couple of things that Senator Hunt mentioned that I just have to kind of touch on that I disagreed with, and she's got her reasons for voting or not voting for this bill. She is a little worried that the annual cap may go up. Currently, Senator Linehan lowered it from \$10 million down to \$5 million. But what if it works? What if it actually does what it's supposed to do and the children actually get a better outcome and it leads to greater competition and, heaven forbid, it actually leads to greater education for our children? What if that actually happens? Wouldn't we want to put more money into something like that? If it didn't work, we wouldn't. I think we're fully capable of understanding what works and what doesn't here, or most times. And so even though Senator Wayne and myself, my climbing buddy on Kilimanjaro, we agree on some stuff, we don't agree on a lot of stuff. But on this, I think we fervently agree about the idea of school choice and how we can help certain communities and all communities in general. He just speaks a lot more eloquently than I do, and he gave the exact same speech that I was going to, but it sounded better coming from him, so thanks for stealing my thunder there. One other thing that Senator Hunt mentioned is, why don't we give this \$5 million to other nonprofits and charity organizations-- she didn't say nonprofits, I'm just putting that in there-- instead? It's because they don't have the opportunity currently to give it to-- to some-- they're not-- an Opportunity Scholarship program like this. They can't, so they're going to give it to nonprofits and other charity organizations to feel like they can help, which is noble. So one of the questions I just hope we can kind of leave ourselves with is, what if this does work? Does that mean we don't try? I think Senator Linehan has been very generous on altering this bill to make sure we can at least get some kind of idea on whether this works or not. And with that, I-- I would-- actually would like to ask Senator Linehan a question if she-- if she would yield.

FOLEY: Senator Linehan, would you yield, please?

LINEHAN: Certainly.

B. HANSEN: OK, just kind of a quick question. Out of all the states in the United States, how many actually have some form of school choice?

LINEHAN: Forty-eight, 4-8, all but 2.

B. HANSEN: Are-- we're one of the two?

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LINEHAN: We're one of the two.

B. HANSEN: OK, so this is not out of bounds. This is a-- we're--

FOLEY: One minute.

B. HANSEN: --not asking for a hundred million dollars to give to private schools.

LINEHAN: No, we're giving money to parents whose children quali-- we're not giving it. A scholarship-granting organization is giving it to parents who qualify for free and reduced lunch. And to echo something that Senator Wayne said, we trust these parents to decide where to take their kids, children for medical care. We don't tell them to go to CHI or Children's or UNMC. We let them decide. We have confidence in them in that. We don't tell them that they can only take their benefits to only one grocery store. Or we could do-- like when I was in Iraq, we could do this. I know this sounds farfetched, but you couldn't feed your family, the government just brought you what you needed for the month. So--

B. HANSEN: OK, thank you, Senator Linehan. You're stealing my thunder too.

LINEHAN: OK.

B. HANSEN: Jeez. Sorry. And so I just--

FOLEY: That's time, Senators.

B. HANSEN: Oh.

FOLEY: Thank you, Senator Hansen and Senator Linehan. Senator Arch.

ARCH: Thank you, Mr. President. I-- I rise today in support of LB364 and AM762. I've been listening very closely to Senator Wayne. I-- I feel very fortunate where I live. We-- I live in the Papillion La Vista School District. We have good public schools and that's a-- I mean, I'm very fortunate for being there and I know the families in that district feel the same. It's not the case with others across Nebraska and other places in Nebraska. They wouldn't say the same thing where they-- where they are, whether that be the school district or whether that be the neighborhood school that their children attend. I-- I've also listened very closely and-- and it's very clear, it has been said multiple times, that this is not taking money from public schools, that this is not decreasing the funding

from the General Fund, this is not changing the TEEOSA formula, this is not doing anything with that. But, rather, it is empowering families and I support that, particularly for children, as-- as Senator Wayne has eloquently stated, particularly for children who don't-- who don't have that empowerment because of limited resources. And so not-- I, you know, I do support this. I-- in no way do I see this a vote against public schools but, rather, a vote for children. And with that, I would yield the balance of my time to Senator Wayne.

FOLEY: Thank you, Senator Arch. Senator Wayne, 3:30.

WAYNE: Thank you, Mr. President. Thank you, Senator Arch. Colleagues, I want you to understand that currently underneath OPS's new attendance zone model, they discriminate based off of zip code. You can only move to certain school districts based off of geography. That is a discrimination based off of zip code, and if I gotta remind people in this body, it's unfortunate, but zip code is tied to educational outcomes in our society, so just think about that when we talk about discrimination. I want to take a little bit of two minutes because I want to follow this logic of where we're going with public education. What is magical about K-12? Because what I've heard on my side of the aisle for the last seven years is we have to focus on pre-K. Then what I've heard on my side of the aisle, it's K-12 plus, meaning it has to be a trade school, some kind of post-high school education. And in the last three years, the more and more I keep looking at this topic about public funding that I keep hearing, do you know we allow parents to go to private childcare providers for their pre-K and there's going to be bills this year for probably hundreds of millions for pre-K and childcare services? If we vote this bill down, we're going to-- I'm going to bring an amendment to require a vote that we can only send kids for pre-K to a public institution. And guess what? We don't have enough, but that's OK. We'll just-- we'll let it-- figure it out in time. That's what we're going to do for these trans-- changing these schools. We'll figure it out in time. Guess what we have? It's called Nebraska Opportunity Scholarships. This is for college kids. Mind blowing. We give the student the money and they can go to Creighton, Midland University, they can go to private schools, they can leave the state, actually, and go to some private religious school. We give them money. So we already do it. We already do it. But somehow, when it comes to K-12, we've got to put the roadblocks up. We got a call-- call a file here. This is not correct. Well, then have that same principle when we have this child, early-- early childhood preschool on the floor this year. Have the same principle. Have the same principle when we go to increase SNAP or any other benefit and we say, no, they cannot get

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mental health services from Catholic Charities. Have the same principle--

FOLEY: One minute.

WAYNE: --because, here's a secret, many of those same churches are in our schools today providing these services, Lutheran Family Services providing a lot of services to Omaha Public School kids, so we're already giving them dollars. Let's stop being hypocritical. Let's be honest here. This is about empowering communities that I represent to make a choice. Five million dollars is not that big of a deal when you talk about all of the tax credits we have here. And underneath my proposal amendment that's sitting here, and I hope we can get to it, we're going to limit this to ten years. This is a pilot program. So Senator Walz is Education Chair. I will continue to work with you to fix public education and make it better while we have a pilot program running on the side to let's see what happens. We see what happens all the time when it comes to pilot programs. Let's see what happens and give our parents a chance--

FOLEY: That's time.

WAYNE: --to make a choice. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Senator Geist.

GEIST: Thank you, Mr. President. I've been supportive of this legislation for, gosh, I think since day one, since Senator Linehan brought it the first time, and I stand just completely behind this still. And one of the reasons is because I so much believe that parents, just like Senator Hansen was reading, parents have the best interest of their kids at heart; of course, not every single parent, and we might want to pick out the outlier. The majority of parents want their kids to have a better life than they did. In many cases, the only option for those kids is a great education. In a country like we have, with the wealth that we have, I can't think of a good reason why we would deny a community the option of raising their children the way they see fit. It doesn't matter if we agree with them or not. That's their option in this country. If it's a religious school that they believe is best for their kids, great; if it's not, great. It is the parents' prerogative to make that decision. That's why I support this. I can't even understand why we would not support this. It's so small in total compared to the millions and millions that we give our public schools. I-- my kids are all in public school. All of them were raised in public school. My grandchildren

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are in public school, so I have no beef with public school. But I do have a beef with saying parents don't have the option to do this if they can't afford it. This gives people a reason to give to those who can't afford it. It's a wonderful option, wonderful for those individuals who can't make this option otherwise. And I will yield the rest of my time to Senator Slama.

FOLEY: Thank you, Senator Geist. Senator Slama, 2:30.

SLAMA: Thank you, Mr. President, and I just need 30 seconds to make this point. And I think it's going to go eight hours, whether I take two minutes or 30 seconds, but I just want to take a moment to think about how blessed we are in this body. We can take six months out of every year and make \$12,000 a year. The overwhelming majority of us are blessed to have jobs that are flexible enough or be in financial positions where we can take that hit. In fact, looking at a lot of the opponents to LB364, I-- I see a lot of people who personally attended private schools, choose to send their kids to private schools. They certainly have the means to send their kids to private school. So my question is, to them and any of the other lobbying groups that are opposing this bill, why do you want to keep that choice away from people who can't afford it? Thank you, Mr. President.

FOLEY: Thank you, Senator Slama. Senator Day.

DAY: Thank you, Mr. President, and good afternoon, colleagues. So I spent a lot of time talking on this issue last time it came up, and I will likely probably spend a lot of time talking about it this time. I say this every time I get on the mic, particularly with relation to this bill. I have a great deal of respect for Senator Linehan and her relentlessness in pursuing this issue and her passion for it, because I do genuinely believe that her heart is in the right place in terms of the purpose of this bill. We do have an issue with education equity and I see her trying to solve part of that problem with this, and I don't disagree with her on that. I-- I understand and I-- and I wish we could start to work on that problem as well. But I also agree with Senator Hunt in terms of disagreeing with the mechanism of how we would go about doing that under LB364. LB364 is a tax credit for folks who donate to a scholarship-granting organization, also known as a private school or any other school that-- that-- that donates scholarships to low-income students. So essentially, what LB364 does in its effort to provide more scholarships to low-income families is it puts more money in the pockets of people who are wealthy enough to literally give their money away. And we're essentially, in the long

run, reinforcing the system of-- of income inequality that creates issues with education equity in the first place. And so while I fully believe that we need to fix the issues that we have with inequality when it comes to education in Nebraska, I do not believe that putting more money in the pockets of wealthy donors is the way to do that. And I also wanted to mention I-- I'm getting a little frustrated with the conversation. Again, I have a great deal of respect for Senator Wayne. He and I worked together on redistricting and-- and I got to know him over that process, but-- and I-- I think I was one of the colleagues that he called out last time and said, hey, you know, Senator Day, would you send your child to public schools or one of the schools in our-- in our districts? And my kids do go to public school. They don't go to private school. They do go to their neighborhood school. If I lived in Senator Wayne's neighborhood or I lived in Senator McKinney's neighborhood, I would also send them to the neighborhood school because we can't afford private school. We talk about free and reduced-lunch families. That's my family. We talk about families who rent because they can't afford a down payment on a home. That's my family. When my kids were young, we utilized the childcare subsidy and SNAP so we could get childcare and so we could feed our kids. So when we stand up in here and talk about the opponents of this bill being, you know, wealthy people who can handle-- no, that's not true. Some of us have lived the life and we still do live that life where we would be in the same boat of having to figure out how we were going to send our kids to school, where we were going to send them, because we can't afford private school on our own. That's my family. You know, we, just six months ago for the first time-- I'm 40 years old-- sold our business. My husband got a full-time job and now my children are low-- no longer on Medicaid.

FOLEY: One minute.

DAY: And that's only because he's covered through his-- his group insurance plan now. So, no, those of us that are here opposing this bill aren't all sending our kids to private school and have no understanding of what it's like to be low income. It's just patently false and not true, and I'll have more to say later. Thank you, Mr. President.

FOLEY: Thank you, Senator Day. Senator McDonnell.

McDONNELL: Thank you, Mr. President. Good afternoon, colleagues. Senator Linehan, thank you for the work you've done on-- on this bill. Thank you for the-- the effort to improve it and to listen and try to answer questions over the last four years. I know one thing,

that all 49 people here want kids to get a great education. I just know that's a fact. There's no one here saying that, oh, gosh, I-- I want to set a child up for failure. It doesn't happen in this body. Now how we get there is a little different based on the need, based on experiences, based on failures. When I ran, I ran on the idea that good neighborhoods build good cities, good cities build good states. What creates a good neighborhood? It's not brain surgery. It's good paying jobs, good public education, good public safety, good public education. I'm a supporter of public education. My wife's a schoolteacher in Omaha, public schoolteacher. She does a great job. She works extremely hard. I'm very proud of the difference she's making. But she also will come home and tell stories about kids that will really tear your-- your heart out based on the struggles they're having and in junior high, dealing with adult problems they-- they shouldn't be, bringing them to school and-- and trying to work through that. But my question is, how do we answer this question from a constituent? I had one of my children go to a public school and they did very well. My other child is struggling and I can't afford to try to help them. How do we deal with that question? They just want to help them. They're not-- they're not failing yet. Oh, they're well on their way. They're well on their way to failing, but they haven't failed yet. They're still in school, but it's not working for them for whatever reason. And we know 80-plus percent of the kids that are going to public schools, it's working for them. If you look at their graduation rates, roughly, there's 20 percent kids that aren't-- aren't graduating, but what we're not talking about is the kids that have been suspended. And some of them will-- will change their path and things will work out for, but then some of them are expelled and they're no longer able to even go back to the Omaha Public Schools or whatever school district they're in because they've been expelled, they're done. Where do they go? What's the answer? Where do they go? Where do they end up? I think they end up in jail. Eventually, they will end up in jail, most of them, because they'll have no chance to get educated. That-- that door has been closed. So if we're going to talk about people that need help and need-- I've got constituents calling me and saying, help me, help me with my child. But then I have constituents that are calling, saying, my child's been expelled. Now I will give Omaha Street School, which Senator Wayne had brought up earlier, and I just like-- I just-- he starts off with their mission, their history. The Omaha Street School is an alternate high school for students who have not found success in a traditional school setting. Often, this is their last chance for at-- at-risk students to receive a high school diploma. If they don't receive that high school diploma, if we don't give them that chance--

but Street School, I think one of the reasons they're so successful, they're taking people that have been expelled, but the teacher-student ratio is very, very low. They're really concentrating on that student. It costs a lot of money based on the idea of you're really trying to concentrate on that student that was expelled, and that ratio, you're keeping it low. It's not a large-- they're not large classes. They're very small and very concentrated. How do they continue to grow without our help? I just want to answer that question. If a student has been expelled, not suspended but expelled and they can never go back to that public school, where are they supposed to go? And where--- if they don't have the funding--

FOLEY: One minute.

McDONNELL: --and it was brought up earlier, I can make a choice for my-- my child. There's a lot of people that would be in that situation that possibly worked out for one of their children in a public school, but it's not working out for the other child. So they-- they change up because they got the money. They've got the money and that dollar is going to make a difference for that child's life potentially forever. But then you have parents that don't have that dollar, and now the school is saying, we don't want them back, they're a problem, they've been expelled. But I'm going to tell you, with Street School, there's a number of these kids, and they're graduating at 90 percent, that were expelled, and they're finding success in the Street School. OPS wasn't a good fit for them, or whatever school district they were coming from, but Street School is helping them. They're giving them a chance. We have to make sure these parents that don't have that extra dollar have a chance, especially for those kids that have been expelled, to be able to send them to school so they get a high school diploma and have a chance for the future. Thank you, Mr. President.

FOLEY: Thank you, Senator McDonell. Senator Briese.

BRIESE: Thank you, Mr. President. Good afternoon again, colleagues. And again, I really want to thank Senator Linehan for her work on this, her persistence on this issue. She's worked hard on this issue for years. She's a subject matter expert on opportunity scholarships. And in my view, this is a concept whose time has come in Nebraska. There was a time that I wasn't all in on items like this, but the time has come for us to do this. School choices can be defined in a lot of different ways, but you know the traditional ways are vouchers, charter schools, and scholarship tax credit. I'm not really a fan of the first two. But I have always been intrigued by

scholarship tax credits or opportunity scholarships, and I really do think it's a mechanism that can be an effective use of state dollars to leverage private dollars into education funding, ultimately taking some pressure off the taxpayers and ultimately enhancing educational outcomes for some kids. And I believe the data supports that, and I think it's a reasonable approach and it's an approach that we need to undertake, but yet we still hear concerns leveled at this. You know, some say we're taking state dollars to support private schools. Well, if you're talking vouchers or charter schools, maybe that's an accurate description. But when you're talking scholar-- opportunity scholarship, scholarships, tax credits, no, we're using-- we're using those dollars to leverage the use of state dollars to encourage contributions, not really to support these schools. Another claim is that it takes away dollars from education. I think several people have already hit on that, and that just doesn't resonate with me here. If that were true, then every bill we passed with an A-- with an expense to it or every A bill we passed should be subject to scrutiny on the same grounds here. And we're talking about \$5 million a year here. We dedicate over a billion dollars per year into TEEOSA, so we're talking about one-half of 1 percent of the amount that we dedicate annually to TEEOSA, 200-- TEEOSA, we-- in TEOSA, we spend 200 times more than what we're talking about here. This is not going to harm education one little bit. And Senator Linehan, she's worked hard to make her amendment more palatable. And her original bill, I think, started out \$10 million annually, then growing by 125 percent annually. Possibly, by year 15, it could have grown to \$225 million. But she's dropped it to a fraction of that with the \$5 million cap, and Senator Wayne's amendment is going to sunset this. And so if we don't like this someday, it's going to take 33 votes to put it back in place. You know, again, as Senator Wayne suggested, this is nothing more than a pilot project. It's a sliver of the earlier proposal, and it's going to take 33 votes to expand it in any way, shape or form, 33 votes to extend it in any way, shape or form. It's not going to harm education, and we're going to know a whole lot more here in a year or two down the road and the proof is going to be in the pudding. So we're going to know more. It's going to take 33 to extend it, expand it beyond what it is. And so I ask myself, what's the hangup? You know, folks, this really is something that a large swath of Nebraskans want, and we need to respect that. And I-- I submit it's something that-- whose time has come and we need to try it here in Nebraska and we'll know more down the road. And with that, I'd yield the balance of my time to Senator Wayne. Thank [RECORDER MALFUNCTION]

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FOLEY: Thank you, Senator Briese. Senator Wayne, 1:20.

WAYNE: Thank you, Mr. President. And, Senator Day, I didn't ask you or challenging you last year. I went through the transcript. That didn't happen, but we did have an exchange kind of about just general public schools. But here's why I'm disrespected right now. I'm disrespected right now to compare Gretna to north Omaha, to compare Gretna that is 92 percent white, over 90 percent. They have 6 percent, 6 to 7 percent on any given year of free and reduced lunch-eligible students to a school district that is 80 percent free and reduced lunch, and compare that and say that's the same. There is 2 to 3 percent Hispanic, 92 percent white. That is exactly what I was trying to avoid happening in this conversation. There's no comparison to the amount of poverty that is inside of Omaha Public Schools, which is why I've championed them for years. To say that there is actually-- in fact, all the things that you got from government assistance, you needed them, you got them, and it made you better and they didn't limit your choice. They didn't limit the choice where you can go see a doctor. They didn't limit the choice of where you needed to go. But we are limiting a parent's choice--

FOLEY: That's time.

WAYNE: --and it's not even actual dollars from the state. Thank you, Mr. President.

FOLEY: Thank you, Senator Wayne. Senator Morfeld.

MORFELD: Thank you, Mr. President. Colleagues, I rise in opposition to LB364 and the underlying amendments. We've talked about this at length in the past and-- and some of my comments have been referenced on the mic a little bit. I do believe that public education is the great equalizer in our society, and I do believe that if there are problems with our public education system, I am ready to take action, not one, two, three, five years from now, but right now and I remain committed to that. And so I'm-- I'm open to ideas to improve our public education system and take action. If it needs to be incremental action, that's fine. If it needs to be direct and immediate action, then I remain committed to that and I've served on the Education Committee now for seven-- I think it's eight years. And we have taken action and we have had-- made reforms. We have demanded and requested and passed laws that require accountability, whether it's what we're teaching in the classroom or whether it be reporting requirements, and so I remain committed to that. And, you know, as somebody who went to a private school for two years, kindergarten and

first grade, it was a good experience. I did have a good experience at that school. That was something that my grandmother at the time, who's since passed, it was very important for her that I went to the Catholic neighborhood school that we-- in the neighborhood we lived in with my grandma and my mother, who was a single mother at the time. And it was a financial hardship for my mother and my grandmother to pay for that. And there may have been some scholarships from the school. I don't know. I texted my mother before I got on the mic here to-- to check, but she does know that she did have to pay something for that. And I believe my grandmother also chipped in, in many ways. She was also a very active member of that parish, as well, both financially, not a large donor or anything, she didn't have much, but she-- she did contribute and it was important that I went to that school and I'm glad that I went to that school. And no doubt, as Senator Linehan noted, you know, somebody might be bullied in a public school. I had a great experience at that private school. I was also bullied at the private school, so it can happen regardless of where you're at. And-- and I suppose there's some folks that have their kids in private schools, and I've talked to them and they've said, hey, listen, they weren't able to provide the needs for the level of care that my child needed because they had special circumstances or needs. And so then they went to the public school, which had more resources and-- and more aid for those types of things. And I don't think anybody can fault anybody one way or the other. I think what I question here is, is this really necessary? And regardless of what we want to say, a tax credit takes away money that would otherwise be available to the state for other uses. And fundamentally, I think that if we have-- fundamentally, I believe that if we have systemic issues and problems with our public schools, whether it's in Lincoln Public Schools or Omaha Public Schools or wherever across the state, I think that we should be dedicating those-- that money and those resources to achieving and tackling those problems, whether it be in the public school system or whether it be with systems and processes outside the public school system. So that is why I'm opposed to this legislation. In addition, most of these private entities, I haven't looked at every single one, but most of these private entities are also nonprofits, private nonprofits. So when you make a donation, or if you want to establish a scholarship fund to one of these nonprofit entities, you're already getting a tax benefit as well. What we're doing here is we're creating essentially a super tax benefit, and I just don't think that that's warranted in this case. And again, I remain committed to addressing directly some of the disparities that have been mentioned on the floor--

FOLEY: One minute.

MORFELD: --in our schools. I remain committed to doing that. I'm open to ideas. I am open to tackling those directly as a member of the Education Committee. That being said, I do not think that this is the right approach. I think this takes resources from a broader state pool of resources to actually address and tackle those problems and to do so in a really effective way. And so that's why I'm opposed to LB364. I don't begrudge Senator Linehan. She's very persistent on this. Maybe one day she'll get it passed. I'm only here for another 54 days or so. I'm not keeping too good of count. I guess we're on the fifth day, so 55 days. But my-- my opposition is principled and it always has been and it comes from the view of somebody who grew up in a low-income family and went to a private school, had a good experience there, but also went to some pretty amazing public schools in Omaha and elsewhere. So thank you, Mr. President.

FOLEY: Thank you, Senator Morfeld. Senator Pansing Brooks.

PANSING BROOKS: Thank you, Mr. Lieutenant Governor. Well, I rise unhappy to have to discuss this again. I, again, like other people have mentioned, admire Senator Linehan beyond measure for this and many other reasons. I'm really relieved that this is the last year for me to argue this issue, and it happened prior to Senator Linehan coming into this body. We did have this issue my two first years. So again, I think some of the arguments are missing the point or at least missing my point. I love choices. I think parents should definitely have choices. That's-- that's the most important thing. I argue that-- that Lincoln Public Schools and other schools provide choices. Do they provide religious choices? No, they don't, but they have choices about being able to go to another school. My daughter was bullied in high school and I chose to leave my child at the high school, but other opportunities were given to her to deal with that issue and she ended up leading a-- an organization on anti-bullying for that high school. Yes, we're talking about privilege. She probably had the privilege because we went to the-- to the principal and I said, this is inappropriate, I don't expect my child to be bullied at the school and I expect something to be done about it. So she had a parent who-- who had the wherewithal to take off time and go to the school and talk to the school. I get that. But this is-- this is not an issue about parent choice. I-- I-- I know that the-- that the various private schools in our state, whether they be religious or just a private school, have a lot of benefits and they care about the kids and they're trying to do their best. But they already get a tax deduction for donations, these-- the parents that

want to have their kids go to that. Those schools have the ability to give free tuition to kids that-- that are coming and do not have the money to go to that school. I understand Senator Wayne saying that-- that in-- in-- in his discussions, it looks like racism for us not to support this. But my argument is, the schools are allowed to discriminate. Now Senator Linehan will say, but they don't discriminate, but the problem is they're allowed to. There are no laws that say, or-- or rules that they have to file, to not discriminate. And I-- I-- I hope that all the schools are not discriminating. But I know, as the mother of a gay son, I have specifically asked about these issues, and I heard something a little bit different than Senator Linehan did in the-- in the arguments. But we also know of a teacher that was fired for being a member of the LGBTQ community. That says a lot. That-- that speaks volumes to an LGBTQ kid that the-- that the teacher was fired because they were a member of that-- that group. That breaks my heart as a parent. That is not appropriate, in my mind, that we would-- we would choose to discriminate against people. I do not-- I do not agree with Senator-- I have no proof that Senator Wayne is correct and that--

HILGERS: One minute.

PANSING BROOKS: --all the-- all the people of color would be admitted into that school and would be-- wouldn't be discriminated against and that this is an opportunity that they'd have full rein and ability to thrive. I have no evidence of that. If you look at what's happening in other states, that is not what's happening. In-- in most states, these are tax credits for the privileged few that are being able to use it. And Senator Linehan, again, is not agreeing with me on that, but there is-- there is evidence that-- that they are not used for the most poor. The-- the 185 percent of-- of the-- of the tax level, of the federal poverty level, those people are not available-- able to qualify for SNAP or ADC. So how can I be sure that-- that the people that most need these credits--

HILGERS: That's time, Senator.

PANSING BROOKS: --are going to be able to use it? Thank you, Mr. Speaker.

HILGERS: Thank you, Senator Pansing Brooks. Senator Matt Hansen, you're recognized.

M. HANSEN: Thank you, Mr. President. Good afternoon, colleagues. Colleagues, the way I approach this issue and the way I've started

approaching many of the issues related to schools, and as this is evolving into school financing, is the kind of perpetual choice we all have in this body on any given issue of, are we going to be a state senator representing the state or, as a member from a specific district, do I have to make sure I'm doing what my district needs? I weigh that and I weigh that and I weigh that. And ultimately, at the end of the day, as I do on most school issues, I have to be standing up for Lincoln and Lincoln Public Schools, who I believe are doing the right things. The reason I start off framing it this way is there have been a lot of things said about Omaha, specifically, Omaha Public Schools, the-- kind of the greater Omaha area, and that hodgepodge of different school districts they have in Omaha. And I can't dispute or refute any bit of that, and I don't want to. I understand the problems happening there. But they're not happening in Lincoln like that. And so that's the perpetual thing I have to weigh. Am I going to go out, extend an olive branch, try and do something that might genuinely be helpful elsewhere but harmful here, harmful for my district, harmful for my school district? And there's this kind of context of, well, show us, prove us, how is this going to be harmful for schools, how is this going to be harmful for public schools? And maybe within the four corners of the bill that's hard to pick out and hard to find. But, colleagues, from the rhetoric on this floor, from the rhetoric in press conferences, from the rhetoric on media, it is not hard to pick out. There are lots of folks in the state of Nebraska, there are even some folks in this building, in this Chamber, who have strong disdain for many of our public schools, if not all of our public schools in Nebraska. That is perpetually simmering under the surface anytime we discuss anything related to school funding, property taxes, choice, and when we even just talk about local control. We see the kind of disdain, the frustration, the anger at kind of simply the fact that public schools exist, really, and sometimes that they have to take some property tax levy to sustain themselves. I do really think there are people in the state of Nebraska who would be willing to grind public schools down into nothing. I genuinely believe that. We've heard speeches and things to that-- to that extent multiple times over my eight years in the Legislature. That's a perspective that exists. And so when you then present a different bill that maybe isn't focused on that exact issue but 100 percent connects to it, I can't vote on this bill without holding all those other things in my mind, without knowing that, you know, outcomes, you know, throw outcomes out the window; if somebody could snap their fingers and cut LPS's budget and levy a third, a quarter, a half, people would, don't care about outcomes, don't care about things, it's all about the tax revenue. And I have to know that

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perspective exists and then try and piece in how this other tax credit program, this other tax, fits into that. And I can only see the inevitable shift of we prefer these other schools and we are going to shift more and more state to parts of these schools in the extent to drive other schools down primarily for tax reasons, not for education outcomes. Now that's not necessarily--

HILGERS: One minute.

M. HANSEN: --any individual members. I don't necessarily-- I don't believe at all that's Senator Linehan's perspective. I do, however, believe that's the perspective of other people who support this bill. And I have to know that, in a heartbeat, if we weren't here to stop it, there could be a bill that would slash LPS's funding, LPS's tax authority, whatever it is, without regard to outcomes or helping students. And knowing that that kind of specter of bad outcomes is looming, it makes me skeptical and so questioning of every other thing to make-- hear that some of these speeches are truly about what they are on this floor. I'm going to keep talking on this. I don't know if I'll get another chance to talk today. But I have to be a Lincoln senator on this issue and I have to know that Lincoln Public Schools is perpetually under criticism and attack and I have to stand up for them. Thank you, Mr. President.

HILGERS: Thank you, Senator Hansen. Senator Clements, you're recognized.

CLEMENTS: Thank you, Mr. President. I stand in support of LB364 and the AM762 Revenue amendment, but opposed to AM1051 amendment and the motion to recommit. The-- the question has been asked whether-- do only the rich benefit from this bill, and I think it's a real stretch to say that the rich are really benefiting from this bill. The donations, currently, tax donations for a nonprofit, for most people, is gone because the standard deduction is \$24,000. I wanted to get to my situation. My children went to a private school because I could afford it. I wanted-- I thought they would get a better education academically. Low-income families could not have afforded that. And from my town, there weren't any others that did go. But the low-income families des-- do deserve the same opportunity that my children had. Also, I continued to pay property tax to my local school while they did not educate my five children for 24 years. But I'm not bringing a bill to try to attack public schools. I'm just wanting to give everybody the same opportunity my family had. There are other states that have scholarship credits such as this, and they still have public schools that have not folded. It didn't destroy

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their public school systems. But I-- I have seen information that the competition that does come when you have choices has helped the children's education, is-- my opinion, it's about the children, and that's what I think Ms. Senator Linehan is concerned with. And with that, I'd like to yield the rest of my time to Senator Linehan.

HILGERS: Senator Linehan, 2:32.

LINEHAN: Thank you, Senator Clements. And I would like to thank everybody for engaging in this debate even if you don't agree with me, I think, or agree with the bill, the amendment. I've heard some-- I think there's a lot of confusion and I just want to-- I don't have a list that I feel is sufficiently scrubbed to hand out this afternoon. I will have it by tomorrow morning. We have multiple tax credits on the books and I will-- I-- I know my staff is probably downstairs cringing right now, but sorry. I will try tomorrow to have who voted for what. But the idea that the tax credit is kind of a new and unique deal or this is something special, we have a lot of them. We have-- I'm just going by a list, and I'm sure it's probably not complete and I don't know who voted for what, but we have a school readiness tax credit for providers. Amazingly enough, it's capped at \$5 million. We have a school readiness tax credit for educators which is capped at \$5 million. So those two are \$10 million. We have multiple tax credits here. I-- I'm guessing-- I think what's happened, and maybe this is because we get in a hurry, there's usually very-- from being on the Revenue Committee, and other Revenue Committee members--

HILGERS: One minute.

LINEHAN: --could speak to this. There's usually not a lot of pushback on tax credits. They're generally seen as a good idea. It promotes something that's good and we kind of slip them through and we might even package them up. But I think maybe you'll want to have your own staffs check on how many tax credits you voted for and maybe even how many you actually introduced or supported. Thank you, Mr. President.

HILGERS: Thank you, Senator Linehan and Senator Clements. Senator Williams, you're recognized.

WILLIAMS: Thank you, Mr. President. Good afternoon, colleagues. And, yes, Senator Linehan, I have voted for tax credits. I'm bringing a couple of bills to extend sunset dates on tax credits this year, and I understand your comments and I appreciate that. I have never yet in my eight years been able to support the diversion or the use of state

funds for either charter schools, vouchers, or the current proposal for the scholarships. I've always been a real strong supporter of public education, and there are several reasons for that. First of all, my mother was a teacher. My daughter and my daughter-in-law are both teachers, one in a small school and one in one of the largest high schools in Nebraska, in Omaha, Omaha North. So teachers and public education have been important to me. I had a unique experience not too many years ago when I was traveling and regularly in Washington, D.C., for about a three-year stretch of time, and during that period of time became well acquainted and made some significant friends there. I will tell you, every one of the friends that my wife and I had in Washington sent their kids to private school and, yes, they could afford to do that. But in questioning in and asking them why, they always repeated two things. The first one was they didn't feel their kids were necessarily safe in the Washington, D.C., schools, and the second one was they didn't feel that the quality of education they were receiving in those public schools in Washington, D.C., was qualifying them for their future. Then, as you might guess, you'd get on that airplane and fly back and land in Nebraska, and I'd start my three-and-a-half-hour drive home from Omaha to Gothenburg and realize how fortunate we are to have high-quality public education in our state, schools where our kids are safe, schools where our kids are prepared. Thinking about this issue, it-- it's all about framing an issue, how you frame this, and that's what's happening with LB364. Who wouldn't want to support opportunity? Wow! Opportunities. Who wouldn't want to support school choice? That all sounds really good. But then on the other hand, you can reframe the issue. Who wants to support using state funds for the private sector? Who wants to support giving additional tax breaks to wealthy donors? You see, I may be the only one in here that-- and I still call my legislative district, the district before redistricting. I may be the only one that doesn't have a private school in my old legislative district. I've got 13 high-quality public schools. So when you talk about opportunity or choice to a family, to a student in Broken Bow, what choice do they have? What opportunity do they have? They either go to Broken Bow or they homeschool. Talk to the same person in Cozad, Gothenburg, Lexington, Sargent, Arnold Callaway, Anselmo-Merna, Farnham, all the same thing. Choice sounds great. I've heard it said there's--

HILGERS: One minute.

WILLIAMS: --there's no options out there. Well, there's no options in my district. So creating this is not something at this point that I can support. I've been contacted by nearly all of the superintendents

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in my district. They strongly support public education, as you would guess. So that's where I'm coming down to now. Opportunity and choice sounds good, not available in Legislative District 36. Thank you, Mr. President.

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

LINEHAN: Thank you. I appreciate Senator Williams' comments, and I know they're from his heart. I've been to a couple of his schools. I was-- I remember going to Gothenburg, and I think they're the Swedes. Yes. I was like, why? And then I saw all the children. I'm like, oh, I get it, the Swedes, blond-haired, blue eyes. Another school that I went to, I think Lexington, was an amazing-- I was-- I still remember it, Patty-- Senator Pansing Brooks, the first school we went on in our tour of schools for third grade reading, and Senator Pansing Brooks can back me up on that. We walk in and it's-- it's all the kids from kindergarten to third grade, which is what we were looking at. They're all in one building in Lexington. And after we watched them, and all the kids were running around-- walking down the halls like this and I'm like, that's kind of odd. I mean, I knew in public school they're not praying, right? So-- but the trick is, if all the kids have to hold their hands like this, they're not pulling or pushing the child in front of them. And we walked back across the street, and I feel so confident in repeating this story because Senator Pansing Brooks was with me, and I said, what-- you're doing everything you're supposed to do. What-- why-- why are you doing all this? And the assistant principal said, well, we had two-- two schools, and the kids were the same kids, same free and reduced lunch, same English language learners; in one school the scores were really high, in the other school the scores were not, so we decided it wasn't the kids. So they put all the kids in the school with the high scores. So, yes, Senator Williams, you have a lot to be proud of. But here's something that-- and I don't-- I don't really like-- because I know I have a reputation for I don't like public schools. I have six grandchildren in Nebraska. They're all going to go to public school. Four of them are in Aurora. They love it. It's a great public school. My daughter just moved to Hickman. She has two, now going to be three, and they're going to go to Norris. I-- I went to public school. I understand that we need strong public schools. But here's-- here's what I haven't talked about for two years because I don't like to do this, but there's some facts we can't ignore. We hear frequently that our ACT scores are really good compared to the nation. Well, there's a couple of reasons for that. One, thankfully, compared to the other states, we don't have a significantly high

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poverty rate. We have-- we have an area of Nebraska, which my good friend Senator Wayne represents, that has a serious issue with poverty and generational poverty and way too many kids in the same school that are in poverty. We have problems, but we hear about our ACT scores, state average, 20, not great, but as good as the nation. But here's what we don't hear. The non-public Nebraska school scores are 23.7. Now there's reasons for that too. You got parents paying attention. You've got kids that aren't poor. I get that. But Nebraska public schools, if you take out the private schools, are at 19.7. That's a problem, guys. And we have-- this is a little thing that will help maybe 1,000, maybe 1,500 children, but this 1,500, it's like the starfish. Why do you try to save them, that one? Saving-- saving 1,000 kids or--

HILGERS: One minute.

LINEHAN: --1,500 kids or giving them a chance-- I'm sorry. I was going to give Senator Wayne time. You can't-- it's-- it's like listening to somebody when they've got a problem so big they don't know what to do. Well, start somewhere. Start somewhere. It's like waking up with your children on Saturday morning. You've all worked all weekend. The kid's been in school. The house is a mess. You don't even know where to start. Start somewhere. This starts somewhere. This is not a hill. I'm not going to-- I don't want to get up here and berate our public schools. I don't even want to pick on OPS. I know they're trying. They have huge challenges. This is about individual kids, one at a time, if we have to. Thank you, Mr. President.

HILGERS: Thank you-- thank you, Senator Linehan. Senator Albrecht, you're recognized.

ALBRECHT: Thank you, Speaker Hilgers, and good afternoon, colleagues. I just wanted to rise and kind of talk a little bit about-- there are a lot of kids that would benefit from this program. A lot of families would benefit from the program. But I just wanted to kind of give you a quick update. I kind of called around before I knew this bill was going to come out on the floor, and I just want to talk about some different schools. Lincoln Christian, their enrollment is up 102 students; that's 15 percent over the previous year. Parkview Christian is up 55 students; it's a 25 percent increase. The Diocese of Grand Island, their enrollment is up 352 students, or 32 percent. The-- I believe the Catholic schools had a loss over the COVID period of about 4 percent, but now they're up over 600 students, but over 500 were denied. And you know, I went to St. Cecilia's, just in case

anybody wanted to know, until I was in third grade. But we moved to the Papillion La Vista area and my parents wanted to enroll all seven of us in Catholic school. And for some reason, they elected to take the family that was around the block with nine children instead of us. Broke my mother's heart. I think I've talked about this before. But you know, I'm now up in Thurston, Wayne, and Dakota Counties, and there are two Catholic schools up there. I've heard from a family that sends five children to the Catholic school, in one of the Catholic schools that are up there, but they now can't afford to continue to do this. You know, people don't always have the means, but they might have-- they must have those children in the right environment based on whatever is happening in their family makeup. And when I think of when I was a child and how important that would have been to my mother for us to have that education, but not being able to, was-- was heart-wrenching, I know, for her. It was not something that she wanted to see. But if you take and understand that, again, like Lou Ann-- Senator Linehan says, it's just a few kids. But you know, I-- I also went to a-- a school around my area that had a program that I go to every year because my grandchildren, three of them, go there. And I said, why is it now not in the big auditorium but is moved back to the school? And they said, because a lot of the parents could not continue to pay for their education there. What a crying shame to think that we have people that would like to help that-- those families, you know, whether it's the income, whether it's your circumstances, you know, this-- the one I told you about with the five children, I mean, if you're a single parent all of a sudden and your kid's always got to do what-- what they did when mom and dad were together, but now they're not, what do you do in a situation like that? So the-- the kids are going to go through enough change as it is. But when there's not enough there for all the students, I think that's-- that's a travesty. And, you know, I just-- I think there's a lot of myths and I always like to-- to say, you know, what's-- what's the opposition all about here? And there's some information, and I hope people have copies of it, but sound-- sounds like we're going to be on the mic for a while. But I just want to talk about a few of the myths that they have. Some people say school choice-- choice programs violate the separation between church and state. The reality is that the U.S. Supreme Court has ruled that appropriately des-- des-- designed private school choice programs are fully constitutional.

HILGERS: One minute.

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ALBRECHT: So we need to make sure that we think about that. And I do know that Senator Wayne-- Speaker Hilgers, I know Senator Wayne would like some time, so I'll give my minute to him if he'd like it.

HILGERS: Senator Wayne, 50 seconds.

WAYNE: Fifty seconds, all right. Well, we'll be real quick. I just want people to understand this, please, and I'm asking my colleagues just to listen to this. This is not an either/or. This is not \$5 million and education blows up. It is not an either/or. We get to my amendment, it's a-- we put a sunset on it for ten years. That way, we can see if it works for pretty much a generation walking through schools and we can have data and everything to support it afterwards. It's not an either/or. This isn't the silver bullet that's going to solve public education, but it's an option. It's a-- it's-- it's a starting point. It's something. We can't keep doing what we're currently doing. Let's try something else. That's all this is.

HILGERS: That's time. Senator.

WAYNE: It's a try for \$5 million. Thank you, Mr. President.

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

HILKEMANN: Thank you, Mr. Speaker. As Senator Williams mentioned a few moments ago, this is an issue that I have not supported previously, and my number-one reason not to support it is the whole thing of a tax credit for the private schools. And I want to just make-- Sen-- through this conversation I've been listening here today, Senator Wayne talked about this as a contribution that people give to-- to organizations in his-- in his district, and I'm just thinking of several like Salvation Army or Goodwill. Those persons that give contributions, they receive a tax deduction for those, and I-- and I support that because that's-- or-- or Lincoln family-- or Lutheran Family Services, if you do that sort of a thing. And so this is a different thing than just a contribution. We're giving-- actually, we're giving the contribution back to the people who contribute the money. We're-- we're helping the philanthropic community be philanthropic. And that's the one concern that I-- that I do have on this particular bill. And the other thing that came up, it was talked about that we provide opportunity scholarships for students that attend private colleges. Well, I want to say that that money is funded as a lottery. That's use of the lottery funds. That's not taken out of our budget, per se, at least that's my

understanding. And so that's a-- that's a difference to that. Now that I come to the whole thing of-- of schools, where are we with our schools? Well, our schools are struggling. They have so many different ideologies that are being proposed. They're being attacked by both the liberal and also the conservatives as far as what's being taught into the-- into the school. Everybody's trying to make a difference. I personally think that we ought to help-- allow people to help with their educational expenses, not just people that are going to these particular schools or the-- or the limited-number schools, but all students. And-- and if-- and you may-- some of you may remember, in 2017, I brought LB118, which was an educational savings account for-- which would apply to elementary through high school. And I'm bringing that bill back in. It'll be probably dropped tomorrow or the next day. I'd like us to look at more of those, a broader perspective than this. Senator Linehan, would you take a couple of questions for me?

HILGERS: Senator Linehan, would you yield?

LINEHAN: Certainly. Thank you.

HILKEMANN: Senator, you had-- you-- you had several of us come to Holy Family, I think it was, last year. Who supports the Holy-- or Holy Name? Tell me-- tell me the name. What's the group that supports that?

LINEHAN: CUES.

HILKEMANN: Tell me, what's the-- what's the amount of contribution that the CUES gives toward that, that program?

LINEHAN: I don't have those numbers. I will ask CUES if they could provide them by tomorrow. I don't know those right off the top of my head.

HILKEMANN: OK.

LINEHAN: But I can-- I will try, and hopefully there's people out in the lobby that are hearing this and they will round that up for us.

HILKEMANN: OK, now does it ever-- so what we're doing, as I understand it, these are people who wanted to take advantage of that school that was there and make it available for-- and so there were people who saw that as an opportunity to help and through their philanthropic efforts, that's how that school is existing. Am I correct?

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LINEHAN: Yes, it's-- it's-- I think there's three schools involved. And I'm sorry, this is probably in the notes people have given me and I just don't have it on my fingertips. But there's three schools, as I understand it, K through 12, they were on the chopping block, so to speak, and there were a group of individuals which were speaking to donors--

HILGERS: One minute.

LINEHAN: --who said, these are the schools of all our schools that we need to keep open, and they are 100 percent dependent on this group of donors to keep their doors open.

HILKEMANN: OK. And I know-- I went to the Omaha Street School. I'm very familiar with it. Once again, the philanthropic community is already supporting that. So let's say you have \$50 million given toward this particular-- how is that determined? Who's going to get the-- who's going to get the tax credit? You said it's only limited to \$5 million.

LINEHAN: Right. Well, I'm happy to raise it, but-- because the limit would be the-- it's written in the bill that the Department of Revenue is a first come, first serve. So if you were at the head of line, you would get it, and then when the \$5 million is used up-- and there's even language in there that once you say you want to give, you've got to get it in within 60 days or you lose your opportunity.

HILKEMANN: So if I gave, say, \$50,000 to the Omaha Street School--

HILGERS: That's time, Senators. Thank you, Senator Linehan and Senator Hilkemann. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. If all of you remember, in the past, I have opposed this bill. Today, I'm not sure where I'm at. The public schools have kind of got me upset, but I want to walk through a little bit of why I could be one way or another, and I just want to point out some of the hypocrisy that's happened on this floor when we talk about school funding and-- and how the constitution says we shall provide for the free instruction of our K through 12. So I've got schools in my district, for instance, that get 0.6 percent of their needs are funded by the state, 0.6; another one is at 0.9; another one is at 0.7. And then we have OPS, who gets 46.8 percent of their needs from the state. They collect more in state aid than they collect in property taxes. And then I have an OPS person testifying in Revenue that looks at me and says they will oppose giving one

single dollar to nonequalized schools because it puts our General Fund at risk for funding TEEOSA. So you don't give a damn about kids in rural Nebraska. Now we don't have poverty out there. We don't have people of color. We just have small schools who are funded by 90-some percent property taxes, no state aid to speak of. And so it's reluctant of me to want to fund more schools in Omaha, whether they're private or public, when we can't even fund schools in my district. And I'm probably just as frustrated as Senator Linehan. I've been doing this for eight years now and had some successes, but not really what I intended as change how we fund K through 12. And a lot of people that are supporting this did not support giving nonequalized schools money last year, and I wasn't asking for much, either, because to solve the problem out there in nonequalized districts doesn't cost a whole lot either, at least gives them something. You know, 80 schools, I think, get less than 1 percent of their needs from the state, and then it just goes all across there from-- all the way up to where there's about seven or eight schools, I think, that collect more in state aid than they have in property taxes. And I can't get nonequalized schools even 20, 25 percent of their basic needs, so we can narrow that gap, so we can bring that, say-- then we could say all schools receive at least 25 percent, yeah, some of them are getting 50, 54 percent, whatever, but we've narrowed that gap and we actually, as a state, care about every kid. Right now, we don't. And I don't know if my schools are failing out there. I think there's a lot of good schools out there. They offer a basic education. There's no frills. There's no swimming pools. Most of them don't have astroturf on their football fields. Most of them don't have many choices. I don't have any choices for my kids. You can give a kid in high school, or in probably Harvard and Giltner, you can give them a scholarship to go to private schools, but somebody that doesn't have the resources--

HILGERS: One minute.

FRIESEN: --is not going to be able to get them 30 to 35 miles to a private school. Those options are not there. So maybe we should talk about a school voucher program where you can give each kid \$2,000 and they can give it to their public school if they want to go there, they can give it to their private school if they want to go there, they can keep maybe half of it if they homeschool. Let's talk about some options. So I don't know where I'll be this year yet. I'm-- I am listening and I'm getting-- you know, I was going to have fun this year, but sometimes I start to get a little frustrated when I hear the discussion, so I'll try and keep my fun attitude and we'll see

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where we go this year when we talk about the billions of dollars that we're going to hand out. Thank you, Mr. President.

HILGERS: Thank you, Senator Friesen. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Mr. President. So I am going to be pulling my motion, but first I'm going to take up some of my time. Would Senator Day yield to a question?

HILGERS: Senator Day, will you yield?

DAY: Yes, I will.

M. CAVANAUGH: Senator Day, you had some thoughts that you were sharing with us and you, I think, ran out of time. Would you be willing to share them with us now?

DAY: Yes, I would.

M. CAVANAUGH: Thank you.

DAY: Thank you, Senator Cavanaugh. I had just a couple things that I wanted to mention that I made sure I got in before the 5:00 hour tonight because I know we're going to be done here and soon. I don't want to keep arguing with Senator Wayne on the mic, and he's going to get mad at me, but that's what's going to happen here for a second. I have the transcript right in front of me. He did call me out specific-- specifically last year. His quote was: I will vote to kill this bill if you send your kids to one of the schools in my district that we're waiting to turn around, if you do that, Senator Day, Senator Cavanaugh-- and he goes on to talk about it. The argument doesn't necessarily work because I don't send my kids to private school. I send my kids to public school. My family has been poor. So I-- again, I don't want to keep arguing with Senator Wayne, but I'm not going to let him misrepresent what I said. I certainly wasn't comparing Gretna to north Omaha, either, when I mentioned my family situation on the mike last time, particularly because I don't live in Gretna and my kids don't go to school there. So my kids go to school in Millard. I'm sure he would probably say it's basically the same thing. But my kids go to school in Millard at one of the elementary schools where they are nearly 50 percent free and reduced lunch, again, which my family qualifies for. And then the last thing that I just wanted to mention was we keep talking about how this is only \$5 million, and-- and to be truthful, if this really was only \$5 million and it was going to stay that way, you might be able to get me to

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vote for it, maybe. I'm not saying yes, but I'm saying maybe. My concern is that this \$5 million turns into a very large sum of money over 10 years, over 20 years. Within the last week, you had 100 school districts in Ohio file a lawsuit against the state because what originally started as a \$5 million voucher program in 2005 has now turned into \$628 million that's being spent on the program. That's one of my main concerns, and the reason they're suing the state is because the public schools are struggling for funding. So when it's \$5 million, it's not that big of a deal; but when it turns into \$628 (million), it is a very big deal. So again, if we had a way of keeping this at \$5 million for the entirety of the program, I'd be happy to support it, but I-- I have yet to see how that's going to happen, and that's all I wanted to mention. Thank you, Senator Cavanaugh. I appreciate it.

M. CAVANAUGH: Thank you, Senator-- Senator Day. Before I pull my motion, how much time do I have?

HILGERS: 1:47.

M. CAVANAUGH: OK. Before I rem-- pull my motion, I just wanted to share some positive news about the state of Nebraska with everyone. My friend Sarah, not the former Senator Howard but Sarah Warren, she just sent me a text message. She is a military wife out in California, and she said that she saw an article that Nebraska was the best place to retire for military families because we passed our bill last year to not tax military retirement, so I thought that was really great. I will also note that she is slightly famous. She's the 2017 winner of the Spouse of the Year for the Coast Guard, so she's got real credentials to be backing that up. Maybe I can get her to move here. So with that news--

HILGERS: One minute.

M. CAVANAUGH: --I will pull my motion.

HILGERS: The motion is withdrawn. Thank you, Senator Cavanaugh and Senator Day. Returning to debate on AM1051, Senator Wishart, you're recognized.

WISHART: Thank you, Mr. President. I rise in opposition to LB364. I, like many others today, commend Senator Linehan for her persistence on this. I know something about caring deeply about an issue that you work on it for years and years and bring it back. And I have to say, every year this does come back, the argument becomes more compelling.

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I also agree with what Senator Wayne has said. I think it's hard for any of us to get up here and talk about tax credits, talk about school choice without being inconsistent in our voting records. I-- I-- if I looked back at mine, I probably would be as well. Even though the arguments are compelling, you know, I strongly believe that public dollars should go to support public schools and private schools should be funded exclusively privately, and I feel that to the core, and any argument today has not moved me enough to change my position on that. With that, I'd like to yield the rest of my time to Senator Hilkemann because-- oh, I guess he left, but he had additional questions. I wanted to yield my time to Senator Hilkemann so he could finish asking the questions he had.

HILGERS: Senator Hilkemann, 3:42.

HILKEMANN: Oh, thank you, Senator Wishart. I certainly do appreciate that. So, Senator Linehan, you and I were having a conversation about it, and so I-- and thank you. You were just-- you were just reaching out and trying to answer that question for me. So if I gave \$50,000 to that CUES program, would I get my \$50,000 back?

HILGERS: Senator Linehan, would you yield?

LINEHAN: Well, it would depend on multiple things. It would depend-- your-- to get \$50,000 back, you would have to have \$100,000 in income tax liability to the state because it's limited to 50 percent of what you owe. So you-- you'd have to-- you'd have to owe \$100,000 in income taxes. Does that make sense?

HILKEMANN: OK, so I-- I understand. I understand. So if I-- if-- if-- if I had a \$25,000 tax liability through the state, half of that would be taken care of. Is that correct?

LINEHAN: That's right. It can only be half.

HILKEMANN: I-- I just wanted to know how this works. So this--

LINEHAN: Yeah.

HILKEMANN: So to take full advantage of this, you-- you need to be a high tax earner. Is that correct?

LINEHAN: Well, I mean--

HILKEMANN: It helps.

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LINEHAN: --it all kind of goes back to the inheritance tax, what is-- I've always kind of-- what I've discovered in life is you're rich when-- you're never rich until you don't have a body-- anybody higher than you, I mean.

HILKEMANN: OK. And so if I gave-- so, for example, if I gave \$5,000 to that, so I could get maybe \$2,500 back provided I had at least \$2,500.

LINEHAN: If you-- so I think-- so if you had \$5,000 tax liability--

HILKEMANN: Right.

LINEHAN: --to the state, you could get \$2,500--

HILKEMANN: OK.

LINEHAN: --in a credit, yes, and you can't--

HILKEMANN: Now--

LINEHAN: And this is important, too, because this has come up before. I'm sorry. You can't deduct it as well. You either get-- you either get the credit or you get to deduct it. You don't get both.

HILKEMANN: Right, but you-- but on federal, how about on the federal tax?

LINEHAN: No, you get-- if you take the credit, you're not allowed to deduct it for federal or state tax.

HILKEMANN: OK.

LINEHAN: You get one or the other.

HILKEMANN: All right. The-- do you see a-- do you see a time when this might open up the door to charter schools?

LINEHAN: No, I don't. This won't open the door to charter schools. What's-- I don't-- I don't-- I don't-- I've not touched charter schools [INAUDIBLE] discussion.

HILKEMANN: That's a discussion for another time?

LINEHAN: Yeah, I don't-- no, I don't know.

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HILKEMANN: OK, thank you, Senator Linehan, and-- and thank you, Senator Wishart. Those were the questions that I had. Appreciate it.

LINEHAN: Thank you.

HILGERS: Thank you, Senator Linehan, Senator Hilkemann, and Senator Wishart. Senator Hunt, you're recognized.

HUNT: Thank you, Mr. Speaker. I want to be clear to Nebraskans and to those among us in the body here that what we are debating is not the merits of private school. What we're debating is the taxpayer funding of a tax credit to wealthy donors. And my issue, in addition to that, is it's the funding of a tax credit that can be applied to private organizations that discriminate. There's also some economic sleight of hand going on here. The tax credit implies, it means that, dollar for dollar, donations to private schools will come out of public funds, which means public education. If someone who gives \$5,000 to this fund is given a \$5,000 tax credit, then that means, taxpayers, you are spending \$5,000 on private schools. That \$5,000 is coming out of money for public schools, for roads, for bridges, for COVID relief, for whatever. So another argument that proponents of LB364 are saying is, well, then you should oppose every tax credit because they're all taking away from education. No, that is also wrong. That's also some economic sleight of hand. What are tax credits? People donate \$5,000 to private schools and get a tax credit, then that individual is essentially deciding how \$5,000 of taxpayer money is going to be spent, and that's on private schools in this case. Now what are tax credits for? They're to incentivize behavior that we think is best for the public good. You could do tax credit to open a hospital, a tax credit to build a public university. LB364 is doing the opposite. It's incentivizing a private good. And, yes, I think tax credits should be viewed with great skepticism because they're expensive. It's rare to see me support a tax credit as a state senator here. And so when we use tax credits, we better make sure it's going to a public good, something that benefits everybody, and private Catholic education does not benefit everybody. In fact, in many cases, it's actually actively harmful to people, not as a matter of circumstance, like, you know, bad economic conditions or a tough neighborhood, but as a matter of literal policy on purpose. Tax credits are not neutral. They are a market distortion. They're a market distortion. Another market distortion here at play in LB364 is the idea of charitable giving. For every dollar that I give to a nonprofit art museum, I get a dollar tax deduction, so my taxable income goes down \$1, so the taxpayers lose about 30 cents on the dollar for that donation. With the tax credit, the taxpayers lose the

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whole dollar. Now guess what? We pass LB364, we got new prices in town for donations. It becomes more attractive to donate to private schools than to carry out charitable giving, including to public schools. If you donate \$100 to a public school, you don't get a \$100 tax credit, and this is deliberate, and proponents of this movement are banking on people not understanding this stuff, not understanding, you know, the nuances between tax credits and tax deductions and public and private, because only rich people need to understand this stuff, in their opinion. Senator Linehan and some other proponents of the bill have drawn a comparison of opposition arguments to an analogy like-- it's like saying when someone is on food stamps or someone's on SNAP, we're choosing what grocery store they get to go to--

HILGERS: One minute.

HUNT: --that we're limiting a choice, but that's not right. What this is really doing is saying that if a donor gives money to Walmart, they get to pay less taxes, and this will benefit Walmart shoppers because Walmart will then lower their prices. But how in the world does that sound right? The best way to help poor people is to give money to people to donate to Walmart, who will then lower prices for shoppers that are sometimes poor. That makes no sense, so there really isn't an analogy to be drawn there. Use your own money to support private schools and get the deduction. The scholarship for poor kids is a cute marketing ploy, but why do you need the government to do that? Oh, because you also want to take away from public funds. You don't actually care about poor kids because you want every single dollar back that you gave to them from the taxpayers. Got it. You get the warm glow of the donation, but actually you are forcing taxpayers to make the donation for you to a private school that discriminates.

HILGERS: That's time, Senator.

HUNT: Thank you, Mr. Speaker.

HILGERS: Thank you, Senator Hunt. Senator Flood, you're recognized.

FLOOD: Thank you, Mr. President, members. I am opposed to Senator Hunt's AM1051. I support, obviously, the Revenue Committee amendment and the underlying bill. I served for five years on the Children's Scholarship Fund of Omaha, and every year we would have a back-to-school bash where we would have our new scholarship recipients, who were getting money from private donors that weren't

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getting tax credits. And what I saw in that room were very rich parents, and I'm not talking about their pocketbook. I'm talking about a mom or a dad or a single parent that were actively fighting for their kid's future. They would go cross a hill, they would walk over glass, they would walk through fire to give their son or daughter the best chance in life, and they didn't have two pennies to rub together in a lot of places, but they would come to that scholarship dinner and they would be as proud of their young person. And I would hear the stories about what a teacher in a Catholic school in Omaha did to unlock something so fierce, something so beautiful, the promise of a future for somebody that was going to go on in this world and make a difference. Teachers do that. They do it in public schools and they do it in Catholic schools. And if you sat in that Revenue Committee hearing and you sat there and you listened to the people that came in, you'd be inspired about the future of our country thanks to what's happening in these schools in Omaha. And that's not to say one bad thing about public school. When I was growing up, my brother was in a Catholic school and he had a challenge or two and he went to the public school and he found his niche. Some of these kids find their niche and it's not in a public school. It's in a Catholic school. It's in a parochial school. It's in a school that's made possible because people donate. So you can talk about boundaries and you can talk about budgets and you can talk about things that adults and lawmakers are-- are supposed to be worried about. But let's talk about that mom that's fighting for her kid, that mom that's doing everything she can to make it work on \$15 an hour or \$16 an hour or \$12 an hour, and she takes the time to go seek out an opportunity that a lot of us take for granted because we have the resources to do it, but she doesn't. OK, so you're worried about setting precedents. What about helping her? What about helping that mom that actually cares? What about saying, you know what, this isn't-- this public school isn't the right fit for my son, I know he can do better, I know he has these challenges, but I want to wipe that away, and I don't have the money but I can get a scholarship over here. Why not try it? What have we lost? Who have we hurt? No one. It's constitutional. We do it for historic tax credits on buildings. We do it for beginning farmers. Why not do it for some of these kids when it can make the difference and it can send them on their way? And you-- you know, I'm going to send around a video, or someone should send around the video from last year. This young lady came in. She memorized five minutes and she basically said, without the scholarship I received, I wouldn't have the opportunities I have today. And that's because a teacher in one of these schools inspired her, gave her that gift. And it isn't that the public school

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couldn't. This goes both ways. Omaha would not have a future if it didn't have both public and private schools. Why take it away from that mom or that dad? Why take it away from that family in south Omaha that found a way to inspire their children or child or their brothers' and sisters' children to go somewhere? By voting for this, you're not--

HILGERS: One minute.

FLOOD: I'm not as worried about the precedent. I'm thinking about the possibilities, the possibility of taking somebody and going somewhere different that maybe we wouldn't consider in any other situation. And the last thing I want to say is, how are we ever going to solve this rift between public and private education and get our funding system settled? We're going to do it by taking risks like this on children like this and then also making sure our public schools have the resources they need. We-- some of us look at it as an either/or. It's not. It's both. It's all of the above. It's everybody in Nebraska on the same page, walking the same direction for the same purpose, and that's inspiring children, no matter whether it's on a public school, it's in a private school, whether it's special education or a Catholic education. Thank you, Mr. President.

HILGERS: Thank you, Senator Flood. Senator Halloran, you're recognized.

HALLORAN: Thank you, Mr. Speaker. Colleagues, I am full support of AM762-- excuse me, LB364. And again, kudos, compliments to Senator Linehan. She's been very tenacious on this and all-- and for all the right reasons. With that, I'm going to add-- try to add a little levity, and my humor doesn't always go over well. But at my towering figure of 5'2", one size does not fit all. Now that may surprise you, that I can go into a men's store and struggle to find clothes or shoes. Sometimes I have to gravitate towards the boys' section. There's no humor here. Come on. So one size does not fit all. We have many, many public schools that are great public schools. We have many private schools that are very good, very great private schools, and we've talked about this over and over. One size does not fit all. The opportunity to have these parents and their children go to a school that might fit them better is kind of like me being able to find clothes that fit. I-- I can't fit into Senator Justin Wayne's wardrobe. He can't fit in mine. I'm not inclined to filibuster a bill that I agree with, but I have to say, Senator Wayne, if you would have asked me-- I know you were addressing senators that lived in the districts in-- in-- around Douglas County whether or not they would

send their children to school in your district or Senator McKinney's district. I don't live there, but I will tell you this. If I did live in Millard or Sarpy County, no, I would not send my kids to school in your district. And that's not a reflection on you, but that's the reflection on schools that have become a little bit substandard and we haven't done enough to help them out. So with that, I will lend the rest of my time to Senator Justin Wayne if he's inclined.

HILGERS: Senator Wayne, three minutes and you're-- and you're next in the queue.

WAYNE: Thank you, Mr. Speaker, and thank you, Senator Halloran. Ladies and gentlemen, it's not sleight of economic hand when you talk about how things work. We're using examples of how things work. We give money directly to individuals with food stamps to go purchase. We don't limit. We do so because we think basic food is-- and necessities is a-- is a human right. And the question I keep asking this body is, do we believe education is a fundamental right? And if we believe education-- well, first of all, our constitution says it is. But if we believe education is a fundamental right, then why are we limiting a person's choice to exercise their right? We get upset if there is a voter ID that might limit the right to vote. We will filibuster and burn down this place to make sure that doesn't happen. But we won't allow a parent to exercise their right. And to say this is a tax break for the wealthy is just incorrect. That assumes that the middle class can't figure out that they can get a one-to-one deduct-- credit on the dollar they give. That assumes that they're not smart enough to figure that out, that they're too busy, they can't do it, they have to hire an accountant. I will tell you, this will actually benefit middle class more than anybody, from a donation standpoint, because you get a one-to-one. If I go down and I donate to the Salvation Army, I don't get a one-to-one. I would promote this in my community as a-- as a way for us to get better returns on taxes. I would go out to people who have jobs and say, you donate to this, you not only help kids get scholarships, you get a one-to-one credit. That's what I would do. Education is the passport to the future. See, education and access to a high-quality education is a right. It shouldn't be by chance, it shouldn't be by a lottery, and it shouldn't be based off of where you live. Here's what I mean by chance: the chance that you get a small enough classroom size, the chance that you get a high-quality teacher, the chance that you have security, enough security guards in your building, a chance that you have a para to help out, a chance should not be the reason that you have a fundament-- access to a fundamental right. Access to a fundamental right like education shouldn't be based off a lottery,

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that I hope I get into a magnet school in Omaha Public Schools, or that I hope that I can get into a specialized school over here. It shouldn't be--

HILGERS: You're on your own time now, Senator.

WAYNE: I'm next in the queue, right?

HILGERS: Yeah, you're on your time now, Senator.

WAYNE: OK. And it shouldn't be by where I live. That is what we're talking about. I will go toe to toe with anybody to tell me why that can't happen when we-- and far as this idea of \$5 million somehow turning into \$120 million, that only happens if this body lets it, and I guess I have more faith in this body. To make the slippery slope argument on \$5 million and then stand up and be appalled when Senator Rickett-- or Governor Ricketts gets up and says medical marijuana will end in death with your kids, medical marijuana will open the door to crack? That is the same logic we're using here, so don't get out and denounce Governor Ricketts for his logic when you're applying the same logic here, that this is going to open the door, open the waves to destroy public education. Well, then medical marijuana is going to open the door to kids smoking crack. That's the same logic and we know it. This is politics at its best. This isn't about the kid in the community. This isn't about that parent accessing the ability to maybe make a decision. Who do tax credits benefit? Let's just go through it. Name a tax credit and we'll just figure out who it benefits. Every tax credit we have benefits, you could arguably say, the wealthy. They're starting a business. They're a new farmer who already has land. They're pool services. We-- we have tons of tax credits that, yes, directly benefit the kid-- I mean the rich. But what nobody's talking about is this is the only tax credit that actually benefits the kid. [RECORDER MALFUNCTION] if they get a tax break. I don't care if Warren Buffett gets a huge tax break. I don't care. Why I don't care, because he's already getting one. They're going to find another way to do it. If you're that rich, you're going to figure out how to reduce your liability. Come on, we know this. That's why they hire accountants and estate planners and all this stuff. They're going to get the tax break. But at least here a kid is getting an option; at least here a kid is getting an option. So I don't pretend to have all the answers. I know OPS is doing the best they can. I know the teachers there are doing the best they can. I'm not knocking any, any of that. What I am saying is at some point, ladies and gentlemen, at some point, colleagues, we have to do better. Every child should have access to a high-quality education

not by chance, not by lottery, and damn sure not by privilege, but by right. And if you believe in that statement, then there is no justification to be against \$5 million on giving some hope to some kids, to some parents. And if it doesn't work, get rid of it. You want to change the sunset that I put in from ten to eight to six? Fine. But let's, let's call a spade a spade and let's have-- let's be honest about it. You can't believe that education is a fundamental right and access to a high-quality education is the goal when you're telling parents to wait. So tomorrow, when we're in the queue, we're going to ask a dialogue and it's going to be simple. I'm going to have my community ask me questions and I'm going to read them on this, on this mike to people who are against it and you're going to look in the camera and tell them why they should be denied to a better school. And we're going to play it on social media so you can explain to them, to my community and people--

HILGERS: One minute.

WAYNE: --that I represent why they can't have a chance at a better education. Why they have to wait six to seven years for a school to turn around. By then, hey, not for your kid, but for your, your next kid, we'll, we'll have a good education for them. This one, I'm going to let-- just see how it goes. Just going to see how it goes because it ain't-- school ain't ready yet. So we'll just ask. We'll just go straight down the line. I saw Morfeld do that last year. It was, it was really effective. We started with Halloran and was like, how do you feel about this? And went down-- we're going to do the same thing. And you're going to have to look into the camera and explain it and we'll just chop it up and there will be a queue and I won't-- I won't cut it and make you look funny or bad. We're going to have a straight-up answer of why they have to wait, they have to wait for their school to turn around to have access, to have a choice. Thank you, Mr. President.

HILGERS: Thank you, Senator Wayne and Senator Halloran. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President. Well, it's been like two hours since I spoke. So I just want to refresh where I left off, which was talking about that we all do share the same objective, which is opportunities for kids for a better education, for the best education they can have. And so I think when we look at things from that perspective, the question is how do you do it and you have a constructive conversation about what are the best ways to improve education and not just my way or the highway? And so-- and I think

for me, a constructive way to look at something is to look at other places where people have done it and see how that's worked out. And so as I approach this bill, when I saw it was coming up again, I went back and I read some studies about how opportunity scholarship programs have worked in other places, how vouchers have worked in other places, how other types of school-choice options have worked. And so I was reading about the District of Columbia, where they had a pretty robust data collection portion, which again, we don't have in this bill. The-- we're not subjecting testing to determine whether or not this program would be successful in achieving an outcome that we are espousing that we want, which is better outcomes. So just to go back to where we were, they were-- well, I can gloss over the, the-- I guess the metrics. But they did-- administered a test called the TerraNova test to students at the time they applied for the voucher and again a year later and they collected data on all students, families, demographics. The findings showed that after one year, students who had been offered a voucher scored lower on math part of the test and the amount by which they were lower was statistically significant. The difference could not be explained by random variation. That's a parenthetical. Students also scored lower on reading, but this amount was by, by which they were lower was not statistically significant. So again, there could have been explained by randomness. So essentially, kids who were getting into the voucher program that we're talking about, the opportunity scholarship program in Washington, D.C., where they collected data before and after, had a lower outcome after they, they applied and got the scholarship than before in their original schools. So I think this is an important thing to be conscious of when we're talking about what it is we're doing here and why we're doing it. If we want to have-- give kids a better education, a better outcome, we should focus on things that actually do that. And in places where this has been attempted, we are seeing a worse outcome. The Louisiana Scholarship Program, Louisiana Scholarship Program, LSP, began in 2012. The state grant-- a statewide program of 10,000 students, making it considerably larger than D.C. program, which was-- averaged about 600 eligible applicants a year during the three years when the students were enrolled in the study sample. Private schools that elected to participate by accepting vouchers as payment also had to administer the Louisiana state assessment to voucher-receiving students and were grade, and were graded by the state using the same A-to-F scheme that the state used for public schools, essentially saying Louisiana has a very large program and a good sample size that they actually require, if you're going to participate in this program, that you be subjected to testing so they could determine whether or not they are getting the

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outcome that they're-- they, they seek by participating in this program. Again, I think it's really important to point out that we don't have that here. We're talking about-- our objective is, regardless of the amount of money, the objective is better outcomes for kids and we are not even bothering to try and find out if we're getting that. We're talking about how we feel--

HILGERS: One minute.

J. CAVANAUGH: --about those-- the idea that we think people will have better outcomes because they have a choice. But I'm saying if you look at this data from these two cases so far-- there's more in here-- that, well, one, they're measuring it and that, that the result they find is lower outcomes. I'm going to keep going. The study estimated that students using vouchers had a lower math score on Louisiana state assessment. In fact, the score, the score was quite a bit lower. The study presented results for two example-- two samples: one was restricted to students who had baseline scores because they previously participated in state's testing in public schools before they applied for the voucher and another that included a full sample of students who had scored three year-- who tested-- test scores three years later, regardless of whether or not they were at a baseline score. Scores were negative and statistically significant for the full sample and less negative-- still negative-- and not as statistically significant for those that were restrict--

HILGERS: That's time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

HILGERS: Thank you, Senator Cavanaugh. Senator Moser, you're recognized.

MOSER: Thank you, Mr Speaker. Good afternoon, colleagues. Good afternoon, Nebraska citizens. I think that there are some outside forces at work here. If you listen to the discussion, there are some, I think, illogical arguments being made to support what somebody else wants. I'll tell you a story of our family and my three daughters were all going to Catholic school and they were doing pretty well. But the oldest one when she got sixth grade wanted a program that wasn't available in the Catholic school and there were some behavioral problems in the class besides that. So she talked to my wife, who, you know, probably makes the decisions about where the kids go to school more so than I do, and they decided that she wanted to go to public school. So the oldest daughter went to public school

and she loved the program that she wanted to go there to, to utilize that wasn't available at the Catholic school. And the other two stayed in the Catholic school and they all did well. They've all got college degrees. The one that switched schools is, is a professor at Washington University. And, and so switching schools helped her. But not everybody has that opportunity to switch schools. Not everybody can go from public to private. I guess you could always go from private schools to public, but school choice is an important ability for people who have a reason to change schools. To say that this bill benefits the rich people, being rich has its perks anyway. You're not going to, you're not going to take somebody-- a rich-- some rich person's money away and make, and make them suffer by not approving this bill. This tax credit accomplishes a purpose for the citizens of Nebraska. It gives students an opportunity to go to a different school-- some students, low-income students, and who are lucky enough to get the scholarship because you can't direct it to any particular student, but it just gives them an opportunity to succeed. And to say that \$5 million is too much, I was disappointed that Senator Linehan lowered it from \$10 million. I think she feels it had a better chance by lowering the total to \$5 million, but I was really disappointed because \$5 million is not that big of a number considering the problem that we're looking at. I'm wishing that it would have stayed at, at \$10 million. Just this morning, we listened to a presentation on school funding for public schools, and they already get a billion dollars, a billion. That's a thousand million for you mathematically challenged and-- you're welcome, Senator Lowe. And then they want \$715 million more in funding for schools. And I don't begrudge that, I think school funding is important, but nobody brought up the size of that contribution this morning. There weren't-- I mean, not that I heard, but here \$5 million is too much to give people school choice. I think that--

HILGERS: One minute.

MOSER: --you know, I think that shows that there are forces at work here other than logic and common sense, in my opinion. Thank you.

HILGERS: Thank you, Senator Moser. Senator Lowe, you're recognized.

LOWE: Thank you, Mr. Speaker. Well, I think I pushed my button about two hours ago, so this is about right. I'm a public school graduate and I'm proud of it. I'm proud I went to Kearney High. We had a great education. And Kearney High still does a good job of educating our students, but there are still some that don't fit in and they need a little more help. I sent my sons to Kearney Catholic basically

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because I married into a family that built the school, but also because they may need a little extra help. And that's what we're talking about here. We're not condemning the public school system. We're allowing students to go to a school that may fit them better. We have great public schools in Nebraska, although I do wish our grading system was a little, little different and our, our students had better grades, but that's across the board. We need to get better. And how do we get better? How do we get better? Well, that's by allowing students a chance no matter whose parents they come from. I know several students that, when my sons were going to Kearney Catholic, transferred over from Kearney High because they were, they were struggling. And because of the teacher-student ratio, they got the help that they needed and they became pretty decent students. They thrived in school and they thrived in sports. It was an opportunity for them that they would not have had, was it not for a couple of scholarships. This is not against schools. This is not against teachers. This is not against administrations. This is for children and we need to do it for the children. With that, Mr. Speaker, I'd like to give Senator Linehan the rest of my time.

HILGERS: Senator Linehan, 2:22.

LINEHAN: [RECORDER MALFUNCTION] you, Senator Lowe, and thank you, Mr. Speaker. So many-- when I go home and sleep tonight, I, I will have push back on a lot of things that were said here today. But John Cavanaugh, I have-- Senator John Cavanaugh, I'm sorry-- great appreciation for him. He helps with some volunteer projects that are important to my daughter and I know his heart's in the right place. What I'm-- I want to warn him off, though. There are a lot of studies floating around about school choice and how it doesn't work, blah, blah, blah. There-- I have, I have reams of studies for you, John, like deep-dive studies. We can look at Florida where Governor Jeb Bush instigated a program, whatever it's been-- 20 years ago now-- and how they have come from very low scores with their people of minority students to incredible scores. We got studies. You want to go fight studies to study? I'll-- I'm ready for that battle and I got a whole bunch of other people that are ready for that battle. So don't cherry-pick a study and bring it up here and say this represents the world. The study-- the, the evidence is abundantly clear and, and just-- it's just common sense. You don't need-- you don't need tests. A child who is miserable does not do well in school.

HILGERS: One minute.

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LINEHAN: That's it. Your child is not happy. Might be because they're bullied. It might be because they're having difficulty with reading. It might be because they don't understand math and they come home and they're miserable. They're not going to do well. They don't. I-- someone, I think Senator Lowe, mentioned teachers. I just want to give a shout-out to all the teachers in the state of Nebraska who work in private and parochial schools. They're teachers, too, and they take care of 10 percent of our children in K-12 schools now. In some areas, it's a lot higher and there's a couple counties where it's 25 percent of the children. So this is most certainly not against teachers or public education--

HILGERS: That's time, Senator.

LINEHAN: --but it's about everybody. Thank you.

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

BRIESE: Thank you, Mr. President, and getting about ready to wrap up here, it looks like. But I just want to make a couple of comments about this. Serving on the Revenue Committee, it really is fascinating and we hear from a lot of people during the year, during hearings, a lot of different ideas, a lot of issues, and, you know, it's really great to hear from the testifiers. We talk about income tax issues and property tax issues and tax credits, etcetera, etcetera, etcetera. We typically hear from lobbyists, accountants, tax folks, and a lot of other people, farmers. And I've sat in on, I believe, a couple hearings relative to opportunity scholarships and the hearings on opportunity scholarships really are a unique day in the Revenue Committee. It's a fun day too. We hear from some of the same lobbyists, some of the same education lobbyists, some accountants, a few tax people, but what we really hear from are just a whole lot of young people and that really makes it fun, young folks, many of, many of whom come from disadvantaged backgrounds. And many of the, many of the young folks are people of color and they tell us their stories and they tell us how many of them struggled in a traditional public school setting. Some of them were bullied in their former public schools, but their stories contained a common theme and that theme is that their experience in private school, in private schools was a transformative experience in their lives. They tell us how they excelled in their new environment in the private schools. And I don't say, I don't say that to disparage public schools or [SIC] any way, shape, and form, but these individuals emphasized how important attendance at private schools was to them

and their lives. It truly changed the lives of many of these people. And that's why we call this opportunity scholarships, to give some of these young folks that opportunity. And we should not take that lightly. And sometimes in this body, we just have to swallow hard and agree to something that maybe we're not particularly fond of, but we come together to get something done that's important to us and that's called compromise. And you got to remember, there's probably quite a few folks in here that are more fond of Senator Linehan's original LB364 than they are of they-- of my LB531, but they're willing to come together in the name of compromise to get something done for the good of everyone and that's what we all need to do here. The early childhood contribution tax credit in LB531 is important. Senators Aguilar, Friesen, Halloran, Lowe, myself, we were invited out to Grand Island by the Grand Island Chamber of Commerce. The Governor was out there also and we spoke to a nice group out there. We asked him questions at the end of the session and if I remember correctly, most of those questions dealt with early childhood, dealt with the availability of childcare. And those folks who are posing those questions expressed their concern over the lack of affordable, available childcare in the Grand Island area and that lack of affordable, available childcare is common across our state and that can-- and it can choke off economic growth in Nebraska and I think it is choking off economic growth in some areas of Nebraska. LB531, which is contained in AM762, can help address that situation. And it looks today like the only way--

HILGERS: One minute.

BRIESE: --LB531-- thank you, Mr. President-- the only way LB531 is going to get across the finish line and help alleviate the shortage of available affordable childcare in Nebraska is if we pass AM762 and I would urge your support. Thank you, Mr. President.

HILGERS: Thank you, Senator Briese. Mr. Clerk, for new bills.

ASSISTANT CLERK: Thank you, Mr. President. New bills: Senator-- LB975 is Senator Wayne; it's a bill for an act relating to state agencies; provides a requirement for state officials or state employees who testify at a public hearing before the Legislature. LB976, introduced by Senator Wishart, is a bill for an act relating to the Nebraska Behavioral Health Services Act; amends several sections; adopts Certified Community Behavioral Health Clinic Act; harmonize provisions; repeals the original section; declares an emergency. LB977, introduced by Senator Slama, is a bill for an act relating to appropriations; appropriates federal funds to the Department of

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Economic Development; and declares an emergency. LB978, introduced by Senator Hughes, it's a bill for an act relating to the Environmental Protection Act; amends several sections; defines a term; provides powers and duties relating to the treatment of dredged and fill material; establishes a fund; provides a penalty; harmonizes provisions; and repeals the original section. Additionally, Mr. President, notice of committee hearings from the Transportation and Telecommunications Committee, as well as a notice of cancellation from the Education Committee and a pair of notices of committee hearings from the Education Committee as well. Amendments to be printed: Senator Wayne to LB364 and Senator Hunt to LB781. Name adds: Senator Briese and Senator Brandt to LB508, Senator Moser to LB933, Senator Dorn to LB942. Finally, Mr. President, a priority motion. Senator Walz would move to adjourn the body till Wednesday, January 12, 2022, at 9:00 a.m. [INAUDIBLE]

HILGERS: Colleagues, you've heard the motion. All those in favor say aye. Opposed say nay. We are adjourned.