

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate March 30, 2022

HUGHES: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the fifty-first day of the One Hundred Seventh Legislature, Second Session. Our chaplain for today is Dr. Tom Barnes from the Minden Evangelical Free Church, he is Senator Halloran's constituent. Please rise.

TOM BARNES: Let's pray. We praise you this new day, our God and Father, the one who governs all your creation. We give thanks that you have ordained government in general and who would be the ones to serve in this Chamber in particular. We are grateful both for your wisdom and goodness and for their hard work. We entreat you for wisdom that they may lead righteously and justly, to avoid partiality, to speak truth and avoid deceit, to help law-abiding citizens to flourish and curtail the harm done by lawbreakers, to hear those who express their concerns and to show compassion to all. And finally, great God and Savior, we pray for this august body, as the Apostle Paul prayed for the Colossians in the first century, that you may fill them with the knowledge of your will with all spirit, given wisdom and understanding, that they may walk in a manner worthy of you, fully pleasing to you, bearing fruit in every good work and increasing in the knowledge of you, being strengthened with all power according to your glorious might for all endurance and patience with joy. May they give thanks to you, Father, who have qualified each one who has trusted you to share in the inheritance of the saints in light and to know that you have delivered us from the domain of darkness and transferred us to the kingdom of your beloved son, in whom we have redemption, the forgiveness of sins. And we pray all of this in the name of our Savior, Jesus Christ. Amen.

HUGHES: Thank you, Dr. Barnes. I recognize Senator Lathrop for the Pledge of Allegiance.

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

HUGHES: Thank you, Senator Lathrop. I call to order the fifty-first 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.

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

ASSISTANT CLERK: I have no corrections this morning.

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

ASSISTANT CLERK: I have none at this time, Mr. President.

HUGHES: Thank you, Mr. Clerk. We will now proceed to the first item on the agenda. Mr. Clerk.

ASSISTANT CLERK: Mr. President, LB873, introduced by Senator Friesen, is a bill for an act relating to revenue and taxation; changes provisions relating to the levy authority for community college areas; harmonize provisions; repeals the original section; declares an emergency. The bill was read for the first time on January 7 of this year and referred to the Revenue Committee. That committee placed the bill on General File with committee amendments. There are also additional amendments pending, Mr. President.

HUGHES: Thank you, Mr. Clerk. Senator Friesen, you're welcome to open on LB873.

FRIESEN: Thank you, Mr. President. Colleagues, this bill here originally was drafted to take community colleges off of the property tax rolls and, and fund them with state dollars. We had a committee hearing on it. It was, I thought, a good hearing. I didn't provide a passage or a path for funding, but it was a good hearing and I think down the road, this is something I think this body needs to try and do because it would finally take all of our education system and help pull most of it off of property taxes where I think it should be. With all the workforce development we're doing, it should be funded with state dollars instead of with property taxes. But the amendment will take that all out and this is our opportunity, I think, to provide tax relief to all Nebraskans. You know, we have worked in the past different methods. I have tried to get schools more funding through the TEEOSA formula. In the end, when LB1107 was created. It started small, but today it's providing 25 percent reduction on what you pay to your K-12 schools in property taxes. It is substantial. And what this bill does is a compromise between all of our different taxes. We're, we're-- we talk about income taxes. We talk about corporate taxes and the one that's the most important, it seems like, is the tax on Social Security. But this is a compromise on my part. I mean, obviously, there's pieces of this bill that I, in the past, have not

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supported, but this is what it works-- when we work together and we come up with a package in Revenue Committee-- and I applaud the Revenue Committee for working hard for putting this package together. Senator Linehan and Senator Briese and Senator Lindstrom and all, all the members of the Revenue Committee have worked to get this package put together and so I appreciate all the work that is done. I think there's something in this for just about everybody. Now, is it doing some of the things that we did-- tried to do years ago, broadening our sales tax base and doing some of those things? No, it doesn't go there yet, but I think down the road, that probably is a possibility also. But this is an opportunity now to provide tax relief. We have, we have done a lot of spending the last few days and this is something that I think most Nebraskans are waiting for yet, is to make sure that in the end, if our revenues come in as high as they are, we do provide some sort of tax relief. And to me, it, it stimulates the economy, it gives people more money and puts it in their pocket. We don't need to take it first and then give it back to them. So I'm looking forward to the debate on this. I, I do think there is room to compromise in this body. We have done this before and I think this is our last opportunity that we're going to have to do this. With that, I'll yield the rest of my time to Senator Lindstrom.

HUGHES: Senator Lindstrom, 6:43.

LINDSTROM: Thank you, Mr. President, and good morning, colleagues. I had the chance to-- you have a piece that's being handed out right now from AARP that talks about the underlying bill that I brought, LB825. Over the last eight years, I have championed this endeavor to end the tax on Social Security income. Just to walk through a little bit of history here, back in 2018, we indexed the tax brackets to provide some type of small tax relief to the 325,000 Nebraskans that rely on Social Security as one of the main sources of income. Last year, we passed LB64 that provided a ten-year phase-out of the tax on Social Security income and LB825 is the next version, I guess you'd call it, of the provisions within that to speed up that process. LB825, as written, would have a step-in or phase-out of the Social Security income tax that we tax on those Social Security recipients, if this bill passes, 40 percent this year. They're-- they have already accessed that 5 percent reduction for the people who have filed their taxes for 2021. This would now be a phase-in of 40 percent this year, for taxable year 2022, 60 percent next year, 80 percent in 2024, and finally, in, in 2025, we would get rid of it altogether, similar to what we did with Senator Brewer's bill on military retirement. And when you think about the outside influences that we have across the, the nation and globe and the impact that inflation will have on these

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individuals who are accessing Social Security as one of their main sources of income, I often get asked, what can we do as a state to curtail or, or push back against that inflation piece? Well, really, the only thing we can do at the state level is to cut taxes and put more money in the pockets of individuals that are going to be the most impacted by those rising costs of either healthcare, groceries, whatever it might be. We could put more money in the pockets of those individuals and I appreciated Senator Clements actually giving a real-life example of how this had a significant impact on one of his clients and it, it matters. It puts a lot of money into the pockets of these individuals, the ones who need it the most. And you think about the 325,000 Nebraskans across the state, these are individuals who are engaged in philanthropy, philanthropy. They are the ones who volunteer at most of the rotaries and, and legions and a lot of things that really go into making a community as strong it is-- as strong as it is. Those are military retirees. Those are retirees and, and people are accessing this and we want to keep those people around. We give-- at this stage, we give a lot of people a reason to leave Nebraska really on, on what we're dealing with right here with LB873. We have to be competitive and right now, we are not competitive. And I know there are provisions in this bill that some people disagree with, but that's the nice thing about being in the Legislature and the part of this process, as what Senator Friesen talked about, was the compromise, is that there are parts of this that some people don't like. This bill in particular, I will say, had a lot of success on General File. It was, I think, 42-0 on General File. Even last year when we passed LB64, that bill passed unanimously. So if all the things that are in this package, the Social Security tax exemption and eliminating that for the 325,000 Nebraskans did receive the most support, but we have to do more. There's no doubt that with Iowa doing a 3.9 percent cut, people are making the steps. And I know people say, well, do tax cuts matter? If they didn't matter, why are other states doing it? I often look at places like Utah or South Carolina or places who have taken those steps. They have the most economic activity. South Dakota is in the top three for the most migration into the state of Nebraska. So when we're trying to compete with those-- the workforce, this all ties together. This is, this is about making sure that we're keeping-- you know, anybody in business knows that you want to keep your clients and customers happy first. And then you can go out and start to, to recruit. You can start to get more clients and customers. Then it would-- it's no different than what we're doing as a state. When we think about how do we keep our, our businesses here, especially the ones that are mobile, taxation is one of those things. And they're being recruited all the time by other states to say, we'll

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give you an incentive package. We'll-- we have a lower tax rate. That means something to people when they're talking about capital investment, when they're talking about hiring employees. All that money that goes back, whether it's in the corporate tax structure or the individual tax structure of the pass-through entities, that's more money in the pockets of those individuals that can be turned around and spent on capital investment and growing those businesses. And if we're not doing those things, we're going to continue to fall further behind. So I encourage you to look at the bill. I know we've talked about it. It's been a little bit of a tax roller coaster here the last couple of weeks and we've, we've tried to work with people on getting these, these things done. But I encourage you to take a look at LB873 and really dig deep and think about the impact that this bill can have, not only on keeping Nebraskans here, but what the message-- what message it sends to the, the companies and the workforce, frankly, of are we competitive? Are we, are we doing the most that we can to draw people here in as a state?

HUGHES: One minute.

LINDSTROM: And if you think about it in, in, in terms of, say, Colorado, and we're doing some things with water and all the other things to, to protect Nebraskans, but we have the opportunity in a lot of areas, in Scottsbluff and Kimball and Sidney, to, to draw in some folks from Colorado because of circumstances that they're having. But right now, if, if I was 18, 25, whatever it might be, I'm looking for a job opportunity and we have 60,000 unfilled jobs in state Nebraska. If I'm looking at it, I'm going, well, I'm going to choose between Nebraska or Wyoming. Pretty easy decision because I know if I go to Wyoming, the cost of living is essentially the same, but my income tax-- I will not have an income tax in Wyoming. And this is just the first step. I know 1 percent to most people doesn't sound like a lot, but if I remember right on the fiscal note it's about \$363 million, so it's a significant portion. Social Security is about \$80 million. I think the corporate is around maybe 30. We're doing \$560 million in the property tax on the LB1107 funds.

HUGHES: Time, time, Senator.

LINDSTROM: OK.

HUGHES: Thank you, Senator Friesen and Senator Lindstrom. As the Clerk stated, there are amendments from the Revenue Committee. Senator Linehan, as Chair of the committee, you are recognized to open on those amendments.

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LINEHAN: Thank you, Mr. President, and good morning, colleagues. So the amendment is this puts all three packages together. So you have the income tax, property tax, and the Social Security tax. So I-- tax decrease. So I would like to thank Senator Lindstrom. As we all know, he has, he's worked on this for eight years. He has done yeoman's work and we are very close to being, one, getting out of that bad bracket we're in of one of the few states that taxes Social Security. That's in this bill. The other part of the bill is we're trying to get out-- I've handed out or had the pages hand out several maps this morning. They should be on your desk. The first one is how high are individual income tax rates in your state? If you would all kind of take a glance at this so we can see what we're talking about. We have two states, South Dakota and Wyoming, that have no income taxes. None. Colorado: 4.55. Kansas: 0.57. Missouri: 0.54. Iowa, as you'll notice-- I noted this-- they just lowered their top bracket. They're going down to 3.9. So even after we pass this bill, we're still going to be the highest in the area at 5.84. So as Senator Lindstrom said, we have more work to do, but this at least heads us in the right direction. The other part of the map-- the other part of the map-- the other part of the bill is our property taxes. We've done a lot of work on property taxes. I'm aware of that. The Revenue Committee, Senator Friesen, Senator Briese, others have worked very hard on property taxes, but we're still not home yet. If you look at the map from the Tax Foundation, "How High Are Property Taxes in Your State," you can see that we're in the darkest of dark colors because, as we all know, they're very high. I would also note that some of the states that are very high don't have income taxes. So we're talking about a situation where we have very high property taxes and high income taxes and we tax Social Security. Not a good situation. And finally, on the tax-- Kiplinger tax map, if any of you get the Kiplinger letter, they tell anybody who's retired not to live in Nebraska. Why? Because we tax your Social Security and we have some of the highest property taxes in the country. We need to do this. It is an important package. We are doing a lot on the budget. We're trying to do transformational things that move our state ahead to get people to live here and recreation. We need to also have a tax climate that doesn't scare people off when they come to Nebraska and look at the house they want to buy and say, oh, I can afford that house until somebody tells them it's \$500 a month in property taxes. Then they can't afford it. So with that, I would appreciate your vote for both the committee amendment and LB873 and I will yield the rest of my time to Senator Tom Briese.

HUGHES: Senator Briese, 6:43.

BRIESE: Thank you, Mr. President, and thank you, Senator Linehan. So I want to direct my comments to the property tax provisions of this amendment to start with. And this amendment, AM2649, contains the provisions of my LB723. And LB723, contained in this amendment, prevents a \$200 million property tax increase on everyday Nebraskans in 2024. As you may recall, the current language of LB1107 provides a refundable income tax credit, the total amount of which is currently \$548 million. It's going to be going up next year a little bit, but it-- under the current law, it's going to revert back to \$375 million for tax year 2024. LB723, contained in this amendment, fixes that and prevents a \$200 million property tax increase on Nebraskans. The amendment here reflects the agreement between Senator Stinner and myself on the floor when we debated LB723 in that for 2022, the amount of the refundable income tax credit based upon school property taxes paid will be \$548 million. For 2023, it'll be \$560.7 million. And after that, it'll be increasing at the allowable growth rate. And note that one of the prior iterations of this amendment removed the allowable growth rate cap. Provisions of LB1107 capped the allowable growth rate at 5 percent annually. We took that off in an earlier amendment. But Senator Stinner pointed out that to protect the integrity of our budget and our revenue situation, we probably need that cap back in there. So this, this amendment does have that 5 percent cap back there. And I-- again, I thank Senator Stinner for pointing that out and insisting that that be done and we've done that. And that right there is one of the guardrails that are contained in this language to protect the fiscal picture of the state. In addition to the above dollars, this amendment puts additional dollars into the LB1107 credit to be disbursed based on community college property taxes paid. This additional influx starts for tax year 2022 and it puts in an extra \$50 million for 2022, \$100 million for 2023, 125 for '24, 150 for 2025, and by 2026, an additional \$195 million to be disbursed based upon community college property taxes paid. After 2026, it will increase at the allowable growth rate, which again is capped at 5 percent. This package of tax relief truly is transformative and it can benefit all Nebraskans. It prevents a nearly \$200 million property tax increase. It injects a considerable amount of additional dollars into property tax relief. It reduces our outrageously high marginal income tax rates and it protects our senior citizens with the provisions of LB825. And with that, I'd like to ask Senator Flood if he would yield to a question?

HUGHES: Senator Flood, will you yield?

FLOOD: Yes, I will.

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BRIESE: Yes, Senator Flood. Thank you for that. What, what are your thoughts regarding AM2649? Could you elaborate for us?

FLOOD: Thank you, Senator Briese. As a member of the Revenue Committee, I will tell you I have a bird's eye view into a committee that has hawks on every level. You've got Senator Linehan, who has talked about the importance of addressing corporate income tax and individual income tax. You, Senator Briese, Senator Friesen, Senator Albrecht have been focused on property tax relief. And Senator Lindstrom has been a champion for Social Security. And this amendment, I think, does the best job possible to take what the committee's work has been as a whole-- and you got to remember we listen to literally 1,000 taxpayers a year that come in, that share their thoughts, take the time and make their point about where they're hurting the most. And this is exactly what the Legislature needs to do. The Revenue Committee is functioning as it should. We have the resources to provide tax relief. This is a compromise amendment that takes the very best of the work of the committee and it encapsulates it into one amendment and so I couldn't be more happy with AM2649. I think the more you learn about it, the more you'll see it's broad based and Senator Briese will tell you that we did the best job we could to provide dollar-for-dollar tax relief and find parity. That's how delicate this negotiation was inside the committee. And not only are we working with the committee, we are working with interests across the state, farmers and ranchers, the business community, individual income taxpayers. This does include corporate income tax cuts. And as Senator Linehan said, we still aren't even comparable with our surrounding states. So Senator Briese, I am proud to be a member of the Revenue Committee and I think this is exactly what we need. And I think that when Nebraskans find out what this tax relief package will do, the extra 10 percent essentially will go from 25 to 35 percent in credits. I was just walking up the stairs with--

HUGHES: One minute.

FLOOD: --Bruce Rieker from the Farm Bureau and he said that farmers and ranchers are feeling this 25 percent tax credit. And so for the first time in a long time, the Legislature is finally getting the credit for addressing the property tax challenges in this state and by doing this second tranche of property tax relief, I think you're going to find a lot of happy farmers and ranchers who will really appreciate the credit. So Senator Briese, I commend you and Senator Linehan, Senator Albrecht-- I want to thank all the members of the Revenue Committee for everything they've done and I'm pleased to see that Senator Lindstrom's Social Security tax repeal is included in this.

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This has been an issue that he's championed for eight years and this is the perfect way for him to end his service in the Legislature by repealing that tax. Thank you, Senator Briese.

BRIESE: Thank, thank you, Senator Flood. This truly is a generational opportunity.

HUGHES: Time, Senator.

BRIESE: Thank you.

HUGHES: Thank you, Senator Linehan, Senator Briese, and Senator Flood. Mr. Clerk, you have a motion?

ASSISTANT CLERK: I do, Mr. President. Senator Machaela Cavanaugh would move to bracket LB873 until April 5.

HUGHES: Senator Machaela Cavanaugh, you're welcome to open on your bracket motion.

M. CAVANAUGH: Thank you, Mr. President. Good morning, colleagues. I want to start out by correcting an error I made yesterday. I was remiss in acknowledging that yesterday was Vietnam Veterans Day and I know that we probably have more than one veteran here, but one of our redcoats, Burdette, served in Vietnam and I am grateful for his service not only then, but now. So thank you, Burdette, and my apologies for being a day late. I didn't talk very much yesterday so, you know, I ran out of time. Just kidding. So this is going to be a long day. The queue is three columns long. I've never seen that before. And I'm sure the people that are watching are going to hear a lot of the same thing that you've heard previously about what people's votes mean and a love fest on tax cuts. I support Social Security tax cut. I always have, big supporter of it. I don't support it being hijacked on LB825. I don't support it being ramrodded into LB873. It moved from General to Select just fine. We could have passed LB825 on its own, no problems, but the greedy people of the Nebraska Legislature decided that Social Security for people on a fixed income was worth a gamble, a gamble they had already lost on LB939. LB939 failed on cloture so they gambled and they put it into your Social Security tax cut. And then to bring people along, but not enough people, they added the property tax cut, the property tax cut that is LB723 has a priority, has moved from General to Select, and has been sitting on Select for, I don't even know, at least a month. So now they've taken another priority bill that is sitting on Select and they have put it into LB873. LB723 could have passed on its own. LB825

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could have passed on its own, but they needed those, they needed those to do the irresponsible tax cuts of LB939. And so here we are. Here we are, Nebraska, being told that if we care about seniors, if we care about farmers, then we better-- gosh darn it, we better not care about the future economy of the state of Nebraska because if we vote against this, we're voting against farmers and seniors. In my mind, if you vote for this, you are voting against the entire state of Nebraska and the future solvency of this state. It is reckless, it is irresponsible, and no one else would ever get this many bites of the apple in one session. This is outrageous. It is outrageous. It is Wednesday. We just defeated this package on Friday. I-- there are so many bills that we haven't heard on the floor, so many bills we haven't heard on General File, but we have heard this bill three times. It is the same song, it is the same dance, and I will not be gaslighted by floor speeches and I don't think that the people of Nebraska will be either. LB825 was the Social Security tax bill. That was the bill for seniors. That was the bill that the Republicans of this Legislature decided was worth a gamble. They gambled with fixed incomes and they didn't have to. They were greedy. Farmers joined, joined the band. They didn't have to. LB723 had no problems. LB723 was going to sail through, still can. LB723 can still sail through. So the farmers don't have to vote for this for property tax relief. They 100 percent do not have to vote for this for property tax relief because they have a bill for property tax relief. They have a bill and so many of us have said that we would vote for that bill, myself included. I would vote for LB723. So the farmers don't have to vote for this. They are making a choice to bankrupt the state. And those of us that care about seniors, we don't have to vote for this because I know that my parents, who are grandparents in the state, would rather I not vote to bankrupt the state than to give them a tax cut. This is shameful. This is so shameful. And we're going to spend the next eight hours hearing from Republicans about how I should be shamed. I have no shame. I will not be shamed. I support property tax relief. I support Social Security tax relief. I support income tax relief for the working poor. I do not support corporate welfare. I do not support billionaire/millionaire tax cuts. I support food for people. I support housing for people. I support education for people. This is the epitome of socialism, Governor Ricketts. I hope we hear a statement from him on this. So what happens, folks, what happens? We do this tax cut and what happens? We're back to whatever year that was where everybody had to cut-- tighten their belts and cut, cut their budgets, right? That's what happens. This is what they want. What they want is to systematically dismantle the government of Nebraska, make it inefficient. It's what they've been doing ever since I got here; since

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day one, trying to make this place not work by cutting and cutting and cutting or adding layers of bureaucracy after layer of bureaucracy to make things less efficient and more expensive. That is what is happening. All the ridiculous talking points and sound bites, it's more complicated than that and everybody knows it. We're going to cut taxes in Nebraska so that we can become the state of Kansas. Well, folks, the state of Kansas started electing Democrats after they did that debacle because they realized that Republicans were just going to destroy the government. This is so shameful. We have passed a gluttony of things this year. We have ARPA dollars going to pet projects. We've got cash funds going to pet projects. Now we've got all these taxes going to millionaires. This is shameful. It's disgusting. Vote however you want. You have to live with your soul, I don't. But I am going to vote for the people of Nebraska. I am going to vote for the future of Nebraska. I'm going to vote for the children of Nebraska. And that means that I am not going to vote for this piece of baloney Skittles. How much time do I have?

HUGHES: 1:50.

M. CAVANAUGH: Thank you, Mr. President. Looks like this is going to be filibustered with love and admiration for what a wonderful piece of baloney Skittles that it is. I hope you all enjoy the future anarchy that you are creating. Thank you.

HUGHES: Thank you, Senator Cavanaugh. Debate is now open on the bracket motion. Senator Albrecht, you're recognized.

ALBRECHT: Excuse me. Thank you, Mr. President. I do rise in support of LB873 and AM2649 and against Senator Cavanaugh's motion. Nebraskans deserve this particular package. We could not have passed the Social Security that Senator Lindstrom had asked us to do. It went down with one vote. Today, we have an opportunity to come back and do what we need to do for all Nebraskans. Sitting on the Revenue Committee for just two short years, I have watched Senator Briese, Senator Linehan, Senator Friesen, Senator Lindstrom work on packages year after year after year, only to be shot down. We're doing this for the greater good of the state of Nebraska. We'll be leaving this year with, with several people coming off the Revenue Committee: Senator Lindstrom, Senator Friesen, Senator Flood. We're going to have a whole new setup next year. But with steps taken today to do what we need to do, which has taken six years of the time I've been down here and I'm quite certain that Senator Lindstrom was working on the Social Security well before that, but I came on with Senator Briese and Senator Linehan and-- who else was on there? So the three of us were in the same

class. But these are small steps. Nothing can be taken in one full bite. Believe me, they'll be something every year that we're going to be talking about because we do have to be competitive with the states around us. We need, we need to be competitive with our whole country. Nebraska has a great work ethic. They want to have their businesses here. Unfortunately, we don't have the population that a lot of other states do so we have to be very methodical on how we make this work for us. But I really do-- and this will be a day to talk about how much effort has gone into these policies. And you know what? Every policy, I don't care if it's the healthcare area, you know, if it's the ag area, if-- business and labor area, we're here to make it work for Nebraskans. And the only way we can do that is when we start something. If things don't work out and we tank, the whole economy tanks, guess what? There will be 49 state senators in here to fix it. This is something that helps businesses. Our children are leaving our state, but you know what? They come back home. They don't just come back home for the recreation. They come back home for family. And we have to make it strong enough for the corporations that they're working for, for the ag industry that they are going into, for the schools that we have here, for the-- for, for just the fact that they can keep their own hard-earned money. Nobody likes to think of the fact that they don't have an interest in wanting to come to Nebraska because they just can't pay their taxes when they are \$500 a month. I mean, that's a lot of money to put out to raise a family of two, family of four. I mean, I have young children and they all have kids in the public schools. They're all working hard to make a buck, but we keep taking more and more from them. We have to figure out what it takes to make sure that they can keep their income tax monies, that they can keep their Social Security monies, and the families can keep their parents in the state of Nebraska.

HUGHES: One minute.

ALBRECHT: We have to look at the corporations that are looking at us. We have a lot of different incentives, but our-- you know, I mean, we looked at that too. Are incentives the reason that we need to do what we do? Yeah, in Nebraska, we have to because we don't have the number of people to support everything that happens in our state. It's our population is a problem. But again, driving people back to Nebraska and giving them a reason to stay, that's what this bill is doing. That's what all of the folks that are sitting on that Revenue Committee, that's what we're trying to do. You know, we've just spent the last three or four days spending a lot of money. And not that everybody agrees on it, not everybody's going to agree to this, but you know what? I have total respect for what's happened--

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HUGHES: Time, Senator.

ALBRECHT: --in our committee. Thank you.

HUGHES: Thank you, Senator Albrecht. Senator Briese, you're recognized.

BRIESE: Thank you. Thank you, Mr. President. Good morning again, colleagues. And I certainly do appreciate the fierce opposition to the income tax provisions, especially the corporate income tax provisions that have been expressed by Senator Cavanaugh and Senator Hansen and perhaps a few others. And we have to admit maybe the corporate income tax provisions don't have the curb appeal that some of these other things do to all of us. But the corporate income tax provisions and the individual income tax provisions are very important to some folks. Just like every provision in the budget, just like every provision in the ARPA bill, it doesn't have much curb appeal to some people, but it's very important to somebody. It's part of the package. And I'll talk about the corporate tax provisions later and why I think they are important and I'll talk about the individual later and why I think they are very important. And someone talked about being greedy on this. And, you know, we have to remember on the property tax provisions, the LB1107 credit, the vast majority of that goes to urban taxpayers. You know, this isn't a bunch of farmers talking about property tax relief. If we were worried about ag property tax relief-- more worried about ag property tax relief, we would have pushed hard for a different provision in here, a different formula in here; Senator Friesen's basic funding, my provisions to enhance a property tax credit fund. But no, we're pushing for property tax relief that's going to be distributed in a very fair manner to all Nebraskans, your constituents, my constituents. As far as this being reckless and irresponsible, I think that Senator Stinner has laid those claims to rest. We stretched it out over five years-- the income tax provision stretched out over five years and we put that 5 percent cap back in. And both of those provisions took considerable negotiations, in particular the 5 percent cap. A bunch of us went back and forth on that to get that back in place and I think those are very important guardrails to have in place: stretching it out, having that cap back in place. And so we-- this is not reckless and irresponsible. This is sustainable. This is fiscally responsible. And I also heard shameful to be doing this. Well, some would suggest that it's shameful to have some of the highest property taxes in the country and some would suggest it's shameful to have some of the highest marginal income tax rates in our area and so those arguments don't resonate well with me. You know, really, folks, we need to come together here for the good of

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the state and working together means advancing this proposal. I do believe this is the last train out of the station. I, I don't see a path for anything else related to tax relief. I think this is the last chance. So we either get on it or we pass up this opportunity. And I also believe that passage of this tax proposal, AM2649, LB873, really clears the way for the budget and the ARPA bills. And the budget bills are very important to a whole lot of folks and so is the ARPA bill. And a combination of the budget bill, which will direct additional dollars to some high-need areas, coupled with the ARPA bill, which directs funding that will help grow our state in many areas, coupled with this tax package truly will be transformative for our state. It will create momentum, momentum for growth in our state. It will help create jobs. It will encourage investment, encourage employment, help attract residents to our state, attract businesses to our state, and help keep our current businesses and residents here. This is an extremely important package, an extremely important part of growing our state, moving--

HUGHES: One minute.

BRIESE: --our state forward, and we have to come together and get this done. Thank you, Mr. President.

HUGHES: Thank you, Senator Briese. Colleagues, Senator Murman would like to welcome 60 high school students from Holdrege High School. They are seated in the south balcony. If they would please rise to be recognized by your Nebraska Legislature. Thank you for coming. Senator Murman, you're recognized.

MURMAN: Thank you, Mr. President, and thank you-- or good morning, Holdrege High School and good morning, Nebraska. LB873-- I'm strongly supporting LB873 and AM2649. LB873 with AM2649 includes the priorities of Senator Briese's LB723 that I have prioritized this session. Without LB723, as Senator Briese has said many times, Nebraskans will see a \$200 million increase in property taxes. The 2022 edition of the Tax Foundation's annual tax-- Business Tax Climate Index ranks states on how well-positioned they are to compete economically and the latest index has Nebraska ranked at 35th-- 35 out of 50, while we rank 14th for sales tax, we rank behind most of the country in personal income tax, 29th; corporate income tax, 32nd. And to no one's surprise, we rank 40th in property tax, according to this index. Other rankings show Nebraska at 44th in the country. We want more people to fill jobs in Nebraska and we need more housing, but without a tax reform, it's difficult to do. As a member of the Education Committee, I realize that our current property tax system places an overreliance on taxing

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agriculture, commercial, and housing to fund education, resulting in an undue, inequitable burden on agricultural producers, businesses, and home owners who simply can't keep going this way. According to another recent survey, Nebraska's property taxes are the ninth highest in the United States. In other words, Nebraska ranks 41st in terms of property taxes. By comparison of surrounding states, Missouri ranks 7th, Colorado is 14th, Kansas is 20th, South Dakota is 22nd, Iowa is 35th, and Wyoming is 39th. And let me repeat, Nebraska is 41st. So Nebraska property taxes are high both regionally and nationally. We are losing young families, retirees, all homeowners, business owners, and making our agricultural producers less competitive with the rest of the country by overburdening them with all taxes in Nebraska. This bill, with the amendments, benefits income taxpayers, property taxpayers, and Social Security taxpayers in Nebraska. Our Cash Reserve will be fully funded. Our state has not, has-- does not need to, to collect more taxes than we need going forward. Another thing that has been said in recent days on this floor is if we collect it, we will spend it. This, this bill, with the amendments, keeps Nebraska's hard-earned money with those who earn it. Let's grow Nebraska. Thank you, Mr. President.

HUGHES: Thank you, Senator Murman. Senator Clements, you're recognized.

CLEMENTS: Thank you, Mr. President. I stand in support of the tax package, LB873. I thank the Revenue Committee for bringing it. Regarding the income tax going from 6.84 to 5.84 percent over five years starting in 2023 is a good way to do it gradually so that as our revenues continue to increase, we'll be able to keep the budget balanced. We need to move this way to be more competitive. And we've talked about it a lot before, but I have had a business in my district, which is owned nationally. I have a lot of locations. The manager called me, said he's trying to hire people from other plants to come to Nebraska and that they would get a promotion if they came and filled the spot that he has opened. But they ask him what the income tax rate is in Nebraska and he tells them and he said, I haven't hired anybody yet. They keep turning me down. And so the competition between states is real and we need to realize it. And also mentioned another client, a couple who have moved to Arizona, but they kept a house in Nebraska, but they make sure they live in Arizona for at least six months and are Arizona residents for income tax purposes. And I've told them it saves them at least \$4,000 a year to do that. They can afford to keep a house in Nebraska just by being Arizona residents. It's been mentioned that the income tax reduction is a break for the rich, but I have another perspective. I-- looking at the

other states, the high-income people in Nebraska have been overtaxed and-- in Nebraska. And I've been doing tax returns for over 40 years and the tax schedules phase out tax breaks for higher-income people and the credits that the middle-income people get are phased out for many of the higher-income people and so not just the rate, but also some of the credits that they are missing out on. The limit on deducting state and local taxes that came in 2018 with the federal tax changes has made Nebraska's high taxes even stand out more when there's a \$10,000 limit on state and local taxes on your federal return. They-- it really stands out when people are realizing they're not even getting to deduct the high tax they're paying in Nebraska and I've noticed people have paid attention to that effect. So people are leaving Nebraska for lower tax states. Our excess budget funds are over \$400 million right now and that's the people's money. We need to give back the people's money, return it to where it came from and not just spend it. We are funding essential services. If you look at the, the budget book on page 45, look at the Department of Education. It went from \$1.308 billion to \$1.310 billion, 11 percent increase in education funding in the '22 session.

HUGHES: One minute.

CLEMENTS: Thank you. And look at Health and Human Services is \$1.709 billion, \$1.7 billion, and we're increasing provider rates for Medicaid providers, 15 percent for most of the providers, and that's been unheard of since I've been here. It's been flat or 2 percent, maybe 3 percent and 15 percent the state is providing for those in need. Corrections-- \$230 million on spending on Corrections. Supporting that and we've also increased salaries in that for those staff. University of Nebraska, \$632 million. We're supporting education. We're supporting the low income and the needy.

HUGHES: Time, Senator.

CLEMENTS: Thank you.

HUGHES: Thank you, Senator Clements. Senator Slama, you're recognized.

SLAMA: Thank you, Mr. President, and good morning, colleagues. I rise today in strong support of AM2649 and LB873 and when I came into the building this morning, I walked through the doors just as all of us do. And I got to thinking, though we might disagree at times on policy, procedure, representing our own districts versus the needs of the rest of the state, at the end of the day, we all came here, I believe, to think big and support good policies for Nebraskans. We

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have the opportunity to do that here today and it's our second chance to do it. How wonderful is it that we get a second shot at this to do right by Nebraska's taxpayers? Because if you look at the data, you look at the statistics, Nebraska is a high tax state, especially when you look at our neighbors. It doesn't matter if you look at income, property, Social Security, or corporate taxes. We are a high tax state and the wildest part about that is we lean more on local taxes than just about any other state in the country. So the facts are clear that our tax system is completely out of whack and LB873, the remnants of LB825 that we've moved into LB873, gives us the chance to address some of those wrongs and gives Nebraskans and those looking to move, work, live, and raise their families here a chance to really bet on themselves and not be working up against one of the highest tax rates in the country. Yesterday, LB825 and what happened on Friday was called a cheap trick, which for the pages, the students up in the balcony, I appreciate it because it's a, it's a really good, like, 1970s, 1980s band, so I'd recommend you check out their music because Cheap Trick is a pretty decent band. Chairman Hughes knows what I'm talking about. And that was because they felt like this had been dropped on them at the last second and they didn't have time to analyze this plan. And whether or not I think that's valid or not, it doesn't matter. We now have the chance with LB873 to silence those concerns because we now know days later and many, many, many hours of analysis later that LB873 is sustainable, it's responsible, and it's the right thing to do. So whether you support security-- Social Security tax relief, property tax relief, income tax relief, corporate tax relief, or any combination of those four, LB873 is your chance to stand up for Nebraska taxpayers with a truly forward-thinking bill that I'm proud to support. Thank you, Mr. President.

HUGHES: Thank you, Senator Slama. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Mr. President. I want to begin by restating what I said the first time I spoke on the floor and that was that you may not always have my vote, but you're always going to have my respect. And I want you to know that I'm going to make some comments here that I, that I want to be-- and I'll just tell you how I'm feeling. These are-- I'm not going to ever take personal attacks on anyone in this body. I think that's inappropriate. I'm going to tell you what I'm thinking about this issue because I feel strongly about taxes and the fact that they're too high. I think that I still come from the perspective that when people get their paycheck, it's their money and that the state should only take the dollars from them and the federal government should only take dollars from them that we truly need to do the public good. We have spent and allocated tremendous amounts of

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money through cash transfers and through the budget bills, tremendous amounts of money that have helped people across the state. We also are going to be discussing ARPA and that's the federal one-time dollars and there's also a significant amount of money going for everything imaginable. So to think that we are not going to give taxpayers some of their money back and stop taking less of it in the future, I think, is incredibly irresponsible. We still live in a country where we value capitalism. When the Governor first introduced me, I can tell you I was born and raised on a very-- I was born on a farm. We grew up dirt poor. I've been very fortunate being able to work through this state's opportunities and be able to have some success financially and it's because I really value this state and I think capitalism does indeed work. We've got to quit punishing people for making money. We've got to quit punishing people for having success. We need to encourage that. When I start looking at the state's problems, we're still a relatively small state. And if we want to grow our state and particularly if we want to grow our workforce, we've got to and incent people to come here. And it's hard to do when every state around us has lower income taxes, lower property taxes, and lower sales taxes in many cases. I realize Kansas has got a much higher sales tax, but I'm just telling you that I look at Wyoming. I've got a branch in Wyoming and I can tell you their property taxes are very low. Their state income tax is zero. We've already noted that Iowa's income tax now is going down to 3.4 percent. We're still going to be the highest in the area even if we pass this. Social Security taxes, it's unconscionable that we're still charging state income tax on Social Security tax. I can't imagine that there's anyone in this body who hasn't had their emails lit up with elderly people who are on fixed incomes, collecting Social Security, who are upset that they're still paying income taxes. It would be irresponsible of this body to not pass this bill with the Social Security tax reductions in place. We all know how sausage is made here. We all know that we don't get everything we want and I think it's been pointed out time and again here that this is the last train leaving the station. We can get on this train. We can do what's right for the people of the state of Nebraska and balance all of this spending with a responsible income tax, property tax, and Social Security tax reduction. Let's also remember when it comes to corporate income taxes, corporations don't make decisions where they're going to locate; people do. It's people that run--

ARCH: One minute.

JACOBSON: --those corporations. Thank you, Mr. President. It's people that run those corporations and they're going to go live in a state where they're not going to be taxed to death and there's a lot of

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options out there for them to go to other than Nebraska. If we truly care about bringing quality jobs to our state, growing our state, growing our economy, you do it by lowering taxes, not raising them. Thank you, Mr. President.

ARCH: Thank you, Senator Jacobson. Senator Moser, you're recognized.

MOSER: Thank you, Mr. President. Over the weekend, I was talking to a member of my extended family and he's involved with his cousins in some ag business in north-central Nebraska and they're not too far from South Dakota. And we were talking about the tax bill and he asked how it failed and I said, well, it only got 32 votes. And he said, well, there are 49 there, so 32 out of 49 means that a majority of the senators support the tax cut. And I said, yes, but you know, our Rules say if there's a filibuster and we want to cut off debate, you have to have 33 votes. So to say that this tax bill failed on cloture earlier is technically true, but 32 of 49 people-- senators here voted for it. So in a way, you're thwarting the will of the majority by using the filibuster and cutting it off with an unsuccessful cloture vote. Anyway, he lives pretty close to South Dakota and he said that a number of his acquaintances and even relatives are moving their homes to South Dakota and they'll come back to Nebraska to recreate and check out the golf courses and all the things that we have that are just great in north-central Nebraska. But they're domiciling in South Dakota because the taxes are less so this is a real issue for us to address. In the Legislature, we have certain senators who are focused on taxes and taxpayers and I'm happy to be somewhere down in the list of those. Certainly, Senators Linehan, Briese, Friesen, Lindstrom are ranked at the top of that list. But we also have senators who champion social causes and I'm glad we have those people to be our conscience and to remind us that we need to take care of the vulnerable and, and those that need help. You know, we spend about a third of our budget on social programs, but we need a balanced approach and I think that the senators that are more concentrating on the tax parts of our policies have supported increases in provider rates and many things to help citizens who have problems and who have vulnerabilities and there are still things at risk moving forward. We still haven't approved the ARPA, the Final Reading on ARPA. And there will be undoubtedly-- well, I shouldn't say undoubtedly-- there very well could be some vetoes that come on toward the end, line item vetoes in the budget. And so we're going to continue this discussion as we move forward and as many of us looked at those social, social program votes in your way-- we, we listened to you. We, we voted for increases in provider rates and programs. This is a time when we would like to see you reciprocate and support something that's important to us. In my district, the number

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one thing I hear are taxes. I probably ten to one get comments about taxes versus, versus state aid. Taxes are what drive the people in my district. So that's the way I, the way I--

ARCH: One minute.

MOSER: --look at it. We've collected too much tax and we put it in the bank where it can't be spent-- or it hasn't been spent yet-- and we should give some of that money back. You know, comparing us to Kansas is not a valid comparison. They cut taxes and didn't cut their expenses and then they got themselves into a pinch. Well, we've got ample reserves and we're spending record amounts of money right now and all these taxes-- tax cuts just bring back some of the money to the citizens of Nebraska, what we took away that was more than we needed. Thank you.

ARCH: Thank you, Senator Moser. Senator Brandt, you're recognized.

BRANDT: Thank you, Mr. President. Thank you, Senator Linehan and the Revenue Committee, for giving us another bite at the apple. This is about protecting taxpayers in the state of Nebraska. Anybody that knows me knows that my primary focus is on property taxes and a lot of that goes back to the fact that I'm from a rural area and a lot of my friends and neighbors constantly tell me the burden, particularly on ag land, in Nebraska. Nebraska is a very unique state in that we use a sales-based approach to valuing ag land. We're the only major ag state that does that. What that means is when we sell one farm in a county, we revalue the other 500 farms in the county at that higher valuation. And I say higher because when it goes the other way, it doesn't go down very fast. It's sort of like the price of gas. When the price of oil goes up, it shoots up overnight, but it, it takes a long time for it to, to come back down. This bill helps the property taxpayers in the state of Nebraska. It incorporates Senator Briese's bill that puts a floor under the LB1107 funding. It incorporates Senator Friesen's component on giving refundable tax credits on what properties pay for community colleges. It helps those in Nebraska that collect Social Security by eliminating that tax in the next five years. It helps those that pay income and-- individual and corporate income tax. So this bill is a work in progress. There have been a lot of compromises to get it where it's at and if you look behind me on the-- and watch this today, you'll see a lot of people talking. So there's a lot of discussion going on before we hit the end of the road with a grand compromise. We have the resources. The time is now. I would encourage everybody to vote green on AM2649, which is the amendment which

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replaces the bill. And with that, I would yield the rest of my time to Senator Briese.

ARCH: Senator Briese, 2:30.

BRIESE: Thank you, Mr. President, and thank you for that, Senator Brandt, and I do appreciate the comments of folks earlier. And Senator Moser, yes, you're absolutely correct. You know, many of us here, most of us here, maybe all of us here supporting this proposal have helped move the budget and the ARPA bill through also, even though there were things in there that not all of us were particularly fond of. I was more than willing to move those along because I think this is part of the grand package: the budget, ARPA, tax relief. Now others, previous days, and perhaps a little bit this morning, have criticized the notion of corporate income tax relief. And we have to remember corporate income tax relief is very important to a whole lot of people out there. It doesn't have the window dressing or the curb appeal that some of the other things do, but it is important. We need to remember that we have, I believe, the second-highest corporate-- marginal corporate rate in the area and that corporate tax structure is part of the cost structure for businesses that do business here. And so what does reducing the corporate rate do? It can benefit consumers in Nebraska. How does it do that? The tax savings of businesses operating here can be passed on to our consumers in the form of lower prices. The savings can encourage more companies to do business here and that competition also can help drive down prices. Reducing the rate can benefit some Nebraska shareholders as well. These aren't all out-of-state corporations. And the cost savings can benefit the employees as well in the form of higher--

ARCH: One minute.

BRIESE: --wages and benefits-- thank you, Mr. President-- and it can improve our rankings and our rankings are important. When businesses are trying to determine where to locate, more importantly, where to do business, they're going to look at those rankings. They're going to look at our tax structure and they're going to make some of those decisions based upon that tax structure. So the corporate rate is important. Yes, admittedly, it doesn't have the curb appeal or the attraction of some of the other things in this package, but it is very important to a whole lot of folks out there and it's part of the package. So again, we need to work together, move this forward, and in so doing, we're going to move our state forward. Thank you, Mr. President.

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ARCH: Thank you, Senators Brandt and Briese. Senator Erdman, you are recognized.

ERDMAN: Thank you, Mr. President. Good morning. As I listen to the discussion today and we're talking about the rankings in the estate-- in the state of Nebraska ranking with the rest of the states and our neighbors, I, I want to share some information about the Arizona property on the map that I think Senator Friesen had given us and it showed Arizona's property tax to be eight-tenths of a percent. And if you read the information at the bottom on how they arrived at that, they said they took the total taxes paid and divided by the value of the property. But I'm here to tell you that they don't do it-- they don't figure taxes the same way we do. And Senator Brandt alluded to the fact that we're the only state that uses a sales method for agriculture. And so for those of you who came after I started, after we started-- our class of '17-- in '18, I tried to change the way we value ag land, to go to a productivity approach, and it was filibustered by Senator Lathrop. So that's the issue we see now and that's the, the, the problem that we have is we-- as Senator Brandt alluded to, we sell-- in, in our county where I live, we sell less than 1 percent of the ag land on an annual basis and we value these other 99.5 percent based on a half a percent selling. Doesn't make any sense. But getting back to my Arizona comment, my wife and I have a property in Arizona, a rental property. The value of that property, the current market value, is \$237,000 and the taxes are \$750. And if you want to see a receipt of my taxes being paid to prove what I said to be true, I can show it to you. And so if you do the math, that's significantly less than 0.8 percent. And so when you decide to retire-- and several have commented about people retiring in the state of Nebraska moving somewhere else-- that's exactly why they do that. And so I have said on this mike before we very well may not live in Nebraska once I finish this, this term. And for us to relocate takes about 30 days. We send a notice to the tenant in Arizona or Florida and say, you're moving because we're moving in. So it won't take us long to leave. The problem we have is the people we leave behind to pay the exorbitant taxes that Nebraska collects. We continue to collect these taxes from these taxpayers as if it's our money. That's our problem. Our focus is wrong. We focus on those who collect and spend the taxes. If you don't believe me, why are we having a discussion today about lowering income tax like two-tenths of a percent? And it's because those who don't want to lower it think it's their money. It's the state's money. It's not. It belongs to the taxpayer. And so all of these bills that we've been talking about for the last, seems like forever, but it's only been about two weeks,

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would not be-- even come into play if we adopt the consumption tax proposal that I am going to be able to explain to you next week I hope. It eliminates all these issues because what it does, it puts a focus on those who pay the taxes, those who pay the taxes. It is not the state's money. The state has zero money. Zero. They take it from you. It is your money. Why should we allow the state--

ARCH: One minute.

ERDMAN: --to go shopping and then send me the notice of how much I owe? Why is that? Because our focus is wrong. What we should be doing is I go shopping and whatever I buy, whatever I consume, I send the money to the state and they then use that money to do what they need to do. But we're going to continue to talk about this tax system we have and it's a problem because we have three forms of taxes that compete with each other: sales, income tax, and property tax. And you're never going to solve the problem until you fix it by eliminating those three taxes that compete against each other. Thank you for your time.

ARCH: Thank you, Senator. Senator Bostelman, you're recognized.

BOSTELMAN: Thank you, Mr. President. Good morning, colleagues. I speak in opposition to the bracket motion. I fully support AM2649 and LB873 I think. I want to thank Senator Friesen and the Revenue Committee and all those who worked this year and previous years on trying to provide tax relief to citizens of the state of Nebraska. This is a comprehensive, wide-stretching, broad tax relief that's going to touch a lot of Nebraskans that's needed, that's being asked for, that needs, needs to come about. It's not perfect in what it is, but it does move us in a significant way to a better tax situation. Senator Linehan handed out a couple of maps for us. One is a Kiplinger map, tax map, and on that it shows Nebraska to be the least-- one of the least friendly-- least tax-friendly states. All the states around us, almost-- majority of the states around us are either tax friendly or most tax friendly. Iowa and Kansas are the, are the exceptions. In addition, when we look at-- we talk about individual income tax rates in our state-- this is another handout she had-- and Nebraska is 6.84 percent; South Dakota is none; Wyoming is none; Colorado, 4.55; Kansas, 5.7; Missouri 5.4; and Iowa, I think, is 3.9 or so. And that's on our income tax rates. We're highest in the area. And then when we talk about property taxes in our state-- this comes off the Tax Foundation-- we're number seven in the country. So obviously, we have a tax-- overtaxing of our citizens in the state of Nebraska and what I feel is this, this bill will go a long ways in helping us to address

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that issue that we have and reducing those taxes. With that, I again fully support AM260-- AM2649, LB873, and I oppose the bracket motion. Thank you, Mr. President.

ARCH: Thank you, Senator. Senator Lowe, you're recognized.

LOWE: Thank you, Mr. President. I stand in favor of LB873 and AM2649 and I would like to thank the members of the Revenue Committee for being diligent. Many of them have worked years. Senator Friesen, Senator Lindstrom, Senator Flood, and Senator Pahls have all been there for eight years, at least, working to get your taxes reduced. That's important. Senator Linehan, Senator Albrecht, and Senator Briese, thank you for dedicating the six years that you have been here to trying to get tax relief to the citizens of Nebraska. Senator Bostar, he's the young man on the committee. We need to continue to work to get relief for the taxpayers of Nebraska. When you look at those that don't think that they pay taxes, the people that work in the fast food restaurants, the people that live in apartments that say, well, I don't pay property tax, I don't, I don't have a tax return that's much, take a look at your pay stub. Figure out what the taxes are and the percentage that you pay. For those that live in apartments, some of the reasoning why your rents keep going up is because the landlord has to pay higher taxes. I know in our commercial buildings, after ten years that I've owned some of the property, I've finally had to increase the rents in some of our buildings because I can no longer afford the building. I couldn't afford the repairs because the taxes are so high on the buildings and they-- and the rents don't cover the repairs. And I'm sorry for the tenants, but they need a roof over their head too to do business and, and our property taxes have, have skyrocketed, our evaluations are going up even though we can't sell the buildings for what our evaluations are. So the young people in Nebraska that may be listening, take a look at your pay stubs. We need to reduce our, our taxes in Nebraska. What happens when you have a government that runs efficiently and keeps its growth at 2 to 3 percent that has been accustomed to paying 6 percent growth? Your taxes can come down because we're not spending as much and that's the key. Your taxes are supposed to cover what we spend and we're not spending as much. We don't need as much money coming from you. It's simple. It's math. It's follow the money. We don't need the money because we're not spending as much money. This year is an anomaly because we've had such a great influx of, of money that comes from my grandchildren, my great grandchildren that aren't here yet. I hope that someday that we'll get back to reality and, and the people will get fully back to work and be happy where they work. This is a great time for people to change jobs because there are work opportunities

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out there that there's never been before. And we need to look at what we pay in taxes. As a young person, I rarely looked at my pay stub to see what my taxes were on that. I just wanted that dollar that came out and maybe at the--

ARCH: One minute.

LOWE: --thank you, Mr. President-- and maybe at the-- when we got the refund, I was happy to see the refund, but, you know, I could have used that money two months earlier. And that's the taxes. So please look at your pay stubs. Please look at how much you pay in property tax. And as Iowa has reduced their taxes this year, Nebraska needs to follow suit. Thank you, Mr. President.

ARCH: Thank you, Senator. Senator McDonnell, you're recognized.

McDONNELL: Good morning, Mr. President. Good morning, colleagues. Since 2016, when I started campaigning to serve the citizens of the state of Nebraska, I would say every third, fourth question has to do with taxes. What are you gonna do about our taxes? How can you help me with taxes? I don't think that's any different in any part of the state versus Legislative District 5 if we-- if I would have been knocking doors anywhere in the state. I appreciate the work that the Revenue Committee has put into this issue. As I testified earlier this year on some legislation that I introduced, I haven't been as engaged based on I've looked at other things and prioritized other work. But I do understand the process, I understand the difficulties, and I understand that if you're pleasing everyone, you're lying to someone. That is just a fact. We're not going to please everyone. This is not going to be a perfect tax plan. But at the same time, with having these discussions with the people from the Revenue Committee, looking at where we are today and our opportunity to move this legislation forward for the citizens of Nebraska, all citizens, which I think are going to have to, to benefit off this. I just wanted to say that I appreciate, appreciate their work. I stand in favor of LB873, AM2649, and I'm opposed to M0199. That time-- I'd yield the remainder of my time to Senator Linehan.

ARCH: Senator Linehan, 3:20.

LINEHAN: Thank you, Mr. President, and thank you, Senator McDonnell. I appreciate it-- having the time. So I'm talking to everybody on the floor and I really appreciate everybody's earnest attention to the details on this. And they're good questions I'm getting and if you-- you know, I'll still be on the floor so I'm willing to talk to anybody

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and I'm sure Senator Briese is, as anybody else on the Revenue Committee. One of the concerns I've heard this morning is, you know, we can't adjust it. Well, the Legislature-- I have, because I have good Revenue Committee staff, a sheet here that I can hand out where it's the Nebraska tax rate chronologies. So in 2002, there was a downturn. It was rather significant and the Legislature, because we do have-- and I think sometimes we forget this-- we have [RECORDER MALFUNCTION] amendment. We do have to balance the books. We can't be D.C., which is way too easy to spend money that you're not-- you don't have. We can't do that here. We have to make sure the books balance. So in 2002, when they saw a significant decrease in revenues, they actually raised taxes. They raised it not on the lowest-- well, yes, even the lowest, lowest bracket, they raised all four brackets. It was vetoed. But the veto was overridden because, again, we have to balance our books. And I've talked about this before, but just I think it helps when we're talking about this top bracket that people remember this. Then ten years later, things were smoother. They decided they could cut taxes. So there was agreement. They were going to cut all the top brackets back to where they were. Well, yes, where they were previously. All-- that was the bill that the Revenue Committee at the time brought to the floor. OK, we're ten years later. Things are good. Let's go back to where we were in 2002, and they did that with the lowest bracket. They did that with the middle bracket. Well, not quite all the way down on the middle bracket, and they did that on the third bracket. But the problem and one of the reasons this is so important for us to--

ARCH: One minute.

LINEHAN: --get done today is they did not lower the top bracket. And since that was almost ten years ago, more and more people-- now our, our brackets are indexed for inflation, but they don't-- it doesn't keep up so more and more people get pushed into that top bracket. And since we didn't decrease it when we decreased the other brackets, we need to decrease this bracket. And as others have said, in my last thing on this, when people look at our tax bracket, that's the one they look at. It is on our front door. Do I want to live in Nebraska? What is their top-- what is their income tax bracket? Ours is too high. It's higher than any of our neighbors. Thank you, Mr. President.

ARCH: Thank you, Senator. Senator Lindstrom, you're recognized.

LINDSTROM: Thank you, Mr. President and good morning again, colleagues. Kind of want to address a few of the comments on the floor and maybe take it one at a time here. I think there's a little bit of

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a, a different point of view, if you will, on, on what we're trying to do here. There are a lot of different components in LB873. As I talked to some of my colleagues, one of the sticking points seems to be the corporate tax. Probably the smallest-- well, it definitely is the smallest portion of what we're trying to do here as far as the comprehensive tax package. One thing I'll remind folks is when we dealt with LB1107, the incentive funds-- again, that was, that was a, a messy process, to say the least, and not everybody got what they wanted. But when we reduced the corporate tax, what that is essentially doing is, is offsetting or reducing the impact that the Imagine Nebraska Act is having. So in essence, we are saving some dollars on what the incentive package cost is. The other part of it that was talked about was fiscal responsibility and, and Kansas. We are far from Kansas when it comes to what we're doing here. When we look at the different buckets, if you will, of money-- in my eight years here, we have never had this amount of money above the forecast to even have the conversation that we're having today. First couple of years, we had bills that had a seven-figure number, sometimes in the thousands that wouldn't even see the light of day because of that. The fact that we're doing this with the dollars that are above the forecast revenues that have come in is the way that we need to do it. When Nebraskans are working hard and we have an unemployment percentage of 1.6 percent-- I was in Grand Island, they actually have a 1.4 percent unemployment rate, that money, when people are working comes into our coffers and we have that ability above the forecast to do a number of things. We could put it in the Cash Reserve, we could do tax cuts, we can spend the money. But I think most Nebraskans and the vast majority of people I've talked to want to see tax reductions. They want to see their money returned to them. And so we have the \$400 million and then the extra \$300 million that came in above those forecasts. Those dollars are, are what we're talking about today. We're not taking money out of the Cash Reserve. We're not taking money out of the ARPA and everything else. It's the money that, that came in above our forecast, that is the bucket of money that we are dealing with here when we talk about tax reductions. So we're phasing it in, which is again another part of this process that is very, very responsible and what we need to do. Again, this is necessary. This is necessary. If we were talking about-- if it wasn't necessary, then we would keep it status quo. But then again, I asked, I asked this question earlier when I was on the mike, then why is every other state doing it if it wasn't working? Why does every single report that comes out, every study that comes out talk about we need to reduce taxes? Doing nothing and, and stay in status quo is not helping Nebraska grow. It's not helping us again compete, all the things that other

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people are doing, and every, every year that goes by that we don't do this, it's one more year that we're losing, which is frustrating. And again, after eight-- of all the-- of eight years of working on Social Security tax, income tax, this package will be the biggest tax cut we've done ever. And it's because Nebraskans are working hard and have worked hard and they deserve tax cuts. And this is why I support LB873. It's why I'm not going to-- why I oppose the motion to, to bracket. The other part of it and I, I look at this, maybe it's the different types of view and viewpoints, I've sat on Revenue Committee, we have people that sit on Appropriations, from my angle, tax cuts would be my appropriation. I have I think, and I'm going to be generous with this, I'll say two, but I think it's one, I think I've introduced one bill that has gone to Appropriations Committee in my eight years. I have never come in and asking for any dollars that we had in the Cash Reserve, again we're going to have a healthy Cash Reserve with this tax cut. I think the Appropriations Committee--

ARCH: One minute.

LINDSTROM: --and Chairman Stinner have done a fantastic job in keeping Nebraska healthy and that's that bucket of money I'm talking about. We had the bucket of money to protect the Cash Reserve, the bucket of money for the ARPA, a bucket of money on forecasting to do the tax cuts. That's how my mind has operated. So my appropriation when we have all the folks coming in and saying, you know, \$100 million here, \$200 million here, when I look at the tax cut, that's my appropriation. The \$73 million or \$80 million that we're doing for Social Security tax cuts, that's my appropriation back to the people of Nebraska, back to the 325,000 folks that are relying upon that, that part of Social Security as that, that piece of, of their income. Other senators have other ideas with their appropriation, their appropriation to give tax cuts to income, both individual and corporate, appropriations to do property tax relief. So think about it, and this is how I think about a little bit different viewpoint is where are you appropriating dollars? What type of impact can it have? What type of return on investment can it have? And I think tax reduction and tax cuts not only make us competitive--

ARCH: Time, Senator.

LINDSTROM: Thank you.

ARCH: Thank you, Senator. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President. And thank you, colleagues, for the interesting discussion this morning. And believe it or not, I came up faster than I thought I was going to. And so we've been in discussions about how to approach the conversation on this bill in kind of a, a constructive manner. And that is an ongoing conversation for me. So I was going to make a motion to divide the question of the time, but this time I have-- I'm not doing that yet, so, Mr. President, please wait. I might get back in the queue later as we continue to discuss. But just so people understand what I'm talking about, that this is a bill and everybody's talked about the different components of the bill. And so if we were to do that division, which we've done in many other bills, we would take up a vote individually on each section, which means we would vote up or down on the, the Social Security component to be in the bill, which as has been stated is universally popular in this body. And so we would take up the LB1107 property tax fund, which is Senator Briese's, I believe, LB723. And that bill is, well, property tax credit fund, then we would also take up the, the community college tax credit fund as well as a separate amendment, take up the personal income tax as a separate amendment, and then take up the corporate income tax. And the reason for that is that there are a number of people who have talked about the parts of this bill that they like. And there haven't really been a lot of folks getting up to talk about the parts they don't like, but I can tell you that I do not care for the corporate tax portion. Senator Briese just talked a few minutes ago about why he thought that was important, but I, I disagree with some of the things he said, but specifically the fact that the corporate taxes, that cut cost somewhere, I think it's \$60 to \$70 million and maybe more than that at this point, but 80 percent of that money goes to out-of-state corporations. So corporations that do business in Nebraska sell, sell things. Walmarts, Targets, Amazon that sell things in the state of Nebraska, and then they pay income on the, the sales in the state, they pay the tax on that. And so what that means is it's not changing, they're not going to not do business in Nebraska or do more business in Nebraska based off of that sales tax. But they get 80 percent of that benefit or based off that sales income. So the point is in terms of a, of a bang for our buck where we should be putting our tax cut money, that is a place that I disagree with how we should be allocating this. The Social Security one, everybody's made a great compelling argument for that. It is clear that that is what this body wants to do. We had a stand-alone bill that did that, that was sponsored by almost everybody in this body that I voted for previously, but then was-- had, had many other items put in it that took that price tag up to somewhere like \$800 million, which was a

huge change. And did it kind of-- it was a surprise to almost everybody in the body. I think there were about four people who knew where it was going at that point that it was coming up on Friday morning. And so to spend that kind of money to make that kind of commitment to change our tax policy in that way, with that quickly, I thought was irresponsible. I think a lot of people agreed with doing it that way was the wrong way to do it, that a more deliberative process is required when making those kinds of huge expenditures. I understand that these things, some of these things have gone going through the committee process, though I would say the community college portion, that tax credit has not-- did not have a hearing, did not go through the committee process, was added on as part of a, a negotiation. This bill is a community college related bill. However, it has to do with the tax-- taxing authority of community colleges and not with the tax credit income tax credit. So it is a different bill, even though they both cover community colleges and would have been a different hearing, different subject at that hearing. So that's why we're talking about dividing the question. That's why we're talking where we, we may do that--

ARCH: One minute.

J. CAVANAUGH: --thank you, Mr. President-- at some point in the near future, there's still, as I said, some ongoing discussions around how we want to proceed on this bill to have the most constructive conversation about where the state of Nebraska should go on its tax policy. Thank you, Mr. President. I'll get in the back of the queue so we can keep talking.

ARCH: Thank you, Senator. Senator Hunt, you're recognized.

HUNT: Thank you, Mr. President. It was a little stunning to hear Senator Lowe talk about how he had to raise rent, but I'm sure he's going to vote to keep that gubernatorial veto of those rental funds. Colleagues, I've got no problem with tax cuts for people. I don't think anybody in here has a problem with tax cuts for people. I've got a problem with tax cuts for out-of-state corporations. Why not cut the tax rate on the lowest business tax rate to help small businesses, or why not target it to Nebraska-based businesses? Lots of smaller C corps that just have a couple of shareholders, they paid nearly 8 percent corporate tax rate to Nebraska. And then when shareholders take the money out in wages or dividends, then they pay taxes on that. And the crime in corporate taxes is really that all of the incentives and all of the benefits go to these big companies. They don't go to the smaller businesses. Maybe a conversation we should have is that in

order to cut the corporate tax rate, if they want to have their corporate tax rate cut, then they should have to forego some of the incentives and other benefits that they get from our state. I would be interested in if we tallied up the value of all of the incentives and benefits that we give to corporations and businesses in this state, plus the tax cut, what is the value of that? Because that's what taxpayers are paying for. When they're coming to us saying we want a tax cut we're paying too much in taxes, I'm happy to cut that for them, but then how are we going to pay for all of these incentives and benefits that big corporations are taking advantage of when we're also cutting taxes on them? When you think about it, we know that whenever you cut taxes for someone, you have to raise them on someone else. And so we're just sort of like moving the, the ball under the cup of, of who's paying for what. In the end, it's really kind of a Marxist thing when you think about it. I think it would make sense if we had to take some percentage of the corporate tax cut and say that, that has to go to equitable distribution to employees in money or in something like paid family leave or health insurance or childcare programs. But that's not something we're going to do, we just want to straight up slash the taxes. These business entities and Republican-led organizations, they cook up all of this self-serving BS and they bring it to the Revenue Committee. And if the committee has no one to analyze it, it gets moved along and then the dog packs just lap it up that we have in this body. Tax cuts down the line are going to need 33 votes to reverse, and we know that that's never happening. We would never reverse a tax cut in this state for a corporation unless the state goes acute and is withering and we are down to, you know, the final ideas of what we can do to fix it. And that means unless the federal government borrows money to give us and we actually accept it, there won't be money to repair the two extra lanes in the roads that we're converting to two to four lanes. We'll need to consolidate our university with those of neighboring states. We'll have to sell off our public power and our lake pet projects and our assets as a state, cut off Medicaid for nursing home expenses, nursing home expenses for the farmers who pauperize themselves by gifting their land to their descendants and their kids that moved out of state anyway.

ARCH: One minute.

HUNT: You get the picture, you get the picture. Another thing I was thinking about during this debate is Senator Moser making the point that maybe we should go to majority rule, that having a filibuster is a problem because really the majority of people in the body voted for these tax cuts. If you want to talk about majority rule, we should

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talk about the national popular vote and getting rid of the Electoral College. Thank you, Mr. President.

ARCH: Thank you, Senator. Senator Matt Hansen, you're recognized.

M. HANSEN: Thank you, Mr. President and good afternoon, colleagues. Good morning, colleagues. Wow, it just feels like afternoon, been a busy hour 45. I want to rise and kind of second a couple of the points that have just been made by the preceding two speakers, Senator John Cavanaugh and Senator Hunt. First and foremost, I've been talking with Senator John Cavanaugh and others on the best path forward here. As has been pointed out, there are a wide number of components in this bill, and some of them are exceedingly popular and some of them are pretty less popular. And you can see that based on the messaging and what I think supporters choose to talk about. You know, there were several bills, LB723, LB825 that could have probably passed as stand-alone bills, and some of those still could, LB723 at least, that ended up getting rolled together for the sake of this package. And we see that and I think those have broad support. I think there's some particular focus on the corporate income tax and specifically how to do the individual income tax. So I think I want to be clear, a lot of us aren't necessarily opposed to cutting individual income tax. I'm not, but I want to make sure if we're doing it, that we impact more than just the top bracket. On individual income tax, that's really where I've been pushing it. As I've mentioned before, that's at the individual income tax for top bracket. I understand that our top bracket starts relatively low in Nebraska, but it still is just our top bracket. There are a lot of people who fall into the lower brackets, and additional, if you're somebody who doesn't fall into the top bracket in income tax, you also probably likely don't own a corporation so you're not benefiting from that provision. And there's a pretty fair chance, 50-50 at least, that you are not a homeowner and so you're not getting the direct property tax relief provisions from the other ones. So there are a significant number of Nebraskans that aren't getting any tax relief from those provisions combined. So I'm interested in dividing the question, I've been in support of that kind of concept for a while. To be clear, I'm not making that motion. I've been interested in that, but I also think then we run the risk of even though we have a considerable amount of time to debate it, we still ultimately wouldn't get to all of the votes and all of the various components and provisions that we'd like. Going forward, I still have my concerns about the corporate income tax. I think the point has been illustrated well, that again, it's not necessarily just corporations headquartered in Nebraska, it's corporations earning income in Nebraska. So that includes out-of-state corporations, foreign

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corporations that have profit centers here in Nebraska, and those profit centers are going to stay kind of regardless of the tax rate we have. You know, a national retail chain, I've been picking on Walmart, but a national retail chain who has customer base here and who has stores here is still going to have a customer base and still going to have stores here kind of regardless of this change in the rate, especially when this change in the rate, you know, is continues to be a significant portion of funds. And we see this over and over again, we've seen, you know, what level of scrutiny a certain amount of dollars gets over the course of the time. So with that, I'm still in the process of working with others trying to figure out where to go forward today, dividing the question, offering some amendments, what, what can we do on this bill. And with that, Mr. President, I'd yield the balance of my time to Senator DeBoer, if she would like it.

ARCH: Thank you, Senator. Senator DeBoer, 1:20.

DeBOER: From you? OK. Thank you, Senator Hansen. I was a-- wasn't expecting this. I do have some things to say. One of the things that I really wanted to see in this tax package,--

ARCH: One minute.

DeBOER: --because, because I have been supportive of the Social Security tax the whole way, was I wanted to see tax cuts for the middle class. And one of the reasons that I have been fighting is because I have been fighting to get that middle tax bracket from the 5.1 percent rate to 4.1 percent to match the upper tax bracket going down because over 50 percent of the people in my district and, in fact, 50 percent of the people in the state won't get anything from the income tax cut. And that didn't seem right to me. So I've been trying to get tax cuts for the middle class. I know at one point on the mike, maybe it was Friday, somebody said, oh, those are too expensive. We can't do tax cuts for the middle class because that's too many people. But I had somebody figure it out for me and to go down on the top bracket it's \$350 million and on the middle bracket it's a hundred and five or seven or something million dollars. So it is not--

ARCH: Time, Senator.

DeBOER: --expensive. Thank you, Mr. President.

ARCH: Thank you, Senator Hansen, Senator DeBoer. Senator Aguilar, you're recognized.

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AGUILAR: Thank you, Mr. President and members. I rise today in strong support of LB873 and AM2649. I want to start off by thanking the Revenue Committee for all their hard work they put into this. I know they put in a lot of late hours to get to this package. And with the experience that we have on that committee, I have to say I can't believe there's anything in this package that is outrageous or irresponsible. I know my emails are no different than anybody else's here. The majority are about tax issues, property tax, Social Security tax, income tax. All the above. And I'd really like for the opposition to this package to get together and come forward with some kind of compromise solutions, Nebraskans are better than this and they deserve better. They deserve all we can do and we have an opportunity to do some good. Let's get this done, folks. Thank you, Mr. President. And I'd yield the rest of my time to Senator Linehan.

ARCH: Senator Linehan, one minute-- oh, excuse me, 3:40.

LINEHAN: Thank you, Senator Aguilar. I'm getting, like I said when I was up last time on the mike, very good questions. And right now we're talking about how the brackets work, so I will be back over there to explain this with more detail. But the way the brackets work on your income is everybody pays on the first bracket. If you're in that bracket and that's the only bracket you're in, you'll pay it. But so is everybody else pay in that bracket. Then you go up a bracket, everybody pays at that rate. You go up another bracket, everybody pays at that rate. So when we talk about, and Senator Cavanaugh, both Senator Cavanaughs, I think, had bills to address the middle brackets. It's very, very expensive because if you cut that bracket, you also cut taxes for the people in the upper brackets. We don't, we don't say, OK, you make \$75,000 so you pay 6.84 percent on all you make. That's not the way it works. And I know most of you know this, so I'm not trying to be insulting. But it, it's complicated. So that, that cutting the middle that cuts everybody's taxes. I think that's the best way I'd put it. And I'll go again. The reason we need to bring the top bracket down, I'll go back to the maps, it's the simplest thing. When people look at those maps all over the country, they see Nebraska is a high-tax state. And I've been working on the side, so I haven't listened to everybody. So I'm sorry. But you can look at Texas and say, well, Texas has higher property taxes than Nebraska. That is true. Texas also has no income taxes. So if I'm looking for a place to live and I look at Texas, I don't look at just what their property taxes are, I look at what their income taxes are and their sales taxes. And if I'm a large company or a corporation, I look at all their taxes, their income taxes, property taxes, sales taxes, other business taxes, some state high taxes. It's not their income taxes,

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but it's in their business taxes. We have excise taxes, so you can't just look at one point. But when we, all the different foundations look at Nebraska and say-- what they say is we're a high-tax state and we'll go to Senator Lindstrom's part of this package--

ARCH: One minute.

LINEHAN: --that he's worked on. And he works with people about their retirement. That's what he does. It's his profession. He knows that people can't afford to live in Nebraska. Thank you, Mr. President.

ARCH: Thank you, Senator. Senator Blood, you're recognized.

BLOOD: Thank you, Mr. President. Fellow senators, friends all, I stand against the bracket, and I'm looking forward to having my personal one-on-one conversation with Senator Linehan after I speak. One of the things that I always do when I sit and listen, listen to the debate is I look at the data and the information that gets thrown on my desk. We kill so many trees here, by the way. And when I get data, the first thing I want to do is research that data. When we talked about income taxes before, I shared some peer reviewed data, not data that I found on a partisan website, that showed that they compared states that had the nine highest income tax rates and the nine lowest income tax rates, and it had zero impact on economic development, which we're always told differently on this floor. Then I got this map today, and I listened to Senator Clements as well talking about how people are moving to places like, like Florida. Well, if you lived in Nebraska and you had the finances to move somewhere else besides Nebraska, especially during the winter, wouldn't you moved to, to Florida or Arizona because it's warm? But no, what we hear is it's because of the taxes. So based on this map, I want to know why people aren't running to Delaware. Delaware is one of the top states with really low taxes. Let's all go to Delaware and, and do whatever it is that they do in Delaware or maybe D.C., let's go to D.C., their taxes are really low. Let's go to D.C. and we can, can cram ourselves into that public transportation that, that works so well there. And Nebraskans love their cars, you're not going to have your car in D.C. So I, I think the issue sometimes gets lost in what I call faux data, because if we're really looking at the data and that's what we're making our decisions on, the data is not telling the same story that we're being told on the mike. You know, I look at things like cost of living indexes, right? Nebraska's 19th, that's pretty good. We're in the top one-third. What I thought was really interesting is that if people want to go where taxes are low and it's warm, right, why aren't they going to Hawaii? Hawaii is awesome. And Hawaii is-- has the lowest tax

rate on this map that we were given. But guess what else Hawaii has? Hawaii is the most expensive state to live in. Their cost of living score is 178. The median average is 100, by the way, to kind of put that in perspective. Groceries are 71 percent higher than the mainland, and goods are 28 percent higher. We can look at data all day long, and the one thing that I know is that if you're really clever, you can use data to your advantage when you stand on the mike and say people are leaving because of A, B, and C. But if you really look at good data, sometimes what we're hearing on the mike is just purely an opinion or not something that's been peer reviewed. And so I just-- I always like to say buyer beware because sometimes what we're given actually makes us think more about what the real truth is. And then I have to say that I have been an enthusiastic supporter of a break for our seniors in Nebraska when it comes to Social Security since I entered the Legislature, and that's why I always cosponsor Senator Lindstrom's bills. But here's the thing, and I think we've had a couple of senators say this before, why with such an important bill didn't we not leave it as a stand-alone bill?

ARCH: One minute.

BLOOD: Why did we play Russian roulette with our seniors here in Nebraska? And I've heard some of the reasoning, but really, if I had this kind of bill and it was this important, man, that would be one time I would be telling people, no, you can't amend this bill. This bill is too important. I've been working on this for six years. We need to keep it as is and move it through because, boy, it flew through General File and it would have flown through Select File and you would have had full bipartisan support in Final Reading. So I find that really puzzling that we're trying to create some kind of message on the backs of our seniors. So I, at this time and again, I'm against the bracket, but I'm hoping to, to speak with Senator Linehan and, and get a little more information on the underlying amendment and bill. Thank you very much, Mr. President.

ARCH: Thank you, Senator. Senator DeBoer, you're recognized.

DeBOER: Thank you, Mr. President. This time I'm prepared and not sort of taken off guard. Last time when I was on the mike briefly, I was talking about how-- what I want in this tax bracket-- tax package is a cut in the middle bracket. We're leaving the middle class out of this and I don't understand why we're doing that. When I had it figured out for me, it was \$100 million to go from 5.1 percent to 4.1 percent. I don't know why we're not doing that. This whole thing is costing \$900 million. Surely, we can find some way to squeeze some money in for the

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middle class. We've got to do the Social Security tax. Nobody questions that. I've got a, a pile of amendments up in my office to drop on to every bill that's left that's the Social Security tax so that we can get that done this year. No question we need to do that. Income tax, all that sort of thing, great, but let's not forget a whole big group of people. We're forgetting the middle class. I don't, I don't understand why we're doing that. It just-- it perplexes me and we're told it's too expensive. I'm not talking about moving the brackets. That's very expensive. I'm talking about taking the rate down 1 percent. So let's move the brackets on the middle class down. Let's give the middle class a cut in their taxes as well. We know that the middle classes will use that tax cut to go out and spend that money. It'll be good for our economy. So I don't know, I guess I will bring an amendment on Select File to add a tax cut for the middle class. If, if we can afford all of this, we can find a way to find some money for the middle class. So that's, that's what I would like to do. I think if we're going to give tax cuts for the top earners in the state, if we're going to give tax cuts for corporations that aren't even in our state, surely we can afford to do something for the middle class. Senator John Cavanaugh has asked for my time, so John Cavanaugh does not want it anymore. OK, so then I guess I will yield my time back to the Chair.

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

DORN: Thank you. Thank you, Mr. President. Listening to a lot of the conversation this morning when I had an opportunity, I know there's a lot of conversations going on around with other people to see where we might end up at today and what might happen with two bills. My gosh, when you looked at the agenda the last few days, we've had almost a two-page agenda. And this morning, when I looked at the agenda, there was only two things on the agenda and we all thought, uh-oh, we can get through this in a hurry. And I think most of us realized when we looked and saw what was there that we were not going to. Wanted to talk a little bit about some property taxes on this. I know this package here has multiple things. Senator DeBoer just talked about the income tax part, but the property tax part of this, which is basically LB1107 with Senator Briese's now LB723 into here, and I wanted to talk what in Lincoln, Nebraska or across the state in Lincoln, Nebraska, or this past year in the state of Nebraska, valuations went up approximately on houses and ag land at least 10 percent. Last year, in the paper, it was quoted that Lincoln's house valuations went up 10 percent. Most likely, this next year, they will go up at least 10 percent. This morning on the news the last year across the nation, 19 percent increase in house valuations. So-- and, and this isn't the

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average price of a house in Lincoln. I don't know how far off it is, but if you took a \$200,000 house in Lincoln, Nebraska, you took a 10 percent increase last year and a 10 percent increase this next year, that amounts to approximately \$40,000. If you take that and in Lincoln, Nebraska, right now, the levy, the mill levy is just a little bit over two. So if you took the-- you went from \$200,000 to \$240,000 and now you increase that and they stay the same by the levy of right around two, those people in Lincoln, Nebraska, the average person will have an \$800 increase in their property tax bill this next year when you count the two years together. So colleagues, when we talk about what is happening and what's going on in this state of ours and how we're getting or why the revenue has all increased the way it is, you also need to remember that for the average citizen out there, they are paying in that revenue so they've had an increase in or a decrease in their available funds the same way with property taxes. Their net dollars at the end of the year will be less because they've had the increase in property taxes and how that affects them. So many people that are property owners in their overall net picture are going to be behind after two years. That's what happened in ag land. And I know we always talk about ag land, but this is happening, I call it statewide, not just in Lincoln, it's happening all over this time. So everyone that is a property owner, they all are being affected this time. Senator DeBoer talked about the income tax and, and the different levels there. And Senator Linehan, I think, did a pretty good job of explaining when you, when, when you-- your income tax sits in the brackets of how it's ratcheted up that you pay more or whatever. Part of what we've had in the state of Nebraska, as I call it, tremendous economic growth, we need to be mindful of the fact that we don't want to, I call it, stymie or slow down some of this economic growth by having the high taxes that we do.

WILLIAMS: One minute.

DORN: Thank you. We need to make sure that we are creating not only economic activity, but that we remain strong business wise, income wise, and we put the money back in the people of the state of Nebraska where that has-- that is where it's come from the last two years that we put that money back there and then that will continue to create more economic activity. That is how our revenue will remain strong in the future, not by challenging that economic activity, but by making sure it remains strong. That is how our revenue in the state of Nebraska will remain strong. Thank you.

WILLIAMS: Thank you, Senator Dorn. Members, Senator Lathrop would like to introduce 50 fourth-grade students from Mockingbird Elementary in

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Omaha. They are seated in the north balcony. Would you please rise and be recognized by your Nebraska Legislature. Returning to debate. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. So when I-- I'm going to talk a little bit about the property tax portion of this here and it goes back to the, the value increases we've seen in ag land starting about 10 12 years ago and what we're seeing in the housing market today. I mean, we're seeing tremendous increases in the valuation of those homes and residential and commercial properties. Recently in Hall County, we had commercial apartment buildings take a 200 percent increase in value. And when you saw what the tax increase amounted to, the one apartment owner talked about a \$45-a-month increase in his rental rates just to break even on the taxes that was going to go up. If we don't address the property tax situation in this state-- I mean, we talk about that there's not enough homes available. We're trying to build more affordable housing. And at the same time, our property taxes that they have to pay are exceeding their ability to make those payments even if their house is paid for. If you're on a fixed income and your property taxes keep going up, your values are shooting up, it's not any improvements you made to your home, it's just the value is increasing. And if you're on fixed income, you can't afford those increases. Well, this is happening now again in ag land values. We're starting to see big increases because of the commodity prices. And as an ag producer, I will tell you that these high ag prices will not stay here. They will end someday and we'll be back down and land prices will start dropping again a little bit. But as we see these values all across the state increasing, it does put pressure on the TEEOSA formula in the urban areas. As those values go up, their resources increase. And that has to be made up with an increase in property taxes because their state aid will go down. When your resources go up, your needs minus your resources means that you have to come up with more money. And so this here, when we look at what happens with the, the LB1107 money, the, the refundable tax credit, 71 percent of that goes to the residential commercial property owners. And the most of it goes into those school districts that are \$1.05. Those high-levy, high-cost areas is where the most dollars go to, the ones that pay the most get the most in refundable credit. And it is noticeable now already, people are starting to notice it this year, it is substantial. But we can't just stand aside and say we've done enough, we have to keep working on it. Because as those values go up, your taxes will go up, whether it's the city increasing their, you know, holding their levy the same, even if everyone holds their levy the same, when you see a 15 percent increase in your value, your taxes

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are going up. And that's what we're seeing now, we're going to, you know, you look at the city of Lincoln here this last year in the paper, they said they were not going to raise their valuations. They didn't see a need for it. And yet, at the same time, in the, in the paper three days later, they have this weekly thing where they talk about housing values and the housing values were going up 17 percent week after week. They, they held steady as prices are increasing 17 percent. And you can't tell me that valuations can be held steady when you're seeing the home values jumping by 17 percent.

WILLIAMS: One minute.

FRIESEN: That means if you're holding your valuations at zero percent increase one year, the next year if housing values are still climbing, you're going to need to raise your values by 17, 18, 20 percent. That shouldn't happen. That's a little bit what happened in, in Grand Island when apartment buildings took a 200 percent increase in value. That should never happen in one year. And if we don't help people with the property tax issue here, there's going to be people reluctant to build new apartment buildings. They're going to be reluctant to build new housing because people already can't afford it and we shouldn't have to subsidize this housing. We should just make it more affordable in the first place to own that home. And so that's the reason that we're focusing-- that I'm focusing again on the property tax portion. Thank you, Mr. President.

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

McCOLLISTER: Thank you, Mr. President. Good morning, colleagues. First time I've spoken on this, this bill, LB873. We use the Tax Foundation as a good measure to determine how Nebraska rates among the states. But this Tax Foundation can also give us some erroneous information. I contend that the number seven ranking that we have for property tax probably is, is a misnomer. Why do I say that? Mainly because of the property tax relief funds that we help homeowners and counties with. Would Senator Briese yield to a few questions?

WILLIAMS: Senator Briese, would you yield?

BRIESE: Yes.

McCOLLISTER: I, I know for a fact, Senator Briese, that you have the same map that I have in front of me where it says we have a 7th

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ranking in property taxes based on the value of the home and the taxes paid. Correct?

BRIESE: Yes, I see that there.

McCOLLISTER: In 2020, given the two funds that we have for property tax, how much, how much property tax relief did we give in 2022 or will give?

BRIESE: Those, those funds are worth about on average 18 to 19 percent of your tax bill.

McCOLLISTER: How about in absolute dollars, do we have a price tag on that?

BRIESE: Well, it'd be 548 plus 310, I believe, which would be 8-- 858.

McCOLLISTER: So we're getting fairly close to \$900 million, is that correct?

BRIESE: Somewhat short of that, yes.

McCOLLISTER: OK. But the property tax relief fund given almost a billion dollars worth of relief, that number 7th ranking really doesn't, doesn't make sense, does it?

BRIESE: Well, I'm not sure if these rankings were based on property taxes gross or property taxes net of credit. But I would say if by chance they are not net of credit, that credit's worth about 18 to 19 percent, and they show Nebraska being 1.84 percent of value. If you subtract 18 to 19 percent of that, that would put us about 1.49 to 1.5 percent of value, and that would still be higher than any of the surrounding states. I would point that out.

McCOLLISTER: Thank you, Senator Briese. I need to calculate that, and I'm grateful for the quick math that you did. I'm generally in favor of LB873. It's a little more expensive than I would like to see. I'd like to see a number of around \$600 million. We don't have that, but it could well be that when we analyze this bill and take up LB920, we could readjust some of those values. And I am looking forward to debate on LB920. It's been one of my topics of importance. So I would hope that we can do as well on LB920 as we have on LB873. Mr. President, I yield the balance of my time to Senator John Cavanaugh.

WILLIAMS: Senator John Cavanaugh, 1:45.

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J. CAVANAUGH: Thank you, Mr. President. Thank you, Senator McCollister. Mr. President, as I spoke earlier that I've been talking to some folks and I think there is a division of the question would be in, in order at this time. And so I would call for a point of order and a division of the question.

WILLIAMS: Senator John Cavanaugh and Senator Linehan, would you join us up front. Members, the Chair rules that the amendment is divisible. Mr. Clerk, will you please explain the division to the members.

CLERK: Well, Mr. President, there will be five components per the discussion with the Chair of the committee and Senator Cavanaugh. Senator Machaela Cavanaugh, is, is your bracket motion to stay?

M. CAVANAUGH: No.

CLERK: You want to withdraw that?

M. CAVANAUGH: Yeah.

CLERK: OK, thank you.

WILLIAMS: Bracket motion is withdrawn.

CLERK: Mr. President, in that case, the first component, Senator Linehan has asked that we-- that the body consider the personal income tax component, which will be AM2658, AM2658.

WILLIAMS: Senator Linehan, would you like to open on this amendment or waive that opportunity?

LINEHAN: As I understand it, we're doing this so we can stretch out the time, so-- sorry, it took me so long to get to the microphone. We are, if I remember right-- I'm sorry, Mr. President, could you say which amendment is first? I think I know, but just so I--

WILLIAMS: The individual income tax.

LINEHAN: Thank you, Mr. President. So I'm in a conversation over here explaining this, here's the bottom line on the top rate. It is the rate people look at when they decide where they're going to live or where they're going to move from. I will go to-- I can give examples of millennials who-- I have four in my family who sit at their computers and can pull up a house in Arizona and can tell you what the property taxes are, tell you say what their income taxes are, they look at their income, and they can, they can live anywhere, many of

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them, because of what they do, it's mostly online or media relations, or they travel all over the countries, whether it be in sales or some kind of consulting. So they can live anywhere and work from anywhere. So when they look at places, of course they're going to look, where is it warm? Sometimes it can be too warm. So I'm not sure I want to live in Arizona or maybe I would like to live in Florida, but I don't really like it that much in the summer. But let's see if I live in Florida, I have no income taxes and my property taxes aren't too bad. Sales taxes, as long as you stay away from the touristy areas where they really do have high sales taxes because they tax their tourist, I could live in Florida for a lot less than I'm living in Nebraska or I can go to Arizona. So that's the millennials. Now if I'm a senior, I'm crazy to live in Nebraska unless, of course, you have as many young grandkids as I do, seven going to eight, all of which except one live in Nebraska. So I will be here if I can afford to be. But when you're on a fixed income and your property taxes go up 7 or 8 percent every year, and one of the reasons you want to live here is so your grandkids come visit you and you realize that your fixed income is not going to cover that. And then you realize that none of your retirement income, none of my Social Security, my neighbors' Social Security, retirement income is it's all taxed. What-- I can drive back and forth from Missouri, Kansas, Iowa, Colorado, Wyoming, I can fly from Wyoming, South Dakota a lot of times and see my grandkids a lot of times. Matter of fact, I figured it out, I can live in Florida or Arizona and take my kids on very, very nice trips, all of them once a year. I don't, I don't really understand why this, and I think we're getting there, stay calm. But this is, again, if we do this income tax cut, we're still higher. Two states that have no income taxes. Colorado's at 4.5, Kansas is like maybe at five something. We're still, even when it's five years from now, we're still going to be the highest. This isn't enough. It's a start. This is not enough if we're going to be competitive. And two years ago, and this all feels very similar for people who were here when we did LB1107, we had an incentive package. We couldn't get to cloture on it because we had property tax people who wanted property taxes, couldn't get to cloture on that, tried to do school funding so we came up with LB1107. Is it perfect? No, but people like it. We have our incentive package. I would like not to have to have such a big incentive package and have just everybody get lower rates. So part of the goal here is let's not depend so much on an incentive package so a corporation will even look at Nebraska. Let's lower our rate. It's fairer. It's clearer. We're not picking winners and losers. We're saying, hey, everybody open for business. Come to Nebraska. Not come to Nebraska and let us show you how we can fix our tax code so you can actually be here. Because

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unless we have an incentive package right now, nobody's even knocking on the door. So this is a-- I don't even-- we have to do this. We have to do this or we're going to be in trouble. You talk about worrying about revenues in the future. If you don't have any people, you don't have any revenues. And I'll get right to this point-- how much time do I have, Mr. President?

WILLIAMS: 5:00.

LINEHAN: Oh, OK. The middle rates, let's drop the middle rates. That is-- that-- this is, I'm sure, not politically correct. But, but if I'm in Nebraska now and I have a \$200,000 house and I am retired, over 65, and my income is \$60,000 or less, and I hope Senator Lindstrom is listening or my other Revenue Committee members because I might be off a thousand here or there on what I'm going to say. And I discovered this when I was going to door to door knocking on a fairly new house, I think it was in Valley, very nice lady answered the door. And since I'd been going door to door and all I have been hearing about was property taxes, I was like, oh, hi, I'm Senator-- or not Senator, Lou Ann Linehan. I'm running for Legislature. I bet you're worried about property taxes. No, not really, she says. I'm like, really? She says, oh, no. I'm looking at a small but brand new house on a nice lot. She goes no, our property tax, we don't pay property taxes. We have the homestead exemption. Oh, that's nice. And then it's like, well, what about taxes on Social Security? Well, because of much of Senator Lindstrom's work, no, no, our income is below what you have to pay on Social Security. So the idea that we're not taking care of people at the lower income in Nebraska, that's just not true. And that's-- the conversation is wandering over that way. Again, if you're retired, living in Nebraska, income less than \$60,000, you don't pay. You do not pay any taxes on your Social Security. And if you have a home, and I'm not sure, my staff is over here, I'm sure they can get me the exact numbers, and you're over 65, and it could be a brand new home, nice, small, you don't pay any property taxes. So, yep, I'm going to stay in Nebraska. You bet I will. OK, so let's go to a young family in Nebraska. And these are all good programs, I have nothing against them. I just get tired of the idea that we don't do anything for people. We have a young family, let's say their mom stays home, two or three kids, dad works. If they-- they can get up to, I think it's around \$55,000 or \$56,000 and still get the earned income tax credit, which means that they don't pay any income taxes, they actually get money back, which is fine. The federal government has that program. That's good. It also means that if he's working a job and he doesn't have, they don't have healthcare benefits, his children qualify for CHIP. That's fine. I'm all for every child having good healthcare. But

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how much does that save a family if that dad had a healthcare program and went to work every day? I think about right now, somebody can correct this too, I know it differs, depends on where you work, sometimes they pay part of it. Most private employers are paying more now because they're so desperate for employees, but a lot of people only pay for the employee. So that means when they get up to that \$75,000 range, they're in the top bracket and they have to start paying for family health insurance, which can be anywhere from \$500 to \$600 a month, which is not deductible. Dropping this top bracket lets people earn more money. Our system right now gets you up to that \$65,000, \$70,000 range and it says you are, you're-- you have to jump a lot to make it, make it make sense, guys, you have to jump a lot because you're going to have to pay for your healthcare. You're going to be in the top income tax bracket. So all of a sudden, why would, why, why would my spouse work if it's all going to get eaten up in taxes? You want people in Nebraska, we need to cut the top rate. You want people to work-- Senator McDonnell, I don't know if he's here and I don't think I can yield him time because-- but I could ask him a question if he's around here. Is Senator McDonnell-- oh, he's right there, that's wonderful.

WILLIAMS: Senator McDonnell, could you yield? You have eight seconds.

LINEHAN: Oh. Senator McDonnell, real quick. Do people in labor: plumbers, electricians, firemen, do they care about the top rate on income taxes?

McDONNELL: They care about all taxes.

WILLIAMS: Time, Senator. Thank you, Senators. Members, Senator Hilkemann would like to introduce some very special guests seated in the north balcony. First of all, his wife Julie, his daughter Elizabeth and three grandchildren; Emma, Kayla and Ethan, all from Chicago. Also members, Senator Sanders would like to recognize three students and two teachers from Ollie Webb Center in Omaha. They are also seated in the north balcony. Would you please rise and be recognized by your Nebraska Legislature. Debate is now open on AM2658. Senator Albrecht, you're recognized.

ALBRECHT: Thank you, President. And this is so nice to see everyone in the queue becoming fully engulfed in the conversation on these tax cuts. I really want to recognize those that are in the, in the Revenue Office, the Committee Office. I'll tell you all the way from, you know, those who-- everybody, everybody has a play in this. So Linda, Jack, Grant, Mary Jane and Kay, a big thank you from me to you because

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you've always been there for all the phone calls, all of the letters that we receive, all of the questions that I've had for you over the last two years. You've always been there for us, and I just really want to take this time to thank you. It's one thing to have a committee, but we're only as good as, as the support that we have behind us. So I want to thank you for that. And again, I'm not going to get on the mike much more than what I have already, but I just want to say, you know, thank you to anyone who wants to divide any of these and talk about each and every one of them. I think it's important for the Nebraskans to know that, that we do care and that we do want everyone to understand what we're doing and why. I feel that there's balance, you know, when we have to go to Senator Stinner, Chairman of the Appropriations, we have to work things out with him just as well as we do with, with any other senator that's on this floor. So I feel confident that Nebraska has always been fiscally responsible. That's probably all I need to say. I've already opened before. I would like to yield the rest of my time to Senator Friesen, if he'd like it.

WILLIAMS: Senator Friesen, you are yielded 3:10.

FRIESEN: Thank you, Mr. President. So I was, I guess, hoping that we wouldn't go here and that we could possibly get something done in an expedited manner and get to a vote on this package. Because I, I look at this and I, to me, it is a package. There's a lot of compromise in here and I know there's people don't agree with parts of it, but I, too, don't agree with parts of it. But this is a compromise we've reached and I was hoping that we could, we could work through this. We could look at each-- everybody's concerns and get to a vote today so that we could move on to LB920. But if we're going to take this eight hours, I guess, then we, we are going to take the eight hours because of this package that has been designed carefully I thought. I am going to keep talking about the package as a whole because I think without one piece or the other, everything unravels and this has taken a long time to get here so a little disappointed that we have to address this in a, in a piece-by-piece fashion. So again, when we talk about the income tax rate in the state, and I will try focusing on that portion right now, but I'll, I'll jump to some other things later. But again, we have to look at in some way of, of doing a-- staying competitive with other states. And again, when we want to talk about doing some brackets that's-- being on Revenue for as many years I have you finally realize the complexity of our tax code. And so even by moving some brackets around, you're still providing some huge tax breaks for wealthy individuals. There's no way around that. It's just the way the system is built. And so we have adjusted, I think, the brackets in the past and before my time at least the lower brackets were adjusted. But

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this time we're just working with the top rate and to bringing it down.

WILLIAMS: One minute.

FRIESEN: So again by providing tax relief for those across the board, we're doing property taxes, we are doing personal income taxes, and we're doing a little bit of corporate. And so we look at this package, it's a little thing for everybody. We're doing some property tax relief because I feel that's extremely important in my district. And so I think this is a nice compromise that we had reached. Now could there be improvements made through, through the process without dividing the question? I think there could have been. But now by dividing the question, we've kind of put everything in its place because I can't support something where one piece fails, then we lose the whole package. And so I think improvements can be made to the bill if we would have left it whole and sent it forward to Select. There was opportunity. And now we're going to spend eight hours talking about something we've already spent eight hours talking about and nothing's really changed. And so to me now we're wasting time and we're preventing some other--

WILLIAMS: Time, Senator.

FRIESEN: --bills-- thank you, Mr. President.

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

BRIESE: Thank you, Mr. President. There was a conversation earlier, I'm going to skip over the property taxes here for a bit, conversation earlier, Senator McCollister has asked me some questions about our tax ranking. And the suggestion, I believe, was that the national rankings relative to our property tax burden are exaggerating the severity of our property tax crisis. And I, I would suggest go out and tell any Nebraskan out there that their property taxes aren't too high and see what kind of a response you get. I think it's an argument any of us would lose. What I do know relative to those property tax rankings, I'm not sure if they take into account the credits. Senator McCollister maintains they don't and he may well be correct. I'm not sure of that. But what I do know is according to the information the Chamber provided us among the neighboring states at an income level of \$75,000, we have the highest income tax burden of those six or seven states. And then if you compare the property tax burden that we have here in Nebraska to those six or seven states, it is also higher. But

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what I, what I did also want to say that the Legislative Research Office tells us that we collect net of credits still roughly \$650 million more in property taxes than individual and corporate income taxes. And so we-- again, we have one of the highest income tax burdens among the neighboring states at that income level of \$75,000. And then we're collecting another \$650 million in property taxes than we are in individual income taxes. And so individual and corporate income tax, excuse me. And so that suggests to me strongly that we do-- yes, we do have one of the highest property tax burdens in the area, whether those rankings are taking into account the credits or not. But relative to those credits, as I suggested to Senator McCollister, those credits equal roughly 18 to 19 percent of our property tax bills. And if they aren't taken into account in those rankings, I see in the rankings from the Tax Foundation that Senator Linehan handed out that we have property taxes equal to roughly 1.84 percent of home values in Nebraska. If you subtract 18 percent from that, you have roughly 1.49 or 1.5 percent. Look at the surrounding states on the map, and that is still higher percentage wise than any state around us, with the possible exception of Iowa that I think is at 1.49. So I think as far as I'm concerned, we have outrageous property taxes in this state. I think almost any Nebraskan will tell you the same thing. And the accuracy or inaccuracy of those rankings really is somewhat irrelevant at this point, in my view. Going back to the income taxes, you know, we talk about growing our state all the time and there's multiple avenues we look at. People want to live here because of our schools, because of recreational access, because of the quality of living, safety, broadband, infrastructure. And folks look at taxes. So in young families are considering where to live, work, and raise their families, they look at a multitude of factors, but they look at taxes. And the first thing they look at is the marginal tax rate. As one testifier said at the hearing, that marginal tax rate really is the front door to our state. It is the window sticker of our state, and I would suggest to you that our front door needs a little sprucing up. Having one of the highest marginal income taxes in the area is not conducive to attracting residents, attracting businesses, keeping our current residents here, not conducive to growing our state and we need to do something about it. This entire package is important. Nebraskans deserve it. We need to get it passed. We need to come together and get this done.

WILLIAMS: One minute.

BRIESE: Thank you, Mr. President.

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

CLEMENTS: Thank you, Mr. President. Well, Senator Linehan has talked about how Nebraska is already taxing the middle class, and I found some research from an article that says: What income level is considered middle class in your state? It was published February of 2022, a company called GOBankingRates. They said: It might take more money than you think to reach this income tier. The Pew Research Center defines middle-class or middle-income households as those with incomes that are 67 percent to 200 percent of the U.S. median household income. And this research using Pew's definition of middle class, the GOBankingRates analyzed data from the U.S. Census Bureau's 2019 American Community Survey to determine how much two-, three-, and four-person families need to earn in every state to qualify for this classification as middle class. So they have each of the states showed up here and Nebraska shows a two-person family middle, middle-class income is from \$47,600 up to \$142,000 of income, and that means the median income they're saying in Nebraska is \$71,000. Our top tax bracket starts at \$58,000, so almost all of the middle-income class range people are going to be at the top bracket. The prior bracket goes from \$36,000 to \$58,000, and that's at 5 percent-- 5.01 percent. But once you hit the \$58,000, you go to 6.84, that's 36 percent more than the previous bracket. So it's a large jump once you get over the \$58,000 income and the three-person family middle-- median income is \$80,000, four-person family is \$94,000. And so the median what they're saying for middle-income class people is already above the top tax bracket income amount. And so I think it is true that this is a middle-class tax cut if we lower the 6.84 down to 5.84 and I believe that it's reasonable. If Senator Friesen is here, I would yield him time.

WILLIAMS: Senator Friesen, you are yielded 2:00.

FRIESEN: Thank you, Mr. President. Recently, the pages handed out the per capita property taxes collected and then another that showed a graph of ag land value increases residential, the taxes paid and the values. And so looking back, I've talked about this before when we looked at property tax collections per capita. You'll look at, and this is, I think it's by county, and you look at the number one, the highest per capita tax collected is McPherson County. Number two is Arthur County. Number three is Wheeler. Number four is Loup. And you'll see that these are the sparsely populated ranch counties out west where the per, per capita tax collections are pretty high. And that's why--

WILLIAMS: One minute.

FRIESEN: --you can see also, this is where all the nonequalized schools are that don't receive any equalization aid. And when you look at the values on the other on the chart, you'll see why this happened. You saw ag land values that in from 2008 to 2018 was the latest data I had at the time, had gone up well over 200 percent. While the non ag land values like residential and commercial had only seen roughly, you know, 30 to 35 percent increase over those ten years. And so that huge disparity in the valuation increases is what drove TEEOSA formula to stop giving equalization aid to those rural counties that have-- their values, their, their resources increased versus their needs and they no longer receive that equalization aid.

WILLIAMS: Time, Senator.

FRIESEN: Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen and Senator Clements. Senator Slama, you're recognized.

SLAMA: Thank you, Mr. President and good late morning, colleagues. I rise again still in support of LB873 and the Revenue Committee's amendment. And I'm glad I followed Senator Clements, Senator Friesen, in that they were in front of me to explain the number side of this side. I, I think they and Senator Stinner are our, our numbers guys in the body. And it's clear the more we talk about LB873, the more sense it makes. And it's not just dollars and cents, but actual fiscal sense for our state. These tax cuts are not only sustainable, they are the responsible thing to do. I've been interested to listen to debate this morning and hear questions about whether or not this is a middle-class tax cut. And I wholeheartedly believe it is. I had-- there was someone who got on the mike and said, well, if people only care about taxes, well, why aren't they going to Delaware or Florida? And I think it's because the folks who are choosing whether or not to live in Nebraska very clearly split up into two groups. One is a flexible group. It's retirees or people who don't really have strong ties to the state. And you're right, they can live anywhere, Texas, Florida, Delaware. And then there's a second group, the group with ties to Nebraska, either with family or they have a job in the state or near the state. And that's my area of expertise. That's, that's the group of people that I represent in southeast Nebraska. We border Iowa, Kansas, and Missouri. All three of those states have lower property tax rates, lower income tax rates and a more reasonable tax structure overall. And we do, we do-- like, this is not some sort of fantasy land. I see it every day

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in my district of folks who choose to work, live, and raise their family across the border, or they choose to come to work in Nebraska at any one of Southeast Nebraska's wonderful employers, whether it's Peru State College, Cooper Nuclear Station, any, any of the major employers in District 1. We have people who decide to live across the border because that's what makes financial sense for them and their families. That's why that second group of people is so important, because these are the families who are putting their roots down in a neighboring state. They're working for us, so, so we get taxes on that front. But those kids, they're not Nebraska kids, they're getting raised in Iowa or Missouri or Kansas. And that's where they're going to look to raise their families, so when we're looking at the overhaul of LB873 and we're looking at the different components, Social Security, income tax and property tax relief, you're absolutely talking about a middle-class tax relief package. And if you are voting against this, you are voting against the grandest, grandest of compromises when it comes to restructuring our tax code that we've had in any of our times in this body. So I'm excited to see this vote. This is a once-in-a-lifetime opportunity for this body and our state to stand up and give Nebraska taxpayers their money back. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. And thank you, colleagues, for the continuing conversation. I've been talking to folks off the mike about just in general the package and everybody, as is clear, has the parts that they like and people have parts that they don't like and some parts people love and some parts people hate. And that's the point of dividing the question is that we at this point, we are on AM2658, which is the personal income tax level, which Senator Linehan walked us all through and explained what this section does. I have spoken against this section and I brought amendments to this section on the previous iterations of this bill. For those watching at home, this is the third version, fourth version, really, because we never actually brought up LB919. But this is the third iteration of this exact income tax cut and corporate tax cut that we've had that has made it to the floor of this year. Third time it's been debated on the floor and I've been opposed to the corporate tax cut all along the way. And I have been engaged in attempts and discussions to change the nature of the personal income tax. And the reason for that is that-- and we've handed-- maps have been handed out on the several previous iterations of this where we've talked about what the median income is in each county and the median income in the State of Nebraska and what

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is real, what is middle class, and what is, you know, who, who are people that we're trying to help. Ultimately, this bill, as is right now, gives a tax cut to individuals, well, married filing jointly making above, I think it's \$64,000 this year and it goes up. It's pegged to the inflation, so it goes up. But we'll say \$64,000, which everyone agrees is not a rich person. Everyone agrees some married filing jointly whether you have no kids or, or some kids is middle class to lower middle class because that is-- \$64,000 is an income level where you are living paycheck to paycheck in a lot of instances, that you have to pay your mortgage, you pay your rent, you pay your utilities that you, you could use some help. And so I do agree that we are in a position to give real tax relief to Nebraskans. And I do agree that we should give real tax relief to middle-class Nebraskans in particular. I brought a bill that would have done that. I brought an amendment to this bill that would have done that, would have lowered the, the next tier down from 5 percent to 4 percent, 5.01 to 4.01. And that would have given more tax relief to the individuals in that tax bracket that are not currently getting any tax relief under this bill because it, it goes down to, if I remember, \$31,000 in income and those individuals all the way up to the \$64,000 would get that tax relief and then everybody above that would get that same tax relief. So it was somewhere around 200, 250 bucks for everybody that was-- it was the maxed out tax relief. And that would be the tax cut that you would get if you made \$64,000 married filing jointly or if you made \$100 million married filing jointly. Under this bill, if you make \$64,000 married filing jointly, you get nothing. Under this bill, if you make \$100 million or you make \$1 million because that's the number I have here, if you make \$1 million, you get over \$9,000 in tax relief. So yes, this does give middle class tax relief. Yes, it does. It gives it to the people that Senator Clements was just talking about. People making up to \$100,000, people make \$120,000 who I do think we should be giving tax relief to. But at the, the-- to achieve that under this bill, to give somebody that makes \$100,000 a year, a couple of hundred dollars in tax relief, we have to give somebody making \$1 million a year, \$9,000 in tax relief. And there are 8,811 tax, tax filings over \$1 million in the state of Nebraska.

WILLIAMS: One minute.

J. CAVANAUGH: Thank you, Mr. President. This bill, this amendment would cost us something like \$70 million to give them the tax relief in this, \$70 million. My proposal for the 5 percent down to 4 percent cost \$97 million total for tax relief across everyone. And it was loaded to give it to those people and the working-class people, people making below the median income and, and up to the people making \$1

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million. They would get the same tax relief, and-- but it would not give \$9,000 to millionaires. So my problem with this is where this is weighted, who gets the most relief here, not the fact that we're giving tax relief, and we should be targeting it in some way more to middle-class, median-income people in the state of Nebraska. And we can do it more effectively. We can do it better. We can give more relief to middle-class people. And that's my problem with this amendment. And that's why I think it should be separated from the rest of the package so people can make that decision on its merits, on its own, and not be stuck voting for this because they like some other portion of this. I do like other portions, and I'll talk about that later, the other portions that I like and why I like them. But this one gives to much--

WILLIAMS: Time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

WILLIAMS: Thank you, Senator Cavanaugh. Members, Senator Ben Hansen would like to introduce 20 fourth-grade students from the Arbor Park Middle School in Blair. They are seated in the north balcony. If you would please rise and be recognized by your Nebraska Legislature. Returning to debate. Senator Hunt, you are recognized. Senator Hunt is not on the floor, we will pass over her. Senator Moser, you are recognized.

MOSER: Thank you, Mr. President. Well, I'd like to continue on a little bit about the competitiveness between us and adjoining states and tax rates. And by most comparisons, living in Nebraska is a little bit more expensive than our adjoining states. And since I was born and raised in Nebraska, I'm inclined to stay here even if it is a little more expensive. But not everybody is motivated by those hometown feelings. They look at their checkbook. And if you live in Valentine, which is pretty close to South Dakota, you could move to South Dakota fairly easily and pay no income tax. And overall, their tax rates are a little less. And then you could drive back to Nebraska to visit friends or even have your business there if you want to. Or if you lived in Crofton, you could move to Yankton and save that tax money, too. You know, we've weathered some tough times in state government. You know, it wasn't so many years ago where we had a shortfall in our income and we had to make some cuts in the budget. I don't know that there were a whole lot of programs that actually had cuts, but probably a few. And nonetheless there were budget cuts and it was very uncomfortable. You know, maybe we need to look, and I think we have really, but look at how we spend money so that we don't get in another

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situation like that where we don't have enough revenue and, and not because we aren't taxing enough, but because we're spending too much and we still have some spending bills left. I think we're going to need, if this bill does not pass, this collection of tax cuts does not pass, I think it's going to be really hard for some of those other things to be approved when the vote on this was 32-17, I think, the last time. So there would be 32 senators whose will was thwarted by the cloture rule and they would take a stern look, I think, at further spending if this tax bill doesn't move forward. With that, I yield the remainder of my time to Senator Briese.

WILLIAMS: Senator Briese, 2:20.

BRIESE: Thank you, Mr. President. Thank you, Senator Moser. Probably finishing up here shortly, but I, I just wanted to emphasize what is at stake here. This is a package. You know, we're dividing the question five ways, but no, it's going to, it's going to be all or nothing. And again, some folks don't like every aspect of it, just like I didn't like every aspect of the budget or the ARPA proposals. And most anybody in here had some objections to one or the other of those. But it's a package and it's going to stay a package and we have to remember what's at stake here. We're going to prevent a 200-- with this package, we're going to prevent a \$200 million property tax increase on everyday Nebraskans. If you want to prevent a \$200 million property tax increase on Nebraskans, you better be supporting this package. If we don't support the package, we don't pass it, we're signing off on a \$200 million property tax increase. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Briese and Senator Murman [SIC]. Mr. Clerk for items.

ASSISTANT CLERK: Mr. President, amendments to be printed, Senator Matt Hansen to LB873. Additionally, priority motion, Senator Bostelman would move to recess the body until 1:00 p.m.

WILLIAMS: Members, you've heard the motion to recess until 1:00 p.m. I would remind you we will maintain the queue. Senator Friesen, you'll be the first speaker after lunch. All those in favor of recess say yes. Opposed say nay. We are on recess.

[RECESS]

HUGHES: Good afternoon, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber. The afternoon session is about to

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reconvene. Senators, please record your presence. Mr. Clerk, please record.

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

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

ASSISTANT CLERK: None at this time, Mr. President.

HUGHES: Thank you, Mr. Clerk. We'll proceed to the first item on the afternoon's agenda. Mr. Clerk.

ASSISTANT CLERK: Mr. President, when we left before the recess, pending was LB873. Additionally, the Revenue Committee amendments had been divided with AM2658, the personal income tax, pending, Mr. President.

HUGHES: Returning to debate. Senator Friesen, you're first in the queue.

FRIESEN: Thank you, Mr. President. Again, colleagues and people watching, we are now talking about a bill that basically has been debated before. We have now divided the question into five different components. But again, a compromise was reached to get to this point. We'll see once where we can go from here. But again, I'm going to talk a little bit more about the-- the property tax component and what's the reason for my strong interest in the property taxes in this state. So when we look at the-- the graph that I handed out showing what happened to ag land values, and if you look at the bottom, the non ag land taxes collected was relatively flat. But those increases are going to start to come in the next couple years because you'll see this goes to 2018, it's the latest data I had, so you add four more years of increases on the residential commercial properties, and-- and I think we've been seeing 15-20 percent increases in-- in values there, so that would be reflected in this graph. And now we're going to start seeing ag land values start to turn upwards, too, instead of coming down, like it shows here on the-- on the top graph. I think ag land values now have reversed and are starting to go back up. So when we look at the-- the property tax situation, we all know that if-- if the levies are held the same and values go up, they collect more tax. It's the check I write that makes the difference. And it's not levies. It's not valuation. It's the taxes you have to pay. And by doing what we've done, we've created a refundable tax credit on the amount you pay to your K-12 schools and it's just on the General Fund portion of it. But if you look at that today, we're refunding approximately 25

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percent of that. But we are going to continue to see those property taxes go up, and obviously, if we have inflation here, the schools are going to have to pay more in wages. Their health insurance costs are going to go up. I mean, obviously, their costs are going to go up with this inflation rate, and so they're going to be demanding more revenue. And so even if they hold their levies the same, if valuations are increasing 15 percent, the check you write for taxes is going to go up. And so my goal has always been to find a way to get some state aid to the nonequalized schools, but we haven't accomplished that yet. This is the next best thing, but it doesn't give us credit. When people look at the-- the way our K-12 schools are funded, we're still 49th in the country as far as state support of our schools on property taxes when indeed that probably isn't a true look at it. If you take the 25 percent now that's in a refundable tax credit, you could say we might be somewhere in the middle of the country now, but most people don't recognize the refundable tax credit as a-- as a relief of that property taxes on school funding. So ideally, in the end, we would work on the TEEOSA formula and find a way to use this revenue there, to distribute it fairly to all schools in the state and recognize then that people would see that we are contributing to our K-12 and that we're not 49th in the country anymore when people are looking at those things as they maybe are thinking of moving somewhere. But it is interesting to look on the property taxes collected per capita--

HUGHES: One minute.

FRIESEN: --to see where the Nebraska average is \$2,155 per person, and you got people in McPherson County that pay an average of \$7,764 per person. So property taxes are a real burden in the rural parts of the state. They do add up to a substantial sum, and they do make it difficult for that cow/calf producer in rural Nebraska to compete with those in Wyoming and South Dakota, where he has to compete on market share. Thank you, Mr. President.

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

HALLORAN: Thank you, Mr. President. Good afternoon, colleagues. Well, a lot has been said. It's been a good conversation. We call it a conversation, and it has been thus-- thus far very friendly, and I don't intend to change that friendly conversation. But it's been said that state revenue is significantly higher than projections, we're flush with money as a state, the revenue for the states generated by taxes is high. We've been overtaxing, and a lot of people are comfortable with that. Some-- not a lot of people, some people are

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comfortable with that and they would like to leave that the way it is, but when we overtax, we should give serious consideration, as we are with LB873, to lightening that load of taxes to our taxpayers. Semantics are important. Words are important. Oftentimes on this floor, we'll hear the-- some members of the body refer to state revenue. They'll-- they'll refer to it as our money, meaning the Legislature's money. We do the appropriating. The term "our" is a progre-- is a possessive adjective, implying that the money belongs to us, the Legislature. State revenue is not our money. Belongs to the taxpayer, comes from the taxpayer. We collect the money by statute. By statute, taxpayers are required to pay their taxes. When we collect more than we need, we need to return or at least lighten the burden of taxes as we are trying to do with LB873. It's a comprehensive effort to allow you the taxpayer to keep more of your money. Another interesting piece of semantics or vocabulary that's used suggested that LB873 would be too expensive. Too expensive implies it will cost the state. Will not cost the state anything. Oh, in fact, it-- it-- it will end up in reduction of-- of income for the state, but it doesn't cost the state anything. These same folks that would suggest that it's expensive to the state show not enough regard to the taxpayer and the expense that taxes are to them. So it's not really our money. Legislator-- Legislature is granted stewardship of taxpayers' money to satisfy management of our state; and at the local level it's true for property taxes. Counties are stewards of the money that's generated from property taxes for the purpose of-- of funding local units of government. Part of the responsibility being a good steward is-- is to not tax any more than necessary. I know that doesn't sound too inspirational to most people, but that should be the goal, to be just taxing just enough to satisfy the state's needs or the local units of government. While I've got a few minutes, I'd like to talk about corp-- corporate taxes. And I don't want to be labeled as one of these guys that's-- that's a-- that's a-- a big fan of corporations, but we can't live without them. They produce about everything that we buy as consumers. So what is a corporate tax? Do corporations really pay a tax? Well, we charge them a tax, and for some people we would like to charge corporations more tax, but do they really pay the tax? I would argue that, no, corporations don't pay taxes. They don't pay the corporation tax. When a corporation is taxed, what do they do with that--

HUGHES: One minute.

HALLORAN: --tax liability? They amortize that into the product they sell or the service they sell. It's factored in to every product we buy. It's factored into every product the taxpayer buys. And so it's--

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it's not a transparent tax. Corporations don't pay tax. Consumers pay a hidden tax in everything we buy to satisfy paying down that corporate tax. So one of the fundamental principles of what we do here should be transparency. I would suggest we need to do-- do away with corporation taxes and-- and let it be known transparently what we're charging people and not hide it in a corporate tax that they pass on to the consumers. Thank you, Mr. President.

HUGHES: Thank you, Senator Halloran. Senator Sanders, you're recognized.

SANDERS: Thank you, Mr. President. Good afternoon, colleagues. I stand in support of LB873 and AM2658 and appreciate all the work the Revenue Committee has done on this bill. With that said, I will yield my time to Senator Linehan. Thank you, Mr. President.

HUGHES: Senator Linehan, 4:30.

LINEHAN: I'm trying to look around who I can ask questions to. So I think the state of play here-- there's several people not here yet back from lunch, which is fine. I think the state of play here is it's divided into five equal questions. I have not had a chance to visit with Senator John Cavanaugh or others on how we want to move through this afternoon. I don't know if we want to be here until 10:00 tonight. I don't even-- what day is it, Wednesday? It would seem to me maybe--maybe there's a chance here we can move forward. I would ask that if that is correct, that maybe I can huddle here in a little bit, we can see where we're at. I literally can't see people, so I can just-- I can talk about this all day, so I will. So the package, if people are just tuning in now, haven't caught where we are from this morning. So we are trying to move a tax package forward that is significant. It helps property taxpayers. It addresses-- it doesn't-- like all this tax package-- since we've been here for the last few years, all this tax package, it's incremental. It doesn't solve the problem, but it helps a little more. LB1107 was a good start. This adds a little more to the LB1107 credit. It's not a little more. It's \$50 million, then it gets up to \$195 million in five years. It lowers the top rate for both businesses and for individuals. So right now, our top rate is 6.84, which is higher than any of our surrounding states by a significant margin. And even though this lowers it to 5.84, we will still be highest in the Midwest. We also know-- we already know we have high property taxes so the-- you put a high income tax on top of it, it makes us noncompetitive. If we want to keep seniors in Nebraska, seniors who can-- who have grandchildren here and who have more disposable income than most, want to keep them

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in Nebraska, we need this package because it takes away tax-- we will no longer tax Social Security. I think Senator Lindstrom is the expert on this, but I think it's only 13 states in the Union that actually tax Social Security, and some states, another, our neighbor, Colorado, I think, it's the first \$28,000 of any kind of retirement income for a individual is not taxed. So for a couple, it's almost \$60,000 of any retirement income, whether it be Social Security, military, federal. It doesn't matter. It's not taxed. I think this is critical that we move that or we're going to lose seniors. If we want millennials here, which everything I've read from Blueprint and the newspapers, and I didn't watch 60 Minutes, but somebody told me, on Sunday night, 60 Minutes had a whole story on why millennials are fleeing to the South and fleeing to tax havens. They're doing so because they can live where it's warm and there's a beach and they can not pay income taxes.

HUGHES: One minute.

LINEHAN: And actually, millennials pay attention to this. So I-- and let's not forget the new world we're in where your office can be wherever you want your office to be. People are going to start looking at their choices. Actually, the youngest, the millennials, younger than that, they look at choices all the time. I think it was Senator Wayne that told me once when I was frustrated about lack of patience that you-- remember, you're working with a generation that's never waited more than a minute for a hot dog. Thank you, Mr. President.

HUGHES: Thank you, Senator Linehan. Senator Vargas, you're recognized. I don't see Senator Vargas. Senator Flood, you're recognized. I don't see Senator Flood. Senator Clements, you're recognized.

CLEMENTS: Thank you, Mr. President. I was just looking. An interesting statistic, we had a-- a report from the Retirement Board over the lunch hour and it told us about the monthly benefits that are paid out to retirees, so teacher retirement, State Patrol and judges, and there are 28,377 retirees that we're paying \$63 million a month to them total. They're averaging \$2,200 a month. And I looked at-- and it also shows what states they live in. Now 88 percent of them still live in Nebraska. But then I was looking at the other 12 percent and where they are. The next state with the most retirees, Nebraska employees that are retired elsewhere, Iowa is the first one, then Colorado, then Arizona, then South Dakota, then Missouri, Kansas, Texas, Florida, and Wyoming. And I thought it was interesting that those are states that we've been discussing that have lower income tax rates than Nebraska, and I think some of them even exempt retirement payments, which what we're doing here will not exempt a school teacher's retirement, but

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there are states that do that. And so having-- seeing that people are moving to Iowa, Colorado, South Dakota, Missouri, Kansas, and Wyoming when they retire is just an indication to me that people who aren't attached to Nebraska for other reasons are looking around. Now back to the-- or over to the property tax part, property tax, I've been really pleased that it's the \$548 million that is allocated that gives us 25.3 percent on your Nebraska tax return in 2021, and that is also going to be on the 2022 return. So those of you who haven't done your tax return, I encourage you to make sure you fill out Form PTC on the 1040N and it'll be more money than you expect to have had, especially with farmers. Probably the top one I've had was a farmer who pays \$80,000 in property tax and did get \$13,000 back from the state. He owed about \$8,000 of income tax, but the state, then he got a \$13,000 credit, so he got a tax refund, first time in his life. The state's going to send him a check, and-- and it should happen again in 2022, but this bill will put a floor of that 25.3 percent and increase it with the valuations in the future, and I think that's an important thing so that we don't end up having a property tax increase, as Senator Briese has mentioned. In two years, \$375 million would be the credit and it would drop to about 18 percent from the 25 percent current level. Then the community college also--

HUGHES: One minute.

CLEMENTS: One minute? Thank you. Community college is also-- I appreciate seeing that, that we're putting \$50 million into a credit toward community college property tax that you pay. And that's about, I understand, about \$200 million total, so it's about 25 percent of the community college tax you pay, and the bill increases that up to \$195 million over the next five years, which would be-- that would make it about 100 percent of the community college property tax, which is a little bit different way to do it, but it still is an improvement over the system that we have. I've told you again--

HUGHES: Time, Senator.

CLEMENTS: Thank you.

HUGHES: Thank you, Senator Clements. Senator Slama, you're recognized.

SLAMA: Thank you, Mr. President, and good afternoon, colleagues. I rise and this is my third time on the mike today. I normally don't get this involved in floor debate, especially when there are this many people involved. I like to make sure that everybody's got a chance to get up and share their thoughts. I'm still in support of LB873 and all

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of the components therein. If you are just tuning in after the afternoon break, we are looking at right now a division of the question. We're handling the language of LB825 as a committee amendment presented by the Revenue Committee, and that division of the question has broken that committee amendment down into five separate parts. The way I understand it is the-- the amendment that we're dealing with now is the income tax cut. If we get to a vote on that, we will go to the other four divisions, which are the corporate rate decrease, property tax relief, Social Security tax relief, and the language striking the original LB873, which Senator Friesen spoke to earlier. So that's just to get everybody watching at home up to speed. There's a lot of inside baseball going on right now, but at the end of the day it all boils down to this. Last week we had a debate and we watched a-- a grand compromise of a tax relief bill die under the guise that some people were uncomfortable with the process. They felt that it was brought too quickly and they didn't have time to think it through, so that's why they chose to be present, not voting on the bill. Now we've had some time to digest this tax plan, which I think is wonderful. And Senator Briese, Senator Linehan, Senator Lindstrom and Senator Stinner have done a wonderful job of putting together a sustainable, responsible, structural tax relief plan that I'm-- I'm proud to support. This is really the first time that I-- since I've started serving here in 2019, that we've had a bill that addresses so many core issues with our tax structure. I mean, this is the best of all the worlds. If you're a senior citizen and watching this, we've got Social Security tax relief in here. If you're a-- if you're a middle-class working individual, we've got income tax relief here. If you own property, we've got property tax relief in here too. We have all of the big issues that we-- we hear about from our constituents in terms of Nebraska's taxes are too high in this package. So when we get to a vote on this sometime this afternoon or this evening, the vote on LB873 and its component parts all boil down to this: those who support tax relief and those who don't. It-- it's genuinely as simple as that. Thank you, Mr. President.

HUGHES: Thank you, Senator Slama. Senator Briese, you're recognized.

BRIESE: Thank-- thank you, Mr. President. Good afternoon, colleagues. You know, it really seems like a lot of folks, everybody has a gripe about this package. You know, some folks don't like the corporate rate reduction. Some don't like the income tax reductions in general. As I may say, well, it's not enough for us. Others may say it's too much property tax relief. But this really represents a package deal on taxes. It's not perfect, but it's a compromise. It's a compromise that pro-- provides an amount of property tax relief similar to the amount

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of income tax relief contained in it, and it's a compromise that's a huge win for Nebraskans. Again, what's at stake here? Can't say it enough, it-- without this package, Nebraska taxpayers are going to experience a \$200 million property tax increase in 2024. This pack-- in addition, this package is going to provide an additional \$195 million worth of property tax relief when fully implemented. It's going to provide some substantial rate reductions to make our state more competitive, to attract businesses, attract residents, keep current businesses and current residents here. It's going to help us grow our state, and it's also going to help protect our senior citizens by giving them some additional tax relief. AM2568 [SIC] is the train that's going to leave the station, and I would submit it's the last train and I think we all want to be on it. You know, we really need to come together here for the good of the state and, you know, working together means advancing this proposal, and there's-- there's not another chance. And I believe the passage of the tax proposal that we're talking about here really clears the way for the ARPA package and the budget, and the budget bills are very important to Nebraskans as they direct some much-needed dollars to areas of high need, and as is the ARPA bill. And a combination of the budget bill directing those dollars, the ARPA bill distributing those dollars to areas that are going to help us grow our state, combined with this package, really is the grand package that will create momentum for this state moving forward. It's going to help us create jobs, encourage investment, bring people here, and keep the families here that we have, keep the businesses here that we have. So the combination of the budget, of ARPA, of this tax package, really is the trifecta of growing our state, and we need to get behind this. And again, we all have gripes about parts of the budget, parts of ARPA, parts of this package, and nothing's ever perfect. It's never going to satisfy everyone. But it's an extremely important package to our state and to the future of our state, and I would encourage-- strongly encourage your adoption of the amendment and the underlying bill. Thank you, Mr. President.

HUGHES: Thank you, Senator Briese. Senator Williams, you're recognized.

WILLIAMS: Thank you, Mr. President. Good afternoon, colleagues. I was fortunate to have a-- a wonderful college roommate in undergraduate school, and we went through law school together. And then he started working for the Department of Revenue, and he retired from the Department of Revenue shortly before I was elected to be a senator. And one of the things that he gave me when I moved down here was something that he had had hanging on his wall over at the Department

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of Revenue for those-- all those years, over 40 years that he was with the Department of Revenue. And I think the-- I think the saying on here, if Senator Erdman is here, he will-- he will really enjoy this. It says: Now is the time that women weep by the fireside and men work quietly in the fields. The Legislature is in session and no one's property is safe. And that was written by Daniel Webster in 1830. I have to remind myself of that a lot, that when we are in session, we have to be careful that people's property is safe. Each one of us comes from a different spot, different geographies across the state, different ages, different political affiliations, lots and lots of differences. But I would still say that when we put all those differences aside, we have a great deal more in common in here than we have as differences. Our problem is most of the time, we spend our time focusing on our differences. I think we have a lot of commonalities. I think we all are striving to provide high-quality education at all levels. I think we are all striving to provide good roads and infrastructure across the state and safe water use. I think we all want to help those people that are less fortunate than we are so that our state can thrive, and I think we all want to provide a safe environment. That's our police. That's our military. That's our prison system that we've talked a lot about over these times. Where we get into our differences is, is how we're going to pay for those things, and certainly we do have differences. But as we sit here today, and recognizing that we have a tremendous opportunity facing us right now, we have had situations where we couldn't address these problems because we simply didn't have the availability of the funds. And through a lot of good fortune and hard work, we now have a spot where we can make a transformational difference in the future of people in this state. I'm really proud of the budget that was put together. Holding-- with-- with inflation doing what it's doing and addressing some incredibly important issues, having that budget just be slightly above 3 percent, I think-- I think, is really good work. I'm also proud of-- of-- of ARPA and where we are with that and the bill that we advanced and we'll see again, and hopefully we can move that forward. I think there are things in that that make a significant difference in-- in people's lives in our state. But if we're going to take the next step and make a significant difference, it's the bill that we're addressing right now, and Senator Briese has talked about that, along with others, that this-- this, I believe, is the time, the unique opportunity that we have to make a difference. We can break it apart if we want to and talk about--

HUGHES: One minute.

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WILLIAMS: Thank you, Mr. President. We can talk about individual income tax, we can talk about corporate rates, we can talk about the structure of all that, but there is a point where we all have to swallow and say, this is what we have in front of us. Is it perfect? No. But is it something that is doable? Does it have the protections to keep our state in good stead financially? I believe it does. I think those are the things that we need to be looking at and deliver this to the people that have been asking us, for at least the eight years that I've been here, to make that kind of a difference. So I say put our differences apart, celebrate our commonality of the things that we can do together, and let's move forward. Thank you, Mr. President.

HUGHES: Thank you, Senator Williams. Senator Walz, you're recognized.

WALZ: Thank you, Mr. President. That was quick. First of all, I want to say that, you know, I do support tax relief for people. I don't think, Senator Briese, that it's just about having a gripe with the tax relief package. It really is about making sure that we have a balance of tax cuts and assuring that we always, always have resources for infrastructure, vital services and education, not just-- not just today or not just in the next couple of years but well into the future. There was an article from Jim Karleskint. he's a former Kansas lawmaker who is urging neighbors to proceed cautiously when considering tax cuts. And I wanted to read the article: As a former Kansas legislator who worked to clean up the mess after sweeping tax-- tax cuts in our state, I've wanted to cover my eyes lately as several other states, including some of our neighbors, pass or consider their own tax cut packages. Much was written about what has happened here in Kansas after the then-Governor Sam Brownback and the legislature enacted massive income tax legislation in the early 20-- in early 2010. The claim that-- the claim at the time was that tax cuts would cause such great economic-- oh, nope, that doesn't work better-- economic growth, that it would more than offset any revenue losses. But rather than creating an economic boom, the tax cuts led to huge budget shortfalls that threatened our prosperity. K-12 education funding was decimated to the point where some schools had to close early. Lawsuits were filed against the state because of inadequate education funding, and the Supreme Court told the legislature to remedy the situation, or else the court would order the public schools to close. And I have a daughter-in-law who was working as a public schoolteacher in Kansas, who had called me and said, I don't know if I'm going to have a job, I don't know, in the fall, if I will have a job. Roads funding was slashed and important transportation projects went undone. Lawmakers eventually raided our public retirement funds

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to balance the budget. Local governments significantly raised property taxes on residents to make up for the support they lost from the state. We also enacted the highest food sales tax in the nation, a measure that is punitive to low- and middle-income families who spend a large amount of their incomes on food and other basic necessities. In the end, my colleagues in the Kansas Legislature and I had to roll back many of the tax cuts, but not before substantial damage was done, and many of the lawmakers who voted for the tax cuts were voted out. I understand the desire to get money back in the hands of your residents at this time. It's laudable-- it's a laudable sentiment, as many people are still suffering and struggling to stay afloat as we come out of the pandemic. It's also understandable, given that many states are experiencing budget surpluses. The fact is, the surpluses are largely the result of a lot of federal dollars being sent to people and businesses, as well as to state and local governments, to help weather the pandemic. Without the federal dollars, state revenues would probably look a lot different. These dollars will stop coming in at some point and then states will have to get by on the own-- strength of their own economies.

HUGHES: One minute.

WALZ: I encourage lawmakers to keep in mind as they consider long-term changes like tax cuts that will carry on long after the federal money stops. State budgets and many key-- and-- fund many key services that are important to many residents, as well as to our economies. When those services are cut, there-- there are real consequences and real pain. In Kansas, we took a few steps to protect state finances from massive shortfalls and the problem that come with them. Many people suffered as a result. I urge lawmakers in other states to learn from our experience and prioritize protecting services as they look at ways to deliver relief to residents. Doing so can head off damaging consequences and will harm your states and your residents in the long run. Again, I'm not opposed to tax cuts; however, I would like to see us do it respon-- responsibly.

HUGHES: Time, Senator.

WALZ: Thank you, Mr. President.

HUGHES: Thank you, Senator Walz. Senator Clements, you're recognized and this is your third opportunity.

CLEMENTS: Thank you, Mr. President. That was an interesting comment about Kansas, and I am referring back to the chart: How high are

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individual tax rates in your state? Kansas is listed at 5.70 percent, and if that's after they had to raise their taxes up again, they are still over a percent lower than our 6.84, and the bill that we have is going to go down to 5.84, which will still be above what Kansas' rate is. And so I think if they're able to get along with 5.7, Nebraska should be able to get along with 5.84. And it's only-- and it's going to take five years to get there, two-tenths of a percent a year. It's not a drastic change. I'm not sure how quickly they did their crossover. But we do have a budget surplus. Our financial status today shows \$453,550,000 above a balanced budget plus ending Cash Reserve, rainy day fund of \$1,325,000,000 in a set-aside that if-- we could use even if revenues decrease. And back in 2017, my first year, when we did have an \$800 million shortfall, we didn't make cuts to education or anyone else. We did keep them flat, but they did call that a cut. When they didn't get their increase, it was called a cut, but it was really almost every agency kept flat, and then since then we've been increasing 2 or 3 percent; and back to the Medicaid providers especially are getting 15 percent increase in this budget, and that's already reflected in the excess cash that we have. It's after accounting for the 15 percent increase that we're going to provide. I also wanted to comment about the upcoming Social Security-- excuse me, back to the income, for those who hadn't heard before, this, I disagree with this being just a tax cut for the rich. The-- using Pew Research Center's definition of middle income, middle class, the Nebraska median income is \$71,000 and \$58,000 is where you hit the top bracket for a two-person family, middle-class income. The middle class, by the Pew Research, is de-- defined from 47 point-- \$47,600 up to-- up to \$142,000. And so for anybody in middle class, they're going to be paying the top rate above the-- almost all of them will be paying above the \$58,000 from the-- above the median income. And I've-- then going to-- brought a couple of tax returns that I've done this year, and the one thing I'd like to point out is Social Security, that last year we did pass a bill to start discounting Social Security benefits. Here's a husband and wife--

HUGHES: One minute.

CLEMENTS: --that had \$39,700 of Social Security taxed and we gave them 5 percent off of that. We gave them a \$1,987 discount that we did not tax. But this bill, if we can pass it, will give them 40 percent of that, which would be \$15,800 of it would become nontaxable in 2022, which is a \$1,087 decrease in Nebraska tax. And so the-- especially the-- I do support the income tax, property tax and Social Security tax changes, and I urge all of you to vote green. Thank you.

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HUGHES: Thank you, Senator Clements. Senator Flood, you're recognized.

FLOOD: Thank you, Mr. President, members. I rise in support of AM2658 and the underlying bill, LB873. I want to talk for a second just-- I don't know if Senator Friesen is available, but I want to talk with Senator Friesen about the reason he introduced LB873 and understand kind of how this will play out as it relates to the tax credits that will be available to essentially underwrite what the State General Fund is paying in aid to community colleges. Would Senator Friesen yield to a question?

HUGHES: Senator Friesen, will you yield?

FRIESEN: Yes, I would.

FLOOD: Senator Friesen, you and I have talked a lot about the community college issue. We're both supporters of community colleges. I very much appreciate the local control that community colleges have in their respective areas. But can you talk about the-- essentially a 10 percent tax credit on this bill and how it's applied and how you got there?

FRIESEN: Well, the reason for-- for the way I was doing this in the first place is I-- I did at one time, and I still, think that community colleges should be funded by the state. But this was a way of saying that the state, now we already did it with K-12, let's just add in the community colleges as part of the refundable credit. And that way, people that are paying this-- and out in the Sandhills regions, I mean, there's always been complaints. They-- they have so much land and property, their levy on the community colleges, they think, is unfair with the number of students that they send. So this would-- this would allow them at least to get a rebate kind of on that tax, also along with their K-12. And so when you click the button and file for your refundable tax credit, we're just going to include the K-12, and whatever you pay to community college will be in that total and you'll get a refundable tax credit on that amount.

FLOOD: So essentially with this bill, that refundable tax credit will grow to 35 percent of your tax bill paid to the school district, 25 percent into the community college, the 10 percent that represents that portion of your property tax bill.

FRIESEN: That's probably correct. I didn't look at the percentages, but, yes, that's-- it-- it ramps up over the five years until we reach that \$195 million or somewhere in there, and so and then after that,

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we hit that 5 percent, or whatever valuations statewide grow, and then that fund will continue to grow.

FLOOD: So I think this is an example of yet another compromise that's presented to us in-- thank you, Senator Friesen-- another compromise is presented to us in AM2658. To be honest, the Revenue Committee wasn't prepared to send out the underlying bill, but Senator Friesen, obviously very vested in property tax relief, the way we're doing it here is almost the best of both worlds. It does preserve the local control for the community colleges, while at the same time identifying a property tax credit that-- that comes back to the taxpayer. The other thing I want to note in this bill is that, and Senator Lou Ann Linehan said this early on, by reducing our top rate from 6.84 percent to 5.84 percent and the individual income tax level, we still aren't competitive with Iowa. Iowa's going down to 3.99 percent. Hard to compete with South Dakota's zero or Wyoming's zero percent. And so while we celebrate the reduction of 1 percent, which is movement in a lot of ways, there's still more work to do in this state in tax reform to make us even more competitive, and I think we're going to have the opportunity later this session to talk--

HUGHES: One minute.

FLOOD: --about a variety of ideas, including proposals that will be forwarded to the-- the floor by Senator Erdman, who will have plenty to say about tax reform. So I-- I think this is a reasonable step. It's-- it's a step that will make a difference. I support AM2658 and LB873. Thank you, Mr. President.

HUGHES: Thank you. Senator Flood and Senator Friesen. Colleagues, Senator Bostelman would like to welcome 85 fourth-grade students and 16 teachers from Ashland-Greenwood Elementary. They are seated in the north balcony, if they would please rise to be welcomed by your Nebraska Legislature. Thank you all for coming. Senator Bostelman, you're recognized.

BOSTELMAN: Thank you, Mr. President. And it's great to see these kids up in the balcony today. Let me tell you something, colleagues. At about 1:00, I had the opportunity to-- to speak with them. It was really a-- a fun time to talk with them. But they had something happen to them today that in the six years I've been here, I've never seen happen before for our classes who come in. The Governor happened to walk up the stairs at the time-- at the time. They got to meet the Governor. And you know what impressed me the most about when they're up there talking? The Governor asked them questions. You know what?

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They knew all the answers. They're pretty darn smart. Good job. It's always a pleasure to-- to talk to our students when they come in, whether they're fourth graders, whether they're high school students. It's a pleasure to see them because, you know, the most important thing they have going for them right now is-- is what they're learning from their teachers. When they study hard, they work hard in school, they can-- they can do and become anybody, anything that they want. Their teachers provide them a great education, a great opportunity when they take advantage of that, and-- and I look forward to seeing. And Governor and I both said, I think we may have some senators sitting up there in the balcony right now, that fourth-grade class. They did a really good job. Well, get back to income tax that we're talking about right now on the floor. As I told them, we're talking about taxes today. So right now, the bill that we're talking about, students, is a bill that includes all of our taxes that we have, types of taxes we have in the state. Right now, we're talking about income taxes. We'll talk about property taxes, talk about corporate taxes, and we'll talk about Social Security taxes. And we talk about community college taxes here in a little bit. So all these things we're going to talk about yet today, this afternoon, we-- we'll probably be talk-- we could be talking on these until about 6:30 tonight, and that's when we'll have what's called a cloture vote, and then that's when we'll take a vote and see what we're going to vote on. We may vote on each individual one of these pieces up until that time, and if we pass them all, great, then we move on to the next bill. If not, about 6:30 tonight, we're going to be taking a cloture vote and then voting on the underlying bill. So we're talking about property-- or income taxes right now, and what I have is something that was handed out before. It comes from the U.S. Census Bureau and it's on income taxes, it's about the-- the median household income is in the midpoint of all incomes in a county. Half of households made more than the median and half made less. The household consists of all the people who occupy-- occupy a single housing unit. This ranking is based on a five-year estimate of inflation-adjusted income for the years of 2012 through 2016. And when I look at this, the three counties, which I explained to the students a little bit ago, was I represent Saunders, Butler, and Colfax Counties. So I look at the median household income in here. Number four is Saunders County. Saunders County, the median household income is \$64,475, and this is as of 2016, end of. My next one is ranked 29, is Colfax County, and that's at \$52,712. And then we get to Butler County, which is number 43, at \$51,166, and that's a median household income of those homes, households in those counties. Now, when I look at the state income tax, per capita state income tax collected, and remember what we

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talked about, with Saunders County, their median in-- income was \$64,000, so they're number 24 in the per capita income tax collected at \$921. And then in Colfax County, they're number 30 at \$859. And then Butler County is number 47 ranked at \$766 dollars. I do support--

HUGHES: One minute.

BOSTELMAN: --LB873. I do support all the amendments. I do support the original amendment. As we go through this day, this evening, or this afternoon, this is a comprehensive tax package that's put together. It's been worked very hard by all committees, by the Revenue Committee. We've heard from the Appropriations Committee Chair that this is eco-- it is-- it is-- fits within our budget. We can do this. It will fit in the out years and there are certain protections in there if we have a difference in-- in our funding, if it goes negative. So with that, I would encourage everybody's support of, as it is now, AM2658 and LB873, but really it's LB8-- LB873 and the original underlying amendment. Thank you, Mr. President.

HUGHES: Thank you, Senator Bostelman. Speaker Hilgers, you're recognized.

HILGERS: Thank you, Mr. President. Good afternoon, colleagues. I rise in support of AM2658, as well as the underlying bill, and I will be voting green. If we get to all of the amendments, I'll be voting green for those and for cloture, and I would urge you to do the same. I want to talk a little bit about merits and a little bit about process. Certainly I think there's a number of great arguments for these tax cuts. You could talk about competitiveness with other states. That is, of course, true. You could talk about giving people more of their own money back. That is, of course, true. You could talk about helping people in this inflationary environment be able to afford the things that they need for life and to get ahead. That is, of course, true. But at the end of the day, I think these are the types of things that we are-- we are empowering individuals, we are empowering businesses, small businesses in particular, we're empowering Nebraskans to do more with the money that they have, that they have earned and worked hard to-- to receive. And so on-- at the end of the day, this is the type of bill on the merits that does a lot for a tremendous amount of Nebraskans. We talked about last time we were on the mike, I was-- last time we had this debate and I was on the mike, I talked about the-- the people in my district, the teacher at LPS who's married to someone who works at Kawasaki, who will benefit from the income tax of this bill. You could talk about the startup C corp in my district that will benefit from the corporate tax piece of my bill. You could talk

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about all the families and individuals in my district and across the state of Nebraska who are going to benefit from the property tax provisions of this bill. And you could talk about all the fixed-income seniors all over the state of Nebraska who are going to benefit from this bill. Think about the families who are maybe more likely to have ties to Nebraska because their parents or grandparents are able to stay here. When I went door to door, there were fixed-income seniors who were on the precipice of not being able to afford to live in this state. They had kids, they had grandkids, but they were-- if you can't afford to live in Nebraska, doesn't matter about the family ties, you have to go to Missouri, you have to go to other states. To be able to give them some relief to be able to stay here in Nebraska, I think, is one of the most important aspects of this particular bill. And to do it all together in one bill, I think, is a transformative big-picture, big-vision bill for the state of Nebraska and I'm proud to support it and I appreciate all the efforts of so many to do it. Now let me talk a bit-- a little bit about process. Sometimes in this body we take bills and we just-- we sort of-- we-- we run with them and we don't engage others and we don't try to work through different opposing viewpoints. Sometimes we try to do that and we can't address all the viewpoints, but we do it our best, the best way that we can, and I think this bill falls in the latter. Senator Linehan and the members of the-- the Revenue Committee could have just said, this is going to be my way and I'm not going to try to engage with-- with Senator Stinner, I'm not going to try to engage with rural interests, I'm not going to try to engage at all with people like Senator John Cavanaugh, and to be honest, if this gets across the finish line, it will be because they did all those things. I was in the meetings with Senator Linehan and Senator Briese, talking with people like Senator Friesen and indi-- and Senator Hughes, people who have been stalwart protectors and defenders of rural Nebraska whose number one issue is property tax relief. I was in the room with Senator Linehan and Senator Briese and Senator Stinner talking about how do we do this in a way that's fiscally responsible, how do we do this in a way where we can cash flow these-- these tax cuts to ensure that we're both giving money back to Nebraskans while at the same time ensuring that we can have the dollars here to spend on the priorities that need-- we need-- that we need to fund through our state budget? I was in the room when we met with Senator John Cavanaugh and Senator Linehan to try to at least address and understand the concerns that he had, but you can't address all the issues with everyone--

ARCH: One minute.

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HILGERS: --thank you, Mr. President-- all the time. But the work that led up to this particular bill and the collaboration and people giving to try to come up with a big-picture, big-vision tax cut for a whole lot of Nebraskans, from west to east and north to south, I think, is to be applauded. And I certainly, for one, appreciate it and I'll be voting for this and I strongly urge you to do the same, strongly urge you to get this to Final Reading, get it to the Governor, have him sign it and get money back to Nebraskans where it belongs. Thank you, Mr. President.

ARCH: Thank you, Mr. Speaker. Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President. I was listening when Senator Williams read what he did about people being more safe when we're not in session. If you go into my office, I have a motto hanging there that says this: No government has ever given anybody anything that they didn't first take from somebody else. All right? No government has ever given anybody anything that they haven't first taken from somebody else. And you just heard Speaker Hilgers talk about give the people back whose money? Their money, their money. OK? So I got-- I got good news for you people and all of you listening. I have a plan that we don't have to have this discussion ever again about property tax being in-- in competition with sales tax or income tax being in competition with sales tax and all these issues we're talking about. I have a solution. What if we never had to have these kind of discussions again? What if? What if we could do that? What if we never had to have these discussions? For, you see, we have three forms of taxation: sales tax, income tax, property tax. And those three all compete with each other all the time, and they call it the three-legged stool, right? We will never have a fair system because none of those will be satisfied. So the only way to fix it is, once and for all, revamp our tax system and fix it once and for all. And I am not here just to represent agriculture, rural Nebraska, or urban Nebraska. I'm here to represent all of Nebraska, all of them, all of them, whether they live in Omaha or Harrison. Everyone deserves to have an opportunity to decide how much of their money they give to the state, how much of their money they get to keep. And we are wonderful at taking their money and then we argue for hours on end about giving some of it back. It's amazing. It's amazing. For the life of me, I can't understand for-- why, for 54 years or longer, we've been talking about this issue, 54 or more years. That's probably longer than some of you in this room have been alive we've been talking about property tax, income tax, sales tax. It is time to make a decision about how to fix this system, and I got good news for you. We won't have to do all this stuff again. Could you imagine what our life would be like as a

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legislator if we could just do what we need to do to get things done here without arguing about we're going to make a two-tenths-of-a-percent income tax cut or a \$50 million property tax cut? Well, let me give you another bit of news, is property tax in the state of Nebraska this year, in '22 will probably increase \$300 million. The average has been \$200 million. But ag land valuation has gone up in excess of 20 percent. Home values have increased at a significant rate equal to that. My community went up 16 percent last year on homes, houses. So get ready. Get ready. We're going to have an increase in property tax like you've never seen, so someone is going to decide for you how much of your money to give to them so they can do whatever they want with your money. It's your money.

ARCH: One minute.

ERDMAN: Remember what I said earlier? No government has ever given anybody anything that they didn't first take from somebody else. As Senator Hilgers said, we're going to give the people back some of their money. Wouldn't it be better to let them keep their money and then they decide how much to give? Wouldn't that be a better process? I think so. But until we get more concerned about keep doing what we're doing here to make a change, we won't make a change. It's time to stand up and make a decision that really counts for all Nebraskans, whether you're urban or rural, doesn't make any difference. That's what we need to do. Thank you.

ARCH: Thank you, Senator. Senator Vargas, you're recognized.

VARGAS: Thank you very much. So I haven't really weighed in, at least today. I weighed in last time. I just wanted to provide some context because I do think a little bit of perspective is always helpful here. You know, over the past several years, I've introduced legislation that honestly was trying to make our tax system a little bit more fair and equitable. I say that because part of the discussion here, and quite honestly, is not whether or not you support income tax cuts, it's whether or not it's targeting to the highest-need individuals or the lowest-income earners, basically working families. I introduced an earned income tax credit that would target tax relief to low-income earners because I have no problems with taking tax cuts. I just wanted to make sure it was getting to more low-income families. I introduced a bill to add some tax brackets so that individuals making around \$30,000 a year weren't paying the same tax rate as Nebraskans earn more than \$250,000 a year. Question is not, again, if you support tax reform. It was, can we make it more equitable? And I also introduced a bill that would add a 1 percent tax on incomes that were over an

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excess of a million. Unfortunately-- I'd like to say this-- none of my bills made it out of committee, couldn't get enough consensus, which is unfortunate because I really believed, and most policy that we see show that these are more progressive tax changes in terms of fair and equity in that capacity, that that's what it largely would say, most of the policy would say. And we had a good discussion in committees. I'm saying this because a lot of the conversations that we're having right now are honestly with a little bit of that debate. If we had some of those pieces in here, I don't think we would be debating as much. I do rise here because I want to make sure it's clear that I support tax reform. I've had this conversation with Senator Erdman before. He's right. I've had this conversation when I first started here with Senator Linehan. And I do support tax relief. We have done a tremendous amount of tax relief within our budget process. We passed LB1107. I supported that. Even Senator Hilgers said that's one of the most substantial tax ref-- tax relief we provided in the last 20-plus years in property tax relief. I just wanted to be clear that it's not whether or not we do nothing, it's all or nothing. I've had that conversation with Senator Briese, too, that there have been substantial things that have been done, and it's important for the public to know that. But I do recognize that we have serious challenges when we're dealing with taxes and making sure we're making people's lives easier. But I still worry, you know, and that's the part about this. I worry mostly because we're not going to be here. It's not black or white for me. It is that when we have less revenue, we are going to have to make changes in our budget. You know, we've passed long-term budget bills, some of which I introduced, that gave us information on stress tests. But this is just a new change. The stress test now is we're going to have less revenue into the future. Look, I support income tax cuts. I support property tax relief. I support the Social Security aspect. It's just whether or not we are being as forward thinking about how much we're going to need for the growing aspect of our budget and changes that we make. We did not plan for a canal this year. It's happening. If we have something else like a canal or other things, they're going to add to our budget and we wouldn't have planned for it and it's going to mean that there's less revenue in the future. I do think it's important for the public to understand that, that that is-- the votes on these is not whether or not we're completely yes or no. It's more to what extent are we being--

ARCH: One minute.

VARGAS: --fiscally thoughtful about what happens in the future. Many of the big items in our budget I voted against because I didn't think

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it was the right time to either create a new program or do things, or I fought to do them a lot less. The canal is one aspect of it. They asked for \$500 million. The most I was going up was 25. I lost that fight. I say that because individually, as we're going through each of these, it's not easy to paint us as either not supportive or supportive of it. There's many of us that have been fighting to keep down cost, especially in the Appropriations Committee, to reduce our spending more so than any committee has, and I understand that that's also what Senator Linehan and her committee are also trying to do with tax relief. But I'm still concerned. That concern doesn't mean that I'm firmly against or firmly supportive in any way, shape or form. It means that we need to be educated as a body because many of us are not going to be here in the future on what does or does not happen.

ARCH: Time, Senator.

VARGAS: Thank you.

ARCH: Thank you, Senator Vargas. Senator Pansing Brooks, you are recognized.

PANSING BROOKS: Thank you, Mr. Speaker-- or Mr. President. So I have not spoken on the mike this whole time, and part of it has been just concern about what we're doing, concern about what we saw Kansas do. It's not a concern that if we do this right now, I think Senator Clements sort of said, well, we have the money for it right now, and that's-- that's correct. We do have the funding to do this kind of major tax reform. But my concern isn't today. It's next year or four years from now and being able to sustain this. That's one of my real concerns. And if you remember what happened in Kansas, you know, they-- they had-- everybody was all excited about getting-- getting the taxes down and having these income tax packages. And then what happened is K-12 funding was decimated and they had to close schools early in Kansas; road funding was slashed and all sorts of projects were left behind. And so there was substantial damage done, and lawmakers were voted out. Remember, this all happened. So as we look at these issues, we have to look at our neighbors and what happened. And it's important to get money back in the hands of our constituents, I totally agree with that, and to help people in an inflationary environment, which is exactly why that housing bill should be overridden, the veto overridden, the fact that the-- the rental assistance, it's not that-- the problem of COVID currently. It's the fact that we're in an inflationary period due to COVID and a number of other circumstances. So my concern has been helping small businesses, and I'd like to ask Senator Linehan a couple of questions, if I may.

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ARCH: Senator Linehan, will you yield?

LINEHAN: Certainly. Thank you.

PANSING BROOKS: Thank you, Senator Linehan. Could you explain to me about how this is going to be helping small businesses and just not the large, huge businesses out of state?

LINEHAN: Yes, thank you very much, I'm happy to do that. So most small businesses, even if they're an LLC or sub S corpor--

PANSING BROOKS: Sub S.

LINEHAN: --sub S, they pa-- they pay-- their taxes are at the individual rates. So even some of our bigger companies, Kiewit, for example, they're owned by-- it's-- it's-- everybody owns a piece, so they-- they are taxed at the individual rate. Lozier is another very large manufacturer, an employer in Omaha, and they pay at the individual rate. So let's move away from the big guys. Let's go to Jason's Plumbing on L Street in Omaha. Let's say he has two or three employees. He has good years and bad years. When he has a good year, he pays the top individual rate. All of your small, unless they don't make any money-- and there's ways if you're in business, you have everybody in business, ag or any "consultanting" you have good years and bad years. So you pay at that-- they all pay at that top rate. And another thing, I was talking to one of our colleagues this morning. In Nebraska, if you sell your business, so let's say you've worked for-- well, you and your husband have a business. You work for 30 years. You've built a-- you've built a business and you sell it out. You pay on all of it. There is-- we don't have in Nebraska what we have--

ARCH: One minute.

LINEHAN: Nationally, we have what we call capital gains. So if you have a one-time big income, you get a tax break. In Nebraska, we don't. You pay 6.84 percent on all of it, even if you've never been in that bracket before.

PANSING BROOKS: OK, thank you, Senator Walz [SIC].

LINEHAN: You're welcome.

PANSING BROOKS: So when it was all together as a package, it has been very difficult because, of course, I-- I think the vote on Social Security will be nearly unanimous because people do really care about, and I care really a lot about, Social Security and supporting that. We

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have to do better for our seniors. And what I'm-- I am listening to all of this. I do think that there's some value. I am concerned about tax incentives. We've got to look at that and we've got to be careful without a trigger or something that would-- when we have a-- have a downturn, we cannot allow ourselves to turn into Kansas. So thank you, Mr. President.

ARCH: Thank you, Senator Pansing Brooks and Senator Linehan. Senator Jacobson, you're recognized.

JACOBSON: Question.

ARCH: The question has been called, Do I see five hands? I do. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Have you all voted? Mr. Clerk, please record.

ASSISTANT CLERK: 29 ayes, 0-- excuse me, 29 ayes, 0 nays to cease debate.

ARCH: Debate does cease. Senator Linehan, you're recognized to close on AM2658.

LINEHAN: So I know it's after lunch and we haven't all had time to connect, but I did talk to several people who said it was OK to go ahead with this. So this vote is on the individual income taxes. That's the first question. So this vote is just on that question. So I would appreciate your vote on the-- it becomes this amendment, I guess-- I can't see it-- AM2658. So I would appreciate your green vote on the individual income tax portion of this, and I would like a roll call vote in regular order, call of the house too. Thank you. Call of the house and a roll call vote in regular order, please.

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

ASSISTANT CLERK: 34 ayes, 3 nays to place the house under call.

ARCH: The house is under call. Senators please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Wayne and Senator Vargas, please return to the floor. The house is under call. Senator Vargas, please check in. All members are now present. The question is, shall the amendment, AM2658, be adopted? Roll call vote in regular order has been requested.

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ASSISTANT CLERK: Senator Aguilar voting yes. Senator Albrecht voting yes. Senator Arch voting yes. Senator Blood voting yes. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator Briese voting yes. Senator John Cavanaugh not voting. Senator Machaela Cavanaugh not voting. Senator Clements voting yes. Senator Day voting yes. Senator DeBoer voting yes. Senator Dorn voting yes. Senator Erdman voting yes. Senator Flood voting yes. Senator Friesen voting yes. Senator Geist. Senator Gragert 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 yes. Senator Jacobson voting yes. 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 yes. Senator Morfeld. Senator Moser voting yes. Senator Murman voting yes. Senator Pahls. 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 43 ayes, 0 nays, Mr. President, on the adoption of the amendment.

ARCH: The amendment is adopted. I erase [SIC] the call. We'll move to the next amendment. Mr. Clerk.

ASSISTANT CLERK: Mr. President, next amendment from the Revenue Committee, AM2661, this would be the corporate income tax portion of the division.

ARCH: Senator Linehan, you're welcome to open on AM2661.

LINEHAN: [RECORDER MALFUNCTION] Mr. President. So what-- we started this a couple of years ago. We have a corporate rate. When we started, I think it was 7.81, which is considerably higher than our individual rate. So what that means is we probably have companies in Nebraska-- well, I don't doubt we have companies in Nebraska that would like to incorporate, but they won't, they can't, because it increases the taxes. So what we worked for was parity. So last year, I think it was last year, we got a bill. It got to the floor. It was going to bring the top rate of 781-- 7.81 down to 6.84. And we got-- right now it's at 7.5, and I think next year already goes to 7. I think now it's over four years. There might be an intent language that we have to pause and look, but this is already headed down in current law. So what we're doing now is because we're starting on a road to lower our

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individual income taxes. We're trying to keep-- keep that headed toward parity. It doesn't get there as fast as the individual does, but it gets us to the end of five years we will be what we started last year. Our individual rate and our corporate rate will be the same. Well, why? Well, because it stops people just because of a tax thing, not a business decision, but because of tax avoidance. We have people who may want to incorporate for other reasons, family reasons, because I think-- I think people think of corporations as huge things, but there's other reasons to do it. It's easier to run, have a family farm incorporated, because you know who owns what parts and if somebody dies, there are buy-sell agreements. There's lots of reasons to do corporations, and they're not all the biggest companies that you see when you look at Omaha's skyline. As a matter of fact, most of Omaha's skyline is not incorporated. You have-- the tallest building is family-owned business. You have other businesses that are S corps or LLCs. There are a handful that are incorporated, but that's not-- it's not everybody. But those few that are incorporated, I don't know why we would have them pay a higher bracket than the guy across the street who's an S corp. So that's the goal of this. The other goal of this is not to have one of the highest corporate tax rates in the country for the same reasons we don't want the highest individual tax rates in the country, because when-- and I think Chairman Stinner has said this best, others have said it-- it is our-- it's on our door, you know, welcome to Nebraska, here's our-- here's our corporate tax rate. So what do we do to make up for the fact that that is so high? We have a huge incentive package, which that was our battle two years ago. We have to have an incentive package. Everybody agreed. I don't know what the final vote on that was, but it was very significant. We have to have an incentive package because our corporate taxes are too high. What the Blueprint plan, it's-- we didn't try to do that this year, and I don't love everything in the Blueprint plan. I like it a lot of it. But one of their points were we need to move away from incentivizing businesses and incentivize people. So I think there's actually some in the business community, if not several, who would like to move away from incentivizing companies, which clearly we have enough jobs-- I think Senator Lindstrom said yesterday 60,000 jobs we can't fill-- and incentivize people. So it's just-- it's the reason it's a package, even though we're going to have individual votes here, is because we need to do all these things because we need to make sure we keep both our corporate businesses here and our S corps here and our partnerships here. And we need to let even-- again, corporations, I know we think big skyscraper, but sometimes it's the family farm. So with that, I would request-- we'll talk about this, I'm sure, for

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quite a while now, but I would appreciate your green vote on this subsection and the overall package. Thank you, Mr. President.

ARCH: Thank you, Senator Linehan. We will now open debate. Senator Moser, you are recognized.

MOSER: Thank you, Mr. President. I support AM2661. And I think I'd-- I'd like to dispel the notion that all the corporations are the, you know, the top 500 in the country. There are many corporations in Nebraska. You know, they're not all in the big skyscrapers with 40 floors. Some of them are kind of low scrapers. You know, we've got one or two floors. Even my little modest retail store is a C corporation. It was incorporated in 1945 and there was an attorney in town and then a businessman, and then the band director from the high school. Those three together got together and incorporated, and it gave them a way to come up with the brains and the money and the good business sense to make the business succeed, although they still did some stupid things. They each put in \$2,000, so they had \$6,000 for operating capital. And they went to Omaha and ordered some cabinets, a front counter and some music racks and things, and they didn't ask how much it was going to be before they ordered them. And when the bill came, it was \$4,600, so they spent two-thirds of their operating capital on some oak cabinets that really looked nice but didn't really generate any capital. So then they had to kick in more money. So then they each kicked in another \$1,500 or something like that. And so we escaped our first big, stupid thing that our corporation has done through the last 50 years. And, you know, I have to admit, some of those years I was in charge and we did some stupid things. We-- we bought a CPM computer one time with a printer for \$10,000 and-- because we wanted to join the computer age. And then within a few months, IBM announced their PC computer, which, if you don't remember, was \$2,000, so there was an \$8,000 mistake. And the CPM operating system, I can still remember; however, it's not relevant because it's not being used nowadays. So corporations aren't all the big, fat cats that you think of. And as soon as a corporation makes money, so they can deduct their expenses, their wages, rent and all those things, but as soon as they add that all up and they have a profit, they have to pay tax, whereas individuals, we have some standard deductions we can take and-- but in the case of a corporation, even if you have inventory, maybe you don't have cash but you've got inventory that you have to add at its current value, that could make you pay a tax and you might have to borrow the money to pay your tax. So I just-- you know, I-- I wanted to dial back the expectation that all corporations are fantastically profitable or fantastically wealthy or are bad people, but I know there are a lot of smaller corporations in the state. You know, it does give you some

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liability protections because you're an employee of the corporation and if you get sued, there's an extra layer of protection there. You could still wind up getting drawn into the-- personally into the-- the suit. But if you pay-- if you make money, you pay tax. And then if you want to distribute that accumulated--

ARCH: One minute.

MOSER: --profit, you have to pay dividends when you pay it to your shareholders, so there's a double taxation there. That's why some people go from C corps to S corps, because they can take their income right to their personal tax return, and they don't have to worry about the double taxation of a dividend and then an income tax. So I support AM2661, and I hope everybody else does too. Thank you.

ARCH: Thank you, Senator Moser. Senator Hughes, you're recognized.

HUGHES: Thank you, Mr. President. Good afternoon, colleagues. My first opportunity to talk on LB873, and I certainly want to give some kudos to the Revenue Committee, especially Chairman Linehan and all the members, for finding another avenue for us to provide tax relief for all the people in the state of Nebraska. We are in a very unique situation. The last time we discussed this package in a-- with a different bill number, Senator Stinner had handed out a sheet that showed that we can afford this, you know, there is money to pay for this as we go along. And I'll-- and that was using zero percent growth in a couple of the out years. So for those people who are watching and listening, you know, we are not spending the state into oblivion. You know, we do have the money to pay for this and the projections are very, very conservative in order to show that we've got enough money to do this. But I did want to take just a little different-- different tack. Having-- having been in the chair this morning and this afternoon and having an opportunity to listen to a lot of the discussion, my first opportunity to talk here, and I wanted to take a little different angle. I wanted to have a phil-- philosophical debate if we could. You're probably-- I know you're all sick and tired of Senator Friesen, Senator Briese, myself, Senator Brandt, Senator Murman complaining about property taxes, and in reality the property tax-- we have done-- this Legislature has done tremendous work at bringing down the property tax burden on property taxpayers in the state of Nebraska. But those gentlemen that I mentioned are farmers, and I wanted to give you a little more in depth why farmers are so adamant about bringing down property taxes, even though we only benefit from 29 percent of the money that we have put into property tax relief. We're a minor player, but there is an imbalance in the

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proportion of collected on agriculture because we are such a capital intensive industry. First off, I don't have to own land to be a farmer. The reason I own land is because it's a good investment. If you talk to the bankers in the room, they own banks because they're good investments. The stockbrokers in the room, they own stocks because they are good investments. Most of you who have IRAs or SEPs or Roth, your retirement accounts, why do you own those? Because you have investments for your future. It's not any different than-- than having land. But all of those others, investments that I mentioned, aren't taxed every day. You pay income tax on them, but you don't have to pay a tax every day like you do on land. Every day, every morning, when I get out of bed or if I don't get out of bed, it costs me money to own land. It doesn't cost me money to own stocks or bonds or CDs in the bank. They're both investments. I just happen be in industry where I can invest in my operation. Now I'm certainly not suggesting that we start taxing stocks and bonds. I'm trying to make the point why it is unfair and not correct--

ARCH: One minute.

HUGHES: --that we treat land differently than we treat stocks and bonds. They are investments in our business. If I'm a garage door repairman, I have a-- I can rent a building with which to run my business out of or I can own that building. That is different because that is a service to individuals. If you have raw agricultural land, it does not benefit from having an educated workforce. Let me repeat that. If you have agricultural land, it does not benefit from an educated workforce. I've got a section of land. There's not electricity poles within a mile. There's no underground natural gas goes by it. The only--

ARCH: Time, Senator.

HUGHES: --possible service-- thank you, Mr. President.

ARCH: Thank you, Senator Hughes. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. I want to continue on the theme that Senator Hughes was on a little bit, just a little different angle. There was a-- a couple that contacted me a couple years ago, and they're retired. They're in their 70s. They owned, I think, 300 acres, 320 acres of ground, and that was their retirement income. All of the money they had ever made in the years they've invested in farm ground and bought land, they didn't have a 401(k). And so now they-- they wanted to rent it to the young farmer that was wanting to rent

their ground, is a nice guy. They wanted to rent it to him, but the-- the rent that they would have to charge him, the banker wouldn't go along with it. It was too high. And yet if they didn't charge a high enough rent, they actually were not going to get enough income off of their IRA 401(k) account, that land, to supplement their living costs. And so their choices were either, you know, rent it to the-- the big farmer, who would pay top dollar in rent and they could get a better return on their investment; or they could rent it to this young man and then not have enough for retirement; or they could sell the ground. And that's the big difference that I see between the average person that has a 401(k) or an IRA. They invest their money in that and we don't put a property tax on that. We used to. We called it a intangibles tax. It was a property tax. And I can see why we don't do that. We shouldn't do that now. But when people, the rural farmers, want to invest in a 401(k) and that's their land, for them to have to pay property tax on that every year at the rates that we're charging right now, and you have some areas that exceed \$100 an acre, by the time they pay their property taxes and the person that pays them rent and make a living doing it, there isn't enough to supplement their income. So that's the disparity that you see between rural and urban, and this is more the ag community than it is anything else. I mean, others invest in different things. Yes, some people invest in their house, and that's where now value is shooting up. And if they're retired and on a fixed income, the taxes they pay is at some point in time gonna-- they're gonna say, I'm gonna have to sell my house, I'm gonna have to downsize, I'm gonna have to move into a condominium, my property taxes are too high, I can't afford to pay the property taxes. That's where we're headed as values shoot up. And if inflation rates come in at 6, 7 percent, those housing values are going to continue to go up, people are not going to be able to afford to keep their house. We need to do something to address the property tax portion. That's the one that me, Senator Hughes, Senator Brieese, Senator Murman, Senator Bostelman been very focused on. And so when we finally get a package together where everyone can finally agree to do something, which is what we have in front of us, it's all or none. We have realized that, being a minority, you sometimes have to make concessions. We're making concessions. If you looked at the chart that I handed out, we still have not done anything to address the huge increase in ag land values that happened--

ARCH: One minute.

FRIESEN: --in the 2010 to 2014 range. And that's where we saw in the last ten years residential housing in rural areas stayed relatively flat and ag land in some places tripled in value. And some would say,

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well, you know, if your property taxes are too high, then sell the land. Well, that's like saying you're going to quit your job because the taxes are too high. That's not how we should treat the number one industry in this state. So taxes are disproportionate, depending on where you live in this state and how you do business. Thank you, Mr. President.

ARCH: Thank you, Senator Friesen. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President. And as always, I appreciate what Senator Friesen is saying, and we're not on the portion of the bill that I know that he-- is his-- his baby, as we would call it, the things that he really cares about. But in my many conversations with Senator Friesen about this issue, you know, he's certainly made me come around to the virtues of some of those sections of this bill. But this is the part of the bill that gives a tax cut to corporations, and this is the part of the bill that I dislike the most and that I intend to vote against. One of the reasons for the division of the question was to make sure that there are so many parts of this, as Senator Friesen was talking about, compromise, as we call it, where we really just added more parts until-- this bill started out as personal income tax and corporate taxes and then we added-- I think we added Senator Briese's LB723, which is increasing money to the LB1107 fund. And then after that we added this, the community college, LB1107 fund-style income tax credit. And then after that, we added Social Security or we added all of this to Social Security to build this sort of giant; by my math, \$903 million, when fully implemented, is that price tag of this. And so every-- I don't-- I-- I don't know if I've heard anything that's particularly wrong today. I've heard some things I disagree with. I've heard people say that, you know, that young people are concerned with the top marginal tax rate. I, being a formerly young person, and not that long ago, with kids and a job and a house and those things and moved back to the state, and knowing a lot of people similarly situated, has never come up, the top marginal rate has never come up with the type of people that we all talk about trying to attract to this state, to come back to the state, to come to the state in the first place. They talk about a lot of other things. They talk about, you know, quality of the schools. They talk about, you know, the accepting, how accepting the community is here in Nebraska. But they don't talk about the top marginal rate for personal income tax, but that's not what we're talking about anymore. We just had that vote. That-- that is in the bill at this moment. If this bill were to pass, we would give \$70 million in tax cuts to millionaires. But we're talking about corporations right now, and this is-- this-- this

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section costs something along that lines, another \$70 million, I think, and it goes to corporations. It goes to corporations that make over \$100,000 in the state of Nebraska. It goes to-- 83 percent of those corporations are out-of-state entities, so 83 percent of that \$70 million will flow out of the state of Nebraska. So this is not the type of thing where we give this tax cut and it-- it potentially generates future-- pays for itself, as some people would say, which is also not proven theory, but it-- it flows out of state. It'll flow to the corporate coffers in New York and Delaware and Arkansas and other places. So I'm opposed to this for that reason. I'm opposed to this partly because we just reduced the corporate tax rate last year. We talked about this. We went through it. We-- we ended up doing a measured step, which is what I've suggested we should have done on all of these other issues this year, is that we should have taken a small step down and then we could come back and do it again in the future. And I voted for that, that corporate reduction at that point, and I-- and I voted for the smaller reduction as part of an actual compromise. They were seeking 1 percent. We agreed on half a percent and in--

ARCH: One minute.

J. CAVANAUGH: --in exchange for that agreement to mitigate the cost, the agreement was that we wouldn't go any further than that. And I even said, if this actually ends up serving the purpose that people say it does, which is stimulates the economy, generates revenue, those things, that I would be part of bringing an additional step down. That is not the case at this point. We have not-- is, one, has not been implemented to actually demonstrate that it works; and, two, there is no evidence that it will actually do that or has ever done that. And so I'm opposed to it for those reasons, but I'll push my button and get in again and fill you in on the rest of the reasons. Thank you.

ARCH: Thank you, Senator John Cavanaugh. Senator Briese, you're recognized.

BRIESE: Thank you, Mr. President. Good afternoon again, colleagues. I appreciate the discussion that Senator Hughes and Senator Friesen brought to the mike, brought to the floor about property taxes and its impact on agriculture. And those of us in ag, you know, sometimes we do feel kind of picked on when it comes to property taxes because we unfortunately do pay a disproportionate share of those taxes relative to funding our local schools. You know, in the Revenue Committee, we hear periodically from a farmer from somewhere in southeast Nebraska, and I don't recall his name but he's a great guy and enjoy having him come in, and that is his message, his tax burden relative to the tax

burden of his friends in town. And I think he maintained one time that he pays 70 percent more in property taxes towards his local school system than some of his friends that live in town. If you remember back on the discussions about LB2, I sent out some handouts and they suggested a typical ag producer, an average- type ag producer might pay 25 to 30 times more than one of his neighbors in town. But anyway, that-- that's not really the topic here today, because here today we have a property tax plan that is not weighted towards agriculture. It's not. This isn't about ag trying to get a cut of fat hog on this deal. Again, if we were doing that, we'd be trying other approaches. These property tax proposals here are very fair. Everybody gets the same percentage of K-12-- excuse me, tax relief relative to their K-12 taxes. And under the new plan to divvy some up according to the community college taxes, everybody is going to get the same percentage. As I indicated earlier, I think Douglas County school taxpayers, relative to the K-12 portion, get close to, I think, about 23 percent of the total, \$127 million roughly at today's dollars, on the LB1107. And, you know, where I'm coming from, Boone County, we get a, you know, a fraction of that. So it-- it is weighted towards--or I shouldn't say weighted towards urban Nebraska, but it's a very fair mechanism and urban Nebraska is going to get-- in other words, your constituents in urban Nebraska are going to get a very large chunk of these property tax dollars we're talking about, again, \$200 million we're going to protect in LB1107 fund and another \$195 million directed towards the community college distribution formula. And some have questioned sustainability of this. But again, this is a sustainable package. This is fiscally responsible, and I think Senator Stinner established-- established that. We may have a downturn in revenue growth here, but revenue growth has averaged 5 percent a year over the years, and we're going to get back to that very quickly, very soon. And that, coupled with reasonable spending at the state level, should put us in a very fiscally sound financial situation. And when we look in the-- in the General Fund financial status in the budget book we have, we notice there-- I think it was on page 17. We talked about, the other day, about the formulas used to project revenue growth going forward. And I think Senator Stinner for the next few years, the out years, is using a zero percent revenue growth, but some of those formulas in there are projecting a significantly higher revenue growth than that. The average of the forecast using these other-- these other systems, I think, is 1.5 percent with the high end be considerably higher than that. So Senator Stinner, in maintaining that this is fis-- fiscally responsible and fiscally sound using a zero percent revenue growth, I think he is being very cautious and

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conservative, and when he says it's sustainable using the numbers he is using, I believe--

ARCH: One minute.

BRIESE: --wholeheartedly it is more than sustainable. And so this is a fiscally responsible, fiscally sustainable means of providing a significant amount of tax relief to everyday Nebraskans. We need to remember what is at stake here. This is a package. And again, the corporate tax reductions that we're talking about with this amendment are very important to a lot of folks, and they benefit Nebraskans, they benefit Nebraska consumers, again, might-- might not be your favorite part of the package, but the corporate rate reductions are very beneficial. And dollar-wise it's still a fair chunk of money, but it's not that substantial relative to the total package. So I strongly urge your strong support of AM2661 and the underlying bill. Thank you, Mr. President.

ARCH: Thank you, Senator Briese. Senator Jacobson, you're recognized.

JACOBSON: Thank you, Mr. President. I want to kind of carry on, on a little bit of a theme here on the ag side. I think one of my concerns is I continue to look at many farmers and, yes, property taxes are at the very top of the list, OK, and have been for some time, and-- and for good reason. I'll maybe delve into that first, and I want to come around to the-- to the income-- or the-- the corporate tax rate, as well, and how that also impacts farmers. And I've often talked about it's the total picture. OK, farmers, many farmers have C corporations. OK, and so you know when you look at a C corporation as opposed to an S corporation, if you have an S corporation or an LLC, you pass the income through and you pay it at-- at the personal income tax rate. If you have a C corporation, however, you're subject to double taxation. Why is that? Well, because you're going to pay tax at the corporate level, and then if you ever move that capital out vis-à-vis a dividend, you're going to pay tax again at the corporate level. Before the Trump tax cuts, which is kind of an anomaly for the smaller corporations, the first \$50,000 wasn't taxable, so there were a lot of farmers who went out and organized their farming operations using a C corp structure; and by using the C corp structure, they weren't paying federal income taxes on that first \$50,000. They were paying state income taxes, however, through that C corporation. And if they ever dividend money out of that, they're going to pay again personally. So what happened with the Trump tax cuts is we went, we lowered the overall highest corporate tax rate, but we started it and it's flat, so it's 21 percent. So now if you're a farmer who was paying zero on

that first \$50,000, now you're paying 21 percent. So you'd say, well, then why are they continuing with those C corps? In many cases, and I'm not going to get into the details of the capital structure, but many of them, their capital structure trap them into this particular entity so they can't convert it to an S corp without other massive costs or going into an LLC. So this is real, and there are a lot of farmers out there who do have C corp structures and they're paying at this higher rate. It gets back to Senator Linehan's point. We're trying to create parity. I would also tell you that when we start looking at-- at tax rates, why is that important that we care about what's happening in the states around us? Well, how many times do we look at comparability when we start looking at salaries? Whether it's at the county level, the teachers, the city, so on, we do these comparability studies, right? OK, and we say, well, gosh, if there's-- if it's higher over here and we're below everybody else and we need to raise salaries to that level, well, we need to be looking at the same thing as it relates to our tax structure. If every state around us has a lower corporate tax rate and a lower personal income tax rate, that's a problem. That's a problem and it's not close. We've heard a lot about Kansas. Well, when you go from-- from where we're at today to zero, yeah, I could see where that could be problematic. We're not talking about going to zero. We're talking about just lowering it some and trying to be more comparable. I want to talk to you again just a little bit about property tax, and I'll get up on it when we get to the next phase of this. But let's also remember, and I think Senator Hughes brought it out very clearly, farmers don't invest in their farmland as an investment and-- and-- and they're going to turn around and sell it if the price goes up. That's how they make their livelihood, is owning the land and farming it, just like people would go out and invest in securities. They're not paying taxes every year on owning those securities. They're only going to pay tax-- pay taxes at the time that they sell it. When we start looking at what's happened to land values and housing values, this-- this impacts homeowners as well. Homeowners don't buy their home as an investment. They buy their home to live in it and then they hope, when they ultimately sell it, that they'll have a gain.

WILLIAMS: One minute.

JACOBSON: So-- thank you, Mr. President. So at-- at the end of the day, you're seeing these property taxes go up significantly. As we look at the inflation that's going on right now, the shortage of housing, same thing on the ag side, and you're seeing a lot of nonfarmers coming in and buying farmland, driving prices up, which is going to drive up the property taxes for the farmers that are trying

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to make a living off of that farm, that's a problem. It's going to be a big problem as we continue to look at cost rising for farmers. I'll get on the mike later to speak about property taxes in general. Thank you, Mr. President.

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

ERDMAN: Thank you, Mr. President. Listening to the conversation today, I thought I should maybe explain a bit about how we have gotten to the current systems that we have. The government at one time collected taxes from you by you writing a check or paying it yourself, and someone came up with a brilliant idea: tax withholding. They decided that if we take the money out of their pay before they get it, they won't be nearly upset about how much they're giving to the government, so they did that. So they raised taxes by taking it out of your pay before you seen what they took out, and nobody hardly commented on it. Then they needed more money, and so they devised another plan, a great idea, and that idea was we're going to tax these evil corporations, and the reason we're going to do that is everybody will say that's a good idea. We'll tax the corporations and nobody will say anything because they make all kinds of money. And so now we're going to tax the corporations so we can get more money, and the pushback won't come from the voters because they won't see that they're actually paying the tax in higher service costs or goods they buy. It was a great idea. So if today, at the end of each pay period, you had to write a check for your income tax, you would be very concerned about how much they take out of your check. But they devised a plan that-- that eliminated you seeing that or paying attention to it, so we're going to tax these evil corporations. I just received a message from my brother back home who owns a business and he said, my corporation doesn't pay the taxes, I pay the taxes. All right? And so I will tell you this. If we make a reduction in corporate income tax, the only reduction that we're going to receive is the reduction that we made on the income tax, the personal income tax level. That's the reduction that we're going to take because reducing the amount of taxation on the corporations probably won't change the state's revenue a nickel because somebody, some owner is going to pay the tax. But it's a sleight-of-hand thing. And so Senator Jacobson was talking about we're not trying to take it to zero. He's wrong. I am trying to take it to zero because that's where it should be, because it's the corporations' money. It's not the state's money. So whether it's a corporation or an individual, it doesn't make any difference. And we had numerous conversations about incentives. Why do we do incentives? Why do we do the ImaginNE Act? And by the way, somebody today mentioned about that

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there was a significant majority vote was made-- the comment was made. I voted no. I voted no against the ImagiNE Act. Why is that? It's because the government picks winners and losers. Same with TIF: Why do we do TIF? Why do we have tax incentives? Very, very simple, the answer is this. Our taxes are too high. That's why we do that. That's why we do that. So instead of the government choosing who the winners and the losers are going to be under our current system, why don't we level the playing field--

WILLIAMS: One minute.

ERDMAN: --so that everybody can compete on the same level? If you make the best business decisions, if you're the most efficient business, you win, and the government shouldn't subsidize you to do whatever you want to do so you can compete against someone else who sells the same product you do because they didn't get to take advantage of these tax advantages. OK? So it's a sleight-of-hand thing here with corporate taxes, and we can keep taxing these evil corporations because, whoever they are, they can pay the tax. The individual, the owner pays the tax, plain and simple. Thank you.

WILLIAMS: Thank you, Senator Erdman. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Mr. President. Good afternoon, colleagues. I rise in opposition to AM2661. I will be voting red on this amendment for the corporate tax. I believe Senator John Cavanaugh mentioned this in his remarks. So we had a corporate tax package last year and came to an agreement on a corporate tax cut last year. I know it wasn't what Senator Linehan wanted, but I think Senator Briese or someone talked about how you have to make compromises and compromises were made. It's not really a compromise if you just turn around and go after it again and then attach it to things that are important to other people and force them to do what you want because you didn't get your way last year. It's not a compromise. That's bullying. But we have a lot of bullies in here. Someone I heard mention that people are always attacking farmers. I've never heard anyone in here attacking farmers. All I've heard is how much we don't respect farmers or care about farmers, we don't do enough for farmers, and those same people are the same people that voted against LB121 and LB10-- LB1073, which is the SNAP for convicted drug felons and the rental assistance bill. The same people who are attacking people in poverty are the same people that claim falsely that farmers are being attacked. I have said numerous times to people in this body, to farmers in this body, that I would support LB723, a \$220 million property tax relief bill. How is

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that attacking farmers? But those same individuals voted against LB1073, which required the Governor to apply for rental assistance from the federal government. Senator Briese and Senator Linehan haven't voted for those two bills. They'll never vote for those bills. They will never vote for things that help poor people, but they will tell you that this is an income tax cut for the middle and working class and it's not. It's a tax cut for the wealthy. The middle- and work-- working-class people might get a slight tax cut, but that's not who's benefiting from this. And those people would benefit a heck of a lot more if they had a secure place to live, they had access to good education, public transportation, food, childcare, but we can't have those things. We have to have these tax cuts, but we can't have housing. Senator Albrecht voted against SNAP and rental assistance. Senator Briese, Senator Clements, Senator Erdman, Senator Flood, Senator Johnson [SIC], Senator Halloran, Senator Ben Hansen, Senator Hilgers-- Speaker Hilgers, Senator Hughes, Senator Linehan, Senator Lowe, Senator Moser, Senator Murman, Senator Sanders, and Senator Slama all voted against rental assistance and SNAP for convicted drug felons. So get off your-- whatever you're on. Cry me a river. You don't care about poor people.

WILLIAMS: One minute.

M. CAVANAUGH: You want to badger us into caring about your tax cuts when you don't care about poor people in Nebraska who need help. Shame on all of you. You are a disgrace to the state of Nebraska if you think that this is more important than helping people have a safe place to live. I am going to vote for the piece of this that is the property tax piece, I'm going to vote for the piece of this that is the Social Security tax piece because those things help people. They help a lot of people. But the rest of this is just shenanigans to deconstruct the government of Nebraska.

WILLIAMS: Time, Senator. Thank you, Senator Cavanaugh. Senator Brandt, you're recognized.

BRANDT: Thank you, Mr. President. I appreciate the opportunity to speak this afternoon. I would just like to remind everybody out there in Nebraska, 71 percent of all property taxes paid in the state of Nebraska go to homeowners and business owners; 29 percent goes to ag landowners, and half of those ag land owners are landlords. So let's not say this is a farmer and a property tax thing because it's not. They-- the farmers, the true farmers out there that farm the land, own about 15 percent of that property tax discount. But I'd like to talk a little bit today about income tax. There's also a false perception out

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there that we farmers do not pay income tax. I would grant you this. In farming there are two kinds of accounting, accrual and cash. As a single proprietor, I have the opportunity to use cash accounting and I wished everybody in this country-- and there is a way to do this, OK? But talk to your accountant. But under cash accounting, I pay my income taxes once a year on March 1. And what that teaches me, it's my money. It's my money to invest that capital in my business for the whole year. And then when those taxes are due on March 1, we pay both federal and state. Most people work for somebody. They-- it's-- it's an accrual system. And when I did work for corporations, I got a paycheck every two weeks. I get a paycheck for this job and they deduct state, federal FICA. They-- they deduct all that every two weeks, but there's ways that you don't necessarily have to do that. But a lot of people like that because then that money is banked. They're very afraid that if they kept all the money and paid once a year, they would not have the money for that. It's always sort of stymied me that people are very excited when they get a tax refund. I mean, you should set it up that you shouldn't be getting a refund, you should be paying in. But anyway, that's my perspective on how it works from my experience. Would Senator Dorn yield to a question?

WILLIAMS: Senator Dorn, would you yield? Senator Brandt, I do not see Senator Dorn.

BRANDT: Would Senator Clements yield to a question?

WILLIAMS: Senator Clements, would you yield?

CLEMENTS: Yes.

BRANDT: Senator Clements, you're pretty sharp on this stuff. You get pretty excited about numbers, which I think is great. You do a lot of work with farmers and businesses-- businesses in a small town in Nebraska. And what is your experience on the difference between cash and accrual accounting?

CLEMENTS: On the cash basis it just-- you pay tax on what you take in in cash and you get to deduct what you spend in cash. But on accrual, even if you haven't really spent it or earned it, you pay-- you have to count it as income. For example, in our bank, we accrue interest on our loans, then we put it into income, but we haven't really received it from the farmer for-- we accrue it every day, but we have to count it as income, even though we haven't received the cash.

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BRANDT: So-- so you've been doing this for a long number of years. I'm sure, just because one uses one system or the other, you're still going to pay the same amount at the end of the day. Is that correct?

CLEMENTS: In the long run, yes--

WILLIAMS: One minute.

CLEMENTS: --it'll be same amount over-- over a period of time. It's just the timing from one year to the next makes a difference.

BRANDT: So it's pretty much a false perception out there that farmers do not pay income taxes. Would that be correct?

CLEMENTS: Yes, it is. They're able to defer it some, but eventually they will pay it, but usually get to defer it a year.

BRANDT: Thank you, Senator Clements. So this overall bill that we're looking at today, whether you're a farm that's incorporated or a single proprietor, you are going to reap the benefits not only the property tax, but primarily on the income tax portion on this. So thank you, Mr. President.

WILLIAMS: Thank you, Senator Brandt and Senator Clements. Senator Hughes, you're recognized.

HUGHES: Thank you, Mr. President. I want to pick up kind of where I left off. I was discussing I've got a section of nonirrigated land out there that does not have electricity to it. There's not a natural gas pipeline goes by it. There's not an improved road within a mile of that, so it receives no benefits from property taxes. If there were a fire, the local fire department would show up. That's it. So how is it right? What benefit does that section of land that probably costs me \$5,000 a year, \$6,000 a year in property taxes, what is the benefit to that piece of property versus a garage door salesman that has a shop in town? Or even if it's outside of town, he's got a paved road goes by it, he's got electricity to it, he's probably got natural gas heat. There's a value there that those property taxes are paying for, but ultimately-- and the biggest chunk of property taxes for farmers goes to our schools and we've-- we've done a lot of work in that area. But again, I will go back to that bare section of dirt with no improvements. What benefit is educating society for that piece of land, for that piece of dirt? The benefit of educating our kids goes to the population, the homeowner, the business owner, the individual that's, you know, if you're on a fixed income and you have, you know, people that need to work in the pharmacy or the senior center. So

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we've got a very skewed value system of how we're funding our education. I want to go back a little bit. A hundred years ago, 150 years ago when the state of Nebraska was founded, we didn't have income tax; we didn't have sales tax. The only thing the state of Nebraska had was property, and we got instituted a property tax in order to fund the state. But as the state has grown, we have-- we now have income tax, and in 1967-ish we got a sales tax to fund the state of Nebraska. So why do we still have property tax? It's because we've always done it that way. That's never a good enough reason to do anything. Because it's-- because our property is listed in the courthouse, that's why we're doing it. But back to my argument of my land is an investment, it's my retirement. It's what's keeping me off of the county dole when I retire. I'm going to pay for my own retirement, thank you very much. That's a lot of why I work as hard as I do, why I make the business decisions I do. I don't want to rely on someone else to take care of me, and I want to leave something to my kids because that's how I was taught. So back to the fundamental principle why farmers are angry about property taxes is they're not fair because my land is an investment for my retirement. It's an investment in my business, yes, but I don't have to own land in order to farm. I have neighbors who don't own an acre.

WILLIAMS: One minute.

HUGHES: They farm. Everything is rented from someone else, and they're rented from individuals who live in cities. Half the land in Nebraska is owned by nonfarmers because it's an investment. Why are we having to pay an extra tax on that investment? Because it's listed in the courthouse. That's the whole premise, that's the philosophical debate that I would like to have. I'd like to plant the seeds because I'm not going to be here next year. But those of you that are going to be back, be thinking about that because a lot of what we have to do is create fairness. Government is very inefficient because it has-- one size has to fit all and the value-- taxing the value of individuals' wealth, that one size is not working. Thank you, Mr. President.

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

J. CAVANAUGH: Thank you, Mr. President. And again, I appreciate everybody's conversation on this issue, and I didn't quite get to my last time talking about my specific objections to the corporate cuts. I did mention that 83 percent of the cut will go to out of state, and I-- I hear what people are saying, I-- I do, about some people are not going to get the benefit of the property tax cut. Obviously, there are

renters, as well, not just land farm-- renters for farming, but renters for their domicile, for their-- for their home, and those individuals will not necessarily derive that benefit. I know some people will say, well, their landlord can lower the rent, but that doesn't seem likely. But nonetheless, not talking about that, we're talking about corporate taxes right now, so-- and I mentioned the fact that we did cut the corporate rate last year. We cut it by half a percent. And we've come back and we are now putting more into property tax relief. We're putting more into personal income tax relief. But corporations-- corporate tax cut-- got cut last year. And so the question is, not in the grand scheme of things, whether you agree with this or not, which, again, as I've stated, I'm not convinced that this is something that would be necessary anyway. But the question is, when you're making a list of priorities, what are you prioritizing? And if we were to cut, I think-- let's see, the corporate, I think, was-- well, it's part of a \$415 million package and it-- well, it's hard to tell exactly what it-- what that amount is. But I-- if I recall, it was somewhere around \$100-- under \$100 million but more than \$70 million. But if you were going to cut that amount in tax revenue, there are other ways you can cut it that would be better, a better approach. I proposed cutting that middle income tax bracket, the 5.01, to 4.01. That cost \$97 million. So in terms of priorities, what will have the most benefit for the most Nebraskans? That's where I think we should be putting that priority. So when we're making all of these cuts, when we're talking about all of these, they do-- we do have to look at them in terms of as opposed-- as against something else. And so we are not doing that cut that I proposed, that 5 percent down to 4.01 percent that affects-- actually gives a tax cut to Nebraskans below the median income, because we want to give a tax cut to corporations 83 percent of whom-- 83 percent of that revenue will go out of the state of Nebraska. Those Nebraska residents earning in that middle income bracket live in state of Nebraska, work in the state of Nebraska, raise their kids in the state of Nebraska, have homes in the state of Nebraska. They will not get a tax cut because under the-- the previous amendment we had, decreases the top marginal rate, but the individuals making below the top marginal rate will not get a tax cut. And individuals making just at the top marginal rate, their-- their tax cut is proportional to the amount that they make above the top marginal rate. So if we were to cut the-- that middle rate from 5.01 percent to 4.01 percent, those individuals in the top marginal rate would get that full benefit of that tax cut, as would the individuals in that bracket would get their marginal benefit. So that's one of the reasons I'm against this particular portion of this bill. I don't think it's the appropriate allocation of the funds. I don't think it's

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the right way to use this money. I-- I think that we already gave corporations tax relief last year. I think when we're looking at giving tax relief, if it's between corporations and middle-class working Nebraskans, I would rather give it to middle-class working Nebraskans, people earning underneath the median income. That's my-- my fundamental opposition to this portion.

WILLIAMS: One minute.

J. CAVANAUGH: Thank you, Mr. President. And that's-- that is why I'm going to vote against this portion. I don't-- again, as I've said at the beginning of the day and I think many people have said, I don't know where I'm going to be at the end of the day on this bill. It's going to depend on where the five pieces that we are debating and up. But there are parts of this bill that I do support. The Social Security portion I support. I was a cosponsor of the bill last year when it was-- would have been fully implemented, would have been this level. I voted for this bill this year and I intended to vote for this bill again this year, before it got weighed down by \$900 million-- well, I guess at that point \$800 million more in taxes and income and property tax cuts. So I would urge a red vote on AM2661 and-- and see where that gets us for the rest of the day. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Cavanaugh. Senator Lowe, you're recognized.

LOWE: Thank you, Mr. President. Let me give you an idea of what corporations are. I'm walking down the street of Kearney and I walk by businesses. There are furniture stores, there are-- a little grocery store, there is some boutiques, some other things, there's a coin store, there's our little office that sits there on the corner, and about a third of them are corporations. These are not the big skyscrapers. These are single-story businesses. And that's what a corporation is and why? Because they do it to organize. Maybe there's several partners in it. Maybe-- maybe they just want to feel secure. I had a business in downtown Kearney that we incorporated because I didn't want the liability coming back on my family and my brothers that I'm also in business with. I incorporated because things happen. One night we were open and-- and somebody came rushing in that a lady had broken her leg outside our business. It was a-- a cold, cold night, but it had warmed up that day, and so the roofs were melting and some of the rain-- or some of the drainage was coming down onto the sidewalk, as it does. And we had got-- went out and we put salt out and-- and ice melt and because we didn't want anybody to slip on our business, on our property. And so we took the young lady in and

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called the-- the unit and-- and got her taken care of, and we paid those bills because we thought it had happened on our property, as they said. And she could have come back and sued us if she wanted to because we allowed ice to accumulate on the sidewalk. And I went out and I checked and, no, there was no ice out there, and come to find out she was halfway down the block when she slipped on the ice at another piece of property. But we took care of her expenses that night because that was the right thing to do. Now that isn't evil corporation, what everybody thinks of. Corporations are small. We have one-- my wife and I have one that incorporates two houses because it is a way for us to organize what we are doing. [RECORDER MALFUNCTION] big, evil things. They are people. They are farms. They're little old men and women. They're young people. They employ people in the state of Nebraska. Many, many, many of the corporations are very, very small. They're families. That's what we're talking about. I stand in support of LB873 and AM2661, but in order to attract and to keep our young people, we need businesses to look at Nebraska-- about coming into Nebraska. I'm very active in trying to find businesses to come to Nebraska. I've talked to many across the United States and across the world because I want to keep our young people in Nebraska. I want to keep our teachers when they retire in Nebraska and many of them retire at a-- a younger age.

WILLIAMS: One minute.

LOWE: Thank you, Mr. President. That, yes, they can take another job, a part time or full time, whatever they wish, if we have the businesses here. And we need to keep up with the rest of America in order for us to be livable here in this state. We need population. That's the only way we can keep up with the rest of the United States is by keeping our young people here and keeping our retired people here. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Lowe, Senator Friesen, you are recognized.

FRIESEN: Thank you, Mr. President. So if we want to talk about the, the current portion in front of us, the corporate tax, this will go back-- if, if you had a, a C corp in Nebraska and when they did the Tax Cuts and Jobs Act-- I forget what year they did that. Well, they, they changed our corporate tax rates on the federal level. And so they used to have, I think it was a 15 percent bracket, and then I think it went to a 28 percent bracket. They had a-- I might have the numbers off, but they had a couple of brackets. And so if you were a small C corp in Nebraska, I think your first \$100,000 of income was taxed at

15 percent. And so when they passed the Tax Cuts and Jobs Act at the federal level a few years back, that's when they went to a flat 21 percent corporate tax rate on the federal level. So if you were operating a C corp in Nebraska at that time and you were always-- your income levels were below that \$100,000, you were always being taxed on 15 percent. So-- well, they touted this is a big tax cut for corporations, but if you were a small C corp, you actually had about a 6 percent tax increase because they dropped off the tax rate and now you paid 21 percent at the federal level on all your income. And so that was one of the things that happened on the federal level and so that also-- you know, it changed your state taxes too. And we did some tax bills, I know, that meshed the two together in the end, but what it amounted to for the small C corps in the state was actually a tax increase, the absolute wrong place, I said, you know, to increase taxes is on small business, but that's what happened on the, on the federal level. And so again, I-- the, the corporate tax rate, everybody always says that's just a-- that's a pass-through tax and everybody pays it because you, you-- as a business, you're going to pass it on and pass it on to the customer. So I'm-- I used to support taking the corporate tax down to zero. Today, I'm saying that my compromise-- I've changed. I've, I've said we shouldn't touch the corporate rate, but my compromise part of this is saying that, no, let's, let's get the corporate rate down to where we're on parity because a lot of people do switch to an LLC, which is taxed at our personal rates. So if we're just going to encourage businesses to change their corporate structure, we could say that we want parity between our corporate and our individual rates. These days, if you would start up a business in Nebraska, you'd probably form an LLC or a Subchapter S. You wouldn't start out with a C corp. So these are the things that happen sometimes when we change our-- whether it's on the federal level or on the state level, when we start messing around with the tax code, we actually drive how people structure their businesses sometimes if the taxes are too big an increase or, you know, if we provide a big tax cut somewhere, it incentivizes businesses to operate under different structures. And so today, if I was going to start a business, I would probably start it under a Subchapter S or probably a limited liability company, an LLC. And so there, your taxes are passed through and you pay them on your personal rates that we're trying to lower here. And so--

WILLIAMS: One minute.

FRIESEN: --in order to provide parity between the two, if we would keep those rates the same, it would keep some businesses probably from changing their tax structure and actually save them a little money in

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those changeover costs and able to do that. So I think by lowering the corporate taxes a little bit as part of the package, it's not a very expensive portion compared to changing the individual rates. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Friesen. Senator Hunt, you are recognized.

HUNT: Thank you, Mr. President. I don't have a lot of deep thoughts about this. I think that this is another example of immoderate thinking when I listen to the debate on this issue. The question isn't are corporations evil or good or can corporations help people or not or are corporations owned by, you know, faceless Lex Luthor conglomerates or little, old grannies? Like, this-- these are the dichotomies that we've heard throughout this debate. I can easily concede to the fact-- because it's a fact-- that, yes, corporations help people. Yes, they hire people. Yes, they create jobs. Yes, they're often owned by regular, you know, middle-class citizens. They're owned by mom-and-pop shops, you know, regular people in the neighborhood to farmers and everything in between. And I can still not want to decrease corporate tax rates because it does also catch in the net of that tax cut, some of the bigger corporations that I don't really want to expend energy or money giving a benefit to, giving another benefit to in this state. I also will concede to the argument that was made by Senator Erdman that, you know, by cutting taxes on corporations, we're not decreasing-- we're not taking the state's money. We're, we're just decreasing the state's revenue. And to me, that's a little potato-potahto. I'll say whatever it is you want me to say with that. It's fine. There are a lot of things in this state that I want to do before we cut the corporate tax rate. I'm not categorically against it. There are definitely scenarios where I would agree to do something like that, but in the hierarchy and, and list of things that I have heard from my constituents in District 8 would meaningfully improve their quality of life, this isn't even on number 1 through 100. And there are things that are, like, one through five that this Legislature has refused to push forward, has refused to agree to. We have a veto override opportunity coming up tomorrow and it's-- do you understand how you sound, how frustrating it, it is to hear people say, well, it's just the little old granny and the mom-and-pop and the little old man who owned corporations in Nebraska so vote for AM2661 because it's harmless? And then tomorrow, you're going to stand up on the mike and speak against taking federal aid for renters. People who own corporations are renters too. Stuff is not so black and white and I'm, I'm boring myself. Like, I bet I look really bored on camera right now. I'm just like dead behind the eyes because

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it's not black and white. It's not that corporations are good or evil. It's not that, you know, they're owned by Lex Luthor or grandma. It's not that simple. So I'm not trying to boil it down to that. I'm not opposing this because I think corporations are evil. I'm opposing it because in the vast list of can we please dos of this year and the last year and the last year and the last year--

WILLIAMS: One minute.

HUNT: --nothing that my people are actually asking for is rising to the top for you guys. So if you deal with me, I'll deal with you. That's politics, right? There's scenarios where I would support this. One thing you could do, for, for one, is accept the federal dollars for emergency rental assistance that Nebraska taxpayers who are farmers, who are corporation owners, who are grandmas, who are Lex Luthors, who are everybody, have already paid for. We've got the receipt, but we don't have the rental assistance. So it's not really deeper than that for me. Thanks, Mr. President.

WILLIAMS: Thank you, Senator Hunt. Senator DeBoer, you are recognized.

DeBOER: Thank you, Mr. President. Good afternoon, colleagues, although it's already pretty dark in here. It must be cloudy outside. So individual income taxes, I voted in favor of that one because I am a person of hope and I hope that between General, General, which we're on again, and Select, I will keep crying out into the wilderness and maybe someone will hear me that we need to do something on that middle tax rate from 5.1 to 4.1, that it costs about \$100 million. Maybe we can do something for people who do not make up into the top tax bracket. I am a person of hope. I am hoping that maybe we can work on that. And if anyone wants to talk to me about that, I am here, or you can follow the coughing and find me wherever I am and please help me with that one. I would really like to do something for folks in my district. To be honest, we get up here a lot and we talk about our districts. Well, that affects my district. The median income of my district means that half the people in my district aren't going to get anything from the individual income taxes that we're cutting in this bill so I'd like to help that half. You say, well, there's property taxes. Yeah, but I think I figured it out and it's something like one in five people in my district lives in rental units. I have a lot of people who rent in my district so that means that they don't get anything from the property tax, they don't get anything from the income tax, and if they're not old enough, then they don't get anything from the Social Security tax. So they're being left out of this package. I'm trying to fight for my district. Now, I am and

always have been a supporter of the Social Security tax relief package, I guess we're calling it, getting rid of the Social Security tax. We've got to get the money back into the pockets of our senior citizens. No question. That's why I have a stack of amendments upstairs that if for some reason this bill doesn't pass, I will make sure that it happens on the next bill or some other bill. And I'm sure, frankly, that so are about 20 other people going to make sure that happens. We're going to get that one done this year. And I'm certainly not taking the credit for it because that is all Senator Lindstrom and I think we should all thank Senator Lindstrom for his dedication to getting that done and the Revenue Committee as well, I don't want to leave them out. So Senator Linehan and the rest of the Revenue Committee, thank you for getting Social Security tax done. We'll get that one done. We got to get money back into the pockets of our senior citizens. But when we do that, we really need to think about who we're missing in this tax package and who we're missing is a good chunk of people who live in my district. And if-- there have been several senators who've gotten up on the mike and argued this misses my district. Well, this one misses mine, a large chunk of people in my district, so help me out. I am hoping between General and Select, we can maybe get some movement to make sure that we bring everyone along in that and bring relief to everyone and really get to that wide swath of Nebraskans that it seems like we're talking about on the mike, but doesn't bear out. Now, if you're sitting at home and you're watching this and you're saying, oh, I'm hearing one thing from one group and another thing from another group, here's what I'll say: don't take our word for it. Figure it out yourself. This is tax time so look at your taxes, look at your tax return, and imagine what happens if the top bracket only goes down 1 percent.

WILLIAMS: One minute.

DeBOER: And see if you get any or very much or if you just get a pizza party or-- which, look, I like pizza. I had it for lunch so maybe that's enough, but see what you get with this package as it is by only lowering the top tax bracket 1 percent because, you know, that's my concern. I'm also not interested in voting for corporations getting tax cuts when it won't have any incentive effect on them because they pay on-- whether they're located in Iowa or Florida or Nebraska, they pay the same amount based on their sales in Nebraska. They'll pay the same amount regardless of whether they're located here or not so I don't see how it incentivizes anybody to move here or move their businesses here. So, you know, this one isn't popular with me. I'd rather get tax cuts for the middle class. I'd rather get that middle tax bracket down than corporate.

WILLIAMS: Time, Senator.

DeBOER: Thank you.

WILLIAMS: Thank you, Senator DeBoer. Senator John Cavanaugh, you're recognized and this is your third opportunity.

J. CAVANAUGH: Thank you, Mr. President. And again, I appreciate comments from folks about the tax package and tax policy in general and I was talking off the mike in the intervening time about how much I've learned about tax policy just through the debate of this bill over this year and the debate we had on tax policy last year. If you remember, as I said, we ultimately agreed to-- we negotiated to do a half-percent instead of the whole percent that was proposed last year. And there was other portions of that bill, including what was called the GILTI tax, which was a global intangible tax, which has to do with companies offshoring and basically some sort of tax avoidance schemes in the Cayman Islands sort of thing, and we negotiated around that as well. Ended up not changing that and only changing the half-percent, which again, I thought was a reasonable compromise on that issue and resolution to that at the time and that we would leave that as is until, you know, a few years down the road, fully implemented and come back and talk about the evidence of that affecting the nature of the state finances and the nature of corporations as they choose to site or not site in Nebraska if that, if that makes any impact. And if there was any evidence, I said on the mike-- I remember I talked to Senator Flood about this-- that I said if the evidence shows that this actually does what people argue it does, then I would be supportive of, of further change. And at this point, there is no evidence to support the arguments that have been put forward about reducing corporate taxes. The evidence-- obviously, there's the evidence that people would like to pay less taxes and that corporations, of course, are in, in the category of trying to minimize the total amount that it costs to operate the corporations so they can increase the amount that they return on that investment, which is like everybody, and return to their shareholders or owners or whatever the structure is. But the, the, the tax rate, to this point, I have not seen any studies or any evidence that shows by decreasing the tax rate a half-percent or further decreasing it, that more corporations will move to Nebraska, that there will be generated more economic benefit from that for the same Nebraska, that it will ultimately generate more economic-- or more revenue for the state Nebraska. So based on the evidence, I continue to be suspicious of this amendment and this, this idea and I oppose it at this point. And again, I would go back to when we're talking about our priorities and we're talking about this whole

package, there's going to be-- everybody gets to vote on the individual pieces and then when it gets put together at the end, I think people will get to decide whether the parts that are in outweigh, you know, the parts that are out for them or the parts that are in outweigh other parts that are in that they don't like. People will get to make that decision on the holistic package if the whole thing is worthwhile to them based off of whichever parts are in or out. And so that's why I think it's important to have the question divided and have the question taken up individually. But again, the whole package, as put together, fully implemented, \$900 million. That is about \$450 million between the income, personal and corporate income-- 415, sorry, \$415 million between personal and corporate, 220 in the LB1107 fund, I think it was 195 in the community college fund, and \$73 million is the Social Security portion.

WILLIAMS: One minute.

J. CAVANAUGH: Thank you, Mr. President. So Social Security portion, we'll get to-- I think it's last, if I recall the order that was articulated, is again wildly popular. It is a good idea. It will-- it goes to Nebraskans who paid into the system and in a tax and-- well, we can talk about that later. The personal income has already been put back in and my opposition to that is the-- how it is top heavy, meaning that it, it gives-- a huge amount of its tax benefit is derived by individuals making over \$100 million. A huge part of it is made by individuals making over \$200,000. And you-- we can all haggle about who we call middle class, who we call working class, who we call your middle-class Nebraskans, but we can all agree that \$1 million in income is a wealthy person and \$70 million of the \$415 million total will go to those folks, to 8,811 taxpayers. So to me, that is what--

WILLIAMS: Time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

WILLIAMS: Thank you, Senator Cavanaugh. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Mr. President. I am rising to correct the record. When I was talking about the rental assistance bill, I said that Senator Briese did not vote for it, but he did in fact vote for it so I apologize, Senator Briese, that I got that incorrect. I still oppose AM2661, but I appreciate Senator Briese's support of the rental assistance bill because it is extremely important that we ensure that people who are housing insecure have that stability in their lives and

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it is very upsetting and disappointing that we just can't do that, that we can sit here and want to cut \$900 million from our taxes, but we can't accept \$120 million to help poor people, so. But that's where we're at, Nebraska. And I saw some funny things on Twitter about-- I mean, hopefully people aren't actually doing this because it's still a workday, but, but of just, you know, drinking games around hardworking Nebraskans. How many times people here say hardworking Nebraskans and the middle-class Nebraskans and farmers in Nebraska. There's just like a whole bingo. I personally hope that baloney Skittles gets asked-- added to that bingo. So yeah, I am going to vote red on AM2661 and as I said previously, I will be voting for some of the other amendments to come, specifically Social Security and property tax relief. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Cavanaugh. Senator Matt Hansen, you are recognized.

M. HANSEN: Thank you, Mr. President, and good afternoon, colleagues. Colleagues, I believe this is the first time I've spoken since we've divided the question and I believe this is the first time I've spoken this afternoon at all. Part of that was because I was-- for a good chunk of the early afternoon, Senator Wayne and I were on a Zoom call with officials from Washington, D.C., on talking about rental assistance. I do think we'll have some updates and some ideas on that. I-- I've certainly have a better picture of the overall state of that being my priority bill after that call than I did before. It's more nuanced and more details and more numbers than I want to necessarily throw out in this debate, but I did want to just kind of reaffirm that we are continuing to work on that. I think we have some updates and I'll be excited for the opportunity to discuss it more on the override vote. Looking at this bill and looking at this specific provision, the corporate income tax provision, this is one that I've identified multiple times talking about the tax bill as one that I think is deserving of a lot more scrutiny. Again, and as Senator John Cavanaugh just made this point again, I've tried to make it. With-- when it's income taxes, it is tied to the place you earn the income, notably with national and international corporations. If they are earning their income from sales in Nebraska, they are paying their income tax on those sales, which is to say that a lot of the tax breaks that are, that are included in this corporate income tax are to corporations that, regardless of what our corporate tax rate are going to be earning money here because their consumer base is here. And that's something why when I-- especially I'm told we don't necessarily have the money or the opportunity to address some of the lower individual income tax rates, I question why we would prioritize doing the

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corporate tax rate. We have an opportunity to do different things with that money other than to provide it to corporations that are going to be located here because their income-- you know, their sources of income are here. Their consumer base is here. Again, a national retailer who has stores in Nebraska, has customers wanting to buy things from their store, is going to be in Nebraska kind of regardless of how this provision of this bill passes. So I will not be supporting this portion of the Revenue Committee amendment, AM2661, and would encourage others not to. With that, Mr. President, I know we're going to have more time. It seems like we're getting to a vote here soon so I'll rise and discuss other portions of the bill later. Thank you.

WILLIAMS: Thank you, Senator Matt Hansen, Senator Linehan, you're recognized.

LINEHAN: Thank you, Mr. President. So I just have a few responses. So there are, according to the IRS-- I think this is from year-- oops-- thank you-- from year 2018. There are 19,969 C corps in the state of Nebraska, so that's almost 20,000. So the number of C corps that-- this gets back to the point. I know we all think we're talking about big bad business, but the number of C corps that paid that had income between zero and \$5,000 is 6,167. So we're not talking about huge companies here. The next grouping is from \$5,000 to \$10,000 of income-- and I have this list if somebody wants to look at it-- 755. So there are a lot of corporations who aren't the corporations that Senator Matt Hansen was just talking about that are-- we don't need to name them, but we all know the big retailers that we're referring to. And, and we talk about those big retailers that are here and they only had to pay the money-- only pay taxes on the money they make here. Those big retailers also generate a huge amount of sales tax. So I think we want those big retailers here because sales tax is the other half of our General Fund. We had a vote on this last year on the parity part of that, which we're trying-- maybe I'm not explaining this well enough, but what we're trying to do here is keep the parity that we-- 42 of us voted last year that parity was a good idea. Senator Cavanaugh talked about the vote. As I said earlier, we were at 781-- 7.81 percent when individual was at 5-- 6.84 and now we're at 7.5. It's going to take us five years to get it down to 5.84 and to parity. Others have talked about Kansas. This is not even-- this is-- when we pass this package, we'll still be higher than Kansas so we're safe. And that's after Kansas raised their taxes. Yes, that's right, Senator Walz, they do have more people. I heard you. South Dakota and Wyoming, let me see, what's their income tax rate? Oh, yeah, zero. They have far fewer people than we do. The idea that our taxes are high because we don't have enough people is a very-- I hear it a lot.

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It's not true. If that were true, Wyoming and South Dakota would have higher taxes than we do. They do not and I know the reasons. So the other thing, when I think you talk about taxing corporations that we forget, a lot of people, hopefully many of us, have retirement accounts that are invested in C corps. And when C corps pay taxes, their dividends shrink. So anybody with teachers' retirement, firemen's retirement, county employees' retirement, they're all invested, many of them, much in corporate America. When we tax them, we hurt those retirement accounts. Senator Stinner, could you yield for a question, please?

HUGHES: Senator Stinner, will you yield?

STINNER: Yes, I will.

LINEHAN: Senator Stinner, you and I have talked about this many times. What is your impression of our top rate, whether it be corporate or individual? What's the problem with having the highest rate in the region?

STINNER: Well, it's generally what I call a marquee rate or that is what is advertised many times across whether we look at high tax states or low tax states. It's always that high tax--

HUGHES: One minute.

STINNER: --rate that everybody looks at for comparison purposes. And I would like to talk about corporations as job creators. That's exactly what you want to attract are job creators and corporations generally come in-- think of, think of Union Pacific that goes across the state of Nebraska. They're great job creators with great jobs and that's what you want to have in your state. Corporations also are very mobile and they can, they can locate anywhere they want. They can, even though they're here with a small office, when they look to expand, they're going to look to the most advantageous place to expand both regulatory wise, workforce wise, and tax wise. So it's important that we're competitive. I think if you just look at South Dakota, you know, the Sioux Falls area has grown like crazy. They're attracting corporations with great-paying jobs.

HUGHES: Time, Senators.

STINNER: That's exactly what we want.

HUGHES: Thank you, Senator Linehan and Senator Stinner. Senator Flood, you're recognized.

FLOOD: Good afternoon, everybody. I would like a new seat. I would like to relocate my seat in the Legislature because Senator Walz and I are not getting along. This has been going on for months now. I got this seat because it was my old seat and it reclines the best, but I did not realize who I was been surrounded by over here. The neighborhood changed. I am so in support of AM2661 and I'll tell you why I think this makes sense. You may not like it when businesses look at where to locate, but it boils down to a CEO looking at a spreadsheet and one of the factors that they look at is what is the state's corporate income tax rate? And that may be something that, that you can explain five ways to Sunday, but when Nebraska sells itself, one of the things that's in our portfolio is what is the corporate in tax-- income tax rate in Nebraska? Now, we have things to sell here. We have a workforce second to none, people that work hard. We have a great educational system. We have safe communities. We have a lot of different variety in terms of the different environments we have in Nebraska, from urban to rural, cities like South Sioux that take advantage of the Sioux City metro. But one of the hurdles that we have, quite frankly, compared to a lot of states, is our corporate income tax rate. And we can have these conversations about how it's working or how it's not working, but imagine if some corporations really considered leaving. What would we do for our Union Pacific if they decided they didn't want to be in Nebraska? We've had to chase them back before. Now I have every belief that they love being here and they are here, but they are a corporate citizen that has been so ingrained with the values of the state of Nebraska we put the train in the state flag. They are part of us. We are part of them. But we have to create an environment where these corporations feel like there's a partnership. And trust me, going down to 5.84 percent doesn't seem like much of a partnership when states like Texas are working to lure corporations from Nebraska at zero. That's a challenge. And so we're not-- as Senator Linehan said, we're not trying to be zero. We're trying to find modest reductions in our tax rate to make Nebraska more appealing to all the corporations that we want to be located in the great state of Nebraska. There are more opportunities out there for us. I will tell you in my district, there are challenges today keeping a corporation in my community. I hope that what I'm hearing doesn't happen, but we have to create an environment where they want to be here. And the people that we work for in our districts want to know that when we're at work, we're finding opportunities for their kids to work at those places so that their grandkids can be raised close to them and that means selling the state. How many of you have been in sales? My guess is that all 49 of us are in sales because we had to sell ourselves, at a minimum, to get here. Imagine that job every day

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selling the state, selling the state to people and businesses and CEOs and corporations that employ tens, hundreds, thousands.

HUGHES: One minute.

FLOOD: One of the items on the spreadsheet is the corporate income tax. And where it sits right now, it's not very competitive. Yes, we have incentives. Yes, we have Nebraska Imagine and a workforce and a community college system and the University of Nebraska and the University of Nebraska Medical Center, but we have a corporate income tax rate that has to be addressed too. And AM2661 is one of several compromise pieces in this bill that, when put together, will help us attract more businesses and jobs and opportunities to this state. Thank you, Mr. President.

HUGHES: Thank you, Senator Flood. Senator Pansing Brooks, you're recognized.

PANSING BROOKS: Thank you, Mr. President. So I am standing to ask some questions of both Senator Clements and Senator Linehan if they would. First, let's go with Senator Clements, if he would be willing to answer some questions.

HUGHES: Senator Clements, will you yield?

CLEMENTS: Yes.

PANSING BROOKS: Thank you. Senator Clements, I was just talking to you off the mike to find out what, what's happening-- I've done business and corporate law throughout my life since, since I graduated from law school. That's what our business is so I, I understand the concerns of corporations and the belief that if we make taxes lower, that they will come. It's sort of like if we build it, they will come. If we lower it, they will come. So what I'm, what I'm interested in through is the-- could you tell me what the lowest rate is and if we are doing anything to the lowest rate for small corporations, small business, which I believe are the backbone of our state?

CLEMENTS: Yes, there are two rates; the first \$100,000 or corporations with less than \$100,000 of taxable income, the rate is 5.58 percent. And the-- this bill would continue to say that the first \$100,000 or anyone under \$100,000 pays 5.58 percent.

PANSING BROOKS: OK, 5.58 percent. So that part is not going to change, but the part-- the amount above \$100,000, the people that make above \$100,000, what happens to them?

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CLEMENTS: It's currently going to be 7.25 percent in 2023. Then this bill, in '24 is 6.5, then 6.24, 6.0. In 2027, 5.84 percent.

PANSING BROOKS: 5.84 and still-- the people under \$100,000 still make five point-- or still are at 5.58. So the first \$100,000 is taxed at 5.58 percent and then in '27, it will-- everybody above \$100,000 will then be taxed at 5.84 percent, is that correct?

CLEMENTS: Yes, that's page 15.

PANSING BROOKS: OK. Do you have any knowledge of why we didn't-- this is one I'll probably ask Senator Linehan, but I'll ask you too. Do you have any understanding why the startups and the people who are truly attempting to start businesses were not included in any portion of the tax cut?

CLEMENTS: I wasn't involved with that, but I would say that the top tax rate, like Senator Stinner said, is what people look at when they're thinking of moving into the state or moving away.

PANSING BROOKS: And of course, the, the lower tax rate is what encourages people to start businesses here and to help hire Nebraskans, is that correct? I mean--

CLEMENTS: Yes--

PANSING BROOKS: --it's, it's--

CLEMENTS: --the starting businesses will usually be in the lower income.

PANSING BROOKS: We have to support our, our new businesses as well. OK, thank you very much, Senator Clements. I appreciate your input on that. Senator Linehan, do you have a-- would you answer a question?

HUGHES: Senator Linehan, will you yield?

LINEHAN: Absolutely.

PANSING BROOKS: Thank you, Senator Linehan. You know that I've been concerned all along on why I, I felt that the middle class could have used more of a tax cut. I'm concerned about the fact that those under \$100,000 are-- corporate taxes aren't getting a cut. So could you speak to that and why you stopped at \$100,000 when a lot of our, of our startups and, and all of those groups that we want to do business

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here in Nebraska and thrive and not start their business somewhere else, why did we not work with those--

HUGHES: One minute.

PANSING BROOKS: --businesses as well?

LINEHAN: Actually, Senator Pansing Brooks, if I was magical and I could do anything, I wouldn't even have a corporate tax, \$100,000 or \$500,000. It's double taxation. I own stock. I don't know how many, took me a long time to get any, but I do have now. I'm retired and I use dividends to pay my bills. And before I get the dividends, the corporation has to pay taxes on it. Then I get the dividend. Well, they pay taxes on their income and then they take their income and they send out dividends--

PANSING BROOKS: But, but I'm--

LINEHAN: --to me. OK.

PANSING BROOKS: --still worried about the people under \$100,000 that are startups. You know, we're the silicone [SIC] prairie. We've got people that are doing startups that need to have relief as well.

LINEHAN: Right, and we do some pretty good things for startups if they're very successful in Nebraska. I'll give you another example. If you start a business in Nebraska and it's Nebraska owned and you stay here--

HUGHES: Time, Senators.

LINEHAN: --and-- thank you.

PANSING BROOKS: Thank you.

HUGHES: Thank you, Senators Pansing Brooks and Linehan. Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President. I, I just couldn't stay in my seat after hearing all of the wonderful things that will happen with the consumption tax. Senator Pansing Brooks, let me tell you what the corporate rate can be in 2024, zero. Zero. Senator Flood talked about he may lose a corporation in his district because of corporate taxes. When a corporation makes a decision today, they don't necessarily make a decision what's the best one to make for the business. The first question they ask is what does this mean to our tax burden? What state

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would give us the best opportunity with the tax system they have? What state has the best incentive package that would allow us to go there and start our business or stay there? We have talked about being competitive with Texas-- they're recruiting our businesses-- and all the other states that have a more fair tax system than we have and we wonder how we're going to compete. Senator Linehan says if she was magical, she would eliminate corporate income tax. Well, when she gets a chance to vote on the consumption tax, she can consider herself magical because that's what it does. And she is correct, which is a double taxation. And so all of this conversation today-- and I've said this numerous times, I'll say it again-- can all be eliminated when we have a fair tax system and a consumption tax is just exactly that. Then the businesses could make decisions on what is best for the company economically, what is best for our employees, and they make that decision based on those criteria rather than what is the best tax system for us. This is the wrong way to collect taxes from people, telling them how much they should pay and when they should pay it. But we'll probably find resistance, I'm sure we will, because you'll be too scared. You're going to be frightened about doing something different. The state is going to go broke, the schools will close, the highways will just fall apart, and we will be no more. That's the same thing they said in California when they lowered their property tax from 2.5 percent to 1 percent. Guess what? None of that happened. Why is that? It's because the economic advantage was so great that after two years, they collected more revenue at 1 percent than they did at 2.5. And so why is the business in Senator Flood's district think about leaving us? Why did Conagra leave us? Why do other businesses look to relocate? It's because our tax system is burdensome. So we can make a decision once and for all to fix it or we can continue to do what we've always done and expect different results. In 1966, the voters circulated a petition to eliminate property tax for the state. The comment then was the state has no revenue. It's going to go broke. Schools are going to close. The sky is falling.

HUGHES: One minute.

ERDMAN: Guess what? They figured it out. None of that happened. We can do it again, but continuing to put a Band-Aid on an amputation is not going to solve our problem. I'll leave you with this: it is not our money. It is the people's money. No government has ever given anybody anything that they didn't first take from someone else. Thank you.

HUGHES: Thank you, Senator Erdman. Seeing no one else in the queue, Senator Linehan, you're welcome to close on AM2661.

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LINEHAN: Thank you, Mr. President. Thank you, colleagues. So is this five minutes or what's the time?

HUGHES: Five minutes.

LINEHAN: OK, so two years ago-- oh, first I want to say I like my neighborhood. I do. I like my neighborhood. I like my numbers guy right here. He's also the tax guy. I mean, how good is it that your Chair of the Revenue and the guy sitting next to you does income tax-- files income taxes for people? He's got a story for me almost every week and lately it's been great stories about LB1107 so that's good. So going back to LB1107, we all talk about the property tax portion. But that wasn't even-- that was part of the package. The other party-- part of the package was the Nebraska Imagine Act and we had, I don't know-- Senator Kolterman was working, like, the whole session-- well, actually two years, so the whole Legislature [SIC], to try and get an incentive package passed because if we didn't get the incentive package passed, we were not going to have an incentive package. And this actually goes back to-- I've been around in Nebraska and in and out of-- mostly in politics for a long, long time, about 30--some years, actually, more than 30. You can check my math. I just didn't want to say how old I am. I think it's actually 40. So I remember 1988 when Union Pacific was going to leave, Conagra was going to leave, and Governor Kay Orr said, we can't let them leave and we passed LB775. And it was a hard vote. Legislature did the right thing. Kay Orr lost her election over it. Then, I don't know exactly when, but later LB775 was going away so we passed the Nebraska Advantage Act because we knew if we didn't pass an act, we would lose corporations, we would lose business because our income taxes are too high. So we can't, like, just have a tax rate for everybody. We got to have special deals. So two years ago, when we did LB1107, we passed the Nebraska Imagine Act. Why do we have to pass the Nebraska Imagine Act? Because our income taxes are too high. I don't know what the final vote was. I looked at a cloture vote this morning. There was, there was-- well, it got done so that tells you. We all knew we needed to do it and we needed to do it because our taxes are too high on individuals, on corporations, property taxes. They're all too high. And we're never going to be able to set aside the idea of an incentive package which picks winners and losers unless we bring all the rates down. So I-- please-- and, and to answer Senator Pansing Brooks's questions-- they're good questions. I didn't start in the middle. I don't know why I'm not explaining it well enough because everybody plays [SIC] the middle rate. Everybody. Doesn't-- if you make \$1 million, you still pay at those rates. So taking those rates down, they too cut the people at the top, if that's what we're worried about. There's not a way to give the people in the

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middle a tax cut without giving the people at the top a tax cut. That's just not the way it works. I don't know why I can't get that explained. So corporate taxes hurt retired people. They hurt your-- what am I trying to say-- your retirement accounts, your savings, families, teachers' retirement, unions, firemen, policemen. These are investment vehicles that every investing agency uses. And when you say you want to tax corporate, you are taxing your neighbors and probably yourselves, frankly, if any of you have retirement accounts. With that, I would ask for your green vote on-- I have got to get different glasses.

HUGHES: One minute.

LINEHAN: What's the number? AM2261. Oh, thank you. Oh, yes, thank you. See, this is why I'm in such a good neighborhood. Cloture on LB1107, which was the incentive act, the whole-- got 42 votes. So I would ask for call of the house, a roll call vote in regular order. Thank you very much.

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

ASSISTANT CLERK: 28 ayes, 5 nays to place the house under call.

HUGHES: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Bostar, Senator Wayne, the house is under call. All members are now present. There-- colleagues, the question before us is the adoption of AM2661. There's been a request for a roll call vote in regular order. Mr. Clerk.

ASSISTANT CLERK: Senator Aguilar voting yes, Senator Albrecht voting yes. Senator Arch voting yes. Senator Blood not voting. Senator Bostar voting no. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator Briese voting yes. Senator John Cavanaugh voting no. Senator Machaela Cavanaugh voting no. Senator Clements voting yes. Senator Day voting no. Senator DeBoer voting no. Senator Dorn voting yes. Senator Erdman voting yes. Senator Flood voting yes. Senator Friesen voting yes. Senator Geist. Senator Gragert voting yes. Senator Halloran voting yes. Senator Ben Hansen voting yes. Senator Matt Hansen voting no. Senator Hilgers voting yes.

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Senator Hilkemann voting yes. Senator Hughes voting yes. Senator Hunt voting no. Senator Jacobson voting yes. Senator Kolterman voting yes. Senator Lathrop voting no. 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. Senator Moser voting yes. Senator Murman voting yes. Senator Pahls. Senator Pansing Brooks. Senator Sanders voting yes. Senator Slama voting yes. Senator Stinner voting yes. Senator Vargas voting no. Senator Walz voting no. Senator Wayne voting yes. Senator Williams voting yes. Senator Wishart voting no. Vote is 32 ayes, 12 nays, Mr. President, on the adoption of the amendment.

HUGHES: AM2661 is adopted. Items for the record, please. I raise the call.

ASSISTANT CLERK: Thank you, Mr. President. New A bill: Senator Lindstrom, LB730A. It's a bill for an act relating to appropriations; appropriates funds to aid in carrying out the provisions of LB730. That will be placed on General File. Additionally, motion to be printed from Senator Cavanaugh bracketing LB1014 and committee report from the Retirement Systems Committee concerning the gubernatorial appointment of an individual to the Nebraska Investment Council as well as an individual to the Public Employees Retirement Board. That's all I have at this time, Mr. President.

HUGHES: Thank you, Mr. Clerk. Returning to the agenda, the next amendment.

ASSISTANT CLERK: Mr. President, next amendment from the Revenue Committee, AM2662, concerning community colleges.

HUGHES: Senator Linehan, as Chairman of the committee, you're welcome to open on AM2662.

LINEHAN: Oh. I'll assume that's an accident. Good afternoon. So this is a part of the bill that increases the LB1107 property tax credit. So as you all know, this year, the tax credit is about 25.3 percent of General Fund school taxes that you pay, which makes it fair to everybody because it's based on what you pay. So if you pay \$1,000-- most people pay more than this, but just for easy math so I don't have to ask Senator Clements here. If you pay \$1,000, you're going to get \$253 back in a credit. So we're applying the same logic to taxes you pay on your property taxes for community college. Now, I don't know exactly what the percentage will be. Community college taxes are not as big a part of your property tax bills-- community coll-- or as

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schools are, but it's on there and there's arguments, ever since I've gone-- been here that they really shouldn't be a property tax thing. But they are and we're not going to take their levy authority away from there. So there was a bill introduced to do that. They-- obviously, it was not very popular. So what we did instead in committee working with-- well, I guess, pretty much the committee, but working with the community colleges and others, we are now going to take what you pay for community college property taxes and apply a credit to that. The first year, I think it's \$50 million so it won't be nearly as significant. But then remember on the school taxes, we started with, I think, \$125 million and it was only 6 percent of the school taxes. Fifty million will be considerably more of your community college taxes. I think it's about 25 percent. So you'll be getting 25 percent credit on what you pay on your general school, general school property tax and 25 percent on your community college. Then it goes up to where I think in the fourth year-- might be the fifth year-- it's, it's what you pay so I think what-- this is done on amount of money, not on a percentage. So the first year, it's 50 and then we get to \$195 million in the fourth year. And if I'm missing anything in that, I would have-- yield the rest of my time to Senator Briese if I've misspoke there. I know, no heads up. Can I ask Senator Briese a question? That's a better way to do this.

HUGHES: Senator Briese, will you yield?

BRIESE: Yes.

LINEHAN: Is that-- am I right on the numbers? It's \$50 million. Oh, here again. This is why I like my neighborhood so well.

BRIESE: It's, it's 50, 100, 125, 150, and 195.

LINEHAN: So it's five-- OK, go ahead. I'm sorry.

BRIESE: I was going to say your \$50 million, I estimate about 26 percent.

LINEHAN: OK. And then the next year, it would be 52 percent about?

BRIESE: Roughly.

LINEHAN: Of course, we know one of the problems with this, taxes might go up, so we can't be exact, but yeah. OK, did I misrepresent any-- or misspeak on anything else?

BRIESE: I don't believe so. I think that was very accurate.

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LINEHAN: So I think this should be pretty-- I haven't gotten a lot of pushback on this. I think it's-- people understand it. The Department of Revenue has ensured us it will be easy. It will still only be two clicks on the computer and it will pop up and you'll be able to figure out what your percentage is and what your credit is on your income tax. So it will be income refundable. So in case radio stations are listening, you don't have to make-- you don't have to pay income taxes to get this. You just have to file. Even if you don't owe income taxes, you get-- you owe zero income tax, you still get this credit. So the state could actually end up sending you a check. With that, I would welcome the debate. Thank you.

HUGHES: Thank you, Senator Linehan and Senator Briese. Debate is now open on AM2662. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President, and thank you, Senator Linehan and Senator Briese, for walking us through this one. And as Senator Linehan, I think, correctly pointed out, there hasn't been a whole lot of talk about this one or pushback or people being too upset about it. And this is a-- well, certainly better in my mind than what I think LB873 originally was. And people have talked about the LB1107 funding and, and kind of the difficulty some people have had with it and Senator Linehan has walked people through. I know Senator Machaela Cavanaugh has walked people through on the mike about how to, how to apply for these. Senator Brandt has also walked people through how to apply for these-- the refundable tax credits through this and so we're all doing our public service announcements on that to make sure that people actually capture these finances when we-- this, this, this tax benefit when we make it available. And so my-- you know, I'm, I'm not rise-- I'm actually not rising in opposition to this. I generally-- this one is one that I think-- I, I guess I'm leaning towards voting. I know I should see the smile on Senator Briese's face voting for this one. There it is. Senator Briese and I have had a lot of-- we get along very well. We've worked together on a number of things and Senator Briese and I have butted heads on a bunch of stuff-- not butted heads, but we have been on opposite sides and been very cordially on opposite sides of many issues. So I always appreciate Senator Briese being on the opposite side of an issue with me. But this is one we've, we've-- yeah, we've all talked about everybody is very-- I think it has made the case this year and in every year that you watch Nebraska Legislature about the importance of property tax relief and the importance-- and what role we can play in property tax relief. And I would say my general problem with LB1107 has been and this is just that-- the way, the way it's structured. It's not the actual dollar amount. It's not the, the nature of it. But the-- I

guess the thing I wanted to say about this was we had the conversation on LB723. Is that right? LB723 originally. Brought it up-- I know it feels like a million years ago to everybody. Senator Briese brought up a bill, which I think is the next amendment, and we'll talk, we'll talk about it on that point. But the conversation around that bill and part of it was, can we afford this going forward, this, this increase, putting some more guardrails, which ultimately were part of the compromise in this bill, this portion, putting a 5 percent cap in growth on this to make sure that it doesn't have a runaway growth that is uncontrollable? And so the conversation though, at that time, was we should delay having these conversations until we have a fis-- a, a better picture of what, what we're spending, what the fiscal picture of the state looks like going forward, how much is-- that we can actually afford to do. And so Senator Briese, I think, agreed on that as well. Everybody kind of agreed and we kind of put-- pulled the brakes on moving on those bills at that point in time and now we're back having this conversation with-- I think today's the 51st day in the Legislature so we're getting close to the end. We've gotten new forecasting projections from the Forecasting Board and we've gotten our estimates of what our take is and in terms of what's coming into the state. And so all of those things were-- meet the level of-- that this is currently an affordable thing to do. The state can bear this cost. And so then the question is just, is this how you want to-- you know, this is a question of priorities-- what, what you want to spend the money on. And, you know, I've not been the huge advocate for this, but I'm not a person who's necessarily opposed to this idea either. Like I said, my, my position on it has been that it's more the mechanism issue and making sure that where-- people are, are getting it for one, but also understanding that that's--

HUGHES: One minute.

J. CAVANAUGH: --this is what it is doing and going to. And so because we have a big conversation, we spent this whole time-- I guess I'll run out of time here, but we've spent all this time talking about the importance of, as Senator Stinner said, the marquee tax rate, right? And so sometimes we do these sorts of property tax relief that do actually give people property tax relief because this is a refundable tax credit so you get-- even if you don't owe income tax, you will get back the amount of money that you're owed based off of what you owe in property taxes. But your property tax rate will remain the same and your property tax bill will look the same. And so sometimes I'm concerned about these-- nature of these reductions, that people don't actually associate them with what they're associating. And I know and I think some folks have talked about that they are hearing from people

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on that and so I, I think that's a good thing. I, I hope that continues, that people actually recognize these things as property tax relief and that when we talk to people, they recognize that the state of Nebraska has helped provide some--

HUGHES: Time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

HUGHES: Thank you, Senator Cavanaugh. Senator Briese, you're recognized.

BRIESE: Thank you, Mr. President, and I just wanted to add just a couple of things very briefly. After year five, this \$195 million will grow at the allowable growth rate under these provisions, but that growth rate will be capped at 5 percent, just like it is for the original LB1107 dollars. And as far as the complexity, this should not add any level of complexity for the users of this. The Department of Revenue should do the calculations, shouldn't add to the complexity of it from what it already might be. And I would also suggest it is a very fair mechanism. Everybody will get the same percentage of relief relative to their community college taxes paid and urge your support. Thank you, Mr. President.

HUGHES: Thank you, Senator Briese. Senator Matt Hansen, you're recognized.

M. HANSEN: Thank you, Mr. President, and good afternoon, colleagues. Colleagues, similar to Senator John Cavanaugh, this is an interesting proposal in the sense that-- or an interesting component of the bill in the sense that it's a new concept and one that I don't necessarily have any objection to. I can see the, the, the logic behind it going to a community college being funded by partially state, state support, as well as property taxes, similar to schools or K-12 schools, and examining and going down this route. I do want to kind of talk broadly-- and I know we'll talk about it a little bit on the next amendment when we get to the provisions of LB723 and kind of the, some of the escalators in the property tax credit fund. One of the things and one of the things that I've been supportive of or, or genuinely OK with on the property tax credit fund is it was kind of my understanding that a lot of times, the goal with putting money into the property tax credit fund and in this instance, kind of creating a new property tax credit fund for community college property taxes, in addition to K-12. But one of the goals with the property tax credit fund was it was essentially a fund in the state government that you

could kind of stock funds and allowable-- and growth in there. You can store funds in there with the noted goal-- and sometimes even on this, on this microphone here in debate-- the express goal of using that later for some sort of school finance and school funding goal. And that's always how I viewed the property tax credit fund is it was a very short-term way of providing direct property tax relief from the state because again, we as a state don't levy property taxes, a very direct way of the state providing property tax relief, knowing that longer term, it was going to be used in some manner to ultimately, when we update or change or kind of completely refigure TEEOSA, we'll use the money that was stored in the property tax credit fund. The notion that we're now starting this for community colleges and potentially other political subdivisions, I think this kind of changes the look and changes the perspective of that in the sense that obviously, if we're doing K-12 taxes in the property tax credit fund, that's something that notably then could obviously-- essentially becomes a little bit of a back-end way of funding TEEOSA or funding schools. But when we start doing other political subdivisions like we're proposing to do here in community colleges, I think that opens up the notion that this might be a permanent system. And I think that's something we should at least be conscious of if we start going down this route that if we're going to start including other political subdivisions-- and at this point, just other educational subdivisions-- but other political subdivisions-- community colleges, of course, are represented by an elected board of governors. We're probably acknowledging that some of these property tax credit funds are going to be permanent or at bare minimum, longer term than we might have initially thought or might have initially intended when we first started going down this property tax credit fund rate-- route. And I say this as somebody who doesn't necessarily have some of the, the fundamental opposition to the system of property tax credit funds. I think that's been a pretty effective way as us as a state to provide direct tax relief of a tax we don't levy, which has always been kind of the confounding nature of trying to solve property taxes in the State Legislature, in a body that doesn't levy them. And so I just kind of wanted to start talking about it and framing it that way. As I said before, I don't necessarily have any opposition to starting to include community colleges in this way, but I do want to caution the body that once we start community colleges, I do think it probably makes sense--

HUGHES: One minute.

M. HANSEN: --and probably would encourage other people to bring bills next year looking at cities, looking at counties, looking at some of

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our other political subdivisions that levy property taxes because ultimately what we're getting as kind of a back-end way of direct support to political subdivisions in a way that we as a state don't always accomplish kind of directly through appropriations process. So thank you, Mr. President.

HUGHES: Thank you, Senator Hansen. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Mr. President. Colleagues, I am just trying to catch up on what exactly this one does. The community college tax means property taxes levied on real property in the state by a community college area, excluding any property taxes levied for bonded indebtedness and any property taxes levied as a result of an override of limits on property tax levies approved by the voter. OK, so would Senator Friesen yield to a question?

HUGHES: Senator Friesen, will you yield?

FRIESEN: Yes, I would.

M. CAVANAUGH: Thank you, Senator Friesen. Is this, is this amendment your actual bill, LB873?

FRIESEN: No, my actual bill was to take community colleges off of the property tax rolls completely and have them funded by the state.

M. CAVANAUGH: OK.

FRIESEN: That's why this amendment changed that and--

M. CAVANAUGH: OK.

FRIESEN: --guttled my bill and changed it to this.

M. CAVANAUGH: OK, so-- and this doesn't take it off the property--

FRIESEN: No.

M. CAVANAUGH: OK.

FRIESEN: No.

M. CAVANAUGH: Are you able to answer more questions about this amendment or should I ask--

FRIESEN: That's up to you.

M. CAVANAUGH: OK, well, I'll try then. I don't-- if it's not your bill, I don't want to put you too much on the spot, but. OK, so this doesn't do what you were trying to do. Can you walk me through what this amendment does do?

FRIESEN: Well, what this does is, is it arrives at the same place that we did with K-12 education when we applied for the refundable tax credits on the property taxes paid to your K-12 system. I just applied that same principle to how much you pay to community colleges also.

M. CAVANAUGH: So--

FRIESEN: And so--

M. CAVANAUGH: Oh, sorry. Go ahead.

FRIESEN: --whatever, whatever your levy is and the dollar amounts you pay into the community college in property taxes, you'll now be able to get a refundable tax credit on a portion of that. And each year, we increase that portion.

M. CAVANAUGH: OK, so this is just an expansion-- not just, but this is an expansion of the LB1107 tax credit to include K-12 and community college.

FRIESEN: Yes, that's correct.

M. CAVANAUGH: Thank you, Senator Friesen. I feel like I understand it now. OK. Well, I-- not inherently opposed to that since we already do this. But as Senator Matt Hansen had, had said, we don't, we don't levy these taxes, property taxes, and so this has always been sort of something that gives me a little pause because it feels like we are doing this type of tax reform for more vanity because we want the credit from the people that we're doing it as opposed to just funding education at the state level, which would also result in property tax relief. But we're already here with LB1107 so I guess this is the next logical conclusion. I don't know what the next logical conclusion next year is going to be, but I'm sure there will be one. Probably not going to vote for this amendment. This isn't-- there is still another amendment-- I'm looking at Senator Briese-- for property tax. That's LB723? Yes. OK. I have agreed to vote for that amendment so I want to make sure I'm not missing anything. Thank you, Mr. President.

HUGHES: Thank you, Senator Cavanaugh. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President. So I was talking about the-- again, this is an issue that, as Senator Machaela Cavanaugh just said, in principle, not an offensive idea, right? And so the question is just whether this is how we want to make a priority-- prioritize this. And I think Senator Briese said it's \$50 million. It goes up to 195 and something like that, and then it'll grow by 5 percent a year after that. And so it's just a question of is that how you want to spend the money? And I have raised these questions and I don't think I've really raised them very much today, but at some point, it needs to be said, as we're spending \$900 million, that, you know, we have good revenue projections right now. The Forecasting Board projected increases, but it was the most divided Forecasting Board projection, I think, in history, as they said, and that-- so they're projecting, guessing about the future. What is our revenue going to look like based off of a number of things? And of course, now there's a war in Eastern Europe and that's affecting commodity prices, grain prices, petroleum prices, and so there's a lot of uncertainty. And the reason I'm talking about that is we are talking-- and this whole bill-- and I, I truly do appreciate everyone engaging on this today, talking for a long time. We're, we're talking-- continue to talk because it is really important to discuss, to slow down, have a conversation about \$900 million. That's-- I'm saying that as the full implementation price, as Senator Briese said, the \$50 million up \$195 million. That's essentially-- first-year implementation of the whole bill is less than that. It looks like I could do the math, but it's-- you know, I'm, I'm guessing it's a hundred and something million dollars, the-- and then it goes up to that amount. But we need to have a serious-- we need to slow down, take time, digest that information. And the, the slowing down, having that conversation in that context is relevant to-- and I talked about Senator Briese earlier waiting on having this conversation until after the Forecasting Board and the revenue projections came in. That was relevant to how much money we have now, how much-- what the projections are about the future, how much we're going to have in the Cash Reserves. And we've all, I think-- as a-- is beating a dead horse, they say. We've had this conversation over and over and over and over again, but it does need to be-- make sure that it is part of this conversation, it is on the record at this time, that we all understand the state of play of the world, the state of play of the projections. And Senator Stinner has talked about projections that-- revenue projections at a zero percent. If we have a zero percent projection, meaning that we have no growth, growth is flat in terms of our revenue, that we can afford these sorts of things and we can even afford it, I think, with some sort of decrease. But the question-- and this is the thing I learned from Senator Stinner about the historical

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average-- we project-- we have a historical average. It's somewhere in this pile of papers I have here, but we project our revenues out-- in the out-years based off of the historical average and it's over 40 years of data. And they show that it's about-- I think it was a 4.5 percent growth average over five years, which means when you have high years of growth, you-- comes due essentially in that your growth decreases, meaning that you have-- you go from-- well, right now, you know, 13 and 10 percent growth years-- that essentially to average out, we're going to have negative growth. And that's a concern that I have had and that I've raised as we've debated this along the way and that I think is important that we all understand. I know that we've basically received assurances from--

HUGHES: One minute.

J. CAVANAUGH: --from Senator Stinner that-- and the forecasting and the projections that we are in good shape, we have a good Cash Reserve, and that is one of the reasons that I think so many of us are comfortable moving forward with this. But I think it's important that we have this as part of the conversation. And the thing I-- all of this ties together in the sense that we've had these projections in, in the context of massive growth years as a result of something like some \$20 billion of federal investment into the state in emergency recovery funds through CARES Act and ERAP and other sorts of things that amount to-- if I recall, it's about 11 percent of income, actual income-- personal income in the state, which means that it has increased the state's revenue that is derived--

HUGHES: That's time, Senator, but you are next in the queue and this is your third opportunity.

J. CAVANAUGH: Thank you, Mr. President. I just have a lot to say about this one. But-- so we've had a huge influx of money. We've had huge growth years. We have a Forecasting Board that's making projections about positive in the future, but it is the most uncertain, most divided Forecasting Board we've had to this date, and we have growing uncertainty in the world about all these other things. So we're going to have the-- those federal funds are going to stop flowing to the state and some that we have not accepted, but the federal funds are going to stop flowing to the state in the, in the near term. There may be a-- some increase in costs, of course, as a result of that uncertainty in the world. But there could be economic-- a negative economic impact and we have prepared against that with the Cash Reserve Fund. But this bill in particular, the whole package, as LB873 is now, as LB919 was, as LB825 was on Friday, as LB993 was before

that, all of those bills are very bullish, meaning they have a positive view about what the future holds for the state of Nebraska's revenue picture as it pertains to production. And so this-- I still am going to vote for AM2662. I just want to make clear of that now that I'm on my last time. But in the whole picture, the whole conversation talking about what we can afford, what we should be doing, it is important to recognize that we are making these, these long-term changes to our tax structure based off of some very positive product-- projections, which could be related to changing circumstances in the future that, that will decrease our outlook, but also that are based on a huge increase in revenue that we have had as a result of federal investment in the state. And so that is something we all need to be conscious of. That's something we need to be looking at as we go into the future, something that when we come back and revisit this in the future, we are under the understanding of the context in which we made this decision. That said, as I said, I, I will vote for AM2662, but the thing I-- that I actually liked about this-- and Senator Brieser mentioned or Senator Linehan mentioned, I can't remember which-- the refundable tax credit. The fact that if you pay, you pay-- you know, I think mine is 9.5 cents is what I pay to the community college tax or is my levy and we don't have to go into what levies mean at this point, but if you pay-- if that is actually more than your state income tax liability, you will get a check back from the state, which is tax relief to everybody, right? If you're an income taxpayer and a property owner in a community college taxing district and you fill out this paperwork properly, you will get a tax-- you will get tax relief. So it does go to everybody. It reaches all of the levels that we've talked about and that I've talked about. I would like to see more tax relief go to individuals at all levels, not just those-- the wealthiest. It will, it will-- obviously, people who have more valuable land will get more of a benefit, but it will go to everybody who pays this. But a refundable tax credit-- I proposed some refundable tax credits-- are credits that go to people even if they don't have an income tax liability. And this is a way in which we can actually help put more money in the pockets of Nebraskans. It's more, more spending money, more money that they then can put into the economy. When they get that money back, that is a, that's a good thing and this is actually good middle-class and working people tax relief.

ARCH: One minute.

J. CAVANAUGH: So-- I thought I was already on my minute. So-- Mr. President, thank you for that. So again, as we're about to spend \$900 million, I think, or potentially spend \$900 million in 2027, I think, is the out-year on this one. Not this particular section. This section

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is, I think, a \$195 million in the out-years, but it's important to consider we're basing it on projections about the future. Some of them may be too rosy. And so we need to be cautious about huge expenditures into the future and I think it is prudent, as I've said along the lines, to undertake a smaller tax cut, but we've already voted on the ones that I think we need to moderate. So thank you, Mr. President.

ARCH: Thank you, Senator John Cavanaugh. Senator Machaela Cavanaugh, you are recognized.

M. CAVANAUGH: Thank you, Mr. President, colleagues. I did want to revisit the letter from last night, but my desk is so tidy with paper. I do feel a little guilty about all this paper, so I'm-- oh, maybe that's it. Nope, that's not-- OK. Well, anyways, I was, in my mind, revisiting it because I don't know where it is and I just recall the Governor's statement about how Nebraska is-- we're self-reliant and we pull ourselves up for our bootstraps. And someone on Twitter said that maybe all the people complaining about their property taxes should pull themselves up by their bootstraps. And I thought, well, I mean, the Governor says so. Maybe they should. In all seriousness, I, I think our property taxes are high and we should lower them, but that would require tax reform. And tax reform is not a shell game, it's actual reform, and so what that would look like is the state funding education at the state level. And some have argued in here that we are funding 50 percent of education at the state level. However, that statement is true in that we have the property tax relief fund. And so it's not false and it's not true. It's somewhere in the gray. And I do appreciate the fund because, you know, I benefit from it, of course. I own a home and-- in Douglas County, in Westside District, which is the highest property taxes in the state. And so yes, it is nice. It is helpful when I do my income taxes to have that fund. It would also be helpful when I do-- when I'm paying my property taxes to just not have to pay the education piece of it. But I also don't mind paying for education because I think that it is a public good and it is our duty as good stewards and people in this country to offer public education to everyone. So that's kind of where I'm at. I know we're still on the community college bill and-- or part-- piece so I just want to make a plug for community colleges. I hope this amendment doesn't adversely impact your budgets because community colleges are really, really, really important to Nebraska and really important to our workforce. They are sort of the first line of defense in creating a skilled workforce, whether it is in anything to do with automobiles, trucking-- the trucking industry, cooking, nursing, there's-- I mean, our community colleges start training people to go into the workforce much sooner than if they go to a four-year institution. It's, it's

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such a great opportunity for so many of our young people and some of our older people who are going back to change careers and so-- I mean, I always like-- I have a someone dear in my life who always says, let's make Metro awesome, which is Metro Community College. Metro Community College is awesome and it continues to grow and be more awesome. And I'm very proud of it and I'm very proud of the people that are involved with Metro Community College and I think it's a great service to Omaha and to the state of Nebraska. I only wish we could offer free tuition to encourage--

ARCH: One minute.

M. CAVANAUGH: --more people to move into Nebraska, to join our workforce, and be trained by our community colleges. Thank you, Mr. President.

ARCH: Thank you, Senator Cavanaugh. Senator DeBoer, you're recognized.

DeBOER: Thank you, Mr. President. Good-- oh, just exactly evening, colleagues, 5:00, but not time to go home. I'm glad we're getting to talk about property tax relief now because that is one thing that I hear about on the doors. So this is something that I'm happy to be able to work on with my constituents. I was wondering if Senator Friesen would be willing to answer some questions.

ARCH: Senator Friesen, will you yield?

FRIESEN: Yes, I would.

DeBOER: Senator Friesen, I understand this is a portion of the bill that you were involved in the creation of, is that correct?

FRIESEN: That's correct.

DeBOER: OK. So Senator Friesen, does this portion of the bill work largely the same way that the LB1107 credits work?

FRIESEN: Yes.

DeBOER: OK, so if I am a taxpayer and I have an income tax return-- not everyone does, but let's say I do-- and I own property that is within, you know, a school district and pays those and then it's with-- and that gets the LB1107 piece and then this is the community college piece.

FRIESEN: Correct.

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DeBOER: So do I have to fill out a separate form to get that or a separate item or something in my income tax return?

FRIESEN: No, the, the Department of Revenue, when we're-- we were assured they were going to make it so this is a one click. The same way you looked up your K-12 spending, it would just bring up this amount also and include it in that same total.

DeBOER: So you will not have to do a separate sort of like LB1107 piece and then LB873 piece?

FRIESEN: That's correct. They, they assured us they would find a way that's streamlined so we didn't have to go through any separate process.

DeBOER: Well, that's encouraging to hear.

FRIESEN: Yes.

DeBOER: Also because I didn't want to have to talk about the LB873 and then LB1107 and thought that would get confusing. OK, so how much money is going into this LB873 piece of the whole--

FRIESEN: So I think the, the way they did it with the K-12, this will-- same will apply. If, for instance, the total dollars paid into the community college and property tax is-- I'll use \$250 million. Then they will divide that by-- the first year, we're putting in \$50 million. They'll come up with a percentage and then that percentage is what you'll get back on what you pay to that community college. The second year, we'll make it \$100 million, do the same calculation. As you recall, the K-12, the first year we did that, it was at 6 percent and so same principle here. It'll-- they'll come up with a percentage and you'll get that back.

DeBOER: How much money are we putting into this fund?

FRIESEN: I think community colleges right now-- I'm going to just make a rough estimate-- is around \$250 million.

DeBOER: We're going put \$250 million--

FRIESEN: No, what, what we're-- what we pay now to-- for community colleges' property taxes.

DeBOER: Got it. OK, so--

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FRIESEN: So we're going to put in \$50 million the first year, \$100 million the second year, and I think it goes to \$150 million. Eventually, it gets up to \$195 million.

DeBOER: So we're going to almost entirely pay for the community colleges through the state?

FRIESEN: We're-- we'll-- by the year 2027, I believe we're close, but their costs will go up too so I'm not sure we'll, we'll ever get to that point, no.

DeBOER: But we will be paying the lion's share of the community college property taxes through the state?

FRIESEN: Well, it-- the total-wise, yes you-- yes.

DeBOER: Well, that's interesting. OK, I'm going to process that for a second. OK, so we're going to-- does this have a, a growth factor? So is \$250 million going to grow at that point?

FRIESEN: Well, then it grows the same as LB1107 does under the current-- it'll grow whatever the--

ARCH: One minute.

FRIESEN: --statewide valuation increase is, with a cap of 5 percent.

DeBOER: So the 5 percent stabilizer is on this as well?

FRIESEN: Yes.

DeBOER: OK, good to know.

FRIESEN: So if we, for instance, would grow at 6 percent statewide valuation, this will be capped at 5.

DeBOER: To stabilize us for many crazy--

FRIESEN: Yes.

DeBOER: --ups and downs. Good. All right, so I think that answers my questions about the gist of how this works. I'm glad we're able to do property tax relief for everyone. Will this have the same effect on urban and rural or is there some sort of difference between the effect it will have on an urban homeowner and a rural homeowner?

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FRIESEN: Have no difference. It will be based strictly on the levy that you're paying or the dollars you're paying to your community college.

DeBOER: OK.

FRIESEN: Whether you're urban or rural doesn't matter.

DeBOER: All right. Thank you, Senator Friesen. All right, colleagues, well, this being similar to the LB1107 program, which I--

ARCH: Time, Senator.

DeBOER: Thank you, Mr. President.

ARCH: Seeing no one left in the queue, Senator Linehan, you're welcome to close on AM2662. Senator Briese, you're recognized to close on AM2662.

BRIESE: Thank you, Mr. President. I would encourage your support of this. It is a very fair mechanism to deliver direct property tax relief to everyday Nebraskans. It's the same percentage of community college property taxes paid for every Nebraskan and I would strongly encourage your support. Thank you.

SLAMA: Call of the house, roll call--

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

ASSISTANT CLERK: 29 ayes, 1 nay to place the house under call.

ARCH: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators, please return to the Chamber. The house is under call. Senator Wishart, please check in. Senator McCollister, please check in. Senator Machaela Cavanaugh, Senator Matt Hansen, please return to the Chamber. The house is under call. All senators are now present. Mr. Clerk, the request is roll call in regular order.

ASSISTANT CLERK: Senator Aguilar voting yes. Senator Albrecht voting yes. Senator Arch voting yes. Senator Blood voting yes. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes.

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Senator Brewer voting yes. 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 yes. Senator Erdman voting yes. Senator Flood voting yes. Senator Friesen voting yes. Senator Geist. Senator Gragert voting yes. Senator Halloran voting yes. Senator Ben Hansen voting yes. Senator Matt Hansen voting yes. Senator Hilgers voting yes. Senator Hilkemann voting yes. Senator Hughes voting yes. Senator Hunt voting yes. Senator Jacobson voting yes. 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 yes. Senator Morfeld. Senator Moser voting yes. Senator Murman voting yes. Senator Pahls. Senator Pansing Brooks. Senator Sanders voting yes. Senator Slama voting yes. Senator Stinner-- 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 44 ayes, 0 nays on the adoption of the amendment, Mr. President.

ARCH: The amendment is adopted. Raise-- I raise the call. Mr. Clerk, for some items.

ASSISTANT CLERK: Mr. President, your Committee on Enrollment and Review reports LB1144 to Select File with E&R amendments. Additionally, your Committee on Enrollment and Review reports LB707, LB750, LB752, LB7-- excuse me, LB805, LB805A, LB809, LB809A, LB863, LB1015, LB1023, LB1083, LB1084, LB1112, LB1112A, LB1273, LB1273A to-- as correctly engrossed and placed on Final Reading. Additionally, amendment to be printed: Senator Wayne to LB1014. That's I have at this time, Mr. President.

ARCH: Thank you. Mr. Clerk, for the next amendment.

ASSISTANT CLERK: Mr. President, the next amendment, AM2663, consists-- from the Revenue Committee consists of Senator Briese's LB723.

ARCH: Senator Linehan, you're welcome to open on AM2663.

LINEHAN: Do we just ignore it? OK, OK. I'm going to yield-- I would-- this part of the bill is Senator Briese's LB723 so I am going to let him open.

ARCH: Senator Briese, 9:40.

BRIESE: Thank you, Mr. President, and thank you, Chairwoman Linehan. As you remember or what you may remember is with LB1107, we created a refundable income tax credit based upon school property taxes paid. Under current law for the 2020-- excuse me, the 2022 tax year, the total amount to be distributed there under that program is \$548 million. For 2023, it's likely to grow somewhat from there. For 2024, under current law, it is to be reduced down to \$375 million and, folks, that represents a nearly \$200 million property tax increase on everyday Nebraskans. The provisions of LB723 reflected in AM2663 fix this issue. Without it, property taxes go up by over \$200 million for year 2024 and we cannot allow that to happen. The provisions in the amendment represent the agreement between Senator Stinner and myself that the amount of relief based on school property taxes paid will be \$548 million in tax year '22, \$560.7 for tax year '23, and then growing from there by the allowable growth rate. And it's a very fair mechanism of distribution. Everyone is getting the same percentage of relief for school district property taxes paid. It's not weighted towards ag. It's not weighted towards anybody. It goes to your constituents. It goes to mine. And I would note that an earlier iteration of this amendment removed the cap on the allowable growth rate. This amendment puts that 5 percent cap back in place, which is where we originally landed when LB1107 was drafted. And that really puts a safeguard in place to prevent a spike in valuations from negatively impacting the state budget and I want to thank Senator Stinner for recognizing the need for that, calling it to our attention. But again, this, this portion will prevent a nearly \$200 million property tax increase on everyday Nebraskans, your constituents and mine, from occurring in year 2024. It's very meaningful and we, we need to get this passed and I would urge your support. Thank you, Mr. President.

ARCH: Thank you, Senator Briese. Debate is now open on AM2663. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President. So we talked a little bit about this one on the last one and again, I would-- as Senator Briese just referenced, there was a change in the bill that moderated its impact and made it more, I guess, easier to sustain on the state's budget going forward. And so I appreciate Senator Briese and Senator Stinner working on that and I, and I-- again, I appreciate Senator Briese agreeing to-- when this bill came up, we moved it from General to Select. It's, it's a separate bill now, but the portion of this bill got moved from General to Select and then he agreed basically to we won't pull it up-- bring it up on Select again until after we've got the Forecasting Board projections and had a better outlook of the

future, which is the right way to handle some of these things is to make sure he-- you know, he worked with somebody who had a problem with his bill. He waited until the-- more information was available to make sure that what we were doing was-- is responsible. So I appreciate all those sorts of things that Senator Briese has done to sort of shepherd this bill along and now that it's in this package, there's a bigger part of this. I again comment about my concerns about the LB1107's mechanism in general. And there are people who have done a good job of walking through how to apply for LB1107 on the floor and I often enjoy watching that, but that's not my specialty is walking people through how to use computers. Not a good thing for me. So the-- I wanted to kind of address some of the other broader concerns we've talked about in tax policy here. And actually, I appreciate Senator Linehan walking me through-- we have this thing called the green sheet and I was unaware of a particular portion here where she showed me. I was talking about the projections and how the historic projections are this negative-- I think it was 2.5 percent or 3.2 percent. I can't remember exactly. That our, our growth rate would go down in those out-years and that essentially, that's a projection based on historical analysis of the state's revenue, the budget of the state of Nebraska. And that's one formula for how we project the future, how we look at it in the out-years. Other-- Moody's and I can't remember some of the other names, but some of these other national projection fiscal analysis groups have projections in the growth in the future and other people have other projections. So there's-- the point is the projections about the future are, of course, inherently uncertain because they are projections about the future, but we have numbers in here that are what the projection-- what our, our variance minimum reserve is and variance with the projection, but then we also have it with a zero percent projection, which, as Senator Stinner has talked about, is a more conservative estimate in the sense that it is in line with just smaller deviation, I guess. And so that shows that we have a-- still have a surplus in at least the one out-year. And I think that as we're having this whole conversation, I keep saying it's important that we recognize that some of the-- that the future rate changes we're lacking in, not in this one in particular, but on those other tax sections of the bill that we voted on first, are based upon projections about the future. This one, as Senator Briese commented and I pointed out, has a 5 percent cap on the allowable growth rate, which means that if the uncertainty becomes too much, there is, there is certainty baked into this bill, into this section, which makes-- prevents it from runaway growth based off of things that we are not projecting. So it is conservative, it is responsible in terms of constraining that growth. And so in, in that way, it is good. So

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that's, I guess, a general comment. I-- a few of the other things I wanted to talk about taxes, but I didn't get to earlier. There were a lot of people in the queue before lunch. So there were people talking about--

ARCH: One minute.

J. CAVANAUGH: --thank you, Mr. President-- other states. We compare ourselves to other states. We have some charts here that show the state tax burden, the income tax thresholds, the marquee tax threshold in these other states and comparing ourselves, we do-- obviously, everybody "disfavorably" compares ourselves to Kansas in, in some ways and Iowa in some ways. And I think I'm going to run out of time so I pushed my light again before I get into it, but I'm going to talk about-- spoiler alert, going to talk about sales tax when we get back-- when I get back so I will address that when I get back on the mike. Thank you, Mr. President.

ARCH: Thank you, Senator John Cavanaugh. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Mr. President. I look forward to the spoiler of talking about sales tax. I also appreciate the setup for what I was going to talk about anyways, which is how to apply for your property tax relief fund. OK, so your taxes are due next month, April 15, and if you haven't done them already, now is the time to make sure that you get this property tax credit that we've all been talking about. So how do you do that? Go to the Nebraska Department of Revenue's website and it's probably easiest if you google it, just Nebraska revenue and then LB1107 or Nebraska revenue income tax credit for property taxes. But the exact website is revenue.nebraska.gov/about/nebraska-income-tax-credit-school-district - OK, just Google, just Google it. OK, so you get to this website and you must know your personal ID to use this program so there's a link to Nebraska school district property tax lookup tool and then county parcel ID. So you need to go to the second one first. You need to go to the county parcel ID first so that you can get your ID number for your parcel to then get your school district property tax lookup. OK, so I am in Douglas County and that's number 28 on the list. So I go to their website and I put in my address and then it brings up my tax information and the parcel number. So now I'm going to copy the parcel number from my Nebraska-- or from the Douglas County thing and then I go back to the original website, the Department of Revenue website, and click on the Nebraska school district property tax lookup tool. If you have somebody preparing your taxes, I think they now are a little

bit more aware that this is a tax. And I also believe that if you didn't collect this tax last year when you filed your taxes, that you can collect for both this year and last year. I could be wrong about that, but I feel like that actually-- I'm looking to see if anyone knows. I will come back with that answer at another point in time. OK, well, we're at a little bit of a standstill here because the site can't be reached. So the Wi-Fi has been a little spotty today and I'm pretty sure that this is not a blocked page. Well, friends, we might-- I might not be able to walk you all the way through. OK, so let's go back to the tax lookup. So you will then need to fill out your property tax form. So you'll need your, your look-- your school district property tax lookup, you need your county parcel ID, and then you also are going to have to then submit the form. And it doesn't say on here what the form is, but unlike the other Senator Cavanaugh, I really enjoy digging into taxes and looking at all of these different forms online. I think I mentioned late last night that I learned that from my mom. Nebraska tax credit for schools. Nebraska property tax incentives. OK, well, the Department of Revenue's website is working, but for some reason the parcel--

ARCH: One minute.

M. CAVANAUGH: --thank you-- the looking up for the credit is not I-- hmm, well, I hope I can get to this to help people along. Well, dear. It's very important that you collect this so that we have a true understanding every year of how many people are qualifying and getting access to the, the tax credit. And if you don't claim your tax credit, then the pool just grows and those of us that do claim our tax credit, we will get more a bigger piece of the pie the fewer people that collect it. So I would highly recommend that you collect it. It is money that is owed to you by your Nebraska Legislature and I am going to get back in the queue and hopefully my computer will be working the next time I'm up. Thank you.

ARCH: Thank you, Senator Cavanaugh. Senator Murman, you're recognized.

MURMAN: Thank you, Mr. President. I feel very privileged to be able to make LB723 my personal priority and stand up very much in support of AM2663 and LB873. Property taxes on agriculture have been extremely burdensome for at least the last ten years and I hope that with this comprehensive tax package that we can continue the property tax relief that we have been able to achieve from LB1107 and keep a conservative accelerator on that so that it, it will increase at least partially if inflation gets out of control. I'm not sure if I will get back on the mike so I would like to read a email that I got from someone that

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addresses more of the comprehensive tax problem in Nebraska. My family and I recently moved back to the state from North Dakota. My wife and I are originally from Nebraska, but have spent the better part of the last decade elsewhere. We longed to come back to be close to family, but we struggled with one thing in particular, taxes. I'm a, I am a physician and earn a high income. While I am not opposed to paying my fair share, I was really hes-- hesit-- I would really hesitate to move my family back when we would be paying tens of thousands of dollars more every year in state income tax. For reference, North Dakota's top tax bracket is 2.9 percent and that comes into effect at nearly \$450,000. North Dakota's lowest tax rate, which is 1.1 percent, covers all of Nebraska's tax brackets. This is a hard pill for me to swallow. We eventually decided to come back despite the much higher state tax rate to be closer to family, but it still leaves a bitter taste in my mouth. I love Nebraska, but as the breadwinner for my family, an extra \$20,000 in my pocket every year sounds pretty good. Giving to the state 529 college plan is a start to defray our taxes, but we are still mulling over the possibility of moving to a neighboring state almost solely to save money on taxes. To retain jobs to the state, I think the tax brackets must be fixed. Nebraska is just not competitive. And being on the Health and Human Services Committee, I realize the importance of trying to entice medical providers to locate in the state and stay in the state. And this is just one example of the problems we have with our high taxes in the state of Nebraska so I thought this would be an important email to read. As I mentioned, property tax relief is my highest priority and I'm glad to stand up in support of trying to make our three-legged stool of property tax, income tax, and sales tax at least a little more equitable. The property tax part of it has gotten completely out of hand not only for agriculture, but also for residential and commercial property in the state and it's only going to get worse in the foreseeable future so we need to address that right now in a responsible way. And I think--

ARCH: One minute.

MURMAN: --LB873-- thank you-- with all of the amendments will do just that. So let's get this done and, and grow the state of Nebraska. Thank you, Mr. President.

ARCH: Thank you, Senator Murman. Senator Slama, you're recognized.

SLAMA: All right. Thank you, Mr. President, and good evening, colleagues. I've had a few constituents reach out wanting to know where we're at in today's debate on LB873, which I am still very proud to support. This is just an update if anybody hasn't been following on

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the floor or at home where we are, I think, about 45 minutes out from cloture so the end of debate on LB873. This is the fourth of five parts of the Revenue Committee's amendment to LB873, which, which strikes the original language. Our first vote was on income tax relief, which passed with over 40 votes. It was a very strong vote. The next-- the second piece harmonized our corporate tax rates. That also received 32 votes so a very strong showing. The third piece, which included-- includes community colleges in the LB1107 property tax relief funds, that passed, I think, with 43 or 44 votes. And right now, we're on the fourth of five pieces, which is Senator Briese's bill to create a slightly higher floor for the LB1107 property tax relief funds. I think that's very, very good governance and Senator Briese has been a champion for property tax relief in this body. And I rise to review because in the hours and hours of debate, I don't want us to get lost in how big the thing we're doing today is. LB873 represents an opportunity for us to provide some comprehensive structural tax relief that we haven't seen in this body in years and get the strong support necessary to pass. This hits on all of our high proper-- high tax areas, whether you're looking at Social Security taxes, income taxes, property taxes. Whatever area of tax policy in the state of Nebraska you care about, this can benefit you. This cuts your rates, it eliminates the Social Security tax altogether, and that's something we should all be proud of. And so as we're going through and we're debating the different pieces-- and I, I know we've had a lot of discussion about the merits of the different five pieces, but what I don't want to get lost in that discussion is just how big of an opportunity today is to provide structural tax relief to all taxpaying, taxpaying Nebraskans. So I rise still in support of LB873 and we've got about 45 minutes of debate left and I'm hopeful we'll be able to get to a vote on this and get to the Social Security tax relief piece of this bill as well. And with that, thank you, Mr. President.

ARCH: Thank you, Senator Slama. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President. So I was-- if you remember when last I was on the microphone-- talking about sales tax and so we talked about comparing ourselves to other states and their topline income tax, their marquee income tax rate and that being important. And in this whole conversation, I talked with people about ways in which we could make this cost less and, you know, have less of a fiscal impact and, you know, implement it. And, and comparing ourselves to other states is-- you can do that, right, but you need to make sure you understand that sometimes down that path, people are

talking about how terrible it was in Kansas and all those sorts of things for the tax structure they went and what was the reasons that, that was bad, but the thing you have to keep in mind is so in Nebraska, we're surrounded by several states, but South Dakota, Missouri, and Kansas have sales tax on food and South Dakota and Kansas tax at the full rate and Missouri has a-- at a lower rate. But I'm, I'm opposed to imposing a sales tax on food. I think that would be a very regressive tax, meaning that it would disproportionately affect individuals, lower income, lower income. But what I'm saying is when you go down this path of cutting so much revenue and comparing ourselves to other people, you have to ask, well, how do they pay for their government? Some of these states-- South Dakota has pretty robust tourism industry with the national parks and the state parks and the Mitchell Corn Palace, if you've had the opportunity to go. I would certainly suggest that you stop there on your way to Badlands National Park. And then they, of course, have Wall Drug, which I'm sure everybody has seen a poster or sticker for. But they have a tourism industry and then we have Colorado and Wyoming that have-- well, Colorado certainly has a tourism industry. Wyoming has a tourism industry. Colorado has legal marijuana, which everybody-- a lot of people have talked about here, but they also have extractive industries. They have natural resources that they extract out of the ground particularly in Wyoming, that that helps them pay for that revenue. And so you have to wonder, how did-- how do they achieve these tax rates and do you want to-- can you go and, and supplement your, your state's income through the same method that they do? So the question is, can you? We can't become-- create more tourist attractions, although we're talking about the lake, I guess. And so we can't create a Mount Rushmore. We can't create Badlands. Although Toadstool, I'm told, is beautiful and I would hope to go there some time, but-- and we can't create an extractive industry in the, in the-- to the level Wyoming has. So how, how do you make up that revenue? And one of those is things like adding-- broadening the base, the sales tax base, adding it to services and things some people have been opposed to, some people were in favor of. But one of them that jumps out to me always is looking at states that have a sales tax on food, which is an absolute bad idea. And so I just want to make sure that we all recognize that when we cut revenue, we may have to pick it up-- make up for it at some point in the future and that when we look at other things and we make sure that we don't start making up for that lost revenue in places that are detrimental to Nebraskans. So that's the thing I wanted to make sure-- I meant to talk about it when we are on the first bill, but I didn't get around to it. You know, there was a lot of other conversation happening on that.

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ARCH: One minute.

J. CAVANAUGH: Thank you, Mr. President. Again on this one, this is the-- Senator Briese's LB723. I'm eventually going to remember that number, LB723-- not relevant anymore, but that's how we think of these things-- LB723 that I, I think I will be a green vote on this amendment at this point. So thank you, Mr. President. Thank you, colleagues.

ARCH: Thank you, Senator Cavanaugh. Senator Lowe, you're recognized.

LOWE: Thank you, Mr. President. Good evening, Nebraska. It's a little after 5:30, a little bit of light out there yet so we're going to go a while tonight. I stand in favor of LB873 and AM2663. Thank you, Nebraska, for the money that we are talking about tonight. Our coffers are full and brimming. It's good. We're, we're there because we've had frugal spending in our government and I think we need to recognize that. We've kept our government growth at a reasonable rate in the last six years that I've been here and it's allowed us to catch up to where we need to be. And now we're looking about putting a floor on the property tax relief, our LB1107 bill. We did it, I think it was last year, but then we got more money in and we've added to it so we need to adjust that floor so that in two years, it doesn't drop back down and if you file it for your property tax relief this year and then file again in two years, you're not getting less money. So that's what this amendment does and that's great. It's great that we're able to, to give you back the money that you earned. We didn't earn it. You earned it, Nebraska, and I appreciate that. We can only do that by keeping our spending level low. But I'd like to ask Senator Erdman a question, if I might.

ARCH: Senator Erdman, will you yield?

ERDMAN: Yes, I would.

LOWE: Thank you, Senator Erdman. You have been talking for the last three or four years about a tax situation that you would like to install in Nebraska. Could you explain that tax?

ERDMAN: Yes, I can, Senator Lowe. Thank you for asking. It is a consumption tax proposal that I've introduced for the last couple of years. It would be a one flat consumption tax collected on consumables and so anything that's consumed for personal use would have a consumption tax or any service that you hire for your personal use would have a consumption tax. All used items would have no consumption

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tax and any business-to-business transactions would not have a consumption tax. It would be an economic boom like we've never seen in the state of Nebraska or any other state, for that matter. And several times people have asked, is there any other states do this? And the closest example that I can come up with are those states that don't have income tax. And you have the opportunity to go look and see what happens in those states and their sales tax is very, very constant and it is more constant than their income tax. And so as we proceed down the road to implement this, we will find out that we will become the most popular state to live in, to do business in. Our young people will stop leaving the state. It will fix our brain drain and we will now, once and for all, have enough people to actually accomplish all of the work that we have available for them. Because, as Senator Lindstrom has said in several occasions, we're short about 50,000 workers and so this will--

ARCH: One minute.

ERDMAN: --give us an opportunity to be very competitive. And Senator Halloran has said this on several occasions that Nebraska will become the most popular state in the nation to live, work, and start a business. It will be so popular that we'll have to build a wall around the state to keep people out and Colorado will pay for it. Thank you.

LOWE: Thank you, Senator Erdman. Now Nebraska taxes several different ways. Would-- Senator Erdman, would, would any of these taxes be left if we adopt the consumption tax?

ERDMAN: No, Senator, Senator Lowe. We're going to eliminate corporate and personal income tax, property tax, sales tax, and the most egregious tax of all, inheritance tax. All will go away.

LOWE: All right. Thank you, Senator Erdman.

ARCH: Thank you, Senator Lowe and Senator Erdman. Senator Clements, you're recognized.

CLEMENTS: Thank you, Mr. President. This is the property tax adjustment to the current property tax credit percentage and just want to remind people that the credit is \$548 million divided by all the property in the state. But we have \$439 million excess in our budget now and the 548 has already been taking out. The next year, it's going to change it to \$560 million, which is a \$12 million increase. That's the amount that would come out of our surplus, which is just a 2 percent increase. The-- I was looking at-- then after that, it says

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it's going to change by an allowable growth percentage. Would Senator Briese yield to a question?

ARCH: Senator Briese, will you yield?

BRIESE: Yes.

CLEMENTS: The allowable growth percentage, I think the definition has changed from what it, it currently is. Would you describe that?

BRIESE: The allowable growth percentage is the percentage change in the taxable value of all real property in the state from one year to the next.

CLEMENTS: All right.

BRIESE: And, and, and I, I might add historically, depending if you're looking at 10 years or 20 years, historically, it runs in the low 5 percent. And if you average-- take the average, you might have that 5.25 or thereabouts, give or take, depending if you're looking at 10 or 20. But if you put a 5 percent cap on that and then average it, it'll be on roughly 1.3 to 1.4 percent less than that so I'm just pointing that out. That's what that 5 percent cap does. It-- historically, it would have held down the average allowable-- the all-- excuse me, the average allowable growth rate by about 1.3 to 1.4 percent.

CLEMENTS: So if, if property taxes increase 10 percent, this credit will increase how much?

BRIESE: 5 percent.

CLEMENTS: 5 percent. Will that-- will the, will the extra carry over to the next year?

BRIESE: No.

CLEMENTS: OK.

BRIESE: No.

CLEMENTS: All right. Thank you, Senator Briese. Just wanted to make that clear. Then I was looking at a tax return I did this year regarding the school taxes on it. It's a 160-acre farm in Cass County and that farm paid \$11,133 of property tax in 2021. That's 160 acres, which amounts to \$70 per acre. It's in the Waverly School district,

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which has four different levies, and using the property tax lookup tool-- I was glad to hear that there was some education going on about the property tax lookup tool. I just put in the parcel ID number and the State Department of Revenue website looked up all four of those levy amounts and added them up to \$7,024. And for you tax preparers out there, the-- I have been told that putting in that parcel ID is all you'll have to do again for 2022, that the state will pick up the community college tax and add that in. I just had to put one number in for the amount of school property tax and it, it will probably be a separate number for the community college if it is a different percentage, but it will be coming out with just the one lookup there.

ARCH: One minute.

CLEMENTS: OK, thank you. That farm, the credit of 25.3 percent will give them an \$11 per acre tax credit, so they'll be down to \$59 an acre. Then I looked up the community college tax on that farm. It's \$659 for the year. The credit should be about \$165 so it'll be about another \$1 an acre credit on a farm, so it's about \$12 an acre credit in Cass County on a dry land farm. And so I am in support of this section, AM2663, am glad to see that as valuations go up, the credit goes up. But I do support the 5 percent limit so that it doesn't get out of hand if valuations spike one or two times--

ARCH: Time, Senator.

CLEMENTS: Thank you.

ARCH: Thank you, Senator Clements. Senator Moser, you're recognized.

MOSER: Thank you, Mr. President. Earlier in the debate, I was talking about a friend of mine who overlooked that line 36 on the Nebraska income tax return. And after I talked to him for a little while, I looked up his parcel on the website that the state set up and we went through the calculations and he was going to get over \$300 back from this property tax incentive fund. It's on line 36 of the Nebraska income tax form and there's a worksheet that you print out. It's a PTC-- it's a property tax credit worksheet, I think, is what that stands for-- and you go through those computations. It takes the amount of school tax you paid on parcels that you own. So if you have your home, that would be one parcel. Say you have a business parcel or a rental or something, whatever else, any properties you own and the parcels will be listed there and you click on those. It'll tell you what percentage of the tax that you have paid is attributable to school tax. And then this year, it's 25.3 percent of that school tax.

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So in our case, he's in a tax district that's right around 2 percent total and the school tax portion of that is about 1.2 percent so we multiplied that times his valuation and then times the 25.3 percent and he got around \$300 or so back. So first part of my purpose for being up here this evening is to remind people to apply for that. If you've already filed your Nebraska income tax form, you can amend it. You know, it might cost you some money if you have to have somebody else help you amend it so you might look up and see how much you're going to get back before you spend. Say you're going to get \$100 back and it's going to cost you \$200 to have your tax preparer do the forms. In this case, my friend did his own tax. He just overlooked it. I had-- and then two of his children also overlooked it. And one of them used an online tax service, a famous one, the one that you hear on TV all the time and the other one did his own and they both missed this and they both live in high tax areas. And so it's, it's going to save all three of them some money. So I'm just bringing it up because a lot of people are not claiming this. There have been people in the past that didn't file for this credit and you really should because it, it can add up. So be sure you look into that. This is the part of the original mosaic of bills that were put together that adjusts the value of this property tax incentive fund. And right now, it's around \$548 million, something in that neighborhood, and in the next year, I think it's going to be about the same. But then in subsequent years, it would ratchet down to where it could be in the \$300 million range. So this bill-- I'm paraphrasing a little bit here. If you really want the exact description, we can ask Senator Briese because it's his, his work. He knows all the absolute details.

ARCH: One minute.

MOSER: But anyway, it's going to decline to \$300 million here in another year or so. So my friend, who now got \$325 credit back and that's going to cover his entire state tax liability, instead of getting that back, he would get back a couple of hundred dollars so it would make a big difference in that property tax incentive fund. So that's why I'm going to support this section, AM2663, and I appreciate Linehan, Briese, and Lindstrom, Friesen, all the heavyweights that made this all work. Thank you.

ARCH: Thank you, Senator Moser. Senator Erdman, you're recognized.

ERDMAN: Thank you, Mr. President, and good evening. I see we're getting down to the end of it. I could be the last one. I just want to, I want to share with, with the body what we're up against and what we're competing against as far as property tax goes. Two properties,

the first property is in Kingman, Arizona. The value on the house is \$237,000. That's the cash value. And in Arizona, they do it somewhat different. They have the value in-- that they put on the property is, for taxation purposes, \$77,400 and then they take 10 percent of that. And then of that 10 percent, the \$7,440 [SIC], they multiply that times their mill levy, which is 9.68. So 9.68 times the \$7,740 winds up being \$750. So the total taxes on a house in Kingman, Arizona, worth \$237,000 is \$750. I found it kind of amusing that one of the things that I pay for in my property tax in the desert is 5 percent for flood control. Five percent for flood control in the desert. That was, that was kind of an unusual item, but \$750 on a \$237,000 house. Now, if that home were in Lincoln, that home were in Lincoln, it'd be \$6,500 or more. And people say, well, I don't want to leave the state because my kids or my grandkids or my family's here. Well, I'll tell you right now, for \$6,000 a year, I can fly back and forth to Arizona-- from Arizona to Nebraska several times. And so that's, that's what we're up against here. The second house I want to talk to you about is in Inverness, Florida. Inverness is about 75 miles north of Tampa Bay. That property is worth \$228,000 and the taxes on that property are \$1,668. And in this example, 42 percent of that \$1,668 goes to the school. So 42 percent of that \$668 [SIC], but you got to remember here is a property that is \$228,000 and the property tax is \$1,668. Now remember, Florida has no state income tax. None, all right? One of the amusing things I've seen on the Florida property is on the property tax, there is mosquito control. Now that's kind of an unusual line as well and so I pay \$50 for mosquito control out of my property tax. And so these issues are what we're up against as far as property tax and trying to be competitive with states that are trying to draw our people to move there. And as I said earlier on the mike, because of the increase in value on houses as well as ag land, property tax could very well go up \$300 million in '22, \$300 million. So until we pass the consumption tax, which fixes the property tax problem, we need to pass this to make sure that the \$300 million in increase is not a significant increase. At best, it'll maybe keep us even and so I'll be supporting AM2663 and I encourage you to do the same. Thank you.

ARCH: Thank you, Senator Erdman. Senator Slama, you're recognized.

SLAMA: Thank you, Mr. President, and good evening, colleagues. I, I believe this will be the last time I speak on this fourth piece of LB873, which just to remind everyone, it raises the floor of the LB1107 relief funds. It provides consistent property tax relief so in 2024, we're not looking at a \$200 million drop-off in the largest property tax relief package ever passed by the Nebraska Legislature.

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But we have gone through three pretty big votes today and, and I've had a couple of people call my office and wonder-- Senator Geist was unable to be on the floor today for a few votes so I was wondering if she would yield to a couple of questions.

ARCH: Senator Geist, will you yield?

GEIST: Yes, I will.

SLAMA: Thank you, Senator Geist. First off, how are you?

GEIST: I'm doing all right.

SLAMA: Solid. So I just wanted to have a dialogue with you on the different parts of LB873's amendment that we voted on today just so your district and the state of Nebraska knows where you would have, would have been on those different pieces of the committee amendment that we've voted on already. Is that all right?

GEIST: That's fine.

SLAMA: Fantastic. Well, the first one we had up today was income tax relief. It lowers our rates and provides income tax relief to taxpayers of Nebraska. Would you have, would you have greenlit that?

GEIST: I would have greenlit that three times if I could have.

SLAMA: Fantastic. Well, that, that's a great argument for my voter ID bill so just to have some voting controls here. The second piece of LB873 was a piece to harmonize our corporate tax rates. We had a very long discussion about how that's beneficial, not just for like the very large corporations in our state, but also in the agricultural community with corporations that way. Would you have voted green on that one as well?

GEIST: I listened to that debate and, yes, I would have also voted green on that.

SLAMA: Fantastic. And, and the third part, and this is the one we just voted on, I, I think this third part and the fourth part are pretty complementary in that they both provide property tax relief to Nebraskans. The third piece would have included-- and it passed so it is included-- includes community colleges in the LB1107 fund so we're providing additional relief that way. Would you have voted in support of that?

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GEIST: 100 percent.

SLAMA: Fantastic. Well, thank you so much, Senator Geist. I, I appreciate you having this dialogue with me. Senator Geist has been a champion for tax relief and I'm really glad she's here. And just to remind everyone briefly, we're on part four of five. The next one up is a quicker phase-out of Nebraska's Social Security income tax. We're one of 12 states, I believe, who still has that tax in place, but we've got a win-win-win for Nebraska taxpayers in LB873. Whether you're looking at income tax relief, property tax relief, or Social Security tax relief, if you're a Nebraska taxpayer, LB873 is something that is good for you to support. And I'm hopeful that when we get to a cloture vote on this here in about 20 minutes, we'll see that board light up green for Nebraska taxpayers. Thank you, Mr. President.

ARCH: Thank you, Senator Slama. Senator Moser, you're recognized.

MOSER: Thank you, Mr. President. There's just one thing that I forgot to mention when I was talking before. Some people have complained about the complexity of getting this property tax incentive fund rebate tax credit and you do have to look up your parcels and use that PTC form to get it. But why this is important that it is done this way is that the more school tax you pay, the more credit you get back. Some districts, some school districts, have really good valuation compared to what their costs are and their levies are low. And then some districts are at their maximum, which is what the district is that I'm in. So a person who has high-- the high levy, the maximum, gets more rebate tax credit than somebody who might be in a real fortunate situation where their school tax is not as high. So that's the reason for it. They didn't do it just to make it complicated. They made it this way so that it gave more credit to people who had the most tax to pay. Thank you.

ARCH: Thank you, Senator Moser. Seeing no one left in the queue, Senator Linehan, you're welcome to close on AM2663.

LINEHAN: Thank you, Mr. President. And this, as we all know, is the-- I'm going to let-- I'm getting confused on my Revenue Committee members. Senator Briese, would you please close on this bill?

ARCH: Senator Briese, 4:45.

BRIESE: Thank you, Mr. President. Thank you, Chairwoman Linehan. Just very briefly, Nebraska taxpayers, under the-- under current law, are facing a \$200 million property tax increase coming at them in year

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2024. This amendment, AM2663, contained the provisions of the amended LB723, prevents that tax increase and it distributes these dollars in a very fair manner. Same percentage of school taxes paid back for every taxpayer. Nebraskans appreciate this, they deserve this, and we need to get this passed and I would encourage your support. Thank you, Mr. President. I'd ask for a call of the house. Roll call vote, regular order, please.

ARCH: Thank you, Senator Briese. There has been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

ASSISTANT CLERK: 29 ayes, 2 nays to place the house under call.

ARCH: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senator Wayne, Senator Matt Hansen, Senator McKinney, Senator Bostar, Senator Hunt, please return to the Chamber. The house is under call. All members are now present. Mr. Clerk, roll call in regular order.

ASSISTANT CLERK: Senator Aguilar voting yes. Senator Albrecht voting yes. Senator Arch voting yes. Senator Blood voting yes. Senator Bostar voting yes. Senator Bostelman voting yes. Senator Brandt voting yes. Senator Brewer voting yes. Senator Briese voting yes. Senator John Cavanaugh voting yes. Senator Machaela Cavanaugh voting yes. Senator Clements voting yes. Senator Day voting yes. Senator DeBoer voting yes. Senator Dorn voting yes. Senator Erdman voting yes. Senator Flood voting yes. Senator Friesen voting yes. Senator Geist voting yes. Senator Gragert voting yes. Senator Halloran voting yes. Senator Ben Hansen-- Senator Ben Hansen voting yes. Senator Matt Hansen voting yes. Senator Hilgers voting yes. Senator Hilkemann voting yes. Senator Hughes voting yes. Senator Hunt voting yes. Senator Jacobson voting yes. 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 yes. Senator Morfeld. Senator Moser voting yes. Senator Murman voting yes. Senator Pahls. 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 47 ayes, 0 nays, Mr. President, on the adoption of the amendment.

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ARCH: AM2663 is adopted. I raise the call. Mr. Clerk.

ASSISTANT CLERK: Mr. President, next amendment, AM2660 from the Revenue Committee, concerns Social Security tax.

ARCH: Senator Linehan, you're welcome to open on AM2660.

LINEHAN: Yes, I am yielding my opening to Senator Brett Lindstrom.

WILLIAMS: Senator Lindstrom, 10:00.

LINDSTROM: Thank you, Mr. President, and we'll try to get through it in about six. I think the cloture vote is at 6:15. Well, I've been working on this for eight years. So four amendments-- I think I can get through four amendments to get through eight years of working on this. What the bill does-- and I guess since we have some time, I'm just going to again walk through how we got to this point. Social Security is one of those issues that really, in my mind, when I ran back in 2014 and was walking doors, it's-- you know, looking at, again, being competitive, to me, it looks-- it's a double taxation to begin with so in my opinion, we should have never been taxing it, but that's another conversation for another day. But it's one of those things that I couldn't figure out why we were doing it and, of course, being 11 or 12 states that were taxing it, I brought that bill that first year and then the, the Revenue Committee had taken some steps the year prior. And I remember coming into the committee and, and they weren't super happy with me when I first brought that bill because of the, of the heavy lift that they had done the year prior. But I thought, you know what? What's right is right and I'm going to continue to fight on this. So the first year, it didn't go anywhere. The second year, it didn't go anywhere. The third year, it didn't go anywhere. The fourth year, did not go anywhere. The fifth year, I had the opportunity-- I believe this is the fifth year, fifth or sixth year-- to-- and Senator Linehan mentioned this earlier, was to index the tax brackets. Again, we were in a great-- we were not in a great budget situation, but this to me was the least we could do under the circumstances that we had. And so in the statute, when you look at it, it'll read for a single filer, \$43,000, and for a joint filer, \$58,000. And what we did was we indexed it. So the consumer price index, like how we do on many of our tax brackets, that was the bill that I did that, that year and I thought that was a, a pretty big deal at the time. Obviously, things got a little bit better as we moved on and last year and brought to LB64. When I first brought the bill, I wasn't sure how the fiscal situation would be at the state. But, you know, again, I'm going to bring it every year and brought it again.

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Well, things worked out. We made some negotiations on the floor, as we do down here, similar to what we're doing today and similar as, as we'll do it moving forward. One of the compromises that we made when I first brought the bill was again, what we're doing today, the five-year phase-out, which would have been at 20 percent, 40 percent, 60, 80, and then 100 percent, but not everybody was comfortable with the circumstances last year and we, we worked on it. We decided to do a ten-year phase-out and with that, if you recall, the five-year lookback with the intent of the Legislature to address that in five years again, with a ten-year phase-out, I believe the fiscal note at that time was about \$168 million, again affecting about 325,000 Nebraskans. Fortunately, I thought, you know, going into my last year, I came in fighting on this bill. We're going to go out fighting on this bill. And again, forecast came in strong as we all know, and we're able to again have this bill in front of us today. And with LB825, we moved it out of committee, got to the floor. On General File, I think it moved 41 or 42 to 0, a few present, not voting. I'm hoping that'll change today. And then we incorporated it into the bill that you have before you. So what this bill does, LB825, is taking provisions of what we did last year with LB64. As Senator Clements mentioned, the, the phase-out has already taken place with taxable year 2021. So everybody in the state of Nebraska that is above that adjusted gross income of-- and what Senator Linehan mentioned. So it's not \$43,000 anymore. You have to take a couple of years of the consumer price index and add that on to \$43,000. Same with the \$58,000. So anybody that fits under that category right now is tax exempt if they are relying on Social Security as their main source of income. It is with the adjusted gross income, AGI, is when you start to climb above that is where you start to get that percentage of reduction and right now, it's 5 percent. So this bill will speed up that process. We will take the ten-year phase-out and we will, we will end the tax on Social Security in 2025. So this year, for, for taxable year 2022, it'll be 40 percent. For 2023, it will be 60 percent, 2024 will be 80 percent, and then we will get rid of it completely, for good in 2025. So I appreciate everyone sticking with us through all this. I want to thank the Revenue Committee for all their work. I've been proud of, of that committee and what we've been able to accomplish and the, the, I guess, the relationships that I've built in there. We've had some great discussions and dialogue and we've had members come and go and this has been one of, one of the best Revenue Committees that I've sat on from top to bottom from the individuals that sit on that committee. And we all come in with their own ideas and interests and I know that not every, not everybody believes that Social Security is the number one thing. But to me, it was a very

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important thing and I appreciate all the senators coming together to support that. And so I encourage you to support. I don't think we'll get it maybe an up or down vote on the amendment, but with the package that we have in front of us, it's vitally important to making sure Nebraska is competitive. What we're doing is not for today, it's what goes on in the future and allowing us to make those necessary steps to ultimately be competitive. So I encourage your green vote on the cloture and I encourage your green vote on the underlying amendment and bill. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Lindstrom. Mr. Clerk, you have a motion on the desk.

ASSISTANT CLERK: I do, Mr. President. Senator Friesen would move to invoke cloture pursuant to Rule 7, Section 10.

WILLIAMS: It is the ruling of the Chair that there has been fair and full debate afforded to LB873. Senator Friesen, for what purpose do you rise?

FRIESEN: I'd like a call of the house and a roll call in reverse order.

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

ASSISTANT CLERK: 39 ayes, 4 nays to place the house under call.

WILLIAMS: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. All unexcused members are present. Members, the first vote is on the motion to invoke cloture. There's been a request for a roll call vote in reverse order. Mr. Clerk.

ASSISTANT CLERK: Senator Wishart voting yes. Senator Williams voting yes. Senator Wayne voting yes. Senator Walz voting yes. Senator Vargas voting yes. Senator Stinner voting yes. Senator Slama voting yes. Senator Sanders voting yes. Senator Pansing Brooks voting yes. Senator Pahls. Senator Murman voting yes. Senator Moser voting yes. Senator Morfeld. Senator McKinney voting yes. Senator McDonnell voting yes. Senator McCollister voting yes. Senator Lowe voting yes. Senator Linehan voting yes. Senator Lindstrom voting yes. Senator Lathrop not voting. Senator Kolterman voting yes. Senator Jacobson voting yes.

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Senator Hunt voting yes. Senator Hughes voting yes. Senator Hilkemann voting yes. Senator Hilgers voting yes. Senator Matt Hansen not voting. Senator Ben Hansen voting yes. Senator Halloran voting yes. Senator Gragert voting yes. Senator Geist voting yes. Senator Friesen voting yes. Senator Flood voting yes. Senator Erdman voting yes. Senator Dorn voting yes. Senator DeBoer voting yes. Senator Day voting yes. Senator Clements voting yes. Senator Machaela Cavanaugh not voting. Senator John Cavanaugh not voting. Senator Briese voting yes. Senator Brewer voting yes. Senator Brandt voting yes. Senator Bostelman voting yes. Senator Bostar voting yes. Senator Blood voting yes. Senator Arch voting yes. Senator Albrecht voting yes. Senator Aguilar voting yes. Vote is 43 ayes, 0 nays, Mr. President, on the motion to invoke cloture.

WILLIAMS: The motion to invoke cloture is adopted. Members, the next vote will be on the adoption of the original undivided amendment to LB873. All those in favor vote aye; those opposed vote nay. Have all voted that wish? Record, Mr. Clerk.

ASSISTANT CLERK: 44 ayes, 0 nays on the adoption of the undivided committee amendment.

WILLIAMS: The amendment is adopted. Members, we will now vote on the advancement of LB873 to E&R Initial for engrossing. All those in favor vote aye; those opposed vote nay. Have all voted that wish? Record, Mr. Clerk.

ASSISTANT CLERK: 44 ayes, 0 nays on advancement of the bill, Mr. President.

WILLIAMS: LB873 is advanced. Mr. Clerk, for items. Raise the call.

ASSISTANT CLERK: Thank you, Mr. President. New bills: LB1068A from Senator Stinner. It's a bill for an act relating to appropriations; appropriates funds to aid in the carrying out of provisions of LB1068. That will be placed on General File. Additionally, LB1150A from Senator Geist. It's a bill for an act relating to appropriations; appropriate funds to aid in the carrying out of provisions of LB1150. That will also be placed on General File. Amendments to be printed: Senator DeBoer to LB741A and Senator Flood to LB927. Additionally-- that's all I have this time, Mr. President, excuse me.

WILLIAMS: Thank you, Mr. Clerk. Returning to the agenda, LB920.

ASSISTANT CLERK: Mr. President, LB920 from Senator Lathrop. It's a bill for an act relating to criminal justice; changes provisions

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relating to problem solving courts, mandatory minimums, penalties and provisions related to controlled substances, theft, and burglary, sentencing, set asides, restitution, pretrial diversion, and parole; provide for applicability; states legislative intent regarding appropriations; creates a pilot program relating to courts, probation, and parole; creates the Justice Reinvestment Oversight Task Force; terminates the Committee on Justice Reinvestment Oversight; provides for parole of geriatric offenders; defines terms; provides duties for courts, the probation administrator, the Board of Parole, the Division of Parole Supervision, the State Court Administrator, Department of Health and Human Services, and Department of Correctional Services; and provides for additional benefits under the Rural Health Systems and Professional Incentive Act; harmonize provisions; and repeals the original section. The bill was read for the first time on January 10 of this year and referred to the Judiciary Committee. That committee placed the bill on General File with committee amendments. There are additional amendments pending, Mr. President.

WILLIAMS: Thank you, Mr. Clerk. Senator Lathrop, you're recognized to open on LB920.

LATHROP: OK. I guess there's a little bit of conversation after that last vote. I'm going to open on LB920. I'm sure you're relieved that we are finally going to take up LB920. I wanted to start out in my opening by giving a little bit of history. My interest in this topic began the first time I got here. I got onto the Judiciary Committee and I have been involved in issues related to the Department of Corrections since 2007 when I arrived; and when I arrived, I-- I knew very little about the Department of Corrections, but you absorb things as you spend 12 years on Judiciary Committee. And in my first service, we watched as the population grew, as the percentage of design capacity was well exceeded and continued to grow, and concern began to mount even towards the end of my service. In 2014-- in 2014, an inmate by the name of Nikko Jenkins was discharged directly-- directly from the Department of Corrections. He jammed out. Before he jammed out, he told people, if he did not get medical care or psychiatric care and mental health treatment, he was going to get out and kill people, and he did. And while all this is happening, we were reassured that the overcrowding situation was under control, everything was fine, we're making do, we're getting it done, it's not-- it's not a concern. And in 2014, when Nikko Jenkins went on a murderous rampage, and the Ombudsman at the time, Marshall Lux, did a report and identified all the problems at the Department of Corrections, I put in a study resolution. That study led-- resolution led to a special investigative committee that worked through the summer and fall of 2014. And what

became-- by the way, that committee subpoenaed all the witnesses, put every witness under oath, and subpoenaed documents, and what became evident during that investigation was this: that while we were told everything's fine at the department, it was not. We got documents in the course of that investigation that showed that there was alarm at the Department of Corrections as the population grew and as overcrowding got worse. And we also saw that the department went to the then-Governor to try to expand capacity, to address the overcrowding, and the response was we're not going to build. And we watched in that committee as we did our investigation and followed the trail. What we found was ultimately what you might expect. If you're not going to expand capacity or address overcrowding, you are going to go to what they then called or labeled the no-cost options. The no-cost options in 2014 to address overcrowding included putting people on parole that shouldn't have been there, setting up a furlough program and sending people home early, not bringing parole violators back to the department, and all of these things were intended to control the population without making an investment at the Department of Corrections. And I term-limited at the end of 2014 and returned four years later to the Judiciary Committee. You were kind enough to make me the Chair of that committee, and one of the first things we did was do a briefing with Director Frakes. And I remember it was the-- it-- I was here about four days into my third term and we had Director Frakes in front of us and I asked Director Frakes, Director Frakes, you are going to be in an overcrowding emergency in two years, what's the plan? Nothing. There was no plan. There was no plan. There was no sense of urgency. We made some investments. We've talked about those. We made \$150 million worth of investments in facilities. We will open some of those facilities this summer and when we do, we will remain in an overcrowding emergency. And, colleagues, you may be tired of me handing this chart out, but this chart tells the story. Again, I've handed it out. It's my favorite chart of all the charts that I'm going to hand out because it illustrates the problem. We aren't just in an overcrowding emergency. Even if we built additional capacity and closed a dilapidated department-- pardon me, Penitentiary-- we will not be out of the overcrowding emergency. We will not have addressed overcrowding. We will have built additional capacity, as we have tried, to no avail. It is incumbent upon this Legislature in this session to chart a long-term course for the Department of Corrections. The problem at the department is evident. It is the rate at which our population will grow. By 2030, we'll be at 7,327 people. And just-- if you've not been involved in any of these, these-- these projections are very accurate. I've seen three or four of them since 2006, and our actual population follows these projections remarkably close. This is

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something that we can take as a data point. If we built the proposed prison beds and closed the Pen, we would still be 1,300 beds short of operational capacity, meaning 125 percent of design capacity. We don't address this by building. We have spent \$150 million trying to do that, and you can see we can't build as fast as the place is filling up. And even if we were to get to a place where we built sufficient beds to catch up to the growth in our population, we would then have to build 200 beds a year. It's time to address the underlying problem. The underlying problem is the rate at which our population is growing, and it is for that reason that we invited CJI into the state of Nebraska. I want to talk a little bit about how they got here. I contacted conservative groups to try to find an organization that would have credibility with conservatives to talk about what are the-- what are the possibilities for reforms so that we can stop the growth in our population at the Department of Corrections? That effort led me to CJI. I had communications with the Governor and the Chief Justice. The Governor did his due diligence to determine this is a credible group. And in the next few hours, we'll have an opportunity to talk about coming up with a plan that is data driven. So much of the dialogue when it comes to overcrowding or opposition to making some kind of a policy change is driven by stories, by fear. Other states have invited CJI into their state. Other states have enacted reforms in this local/state policy leader-driven decision-making process, and they've not seen increases in crime rates. Some of them have seen their decline in crime rates exceed the national average. This is a public safety issue. It is a conservative issue. What we will talk about tonight is not about sacrificing public safety.

WILLIAMS: One minute.

LATHROP: It's not about letting people out early. It's about making an investment, making a policy decision that will keep the citizens of this state safer and will allow us to spend taxpayer dollars more wisely, in ways that result in fewer reincarcerations, better outcomes, people that can enter and-- and participate in the workforce and people that have assistance as they leave the Department of Corrections and attempt to integrate back into society. If you don't hear anything else I say tonight, in other states, this has been driven by the conservatives who say we are wasting taxpayer dollars building more prisons, building more prisons and trying to build our way out of this, and we can only look around at other states and say this process works. It works, it's been done, it doesn't sacrifice public safety--

WILLIAMS: Time, Senator.

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LATHROP: --and it is a better investment of the taxpayer dollar. Thank you.

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

LATHROP: Thank you very much, Mr. President and colleagues. The committee amendment, as well as the bill, advanced from the committee on a 6-2 vote. The committee amendment makes some changes to the bill. I'll take a moment to talk about the bill. When the CJI group met, there was a diverse group. Senators included McKinney, Lathrop, and Geist. We had the Chief Justice; some members of the-- of the bench were also included, a county judge, a district court judge; we had Chief Schmaderer from Omaha; we had Don Kleine, a prosecutor; Tom Riley, a public defender in Omaha; and others who participated in this process. The group looked at data about our population, not somebody else's but Nebraska's population, and-- and the group met and the subgroups offered up options for our consideration. LB920 includes each of the options, 21 of them, that have come out of that working group. Some of them were consensus items and some of them were not consensus items. We'll have an opportunity to talk about much of that tonight, but understand that if we are to make an improvement in the rate at which we are incarcerating individuals, we must-- we must get to sentencing reform. It's not enough to say we hope we expand problem-solving courts, we hope there's more diversion, we-- we will appropriate money for assistant probation officers. Those things are all very, very thoughtful ideas that have come out of the group. They are not the ideas that make a difference in the growth rate at which our population is growing. You have heard me go through the-- through the options. You have heard me go through the bill. I want to take a moment to talk about maybe the most significant thing we can do with respect to criminal justice reform, and this is reducing jam-outs. Jam-outs, colleague, is when an individual serves their-- their sentence to the mandatory discharge date and does not parole out. You can parole out, which means you leave before your mandatory discharge date, and we do have some offenders that do that, and someone who stays to their mandatory discharge date is a jam-out. That's the term that they use. If you jam out, you have no supervision; you have no services; you can simply go back to the community and become somebody's next-door neighbor or the person you see at the grocery store. Jam-outs, preventing jam-outs, reducing jam-outs, discouraging jam-outs, was a consensus item. The working group, the larger working group, agreed that we needed to reduce jam-outs. I specifically remember Chief Schmaderer saying, I don't like jam outs, we need more

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people on parole. And why is that? Why is that? Because we know that when a person is on parole, they have a period of supervision. By the way, they have to earn that. They have to earn that. You don't get parole because you've sat around in a cell long enough. You get parole by earning it and you earn it by going through whatever the department has determined are your necessary clinical programs, and you earn it by behaving while you're an inmate. And then if you have done what you are supposed to to earn it, you have to get the approval of the Parole Board. Now, why is that important? If a person paroles, you know that they have completed the programming that they're required to do. The person that jams out does not have to. They don't have to do anything but-- but not lose good time, behave. We want people to complete that programming. And then, to the same extent that they are released before their par-- their mandatory discharge date, that's the same number of months or years at which they will be followed by a parole officer. That parole officer can put an ankle bracelet on them. They make them come in and report. They can make them do outpatient treatment. They can make them do whatever the conditions of the parole dictate, including reporting and drug tests. When you think about the people who parole, you should know that Class III and IV felonies, the lower two tiers, those people get a relatively short, flat sentence, and they're followed on post-release supervision. And you have the death penalty and the lifers, and in-between are the people that have committed a serious offense. Those are the people whose sentence structure allows for a low number and a high number. When those numbers get too close, they jam out. When you spread them out, you incent them to behave, you incent them to participate in programming, you incent them to earn-- to earn parole. And if they are paroled, they are-- they are assisted by the parole officer. They're get-- they get services and they're better neighbors. Ninety-five percent of the people at the Department of Corrections are getting out. Our communities will be safer if they get out on parole, and the only way to prevent jam-outs-- the only way to prevent jam-outs is to improve the opportunities for parole. That's what LB920 does. That's what makes a difference in the growth rate at which our population will grow between now and 2030 and indefinitely. I am happy tonight to answer questions you may have. I've talked to some of you individually and-- and I've been-- I'm very familiar with this topic, and I feel like everybody else understands it, since I've been talking about it for a while, and I'm confident that many of you may have questions. I'm happy to answer them. This is important because if we are not going to do this, if we're not going to address that line that keeps moving up, then we need to be prepared to spend a lot of money on prisons, and I don't think that's what we were sent down here to do.

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And with that, Mr. President, thank you. Colleagues, thank you for your attention.

WILLIAMS: Thank you, Senator Lathrop. Mr. Clerk, there is an amendment to the committee amendment.

ASSISTANT CLERK: There is, Mr. President. Senator Geist would move to amend the committee amendments with AM2337.

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

GEIST: Thank you, Mr. President. OK, my amendment includes just the consensus items. There are a couple of consensus items I left off of my amendment with the intention of negotiating, but that hasn't happened until this week. I was a member of the CJI working group. The consensus items have been discussed at length already during many other bills, and I would like to point out to my colleagues that the consensus items are about 80 percent of what is in LB920. They are focused mostly on rehabilitation. Rehabilitation is a large part of what I think is important and something we as a state have rarely focused on, if ever, exclusive of lowering penalties, changing sentences. In my opinion, those costs nothing except public safety. Rehabilitation treatment, mental health, drug treatment, that's expensive, and to do it well is even more expensive. To make the programming go not only inside a facility, but to transition with an inmate outside of a facility? Rarely done. When it is done, it can be done well and something we as a state have not focused on. So I would contend that instead of changing sentencing, changing penalties, that we focus at a time when we have money coming into the state, we focus on that so that we can help our inmates actually get better. And what better means is you don't return to prison. It's a novel thought, I think. I also have to say and address that we've been told for four years how uncollegial the body is now, how we treat people so much worse than we used to treat people before the past eight years. Well, I can tell you, not feeling well, being home yesterday, listening to my colleague talk about me when I'm not here to defend myself, is one of the reasons I'm here today. I feel that's not collegial. So I'm here to defend myself tonight. I'll tell you when my interest in this topic began. The interim after I was first elected, I was asked to be on a committee that toured all of the facilities that the state runs for Corrections. During that time, I was able to meet with inmates, with wardens, with those who ran the facilities, with the Inspector Generals-- with the Inspectors General. And I was so taken by the inmates themselves, so it stirred a passion in me to get to know some of them, to meet with them, find out what their issues were. It was

very enlightening. And I found out that they are just like me. They made different choices than I did, but they're humans, just like I am. So that started me on a path to see what I could do to help. One of the things I also firmly believe in is you don't try to change something you don't understand. So the-- in the ensuing four years, I tried to learn the system. So I went to drug court for a year. I met judges. I met law enforcement. I've met county attorneys. I've met prosecuting attorneys. And I've continued to stay in touch with inmates, with mental health people, with people that do programming inside and outside the facilities. I've tried to learn the whole system. And so this was my first attempt at really getting involved and really being a part of what I think we can do to change the system. I do think that, yes, sometimes there are changes that we can make in our criminal justice code that may help, but I do also think there is a balance that needs to be struck between rehabilitation and public safety. And because I spend a lot of time with people who do this job, not people in here who just think about it or think they know, I think we need to go to the experts and ask them, what do you see, judge, what do you see, officer, what do you see, attorney, what works, what doesn't work? And my objection to some of the nonconsensus items come from that-- that arena. They're people with boots on the ground who know what it's like out there, not in here, in the ivory tower, but what it's like out there on the street, and I think it behooves us to listen to their warning. So my amendment has taken out all of the things that I had concerns about. I am willing and have been willing since day one to discuss our differences, to come to some sort of terms in some things, and there are some things we probably aren't going to come to terms on. And certainly, at this late hour obsession, making good policy in an hour or two or even five with just senators in the room is not a good plan. You need the people in the room who this actually affects. So with disappointment that we couldn't do that earlier, we come to this point. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Geist. Debate is now open. Senator DeBoer, you are recognized.

DeBOER: Thank you, Mr. President. Good evening, colleagues. I first want to say thank you to my colleagues who are in this room. I think this is such an important debate. I know we've talked about it some in the past, but the fact that you're here and you're listening says how carefully you are considering this and how important you think this work is for Nebraska. And I think Nebraska should be proud of the fact that we're going to have a very serious conversation about this. This late at night doesn't matter because we're dedicated. I want to

specifically thank the members of the CJI Committee from this body: Senator Geist, Senator McKinney, and Senator Lathrop. I was not on that particular group. That working group had three senators. I think we got a great mix of senators on that group. I have been on the Judiciary Committee since I began here four years ago, and I think I've mentioned before that the very first hearing I went to was one about our overcrowding emergency that was impending. Colleagues, I've handed out to you two pieces of paper. You may be able to see my-- my pen was dying, so the "WED" is kind of light in the corner, but they say "Nebraska" at the top, and it's pages 2 and 5. Now I like trees more than Senator Lathrop, so I didn't kill as many as him, so I didn't give you the whole report. But if you want, this is from the 2022 mandatory discharge report from Senator Frake-- or from Senator Frakes-- Director Frakes of the Corrections Department, the Department of Corrections, so this is one of their reports on mandatory discharge, which is their word for what we call jamming colloquially-- colloquially. You'll notice that I've given you page 2. Page 2 has a list of a table. Table 1 talks about the number of mandatory discharges. These are the jams. You'll see in 2017, 485 people went back into our community without being on parole, directly from prison one day to the grocery store next to you the next. In 2018, that number was 383, 387, and then in 2020, 316. You'll see below, on the bottom line of that table, 1,467 people were paroled, 1,538, 1,592, and only 1,399 in 2020. So that gives you a sense of the numbers that we're talking about when we're talking about how many people jam out. I'd like then to draw your attention to Table 2, which shows the most serious felony level of these folks who are jamming out. You'll see-- I've high-- I've underlined this for you-- towards the bottom of the page, nearly four-fifths, or 80 percent, of the prisons' mandatory discharge population were convicted of Class I, II, and IIA offenses. Colleagues, those are the most serious offenses we have in this state. Eighty percent of the people, which are in the grocery store next to you the next day, were convicted of those three levels of most serious felonies that we have in our state. The second page I gave to you, I want to thank Senator Walz for helping me to highlight by hand for you so you could see this more easily. So the-- if you look at the sheet that has the highlights on it, that is the page 5.

WILLIAMS: One minute.

DeBOER: The Nebraska Department of Correctional Services uses a-- we call it an instrument, called the revised STRONG-R, to assess risk needs and how much danger someone might be to the community. So of the 246 people who com-- who completed the risk assessment tool before being mandatorily discharged, and there were 57 who didn't, so we

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don't have information on them, 70 people, who went to the grocery store the next day with you, were of high risk for violence, property and drug offenses. That one is a composite of they're at high risk for all three. Eighty-five of those people, who now live next door to you, were at high risk of violence.

WILLIAMS: Time, Senator.

DeBOER: Thank you, Mr. President.

WILLIAMS: Thank you, Senator DeBoer. Senator Geist, you are recognized.

GEIST: Thank you, Mr. President. Yesterday, while I was at home, I actually had a great conversation with a reporter. I think it's the first time I've ever talked to a reporter over an hour, and he was amazed at how actually close in ideology or outcomes Senator Lathrop and I actually are. I think we want to get there in a-- in a different way, but we want the same things. One of the things that he-- we talked about for quite a while was reducing penalties for the possession of small amounts of drugs, and I think this is a place where reasonable people can disagree. In the amendment of Senator Lathrop's Judiciary Committee amendment, there is a-- they reduced the penalty from a Class IV felony to a Class I misdemeanor for having a small amount, which is less than half a gram of drugs, and it's any kind of drug. And it does exclude marijuana, by the way, so we're not talking about marijuana. It's like, you know, heroin and crack cocaine or methamphetamine or whatever, any of those kind of things, and it's assuming that this person is just a user, and-- and that very well could be. But the conversation that we had was why I was opposed to that, and this is-- I'll let you know. One of the reasons is I do know, that if you're a first-time-- if you're arrested for a first-time possession, every judge I've talked to-- now there could be one out there, because I haven't talked to every judge in Nebraska. I can't represent that, certainly haven't done that. But the Penitentiary is not full of people that are arrested because they had less than half a gram of a drug. Now maybe it's-- if it's the seventh, eighth, or ninth time they've been arrested and they've gone through drug court or they've gone through diversion and the judge has nothing else, no other means of correction for this individual, that person may be in the Penitentiary. But a first-time drug user or the first time they've been arrested for drugs, they're on probation, typically, or sent to drug court. What I've heard from those who run drug court is that part of the leverage of getting someone to go to drug court is to give them a felony. Now I don't want people to have a felony on

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their record, but that's the reason you go to drug court. You graduate, you have no felony on your record. They wipe it clean. It's as if it never happened. You finish diversion, they wipe it clean. It's as if it never happened. So it's not as if individuals don't have an option to get that felony off of their record. The other thing is, is that we want people to get better. If we say, OK, well, it's just-- it's just a little bit of drugs, and you get arrested a second time, well, OK, it's just a little bit of drugs, or a third or a fourth, and we're not going to make it a felony until the fifth or sixth arrest? Do we really care about people? Do we really want them to get better--

WILLIAMS: One minute.

GEIST: --or is that a message to society that just says, go ahead, you do you, no harm, no foul? I just say, no, it's not. You wouldn't treat people in your family that way. Why would we treat other people that way? I think that's the mentality that got us in the position that we're in. Therefore, I disagree with changing the sent-- or the penalty for a small amount of drugs. That can show a very serious problem, and we want to address it on the front end, as soon as we possibly can, so that it can be taken care of. Treatment can be the very best thing, even if it's forced treatment. I've been reading this book that talks about how forced treatment and voluntary treatment, virtually the same outcomes.

WILLIAMS: Time, Senator.

GEIST: Thank you.

WILLIAMS: Thank you, Senator Geist. Senator Pansing Brooks, you are recognized.

PANSING BROOKS: Thank you, Mr. President. Well, we have had these discussions on and on and on again, and I guess people are listening, but I don't know how long we have to continue. So I think I have some questions for Senator Geist.

WILLIAMS: Senator Geist, would you yield?

GEIST: I will.

PANSING BROOKS: Thank you. First off, I want to thank you and the other members of the committee for the time that you spent on the CJI work and for the committee and-- and all the-- all the things that you've done in regard to that, so I appreciate that, that amount of time you've spent. I also wanted to find out, because I'm-- as I'm

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skimming through your amendment, and maybe you can explain it to me, but what I see are a Justice Reinvestment Oversight Task Force. I see some pilot programs, one to monitor and analyze criminal justice system; another pilot program for the State Court Administrator to utilize space and also for them to look at in-- information technology-- just lost my space on the computer where I was looking this up-- also to hire-- a pilot program about whether or not to hire additional probation officers. What else? Because to me, these things sound like more of CJI coming in and saying, oh, yeah. I mean, we've had groups come in, numerous groups come in and tell us what the issues are. The issues are numerous things I've talked about since 2015, the vicious cycle of overcrowding that we have. And you and I agree on part of that, that part of the overcrowding is the fact that we don't-- there's understaffing. We don't have enough staff, and so then the inmates aren't taken to their-- to their programming. And so because of that, then they don't end up being parole ready when they're parole eligible. They haven't had the programming needed, and so then they end up jamming out with a lack of supervision. And because they've jammed out, they then end up coming back into the system and overcrowding the system. If I'm sounding tired, it's, number one, because this is our third late night, but it's also because I feel like a broken record. We have been talking this-- about this and talking about this. And as you know, I feel sentencing reform and programming is needed. So what-- number one, and I don't know what else, I haven't gotten through your whole amendment yet, but program-- I mean pilot programs, is that what we need more of? Is that what you think?

GEIST: No, it's not, actually. The-- I-- what I did is I took the consensus items and just removed the thing. So my amendment and Senator Lathrop's Judiciary amendment are virtually the same, except for the things that were the nonconsensus items.

PANSING BROOKS: OK.

GEIST: And then there are two consensus items that were in there that were not in there that I was willing to put back in there upon negotiations, so-- but I can answer your question.

PANSING BROOKS: I would love to hear that. Thank you.

GEIST: What I think would be effective, we're already addressing. I say "we." It's not me. The Governor has addressed or is in the process of addressing staffing issues and raised the pay, which I think was much needed. I very much agreed with that. I think we need more space,

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and I think there's no forward-looking vision that we can have that excludes building a prison. I don't want to put more people in-- in prison, but in order to have classroom space, in order to have safety for guards and for a better--

WILLIAMS: One minute.

GEIST: --living space for inmates, I think we need more space.

PANSING BROOKS: OK.

GEIST: The size of that--

PANSING BROOKS: So--

GEIST: --that is not my expertise, but--

PANSING BROOKS: Well, but part of it--

GEIST: --what I would also like to focus on is really robust drug treatment, mental health treatment. I would even be--

PANSING BROOKS: OK.

GEIST: --in favor--

PANSING BROOKS: That's-- sorry, but I-- I just wanted to jump in.

GEIST: OK.

PANSING BROOKS: So the-- the-- it's my understanding we don't have-- part of the problem is we don't have the staff, and I know we're trying to hire staff. We're still having problems because the count-- counties pay more than the-- than the state. So this is a continuing thing where we'll build it and then we won't have the capacity to staff it.

GEIST: But you need less staff. If you have a more high-tech facility--

PANSING BROOKS: To go to classrooms?

GEIST: Well, then you-- this-- right now, we're so crowded, we have such little space, and, yes, staffing has been a problem. Many of the staff are teaching some of the classes.

PANSING BROOKS: Yeah, that's correct.

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GEIST: So if you have a larger facility, you have better technology, you need fewer staff.

WILLIAMS: Time, Senators.

PANSING BROOKS: Thank you.

WILLIAMS: Thank you, Senator Pansing Brooks and Senator Geist. Senator Arch, you are recognized.

ARCH: Thank you, Mr. President. Couple of-- couple things I just want to note as-- tonight. One-- one is, during the discussion, Senator Lathrop talked about an issue that is not directly related to this reform matter, but it is indirectly, and that is this issue of individuals who have been in-- in-- in prison waiting for the services necessary to restore competency. And I just wanted you to know, let the Legislature know that the Health and Human Services Committee introduced an interim study. It's-- it's LR409, and I want to read it to you: The purpose of this resolution is to propose an interim study to examine the Department of Health and Human Services' capacity and resources to treat individuals who have been committed to the department for treatment to restore competency to stand trial. The study should include, but not be limited to, an examination of the current challenges to increasing availability for such treatment and the Department of Health and Human Services' immediate and long-term plans for capacity in order to provide treatment to such individuals. I've had discussions in-- in just meetings with the department and-- and what I'm hearing is a plan is coming together. And so we want an opportunity for the department to come to Health and Human Services Committee and talk about, now what are we going to do about-- about these services? It probably has something to do with Lincoln Regional Center. It may have-- it may have something to do with other places. But we want-- we want to follow up on that and the-- and the Health and Human Services Committee will follow up on that. The issue of rehabilitation and treatment, of course, is something that I'm very interested in. I-- I think that we do have issues. We have issues of exactly what the program should be. I think that there's many opportunities out there, but the staffing and also the space. So while I haven't been in-- directly involved in that, my awareness is that-- that with an overcrowding situation, it's difficult to find the space to-- to have that kind of treatment, to have adequate treatment. Treatment itself is not magic. There are those who, as-- as Senator Geist mentioned, the-- the study shows that mandatory, forced treatment versus-- versus voluntary treatment, you-- you may have-- you may have the same type of outcome. But we know what no treatment

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produces, and that's what we want-- that's what we want to avoid. So there isn't anything magic in it, but we need to make sure that that opportunity is there and we do what we can because the-- the information that-- that was provided to us previously by Senator Lathrop showed three-year recidivism rates, and they're running about 30 percent, in three years 30 percent return, and that's-- that is a target, that is a number that if we were to drop that 5 percent, if we were to drop that even more than that, that definitely impacts the overcrowding situation. So I say, whatever we can do, if the HHS Committee can help in this process of treatment and all of that, we want-- we would like to engage in that if-- if that would be at all helpful. I just have one other question that I would like to ask Senator Lathrop if he's willing to yield to a question.

HUGHES: Senator Lathrop, will you yield?

LATHROP: I'd be happy to.

ARCH: Thank you, Senator Lathrop. I read the report. I get to page 38 and 39, and I think that the consultants-- and I'm not-- I'm not critical of it. I get it. It-- it-- it reads like kind of a giant disclaimer. The-- the-- the reforms, there are no guarantees, and I understand that. It takes time. Other states come back for more. It-- it's going to be-- it's going to be an ongoing process, whatever reforms are adopted in this process. So I guess my question to you is, you know, whatever initiatives are adopted, how will we know if they are effective and, you know, what kind of indicators should we be looking for? Is there a plan-- is there a plan to monitor once-- once we come to some agreement--

HUGHES: One minute.

ARCH: --as to what should go forward?

LATHROP: Yeah, the answer is, on the last question, yes, there's a-- a task force that gets together, a working group or-- I'm not sure what the term is, but it's-- it's intended to-- to oversee implementation of the reforms, so that's the answer to the second question. The first question about how do we know we're going to get what they say we're going to get, so they've been in other states and they can model things based upon the experiences that-- and the data that they collect as similar types of reforms are implemented. So they do have ways of modeling this, and-- and you will see there's graphs that-- where they've modeled the committee amendment and Senator Geist's amendment to show what the expectation is with the-- with the groups

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of reform and-- and either the committee amendment or the Geist amendment.

HUGHES: Time, Senators.

LATHROP: Pardon me.

HUGHES: Thank you, Senator Arch and Senator Lathrop. Senator Machaela Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Mr. President. Good evening, colleagues. Today has me feeling a little bit like a disgruntled pelican, so I think I will just go ahead and yield the remainder of my time to Senator Lathrop. Thank you.

HUGHES: Senator Lathrop, 4:46.

LATHROP: Thank you, Mr. President, colleagues, and thank you, Senator Cavanaugh. I want to say something about my colleague. Senator Geist has been on the committee, I think for two years, the last two years, and I have enjoyed having her there. She brings a different perspective. And we've also had an opportunity to react to things that come in front of the committee and have private conversations outside of the committee. I have no doubt that there is no daylight between her concern for people with mental illness and my concern, nor do I have any concern or doubt that she is in this-- is passionate about people with substance abuse issues, as I am. That-- that part we agree on completely and we-- as the article-- and we passed the article Senator Geist referred to. I passed that out today so you can look at it. The World-Herald did an article that-- that might explain even better than I've tried to over the last several days what this is about. We-- we agree on the need to address overcrowding. We agree on the importance of treatment for substance abuse. We agree on the importance for mental health. A third of these people have their own psychotropic medications. We agree on an awful lot. Here's-- here's where there is a-- a difference, and that is that the things that are going to make a change, I offer ideas that are based on the data that we have here. And so to suggest that if we just did more programming at the Department of Corrections, if we had a more robust programming, the problem is illustrated with that-- with that notion, which is no one's going to take it. You can have the-- you can have the treatment, but no one's going to take it unless they are incentivized to parole out. So you give somebody a sentence of ten to ten or nine to ten, and they're going to say, I'm not taking your drug treatment program. And that's why we keep talking about the jam-outs and the idea that we

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open that window of parole and it lets people-- it's-- incentivizes them to go through that very programming that Senator Geist and I both believe should be there, good, strong, evidence-based programming. But to get them in there, they have to have an opportunity for parole; otherwise they just say, I'm not going to do this, and they jam out. And so preventing the jam-out is allowing someone the opportunity to earn parole by going through the very program Senator Geist and I both agree should be robust, evidence-based, and available to the-- to the inmate. And so today-- today, I think it's important to talk about a data-driven solution because it's not enough to say, well, if we do this, this might happen because that-- we don't have any data for that. And it's not that that's a bad idea. But if we're going to come to a solution on how to address overcrowding and our-- and our skyrocketing rate of in-- of overcrowding, then we gotta look at the data, and that's what the CJI process did. And I'm-- I'm 100 percent behind having good--

HUGHES: One minute.

LATHROP: --evidence-based, quality care. Did you say time?

HUGHES: One minute.

LATHROP: Thank you. I'm 100 percent behind that, but we have to give them an incentive to go through it. Otherwise, they'll just say no thanks. This-- we have to stop looking at this like we're letting people out early and recognize that to get parole they have to earn it, they have to do their programming, they have to behave while incarcerated, and whatever the period of time that parole shortens their term in the Department of Corrections is added to the time they are under supervision and they have services. And don't you want the guy that moves back from the Department of Corrections, that lives next door to you, to have gone through the treatment and to be followed, maybe to have a little help from the state as they transition? That's the person that's going to be the neighbor you want.

HUGHES: Time, Senator.

LATHROP: Thank you.

HUGHES: Thank you, Senator Lathrop. Senator Slama, you're recognized.

SLAMA: Thank you, Mr. President, and good evening, colleagues. I rise today wholeheartedly in support of AM2337, and I say that as a member of the Judiciary Committee. I've served there for four years, toured

the facilities. And I've been raised around the prison issue. My grandma and aunt are prison nurses, I've had family members and friends work at TSCI, and I'm grateful for their service. So this is something I'm plugged into, which is why I'm so enthusiastic about Senator Geist's proposal, which is a white-copy amendment that replaces the language of LB920 with the consensus items reached by the CJI Committee. It's responsible governance that maintains community safety. To be clear, without it, I do not support AM2286 and LB920. And here is your fair warning. If AM2337 is not adopted to give us a working-- workable starting place for negotiations, this bill will go the full eight hours and it does not have the votes to advance on a cloture vote. And here's the real tragedy of that, because I think it really is unfortunate that this is where we're at after nine or so months of organizing and strategizing. The consensus items that Senator Geist has proposed in her amendment represent 80 percent of LB920. That's 17 of 21 proposals. They're in there. It's a thoughtful bill in its own right, and I commend Senator Geist for her efforts, not only on this bill but for her unfailing commitment to better understanding and addressing issues within our justice system. It really is an honor to serve with her on the Judiciary Committee. So 17 of 21 items, that's where we're at. We all agree on them and I think they'd pass with at least 40 votes. However, like we've already heard on the mike tonight that this 80 percent of LB920 will do absolutely nothing to address our criminal justice system in Nebraska. If that is true, why are those 17 items included in LB920? Are they not data-driven? And with that, and I-- I have plenty of material to get into a few other issues on the mike, I-- I'd like to go through the 17 of the 21 things in Senator Geist's bill. One, establish a streamlined parole process for certain eligible individuals: totally agree with that. Increase investment in assistant probation officer positions. You can provide direct support to probation officers supervising high-risk caseloads: absolutely support that. Establish supportive housing programs for individuals on supervision in the community: yep. Create statewide standards for the use of early probation discharge: absolutely. Narrow broad sentencing ranges by tailoring punishments to specific levels of seriousness: um-hum. Reduced jamming out releases: fantastic. That's something we all agree on. I'm grateful Senator Lathrop brought that up in his open. We all support reducing jamming out. Increase education for stakeholders about young adults involved in the criminal justice system. Expand problem-solving courts. Improve reentry practices for those being released from prison. Remove the barrier of criminal conviction for individuals who are successful on supervision. Invest in tangible incentives to motivate compliance while in community supervision. Prioritize restitution to victims of

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crime. Increase state incentives for students in Nebraska pursuing careers in behavioral health to provide care in designated shortage areas across the state. Utilize county and district courts as physical access centers for virtual behavioral health treatment for individuals on community supervision. Expand the use of sentencing alternatives. Create statewide standards for diversion programs and reinvest funding into judicial districts to administer such programs.

HUGHES: One minute.

SLAMA: Thank you, Mr. President. Appoint the working group to reconvene and review the implementation and fidelity of the reforms resulting from this effort. Colleagues, that's 17 of the 21 things contained in the original-- original LB920. We're hitting on some huge issues: reducing jam-outs, expanding mental health services. All of these things are outstanding proposals included in AM2337, so I am hopeful that we can greenlight AM2337 to make LB920 something that we can all agree on, something that maintains community safety. And when I'm on my next turn on the mike, I'll explain my doubts about why I think that's going to happen, because there is an incentive to adopt as many proposals as possible, so we'll follow the money on the next turn on my mike. Thank you, Mr. President.

HUGHES: Thank you, Senator Slama. Senator McKinney, you're recognized.

McKINNEY: Thank you, Mr. President. And I rise in support of LB920 and AM2286. I also was a member of the CJI Task Force. And going into that process, I said, and you can ask anybody, that are we meeting to meet or are we meeting to actually do something? And I said that because I didn't want to end up where we're at today, where we're still fighting to try to get something passed and nobody is agreeing. And honesty-- and honestly, it just feels like a waste of nine months of my time. I'm just being clear. You know, I was think-- I was sitting here thinking. I was listening to everybody talk and it's like, I have the life experience. Over the interim, I visited a lot of facilities in our state and I just would ask the body, raise your hand if you currently have a family member incarcerated in any facility in the state; raise your hand if you have a friend incarcerated in any facility in the state; raise your hand if you had to visit a parent as a child in these facilities in our state or if you have family waiting to be sentenced to one of these facilities in our state. This is real for me. This is a real issue that I have to deal with every day that is just not a political game for me. It's not about getting this or getting that. This is a real-life experience. I have people write me every day, saying, Senator McKinney, can you help us out, can you

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write a letter for me, can you do this, can you do that? A lot of you all don't have to go home and deal with these issues, but I do. I've been living with these issues my whole life. And honestly, somebody came up to me today and was like, how far does LB920 go? And I think LB920 is a moderate approach to criminal justice reform. It's not even extreme when you think about it. For example, there was a bill passed by the federal-- feds in Congress, the First Step Act, that went further than LB920, literally, and guess who voted for it? Sen-- Deb Fischer, Don Bacon, Jeff Fortenberry, Adrian Fischer-- I-- I mean Adrian Smith. The only one who ever voted no was Ben Sasse, and the person that signed it into law was Donald Trump. It went further than LB920 and we're standing up saying it's going to destroy the world, and it's not. We really have to think about things and really listen and-- and do our due dili-- due diligence when we think about these bills. We have to be real with ourselves. Do we really want change or we still want to have the highest black incarceration rate in the nation, one of the highest in the nation? Do we? Or do we want to have the most overcrowded system in the nation? That's what's on the table this year. This is not politics. We're playing with lives. Do we want people to get programming? Do we want to help individuals transition properly back into society? Those are things we need to think about. And just saying you don't like something because you think it's going to destroy the world isn't true. It's-- individuals in the past have jammed out and did things that you all don't like. But there is an option to give those-- those individuals parole in hopes that they don't do horrible things, but people don't want to be open to it. We really have to think about this. Again, I repeat, there are Republican elected officials--

HUGHES: One minute.

McKINNEY: --that voted for a bill that went further than LB920 and they're-- and they're in Congress. This is not going to destroy the world. It is literally not. And we really have to think about that and then we stand up and say we want to save money for the state, we want to be fiscally responsible, but we keep wasting money on the Department of Corrections and nothing has improved in years and it's getting worse. But we want to be fiscally responsible, we want to save the taxpayers money, but we're wasting money. Make it make sense. Thank you.

HUGHES: Thank you, Senator McKinney. Senator Wishart, you're recognized.

WISHART: Thank you, Mr. President. I rise in support of LB920 and in opposition to AM2337. AM2337 just does not cut it for me. It-- it does not get the results that I am looking for as not only a member of this Legislature, but also a member of the Appropriations Committee. When Senator Lathrop came to-- to me, and I-- I believe he came with the same message to-- to Chairman Stinner about the opportunity to work with legislative colleagues and CJI on a comprehensive overview of our state's correction system and how we could follow in the steps of other states that have worked with them successfully and not only reduce the cost that we're spending on beds for correction but also reduce crime, I said, sign me up because on Appropriations, colleagues, almost every single year that I have served on that committee, we have built beds to the tune of about 800, and now we're looking and staring at another correctional facility to replace an aging facility, hundreds of thousands of dollars, and that doesn't even cut it because if we continue to increase our prison population at the rate we're doing, we're staring in the face over the next 20 years of at least a billion dollars of taxpayer money funneling into a correction system. And Chairman Lathrop said to us and he sat us down with CJI and they walked us through an example of a state who, several years ago, was looking at building a new correctional facility and they needed to figure out how many beds do we need to build because they were replacing-- this sounds very familiar-- an aging correctional facility. The state is Utah, and they worked with CJI and they worked with them and leaned into this data-driven agency. They leaned into the process and they went with the decisions that CJI said they should, and they're looking at building fewer beds in their replacement facility. This report, I don't know what would-- this sells me, this page in this report right here. Actually, it's a number of pages. Look at Georgia. They went through the CJI: reduction in crime. South Carolina went through CJI: reduction in crime. Oregon went through CJI: reduction in crime. South Dakota went through CJI: reduction in crime. Mississippi went through CJI coaching: reduction in crime. Utah: reduction in crime. Let's go to violent crime: South Carolina, a reduction in violent crime; Georgia, reduction in violent crime. Reduction in taxpayer dollars and reduction in crime-- why are we even thinking about not following in this data-driven approach? Because here's the great thing about numbers. They don't lie, colleagues. They don't. That's the wonderful thing about numbers. We have to start differentiating in this state between who we're afraid of and who we're very disappointed in. There are people who are currently within our correction system who are a threat to society, and they should absolutely serve time and they should have to show a lot of proof that they're not going to be a threat to society before

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they get out. And I know for a fact there are people currently within our correction system--

HUGHES: One minute.

WISHART: --who are exclusively a threat to themselves. We have to stop. We have to differentiate, with a data-driven approach, who we are afraid of and who we are mad at. There are people behind bars who need mental health support and need a path to sobriety, and a cement cell is not the best place for them and it costs a whole lot of money. That's what the discussion is about, colleagues, and I really encourage you to listen to Senator McKinney. Of all people, he knows more than anybody what we're talking about here. Thank you.

HUGHES: Thank you, Senator Wishart. Senator Lathrop, you're recognized.

LATHROP: Thank you, Mr. President. I want to talk because this has become a talking point: there's 17 things that we agree on, let's pass those, that will take care of it, let's pass a consensus bill, and why are they here if they're-- if they don't make a difference? That was the question asked by one of my colleagues, and I want to-- I want to respond to that. So the process that took place after CJI shared all the data, we broke into three different groups. Those three different groups then said they each had sort of an assignment, an aspect of the criminal justice process that they were going to take a look at, and then they came back with ideas. So when we put-- when we put the-- when the report was put together and I did LB9-- LB920, we didn't say, well, this is a-- this is an idea that doesn't really move the needle, so we're going to leave it out, out of respect for people who participated. And I'm sure that these recommendations came to the larger group by people who believed that they were a piece of the puzzle that we're trying to solve tonight, no question about it. And I don't question the sincerity of the people that brought these ideas forward or their belief that they're important. That's a given. The problem is that they don't-- they don't change the problem that we are addressing, which is overcrowding. They don't change the trajectory of our population growth. It doesn't make them bad ideas. It doesn't make them silly. But it-- but because there are 17 of them, that doesn't make them a majority of the solution. They represent like a 4 percent difference in our population trajectory if we added them all up. It doesn't get it done. So the fact that there is a large number of items that don't make a consequential difference, doesn't make that the heart and soul of this bill. It is the-- those things that actually affect a-- the-- the sentence length, how long someone is at the

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Department of Corrections. And again, shortening a sentence by paroling somebody means that they have earned it and they will be supervised, as opposed to becoming your neighbor. Ninety-five percent of these people are getting out. Colleagues, if we're going to solve this problem, and it is a problem, if you don't want to get into a place or lead this place on a path where they need to spend a billion dollars on facilities and tens of million dollars operating them, then we need to address this trajectory. And we have an opportunity through the work of this group, from the work of the folks that came here to help us out and tell us what our data shows, and from Nebraskans who came up with the ideas that are now found in that report and in LB920 and the committee amendment. I'm struck as I listen to the conversation today. I know the Health and-- Health Committee passed a bill that said we're going to bring in an outside consultant to help us sort out child welfare. I think we passed two bills. I can't remember what the other one is. We were going to bring in outside consultants to help us understand something so that we can fix it, and today we are dismissing the work of the very people we brought in to help us and point us in the right direction.

HUGHES: One minute.

LATHROP: Our approach can't be based upon hope. It can't be based upon an idea or a hunch, because if-- if you have a hunch, if there was an idea that percolated to the top, it's been studied and its effect on our trajectory has been charted. If we don't provide a parole opportunity, these people will never take programming, they will never participate in anger management, violence reduction, sex offender treatment and substance abuse treatment, the very things we want them to do as they earn their parole that will lead to community supervision. We have to be driven. We have to find the solution in the data. We have to find that solution. Everything else is hoping. We've been down hope.

HUGHES: Time, Senator.

LATHROP: Thank you.

HUGHES: Thank you, Senator Lathrop. Senator Lowe, you're recognized.

LOWE: Sorry about that. I was in the back talking to Senator Cavanaugh. Thank you, Mr. President. I've spent a lot of time becoming-- since becoming a state senator working on issues dealing with our youth rehabilitation and treatment centers. In that time that I've spent, I have become more knowledgeable about our youth

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involvement in the criminal justice-- criminal justice system, and I have had the privilege of working with Republicans and Democrats to find solutions to some of these issues. I bring this up because, while I have done a lot of work on the YRTCs, I have done far less work on issues that are seen in LB920, so I hope I will be able to do on this bill-- so I-- I hope to be able to ask some questions and just learn. So with that, I was hoping Senator Lathrop may yield to some questions.

HUGHES: Senator Lathrop, will you yield?

LATHROP: I would be happy to.

LOWE: Thank you, Senator Lathrop.

LATHROP: Certainly.

LOWE: How many recommended changes are there in this bill?

LATHROP: In the bill or the amendment that Senator Geist has filed?

LOWE: Let's deal with your bill.

LATHROP: OK. So we have the bill and the committee amendment has-- some of the-- some of the recommendations, Senator Lowe, did not require legislation. So informing the judiciary or educating the judiciary or stakeholders on the development of the brain in emerging adults, that's one of those examples. We have 21 recommendations, and some of those do not require or are not found in the bill. I think they may be a couple in number, two or three-- pardon me, four. Oh, I'm sorry. It's dark in here and I can't-- I'm having trouble seeing Josh Henningsen, but three.

LOWE: OK, thank you very much. I've had people talk to me about this bill, and they have mentioned that there are elements of this bill that are consen-- consensus items and those that are nonconsensus items. How many of these changes are consensus items and how many are nonconsensus items?

LATHROP: That's a difficult question. I'm going to answer it this way. So preventing jam-outs is a consensus item. Everybody in the room wants to prevent jam-outs. When we-- when we take that consensus item and turn it into a proposal, broadening the-- the range so that people have an earlier opportunity or a larger window for parole, that-- then it-- then it becomes a nonconsensus item. I don't know another way to effectuate that consensus item of preventing jam-outs, having somebody

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that was a-- you know, used a gun for a-- or-- or caused a serious injury to somebody in an assault, how we-- how we have that person prevent a jam-out other than opening the window and allowing them the opportunity to earn their way into parole. Then-- then that's where the rub comes in. That's where, when you start to affect the sentences, which is the only way to change our numbers, when you start to affect those sentences, that's when we get into a, well, now we're letting people out early.

HUGHES: One minute.

LATHROP: And it's not really letting people out early so much as providing them with an opportunity to earn parole, after which they would be followed for a period of time and accountable to somebody. So it's a little bit of a difficult question to answer because that concept of preventing jam-outs everyone agreed on. And I know of no other way to prevent jam-outs than to say let's incentivize that person with an opportunity to earn parole and be followed on parole, but I-- Senator Lowe, I appreciate your engagement in the-- in the issue and your question.

LOWE: All right. Thank you, Senator Lathrop.

HUGHES: Thank you, Senator Lowe and Senator Lathrop. Senator McCollister, you're recognized.

McCOLLISTER: Thank you, Mr. President. Good evening, colleagues. And I want to salute Senator Geist for her engagement on this issue. I know she didn't feel well the last couple days. I know exactly how she feels and-- but she's been involved and I'm grateful for that. In terms of the bills, I support LB920, AM2286, and I oppose AM2337. AM2337 just does not move the needle, doesn't get us anywhere, and we definitely need to do that. Well, it's the duty of Nebraska, our cities and-- and counties to protect the citizens, so what we do here today and perhaps next week, we should keep that in mind. Public safety is-- is paramount. You may know that I, and I have mentioned it often, I worked at the Platte Institute under Pete Ricketts, and we became interested in criminal justice reform because many of the free-market think tanks, particularly the ones in Texas, were embracing this very thing. They're able to close prisons and the-- the-- without re-- reducing public safety. We also engaged with free-market think tanks in the East Coast, so this is a process that works. We took up LB605 in 2015, and we adopted many of the recommendations that occurred in that report, but I contend we did not go far enough and I think, as a result, we've seen the prison

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population balloon in Nebraska. So last December-- or in 2020-- in-- in December of 2020, I convened a group of about 20 senators, including Senator Linehan, Senator Geist-- in fact, Senator Geist was the vice chair-- and we brought in some of the think tanks that work on this particular issue, issues like-- think tanks like ALEC, American Legislative Exchange Council. We also brought in CSG. We also brought in CJI and we discussed this issue, and I think that it was a precursor to what we ended up with, with the process that the committee just in-- was involved with. When we think of criminal justice reform, it's a matter of risk and reward. But I contend, with 35 states engaging in criminal justice reform, that the risk is mitigated by the number of states that have actually under-- undergone this process. What do we know for sure? State of Nebraska is responsible for public safety in conjunction with counties and cities. Nebraska has the most overcrowded prison system in the entire country. Thirty-five states have undergone criminal justice reform with success, without sacrificing public safety. Nebraska is responsible to maintain a viable prison, and the prison we have is overcrowded and 100 years old, so definitely I agree that we need a new prison, no question about that. What else do we know? Long-term crime rates are down. Long-term crime rates are down at a time when Nebraska is putting more people in prison. I've mentioned many times, in 1980, we had 1,400 prisoners in our system, but then we convinced ourselves that we needed to get tough with crime, three strikes--

HUGHES: One minute.

McCOLLISTER: --you're out, throw away the keys, that kind of thing. What really blows my mind is what Senator McKinney said, that the Trump administration enacted prison reform far above what we're doing here in Nebraska. And I think if we simply emulated that, that process, and adopted some of those policies, we'd be far better off than we are likely to-- to make-- produce. Thank you, Mr. President.

HUGHES: Thank you, Senator McCollister. Senator-- Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President. And, well, I rise in support of LB920 and AM2286, and I honestly don't know what all is in AM2337 yet, so I'm going to talk-- I'll look at it in between and I'll talk generally about some of the issues that-- that-- that I-- as I see them and as I think are important. So one of the things that, well, has jumped out at me about this whole process is, for the most part, the changes are not going to change-- they're not sentencing changes. They are changes in sort of sentencing ranges and changes in some

programming and things like that, that I think are very modest and reasonable. There's two things that would actually change some conduct that-- current conduct into a different offense level if this were enacted. One such change is under burglary. So currently, burglary would be a IIA felony, which carries zero to 20 years, and that's for everything, no matter whether you break into-- in a storage shed, so unoccupied, outdoor sort of shed, break into a house that has somebody sleeping in bed at night, or into an office of some sort and-- when nobody's there. All of those are treated the same under the current law, and so that is the-- under the suggestion, the CJI recommendations, what they found other places have done is they've separated out those sorts of conduct into different levels of offenses. And so the suggestion would be leaving burglary of an occupied dwelling or of a-- I'm sorry, of a-- yeah, of an occupied dwelling as a IIA felony, so it would still carry the zero to 10-- 20 years. Then there'd be second-degree burglary, which would be of an occ-- occupied nondwelling, so office of some sort when somebody is there, would be a Class III felony. And then burglary of an unoccupied nondwelling, so, like I said, a storage shed or one example of a concession stand at like a Little League field-- I played Little League in a place called Westgate in Omaha, and it's in between the interstate and the creek and it's in a very hard-to-find place. And we had a shed that was a stand-alone shed made out of cinder blocks, and you'd run up there afterwards and get your-- what was it called? A snow cone or ice cream sandwich or something. And so if somebody breaks into that to steal an ice cream sandwich right now after, you know, after the foot-- baseball games are all gone and everybody leaves for the night, somebody breaks the lock on that, goes inside, that's a class IIA felony under the current statute. Under this suggestion, that would be a Class IIIA felony. So a Class IIIA felony carries a penalty of zero to three years with mandatory post-release supervision, which is this-- not-- automatically people don't jam out. That's a result of the LB605 that Senator McCollister just talked about. And so that would treat that conduct that we-- that we still want to discourage, still treats it as a felony. Breaking into the-- the ice cream shack at a Little League Baseball field after hours is still a felony, but is not a Class II felony, IIA felony, and so it-- it corrects a wide sentencing disparity. It creates-- it-- it takes a more reasonable approach and actually reflects-- the penalty actually reflects the seriousness and the harm of the-- of the offense, which is something that we should seek to do with all of our sentencing ranges and all of our penalties, is that the penalty itself should actually reflect the harm to society, the-- the-- damage caused, and the moral culpability sort of thing, so, right? So that's one of the

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things it seeks to do. We should look for other places to do that to make sure that our-- our sentencing ranges actually reflect those things. And that kind of--

HUGHES: One minute.

J. CAVANAUGH: Thank you, Mr. President. That also goes for the-- the marijuana-- or, I'm sorry, the possession of a controlled substance less than a half a gram, making it a Class I misdemeanor. We all think illicit drug use is bad for you. It's bad. It is a crime. We discourage it and we want people to get help when they have a problem. But it-- it is not the type of conduct that rises to the level, at least on the first offense or such a small personal-use amount that rises to the class-- the level of something that we want to incarcerate someone in prison for, that someone should go to prison for. We don't think people should go to prison for this, so we should not keep it as a felony offense. If something is a felony, that means we believe people should go to prison. It-- it has a lot of these other things that we've talked about. There are a lot of other ancillary consequences to having a felony charge, and I-- I'll talk about those in a little bit, but it means fundamentally that we think someone should go to prison for this conduct. And having less than a half a gram of-- of methamphetamine is not the type of conduct that we think someone should go to prison for, and our laws should reflect that.

HUGHES: Time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

HUGHES: Thank you, Senator Cavanaugh. Senator DeBoer, you're recognized.

DeBOER: Thank you, Mr. President. Good evening again, colleagues. Nebraska, I am very proud to be in our body tonight. Rarely have I been in this body and heard so little extra noise. Nebraska is taking this question very seriously. I am so pleased to see how many people are engaged in this conversation. When there are conversations, they are quiet, usually off to the side, and they are about the topic which we are discussing. I am so pleased to be in the body tonight. When I was last on the mike, I was talking to you about page 5 of the 2022 mandatory discharge report with the highlighting that the pages have distributed to you, and I note it again for you that, in 2022, and I want to make sure-- actually this was the 2021 numbers that you saw that in just one year, we released 70 people who had a high risk of

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violence, property, or drugs directly, in a jam-out, and we released 85 people with a high risk for violence. Those people are back on the streets. They are next door to you. They're swimming in the same public pool that your kids are swimming in. And I fear-- I am so grateful that the committee came together and said, we want to reduce jam-outs because this is the public safety concern that I am terrified of. Every night that I serve on the Judiciary Committee, I go home and I think, if we didn't do the right thing, what if someone jams out because of our policies and they go and they kill someone? I'm terrified of that. Jam-outs are dangerous, and I am so gratified to hear that everyone agrees and that we all agree that we should reduce them. My fear, colleagues, is that there is a difference between wanting to reduce jam-outs and actually reducing jam-outs, and the only way that I know how to reduce jam-outs is to make people who are not terribly incentivized to want to make themselves better in and of itself-- remember, these are the Class I, Class II, and Class IIA felons primarily that are jamming out. These folks do not have a history of being particularly inside of our social norms, and we want to prevent them from staying that way by rehabilitating them. We have to find a way to incentivize them and then help them get back in the community safely. They will be in the community. They will be in that pool, swimming with your five-year-old. We want them to be safe, and the way we do that is we help them to be rehabilitated and we give them someone to be responsible for. Colleagues, you may not know this, but the parole eligibility date moving up, moving that date does not mean anyone will get out a day sooner than under current law unless the parole eligibili-- the Parole Board says this person is ready. And then, when they get out, they are supervised until their jam-out date.

HUGHES: One minute.

DeBOER: They will have someone asking, where have you been, what have you done, checking their sobriety. That's the supervision that we're talking about. That's the supervision we want because when someone is released from prison, there's a lot of differences that happen in their life in that day inside and then the next day, when they're outside. It's a lot for anyone to adjust to. And now imagine someone who has shown a propensity in the past to violate social norms. I'm a little concerned if we don't have someone watching them and helping them to figure out things like, how do I get a place to live; OK, now I've done that, how do I pay my electric bill on time? These are things they haven't done the entire time while they were in prison. They need to have somebody--

HUGHES: Time--

DeBOER: --kind of--

HUGHES: --time, Senator.

DeBOER: Thank you, Mr. President.

HUGHES: Thank you, Senator DeBoer. Senator Geist, you're recognized and this is your third opportunity.

GEIST: Thank you, Mr. President, and I actually appreciate the words that Sena-- Senator-- I'm sorry, Wendy. My brain just went poof. I'm-- [LAUGH] Senator DeBoer said one of the things that we-- we agree on, one of our consensus items was discussing jam-outs, and part of the jam-out solution that's written into AM2886 [SIC--AM2286] is the 50 percent rule, which was not a part of the CJI recommendations. So Senator Lathrop is right in the sense of we did all agree that we want to prevent jam-outs, but we just have a different philosophy of how to get there. One of the things that we had negotiated through was adding LB1004, which was from two years ago, a bill that would have mandated a two-year probation period at the end of sentences, and you would have to have at least a four-year sentence for this to apply. So that was a-- what I thought was meeting in the middle, but evidently that negotiation isn't occurring right now. So one thing I would say is that in all of this, something that hasn't been addressed that's just irked me from day one is when an inmate walks into our correctional facilities, they been-- let's say they've been sentenced to 10 to 20 years. They walk in, their sentence is really five to ten years because we have automatic good time. CJI even addressed this in our report and talked about that being more of a sanction than an incentive because it's passed out to everyone, it's not earned, and it can be taken away, therefore, it can be used as a stick, and the carrot part of it kind of falls flat because everybody gets it. South Carolina is the state that has the lowest recidivism rates of anyone in the country. What they've done is made good time earned, novel idea and I think a great idea. Why don't we ask something of people to earn good time? I talked about this a few days ago. That gives dignity to the inmate. It also gives them a sense of control over their sentence. So if you could earn good time three days a month for having no-- a report that-- that you have-- you have not had any bad behavior, you're getting your GED, you're going to your treatment classes, all of those things would accrue to help you earn time against your sentence, rather than giving out something that's, one, obviously not appreciated, and, two, can be used as a sanction and, therefore, viewed by the inmate as something that's corrective or punitive, which is not a word that people like using in judicial reform circles right

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now. But having them earn time gives dignity, so it's just a different way of looking at it, but, hey, it works, obviously, because in South Carolina, they've lowered their recidivism rates and that's one way to lower population. It takes a while. You're not letting--

HUGHES: One minute.

GEIST: --a lot of people out all at once, but you are making their lives better because you're keeping them from coming back. What I submit we need is a total reform of our sentencing structure. Maybe we eliminate good time. But if we don't, and there's other things that Senator DeBoer and I agree on, supervision needs to be added to our high-level incarcerated people. Why not supervise them to the maximum of their sentence? If they're sentenced 10 to 25 years and they jam out at 10, then put them on supervision until 25 years is up. But for our high-level offenders who jam out, there needs to be more oversight. There needs-- the state needs to take--

ARCH: Time, Senator.

GEIST: --more respon-- did you say time?

ARCH: Time, Senator.

GEIST: OK, thank you.

ARCH: Thank you, Senator Geist. Senator Macheala Cavanaugh, you're recognized.

M. CAVANAUGH: Thank you, Mr. President. I'd like to yield my time to Senator Lathrop.

ARCH: Senator Lathrop, 5:00.

LATHROP: Thank you. And thank you, Senator Cavanaugh. I want to talk about good time. So when I was here-- by the way, you should know I've talked to some judges too. I know a lot of them. And when they impose a sentence, they know the good time is baked into the number. If they want somebody to spend seven years there, they give them 14. That's just-- I think Senator Wayne talked about this yesterday. That's just the way it is. A judge isn't surprised or having something taken from them. When they impose a sentence they know, if I want this person to spend this much time, I'm going to make it twice as much, and they'll-- the good time will allow them to get out when I want them to get out. This concept of earned good time comes up when these conversations start. It actually came up in my prior service. Governor

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Heineman brought it up, actually. He said, I think people ought to be doing good time, a speech not dissimilar from Senator Geist's remarks in that criticized the current good system and said it should be earned. The problem, and the person who said this is a really bad idea, was the county attorney in Lancaster County, and here's why. If you have to earn good time, then-- then what's that look like, besides behaving yourself, which is what they have to do now? But if it's participating in programming, but you can't get into it, guess what they do? They sue because they can't get into the programming because they can't-- it's not available, they don't have the workforce, for whatever reason, and so earned good time actually results in litigation by the-- by the inmates, and it was an idea floated by the previous administration and opposed by the county attorneys, or at least the one that-- that came and testified on the topic. But it's interesting to talk about earned good time, because when we talk about somebody being parole eligible sooner, it is something they have to earn. They earn that parole by doing certain things, participating in programming, behaving themselves. The very thing that would be the foundation of an earned good time is exactly what we talk about when we talk about people having the opportunity with a-- with a window to become parole eligible and earn parole. It's the same concept. And now I want to go back out to-- back to the-- the idea of a consensus item being-- preventing jam-outs. These are the only ideas that have been offered. There are no other offers. There are no other ideas. So I-- my-- my-- my-- my ask tonight is, if you have a way to prevent jam-outs, let's hear it, let's see if the data supports it. But the-- but the practical side of that is there's only one way to do it, and that's to open a window so people will go through this. I-- while I was waiting to speak, I looked at the statute on what are we talking about, what kind of crimes are these people who are jamming out? A Class IB felony: sexual assault of a child; sexual assault of a child in the second or third degree with a prior conviction; sexual assault of a child in the second or third degree with prior sexual assault convictions; criminal conspiracy to com-- commit murder in the second degree; second sexual assault of a child in the first degree; murder of an unborn child; knowingly, intentionally manufacturing, distributing, delivering, dispensing, possessing drugs.

HUGHES: One minute.

LATHROP: IB felonies: possessing a firearm while violating a prohibition; knowingly, intentionally manufacturing, distributing, dispensing with the intent to distribute crack; knowing or intentionally manufacturing heroin. These are the kinds of people that you want to be supervised when they come out. These are the very

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people you want to go through programming before they are released. Do you want these people to go straight from prison with no programming and become your neighbor or return to your community? That's the issue, and the only offers, the only ideas that have been tendered are the ones we're talking about tonight.

HUGHES: Time, Senator.

LATHROP: Thank you.

HUGHES: Thank you, Senator Lathrop. Senator Bostelman, you're recognized.

BOSTELMAN: Thank you. I'll yield my time to Senator Geist.

HUGHES: Senator Geist, 4:55.

GEIST: Thank you, Senator Bostelman. And, gosh, I would say that we have been in negotiations most of the week, and some other things have been floated that were-- are not up on the board here. So I think we're talking on two different planes because we do have some other things out there that we have agreed upon, I thought, but maybe we're not to that point. So I just want to respond to a couple of things. It keeps being said that-- that my amendment doesn't move the needle, it doesn't change anything. And I know that CJI scored that, but you have to understand that CJI gets compensated on the number of things that we pass, so it's in their best interest to score mine lower because there are fewer recommendations listed in there, for one thing. The other is, how do we know? What business is there out in this environment right now that scores treatment, that scores focusing on recidivism? Who is incentivized to do that? There isn't a company that does that, and I would say we've never tried it, so how do we know? How do we know it won't work? Also, for the public out there, I know my colleagues have heard me say this before, but overcrowded should not mean over-incarcerated. We have too small of facilities in the state of Nebraska for the population, period. We are 36th in the number of incarcerations per 100,000. So just because we have an overcrowding emergency doesn't mean that we over-incarcerate our people. Since CSG was here in 2015, our probation numbers have gone up 70 percent. Why is that? I'll tell you. It's because we put the right people on probation, like those low-level drug offenders that I was talking about earlier, and we have the right people who are incarcerated. Now someone's going to push back and say, but I know someone who shouldn't be there. That may be the case, but broadly, we are doing a lot right in our state. You can look across the country

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and from 2019 to 2022, arrests, murders, crime is through the roof. In our state, it's down. Do you know that our state was better going in with CJI than most states are coming out? We are doing a lot right in this state. We aren't perfect, and I'm not here to say we are perfect. We have a lot of work we can do, and I'm willing to do that work. I have two years left here and this is going to be my focus.

HUGHES: One minute.

GEIST: But I'm also not convinced that changing sentences and lowering penalties is the way to go. We have a philosophical disagreement and that's where we are. But I would also say that the state of Nebraska is doing a lot of things right. Thank you, Mr. President.

HUGHES: Thank you, Senator Geist. Senator Hilgers, you're recognized.

HILGERS: Thank you, Mr. President. Good evening, colleagues. I'm-- this is my first time on the mike on this particular bill. I-- I am-- I think the conversation has been good. I appreciate the dialogue so far on the floor this morning-- or this evening. And I want to do-- in sort of pursuit of some of these facts and digging in a little bit deeper, I had some questions for Senator Arch and then I had some questions for Senator Lathrop. So would Senator Arch yield to a couple questions?

HUGHES: Senator Arch, will you yield?

ARCH: Yes, I will.

HILGERS: Thank you, Senator Arch. So I-- I heard most of what you said earlier during the debate, and specifically on LR409, and I heard you reference some-- a few statistics, so maybe we could just unpack that for a second. So you referenced LR409. Can you just reiterate the-- or repeat the import of that to this conversation this evening?

ARCH: Yes. LR409, our-- our HHS interim study, is-- is specifically directed-- and I say it's a-- it's a small bite of the apple, but it's-- it's specifically directed to those who are incarcerated, waiting for treatment to restore competency for trial. There was a-- there was a-- there was a bill that was-- that was introduced into the Judiciary Committee this-- this year regarding do we have enough beds in the Lincoln Regional Center, and I believe that the number was 30. And I think that the-- that the-- that the discussion was around 60 in need of additional mental health beds necessary to restore competency. So the-- the interim study is-- is to address not necessarily specifically to the-- how many additional beds do we need at the

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Lincoln Regional Center, but rather what is the plan for taking-- for-- for taking these-- these inmates, for taking these people in Corrections and helping them restore competency for trial. So that-- that specific is-- is LR409. I might-- if I could add just one other thing, and that is that we have an issue in-- in mental health regarding what--

HILGERS: Senator Arch, do you mind if I just interrupt you briefly--

ARCH: Please.

HILGERS: --because I want to ask Senator Lathrop a few questions.

ARCH: Yes.

HILGERS: I apologize. You referenced the reduction-- a potential reduction from 30 percent maybe by 5 percentage points. Could you just describe that briefly?

ARCH: So recidivism was that-- was what I was addressing there. I just asked-- I just asked Senator Lathrop, you know, what-- what percent of people are going to come out of the prison and back into society? And he-- he quoted 95 percent. So we have a 30 percent recidivism rate within three years of those people who are coming out and returning back into the correction system. That's what I think is-- is-- when we talk about-- when Senator Geist talks about treatment, that I think is-- is what should be-- is what should be focused on, reducing that recidivism. Five percent reduction of that 30 percent rate would be a-- would be a significant help to our overcrowding issue.

HILGERS: Thank you, Senator Arch. I don't-- I don't have a lot of time left. Thank you for those-- those answers. Would Senator Lathrop yield to a question?

HUGHES: Senator Lathrop, will you yield?

LATHROP: Yes.

HILGERS: Thank you, Senator Lathrop. So I-- one of the-- the focus of my questions is just to understand maybe a couple of different points on modeling outcomes. So I think I read, and it might have been in the newspaper article attached to the materials-- and by the way, colleagues, if you haven't had the chance, Senator Lathrop circulated, I think, a very helpful packet of materials. It should be on your desk. And one of the-- I think the stat I heard was if all of the

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reforms of the CJJ report recommendations are implemented, was it a thousand-bed reduction over the next eight years? Is that right?

LATHROP: That's the fifth page on the handout. There's a-- a graph that shows our population projections and what the LB920 amendment would do; and then in contrast, the yellow line, if you can see it this late at night and without a good light source, is the projections on the Geist amendment.

HILGERS: Gotcha. OK, that's-- thank you for that, for orienting me there. Now you talked about a model-- the model. I-- I looked through the CJJ report. Is it-- is it part of the report? Is it an addendum somewhere? Is there an appendix that has the modeling or is it just this is the outcome of the model on page 5?

HUGHES: One minute.

LATHROP: The-- what they modeled is not the report but the bill, LB9-- LB920.

HILGERS: And that is reflected in page 5.

LATHROP: That's it.

HILGERS: OK, I-- I only-- I only have a few seconds left. So I've showed you-- I oriented you to this table that you included, which I think actually is a helpful table with the various recommendations, and I wanted to ask you, the last column, this bed impact, major, minimum, minimal moderate, can you sort of describe what that might mean if you were to try to quantify?

LATHROP: Best we can do, and this would be based upon CJJ's experience, so we tried to develop a chart to give people sort of the lay of the land. I asked them, what effect would this have on our population projections? Some of them it's nominal, some of them it's consequential, and so that's reflected in the column on the far right.

HILGERS: And is that-- is there-- does that tie into some number range, you know, major might be 300 beds or something like that or is it just--

LATHROP: It really isn't; it's just their experience with--

HUGHES: Time, Senators.

LATHROP: --having done this in other states.

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HILGERS: Thank you, Mr. President.

HUGHES: Thank you, Senator Hilgers, Senator Arch, and Senator Lathrop. Senator Slama, you're recognized.

SLAMA: Thank you, Mr. President, and good evening again, colleagues. I rise today still opposed to LB920 and AM2286 without the adoption of Senator Geist's amendment, which again includes 80 percent of the original text in LB920, 80 percent to address issues like jamming out and increasing mental healthcare. Senator Geist's approach is absolutely data driven. And let's talk about numbers here because, like members of the Judiciary Committee, I-- I love data. And here's a fact that I want everyone here to hear tonight. The state of Nebraska, on average, imprisons 289 people for every 100,000 in our population. This number is significantly lower than the national rate. We're in the top 15 for lowest imprisonment rate in the country. Let me repeat that. Nebraska imprisons far fewer people than the national average. We don't need to free the felons and tie the hands of our justice system in doing so. Just for everyone listening tonight, the acronyms JRI-- JRI stands for Justice Reinvestment Initiative. It's a public-private partnership that includes CJI, which is the Crime and Justice Institute, who connect-- conducted their analysis of Nebraska's system. And here's another thing that I want the body to hear, and it's an exposé published by Nebraska Sunrise News March 8 of this year entitled "Crime & Justice in Nebraska Part I." And I'm on page 5 here with my quote. This time around, the Crime and Justice Institute handles the nuts and bolts part of the deal. The state is not obligated to enact all or any of the recommended policies, but CJI isn't content with just laying their report on the desks of lawmakers and walking away. A key element of continued funding for CJI is determined by how many recommendations they succeed in lobbying. I'll just step away from the column here to let everyone know that CJI, the data collection group, has hired a lobbyist. The data collection, supposedly neutral group, has hired a lobbyist to push some of these initiatives on the body. Back to the article: They have let C-- CJI employees on the ground in Nebraska, actively coordinating efforts to ensure passage. And again stepping away from the article, they've bought a lot of people dinner. Their chosen legislative vehicle this time is LB920, introduced by Senator Steve Lathrop, Chair of the Judiciary Committee and leading advocate for judicial reinvestment. Despite marked diversity in state populations, demographic and geographic factors, along with socioeconomic and political drivers, CJI nonetheless recommends exactly the same set of 31 possible reforms to each state they analyze. A careful review of the data suggests that Nebraska went into the JRI process, which we went through with this

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and LB605, in better shape than other participants have emerged from it. Apart from prison overcrowding, Nebraska's before picture is better than everyone else's after picture. Our recidivism rate is among the nation's lowest, running at about half the national average. Looking again to the top ten states with the highest recidivism rates, we find that G-- JRI participants who implemented more suggested reforms had proportionally worse results than those who implemented fewer. So you're getting worse results if you implement more reforms. States who have followed JRI's advice, including Nebraska, have not realized the promised benefits. Actual results have fallen far below JRI projections.

ARCH: One minute.

SLAMA: As stated earlier-- thank you, Mr. President-- if JRI projections don't pan out, neither do the promised savings. We've got a lot of charts on our desks here, colleagues, and they're all charts that went around during LB605. This is what will happen to our prison populations if only we pass this to lessen our-- lessen our sentences. And that didn't pan out, so we're sitting here just a few years later with, I mean, very colorful charts. But just like with LB605, they don't line up because you're only as good as your data, and this data was collected with a very specific outcome and set of recommendations in mind. Thank you, Mr. President.

ARCH: Thank you, Senator Slama. Senator McKinney, you're recognized.

McKINNEY: Thank you, Mr. President. I rise again in support of LB920. Again I will-- I will repeat that the state of Nebraska has the tenth highest black incarceration rate in the country. Is that right? Is that OK? We have a disproportionate amount of individuals that are black, Latino, Native American, Asian inside of our prisons. Is that OK? I don't know. I'm just curious. And I'm also curious, how do we reduce jam-outs if we don't do 50 percent or 60 percent? How do we reduce jam-outs? I'm asking this because this is a genuine question that I would like answered sometime tonight since-- since we'll be here late. How do we reduce jam-outs? Secondly, how do we stop overcharging individuals with substance abuse with felonies? I will never understand the philosophy of-- of charging an individual with addiction with a felony. From my experience, and I'm sticking to my experience, I've dealt with family members that were addicted to drugs, heavy drugs, and they were in and out of jail and charging them with crimes didn't help. It's still people in my family, still in and out of jail and been on crack for my whole life. Charging them with a felony didn't help. How do we deal with the unequal usage of

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consecutive sentences, which happ-- which actually happens more in rural Nebraska? How do we deal with that? I would like a solution. How do we deal with an aging population, individuals that are walking around literally in our state prisons on walkers and wheelchairs? How do we deal with that, which cost-- which is an added cost for the state? We also didn't pass all of the suggestions in LB605. I'm just here tonight hoping, if we're going to have this conversation, there will be individuals on-- that get on the mike that offer solutions. We're never going to get to agreement if we keep saying this is bad, this is good, this is bad, this is good. Let's start talking about solutions. Since we all have to sit here tonight, please get on the mike and offer a solution, a counter to the 50 percent rule, a counter to the consecutive sentences, a counter to the misdemeanor possessions. Let's offer solutions if we're going to have this conversation and we're all passionate about it. It's no use to stand up or sit on the sidelines and keep saying, I don't like this, this is horrible, or, I think this is great. We all have to find a middle. None of us are going to walk away from this saying we all got what we wanted. But if we just stand up and say this is bad and it's going to destroy the world or this is good and this is going to make the world better, we're never going to find a solution and it's never going to work. So when we stand up from here on out, I hope people stand up and talk about solutions to this issue because if we're not going to stand up and talk about solutions, let's adjourn for the night and let's let-- it's just a waste of time, which it seems like this whole process has been. Are we really trying to change our criminal justice system, which is overcrowded, which is-- which has the tenth highest-- which we have the tenth highest black incarceration rate? Black people are overly populated in our state prisons and-- I don't know. Am I-- am I going to come to the conclusion that prisons are just for black people? If it's not, let's find solutions. It's no use to keep arguing and-- and using jargon and all this other stuff. Let's stand up and talk about solutions. This is all a waste of time if we're not going to find solu-- waste to me--

ARCH: One minute.

McKINNEY: --if we're not going to talk about solutions. Stand up and counter with solutions. If you don't have solutions, what's the-- what's the-- what's the reason for us talking and having this debate? It's all a waste of time. Stand up and offer solutions. If not, why are we talking? We need to find a deal, hopefully. If not, it's just literally a waste of time, a waste of a year, and we still have an overcrowded prison and we're-- and it's just bad. Let's find solutions. Thank you.

ARCH: Thank you, Senator. Senator Vargas, you are recognized.

VARGAS: Thank you. Thank you, Senator McKinney, for your-- it's not even remarks, right? You're just-- it's beyond frustrating that we're in this situation. He talked about African American incarceration rates, Latino incarceration rates. The thing that frustrates me the most isn't that this is not a black or white issue in terms of yes or no; it's that when every time I'm sitting in the Appropriations Committee, every single time that we look at the budget for the last six years, we have invested so much into the Corrections' budget, every time, every request. And the reason we do it is because, one, we care about safety, we care about our staff. We want to make sure they have the tools that they need. But every single time we've always heard, and I've sat next to Senator McKinney in some of these meetings, from Corrections that they're not going to take a stance on policy that's actually going to reduce what is coming into the system. It's probably the part that's the most frustrating. I'm going to be short on this just because I want us to get to a place where we can agree. But when we're just negotiating, and then when I look at the numbers, we're basically saying we want to spend a significant amount more on our Corrections system and we are OK with that continuing to grow no matter what. And we should be doing everything we can to reduce that number. I don't understand why that's not the conversation point, not, can we agree on these reforms of these reforms, but more-- and I support LB920 because I know how much we spend on Corrections and I know how much we're going to spend ten years from now and we won't be here. So that's-- that's the part that frustrates me the most, because just from a fiscal-- fiscal way of viewing this, we are spending way too much and we've always said yes. If nothing changes on the incoming, I don't know what we're going to do. With that, I'll yield the remainder of my time to Senator DeBoer.

ARCH: Senator DeBoer, 2:20.

DeBOER: Thank you, Senator Vargas. I think we're all sort of honing in on the question. I want to keep my community safe. How should we do this? Colleagues, I don't want us to get caught up in the percentage of text. That's one thing I don't want us to do. I think that 80 percent of text similarity doesn't mean 80 percent of the impact similarity. So I understand the point. It's well taken. But I do think perhaps the impact might not be the same as the number of the same words. There are two questions I want to ask, and I had asked Senator Geist if she would be willing to yield to some questions.

ARCH: Senator Geist, will you yield?

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GEIST: I would.

DeBOER: Senator Geist, I appreciate so much your participating in this conversation. You said earlier on the microphone that you have a plan for getting jam-outs down that maybe aren't part of what are in either the amendments or something. What-- can you--

GEIST: Well, I don't-- it's--

DeBOER: --can you speak to some of those issues?

GEIST: It's actually not my plan. It was--

ARCH: One minute.

GEIST: --it was Senator Lathrop's bill two years ago. It was LB1004, and what it did is it-- it mandated two years probation on the back side of sentences so that-- or parole--

DeBOER: Parole.

GEIST: I'm sorry, it's prob-- parole--

DeBOER: It was parole.

GEIST: --two years so that an-- an inmate would be incentivized to do programming. That was passed by the body two years ago, short session, in the One Hundred Sixth Legislature. I believe it was pocket vetoed by the Governor--

DeBOER: That's right.

GEIST: --and-- but something that we can agree on.

DeBOER: I appreciate you're saying that. That is something that I was a strong supporter of. I think that might have been before you were on Judiciary, but--

GEIST: It was, yeah.

DeBOER: --in the committee, that was when I was there, but a little bit before you got on. And--

ARCH: Time, Senator. Thank you, Senator DeBoer, Senator Geist. Senator Stinner, you are recognized.

STINNER: Thank you, Mr. President. Members of the Legislature, I have not spoken very often on this. Certainly, during the budget process, I seldom spoke on prison overcrowding and what we should be doing about it. I don't like filibustering my own bills. But that doesn't mean that I'm not passionate, that I haven't been intimately involved in this process. I can tell you eight years ago, 2014, when I came in, prison overcrowding was 150 to 160 overcrowding. Eight years later, 808 beds later, we're 155. Now for me, as a business person, we got a problem. You can talk about all this, these facts that we don't incarcerate as many people as other states, I don't care. The fact of the matter is you're under an emergency declaration, worst in the country, and all we want to talk about is replacing a prison? Are you kidding me? You know, when the Governor popped up and said, hey, I want to replace the prison because we've got money, what did we do? We put some money aside for it and we put some more money aside for the replacement. We know we have to do something. But there was a group of us, some for Judiciary, some from Appropriations, and we said, you know, we need a plan, we need to have a strategy. That's what this is all about. We gotta get to that 125 or certainly driven under 140. So we did put together a small, little, tiny plan, a sliver of a plan. We had that 96 beds that they could build out, and that was the original plan; that was a Dewberry plan that I looked at in 2014, and that's for mental health and geriatrics. We need it. I don't know what they'll use it for once they build it because they seem to repurpose stuff, but that-- that would bring the number down. We talked about a halfway back house. We talked about community custody beds. We had kind of a plan to get us somewhere to close, and we're trying to reach that, but that's a build, folks. That's a build. And, you know, this chart that Senator Lathrop keeps referring to, just do the math. Do the math. You're going to build something that's going to cost you \$270 million of taxpayer money. And I said, you know, when you're doing stuff like that, look out 20 years, plan. I'm looking at a chart and I'm planning and I'm saying, holy buckets, and all we're talking about is a prison of \$270,000-- or \$270 million. But look, 700 and-- you're 1,300 beds in ten years behind just to get to the 125. That gets you to the minimum. That doesn't get you to design-build. So let's go. Let's do the math: 1,500 beds, 1,500 beds, 1,500 beds in ten years, that's three times. So let's-- let's put away-- let's put away \$710 million right now because that's the size of prison you're going to have to build to fit your ten-year projections. Now I'll take you out if you don't want to do anything else on these reforms, go 150 people a year. That's 1,500 beds, 1,500 beds. That's another prison. Twenty years out, you're going to build four prisons of the-- almost

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the same size. Now how does that fit you? Now do you want to get serious about reforms or not? You know, explain that--

ARCH: One minute.

STINNER: --to your constituents when you get home. We haven't-- we haven't had the courage. LB605 was supposed to be a fix, and thank God we did some things in LB605. You know, we've got these specialty courts. If you ever been there, they're wonderful. We'd probably have another thousand prisoners if we didn't do that. You know, we talk about safety, keeping the public safe. That's our number one ambition. How about our workers? How about the inmates? You're in an emergency declaration, folks, and nobody seems to care. I can't get the Governor to come and say, hey, we gotta do something. He won't move. He wants to-- soft on crimes. This isn't soft on crime, for crying out loud. These are reforms that were put in other states. They're tested. There's evidence based. Now are they all right? Hell, I don't know. I'm not that smart, but I am going to take it from the experts--

ARCH: Time, Senator.

STINNER: --and that's who we hired. Am I out of time?

ARCH: Time, Senator.

STINNER: Thank you.

ARCH: Thank you, Senator Stinner. Senator Pansing Brooks, you are recognized.

PANSING BROOKS: Thank you, Mr. President. So I have some more questions for Senator Geist, if she would, please.

ARCH: Senator Geist, will you yield?

GEIST: Yes.

PANSING BROOKS: Thank you, Senator Geist. So I'm-- I'm looking at page-- the-- Senator Lathrop handed out a-- a big packet, including-- and on the front page there were three colored lines showing the projected population.

GEIST: OK.

PANSING BROOKS: So at the very back is an article that is from, I think, the Lincoln Journal Star or Omaha World-Herald. And then just

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before that is a graph, and then there's a page of the things that-- that you-- that you removed in your amendment. So I'd like to talk-- and that's available for everybody to look at, so it's right before-- it's at the end and the article is after it, and so is one graph. So I'm-- what I'm wondering is you-- there were consensus policies such as creating statewide standards for diversion programs that you took out and did not include. Why was that?

GEIST: Like I said earlier, I took out some of the things that were consensus items because I figured I was going to have to negotiate.

PANSING BROOKS: OK.

GEIST: And--

PANSING BROOKS: So-- that's fine. So you took that out and you took out tailoring offenses-- tailoring punishment to seriousness for low-level theft offenses, you took out narrowing broad sentencing ranges for burglary offenses and you-- and also reducing the jamming out releases.

GEIST: Exactly. Yeah.

PANSING BROOKS: So if you take-- what-- those are what I would call meatier-- meaty and-- I think policies, meaty policies that could make a difference in our numbers and what's going on.

GEIST: Right.

PANSING BROOKS: What kind of meaty policies do you believe are in your amendment other than creating another task force and some pilot studies?

GEIST: Well, there is a pilot study that I think is very meaningful, and one of those is adding an assistant probation officer to current high-- probation officers that oversee high-risk offenders. One of the things that we're seeing across the state is that probation officers have very high caseloads and especially--

PANSING BROOKS: But we already know that.

GEIST: Right, but what we're doing is giving them help.

PANSING BROOKS: So--

GEIST: And so--

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PANSING BROOKS: Yeah, we're going to hire somebody to help-- to help make sure to tell us, that all they're going to do is come back and tell us they need more people.

GEIST: Exactly--

PANSING BROOKS: But we already know.

GEIST: --which if our pro--

PANSING BROOKS: We already know.

GEIST: --if our probation numbers are up 70 percent, we probably do need more people.

PANSING BROOKS: So why do we need a study to find out if we need more people? We already know we do.

GEIST: Because we have to convince this body that we need more people.

PANSING BROOKS: OK, so the task force is going to convince them, but not CJI.

GEIST: Well, that was--

PANSING BROOKS: CJI has already told us--

GEIST: --that was one of the recommendations that CJI had.

PANSING BROOKS: OK. Can you tell me why you are not in favor of creating a geriatric parole mechanism?

GEIST: I actually am in favor of that. That was one of the things that we negotiated over the past week, and actually before that, was-- it was one of the things I left out knowing I would put this back in. And this week, we've talked about the Judiciary Committee bills. There's a 75-year-old age, having served 15 years of their sentence, any IA, IIA felons would be excluded because of the severity of their crime, and then we negotiated agreeing that any crime of a sexual nature would be excluded from that consideration.

PANSING BROOKS: OK. Thank you, Senator-- Senator Geist. So what about the mandatory minimums? Are you against-- do you want to continue the use and the practice of-- of charging people with mandatory minimums?

ARCH: One minute.

GEIST: I want to continue that practice, yes.

PANSING BROOKS: And why-- why would that be?

GEIST: Because I see it as a tool in the toolbox of not only law enforcement but a judge. And here's how this can--

PANSING BROOKS: How is it a tool? It's not a tool. How--

GEIST: That--

PANSING BROOKS: Explain how it's a tool.

GEIST: I will. It is a tool in the toolbox to-- let's say you're in-- you're-- you've nabbed the leader of a gang unit in downtown north Omaha. If you can get this person off the street for five years, three years, which are the--

PANSING BROOKS: OK, I have--

GEIST: --minimums that we're talking about--

PANSING BROOKS: OK, thank you, Senator Geist.

GEIST: --you're able to clean up that neighborhood for a limited period of time.

PANSING BROOKS: OK. I also know of people who were charged with a mandatory minimum, who had never been in trouble before, had never done anything wrong, sold some ecstasy to a police officer. That wasn't appropriate, but they were given a mandatory minimum, never been in trouble before, so I don't think that it's--

ARCH: Time, Senator.

PANSING BROOKS: --being used appropriately. Thank you, Mr.--

ARCH: Thank you, Senator Pansing Brook and-- Pansing Brooks and Geist. Senator Wayne, you're recognized.

WAYNE: Thank you, Mr. President, colleagues. So what I think, and I've seen it happen in-- when I used to work at a railroad and we did \$400 billion in contract negotiations with unions and everybody else, is that we're stuck in a box. We're stuck in a CJI box and I don't really understand it. I don't think necessarily I don't blame anybody. But at the end of the day, I think when you get stuck in a box and you get stuck in a grid, you're stuck there. We have to remember that prior to

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2009, most of your gun charges went fed-- went to the federal court. That's because they sentence a little tougher there. In 2009, we changed and added a mandatory minimum of three years, and the feds in Nebraska said, no, we're actually going to keep those because we can do-- charge them longer here. They were still being convicted. They were just going to the federal system. We decided to carry that burden in 2009, and that was one of the single-- single-pointed law that we've passed that grew our system. So fast-forward today. I looked through this list. I'm going to vote for the bill. But what concerns me is we are dying on the sword for what I think are minimal changes at best. And I will be here for the next two years hopefully working on this type of topic, because I don't have really more-- any ideas for economic development after this year, and I hope we don't get to a point where we say, if this passes, there's nothing else to do. That's my biggest concern. But if anybody on the committee who studied the CJI and all those, I would just like to know if there were-- if a Class IV felony with a top end of one year was ever discussed. So that's what I'm proposing. Senator McKinney said get on the mike and propose something. I'm proposing that a Class IV felony on the top end have a maximum of one year. According to this chart, drug sentencing, that will have a major impact. Now you want to know how I got there. It's simple. A Class I misdemeanor, which is what you want to take a drug to, the maximum you can get is one year. What's crazy is in a Class IV felony, there's actually a-- in the statute a presumption of probation. The court has to find you not amenable or not good enough to be on probation. So if you put the max top at one year, essentially you got the same sentence. But I guarantee you and I know for a fact that wasn't discussed. Get out of this box we're in and look at holistically how you can move forward. There is a proposal. It's still a Class IV felony, absolutely. In the next couple years, I would love to figure out how to get rid of Class IV felonies altogether. But if the sentence is the same and then maybe you add on top of that Class IV felonies can't be habitual, can't be enhanced, now you knocked out two of the major. But we're in a box and we can't move out the box, but you're accomplishing the exact same thing. So I pushed my button. Senator McKinney said get up and say something, give us an idea. There's a simple idea: Class IV felony, top end one year, it can't be enhanced. There is not any violent crime in a-- in a Class IV felony, doesn't involve a gun because you still get an enhancement off your gun charge, especially if you're a prohibited person with three years, and there goes your problem with your drug use. It's not a misdemeanor, which I want, but if it can move the-- the dial right now, let's move it.

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ARCH: One minute.

WAYNE: Otherwise, if this dies, we got nothing. I got two more years here. I just said again, I have no-- I have completely no idea of how to do any more economic development in north Omaha. We're putting resources in. We have tax credits, every economic tool we are going to pass this last year-- this year. This is all I have left. I don't want it to end today because we say we-- we did some massive transformation, which we won't, because this is minimal. I will give-- we should pass this. It's minimal. But if we're stuck, let's get out the box. And if anybody else gets any idea, I'll take up Senator McKinney's cause and say, let's have a conversation around the mike. Thank you, Mr. President.

ARCH: Thank you, Senator Wayne. Senator Lowe, you're recognized.

LOWE: Thank you, Mr. President. I yield my time to Senator Geist.

ARCH: Senator Geist, 5:00.

GEIST: Thank you. And, yes, and I-- I just want to correct something. I'm a old journalist, so I-- I misspoke when I said that CJI is incentivized by their recommendations that they give. That is not exactly the way it works. They're actually compensated on the involvement that they have. So I kind of connected the dots. The more recommendations they have, the more involvement they have, so I misspoke on that. They hope that we will keep calling them back and calling them back. Second, I want to explain to you how the working group worked, and one of the reasons why we're here where we are today, and that is we all sat around in a room and talked about-- after we had divided up into three working smaller groups, we all came back together with recommendations that each group brought to the table. So we discussed those as a group and the things that we could tell were starting to become more disagreeable-- we were never contentious in this group. I can say that. We put things over in a parking lot and there were the five or six nonconsensus items, or four, five, whatever they are, in the parking lot. And the time started going on and on because we had a lot to discuss, so the nonconsensus items stayed in that parking lot. And then as a group, we never reconvened and got back together to discuss those nonconsensus items. The hope, I know, of many of the people, and-- and I think Senator Lathrop and I even agree on this, that we were hoping we would come back to those parking lot issues so we could discuss, is there wiggle room, where is that? And so I think broadly, that's one of the things that broke down here and why we got to where we are today. I

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know I spent a lot of time with CJI on the phone and talked through some issues that I had and-- and a lot of that is-- is just in data gathering. And I know they're experts at what they do. I just had questions about-- data is really important, but it's also really important the questions that you ask. And I think Senator Blood this morning even said that, if you're very clever, the data can be your friend or not. I-- I'm paraphrasing what she said, but you can use data, something like that. And-- and I agree data is a good thing, but what are the questions? And so going along, I had many questions about how is the data gathered? I can tell you one of the data points that was looked at broadly was, what is a person who is charged, how do they-- how do they look at that individual to score them on whether this is a high-level offender or a low-level offender? And the way that they told us they gathered the data was the highest charge at sentencing, and so I-- I and several others questioned that because often, at sentencing, you're not being sentenced for the highest charge you were accused of. You're being sentenced for the highest charge you're being charged of at the time of sentencing, so it allows no latitude for, is this really a--

ARCH: One minute.

GEIST: --violent offender or not, have they pled this charge down, which happens frequently, so are we really looking at low-level offenders? And I would question, if we have this number of low-level offenders that have long sentences, could it be that these low-level offenders were a little higher level offenders but they pled that down, which reflects a longer sentence? And I don't know the answer to that, but it's a question that I had. I know they did a file review, which I think included looking at 200-300 files so that they could see exactly if their matrix was right. I-- and I honestly don't recall the outcome of that because I wanted to know then, what files do you look at? That becomes sort of an all--

ARCH: Time, Senator.

GEIST: Thank you.

ARCH: Thank you, Senator Geist. Senator Wishart, you are recognized.

WISHART: Thank you, Mr. President. I am going to yield my time. But I did-- I did want to respond to part of the debate today. When somebody-- our-- our judicial system is based off of the fact that you're innocent until you're proven guilty. So if somebody is accused of a crime, when they're convicted, that is what they're guilty of.

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It's not the opposite. You're not guilty until you can prove yourself innocent. So what somebody is charged with is what the courts and our system has decided they're guilty of. Secondly, what we are looking at, colleagues, is data. And again, these numbers don't lie. When I look here at part of this CJI report, it says that the data that was found is that one in four individuals were admitted to prison in 2020 for basically possession of a controlled substance, except marijuana, for-- for possession of drugs, colleagues. One in four people are admitted into our Corrections facility for possession of drugs. That's some of the level of population of people we're working with, and I know this-- I know this to be true, not just because of the facts but anecdotally as well. I served on a jury trial five years ago, six years ago. It was right when I was running for election and I actually ended up being an alternate-- alternate and not able to-- to make a final decision because my husband was a police officer at the time and-- and obviously that conflicted me out. But I had the chance to go through the entire case and it was a woman, a young woman who was caught with a pipe in her purse-- a meth pipe in her purse at like 9:00 in the morning, about as down and out a person as I've ever seen. And the pipe had residue, it had meth residue, and she got sentenced to five years-- five years, colleagues. There are people in our Corrections facility right now who are addicts and are absolutely a harm to themselves. But instead of a jail cell, they should be in a sobriety center spending six months getting their life back together, not in a concrete cell getting hardened as an individual, coming out worse with no path forward. With that, I'll yield my time to Senator Lathrop.

ARCH: Senator Lathrop, 1:40.

LATHROP: Thank you. And thank you, Senator Wishart. I appreciate that. I need-- I feel compelled to respond to the criticism of CJI. These are professionals that we brought in here, and they have been disparaged several times in their tenure here in Nebraska. They have been disparaged several times, and I gotta tell you, I'm going to stand up for them. These guys drive-- are data driven. They know what they're doing. They're the experts. They were vetted by our Governor before they were invited in here, and the-- the disparaging of the messenger and the expert needs to stop.

ARCH: One minute.

LATHROP: Discrediting the data that they come up with and say, well, the data's probably wrong because I disagree that ultimately we're going to have to look at it, follow it, and come up with a solution

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that's data driven, So we're going to discredit CJI, we're going to discredit the data, we're going to discredit the fact that they hired a lobbyist. They hired a lobbyist, and one that you are all familiar with, not to lobby. They have taken not one single vote card in this case. They have gone to lunch or dinner to explain the data to different members who are not on the committee. That is all. And the implication that somehow CJI is in here trying to sell something or that they get paid based on the results is just not true, and it has no place in this debate, none. Nor does a misrepresentation of--

ARCH: Time, Senator.

LATHROP: Did you say time?

ARCH: Time, Senator. Thank you, Senator Lathrop. Senator Friesen, you're recognized.

FRIESEN: Thank you, Mr. President. I guess I was one of the senators that met with them and I-- from my standpoint, there was no arm twisting, no pressure to do anything. We were allowed to ask questions and they presented their data and that's the last I've heard of it. And I don't know quite what's going on, but that's-- that's just my experience and the people I was with. It was informative. I did enjoy visiting with them. Other than that, yeah, there was-- been no contact since. With that, I'll yield the rest of my time to Senator Slama.

ARCH: Senator Slama, 4:15.

SLAMA: Thank you, Mr. President. I know we talk about Senator Stinner's linebacker voice, but apparently Senator Lathrop has one too. I-- I'm-- I am glad we are talking about data because I-- I do love data. And Senator Geist is absolutely right. Data can be used and manipulated to encourage whatever outcomes you want, and I think that was very evidenced by the process we went through in the 11-- the LB605 process. So once again, a few years back, we were in a similar situation. We were shown all sorts of graphs projecting what our prison population would be if we implemented blank program, and it hasn't panned out. It hasn't panned out in the least, and I've got my numbers here on my phone. Let me get this real quick because I do think it's important that as we're talking about the data and bringing out our linebacker voices about the data that we make it clear that these projections are often wrong, especially in Nebraska's experience. So again, JRI, same group that worked on the LB605, they're tied with CJI. They did the projections, the C-- the CSG group for LB605 a few years back, and they projected that LB605 would have

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saved us something like a thousand inmates within the first few years of its implementation once we got it all in place. That's-- that's in the summary of it LB605, the baseline bill, so the standpoint that we're working from now with LB920. LB605 only decreased our prison population by 70 inmates. So, yeah, you can put together all the charts and graphs you want. We've been there. We've done that. We've seen it doesn't pan out from the same groups that are pitching LB90-- LB920. So, yeah, you can sit here and you can put up charts saying, well, we're going to decrease our inmate population by a thousand people, because it's literally the same line that was given to us in LB605 and it didn't work out. That's because when you twist data to have certain income-- outcomes on policy that aren't based in reality, your numbers that you were projecting don't come to fruition. And we can have this talk about data and we can have a passion discussion about it because I absolutely believe that this data was intended for specific policy outcomes. CJI recommends the same 31 policy recommendations, whether they're in Nebraska or Idaho or California. It's without regard to Nebraska's very unique situation, where we have one of the lowest imprisonment rates in the country. I'll repeat it again because it bears repeating. Nebraska already has one of the lowest imprisonment rates in the country. Do you want to know why we have a very high prison overcrowding rate? It's because we've failed to invest in building our prison infrastructure. And we can get up and we can talk about the costs of investing in 96 beds.

ARCH: One minute.

SLAMA: Thank you, Mr. President. But 96 beds isn't going to undo three decades of failing to invest. When we built TSCI a few decades back, we were still short of capacity then. We needed to build another prison then. So of course, we're sitting here in 2022 going we need more beds because we needed more beds decades ago. So I'm not going to sit here and vote for a bill based on a chart that we've already proven not to be reliable with the LB605. I'm not going to lessen sentences based on data that we've already seen that comes up short. And with that, I am opposed to LB920 without AM2337 attached, which, again, has 17 of Senator Lathrop's 21 proposals. Thank you, Mr. President.

ARCH: Thank you, Senator Slama. Senator John Cavanaugh, you're recognized.

J. CAVANAUGH: Thank you, Mr. President. Colleagues, I appreciate the conversation that's going on here, and I appreciate, well, Senator McKinney's call to action and Senator Wayne's response. And that made

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me, of course, think, and so I looked and pulled up the list of bills that I've introduced over the years. And if you're on the Judiciary Committee, I know you-- you are familiar with my face because I've brought a lot of bills to the Judiciary Committee that contemplated a lot of suggestions. Some of them are actually in LB920, some of them are in the recommendations of CJI, and many of my suggestions are not in there. So I'm certainly happy-- I could go through the litany of things that I have suggested and what I think we could incorporate. But I did want to address the-- this conversation about LB605. It's-- it's a topic that is, I guess, near and dear to my heart in the sense that one of the motivations for me to run for the Legislature was watching the LB605 process. I watched that bill from my office, the public defender's office, and what I watched was a conversation around what would be the right thing to do, what is in the best interest of the state of Nebraska, what are the right policies to adopt, and I saw the Legislature come to a set of ideas and a set of recommendations that would help with the prison overcrowding crisis at that point in time. And they came up with that estimate that Senator Slama just referenced, and they estimated this is how much-- how much good LB605 can do. And then when that bill-- and I don't remember the specifics of the timing, but after they came up with that estimate and after they-- that bill was, I think, reported out, the political pressure became such that it was watered down and the-- the crux of the recommendations were taken out. The important recommendations were taken out that took away the effectiveness of LB605. It made it so that it did not accomplish the stated objectives, it did not actually do the things that it-- that the-- the recommendations suggested. It did not do-- it did not meet expectations because they had the exact conversation we're having right now about-- around these amendments and around watering down the suggestions, the recommendations of CJI. And so if you want us to repeat this conversation in six years, I guess-- is that about how long it's been on LB605? If we want to come back and continue to have the conversation, go through the whole process, get the data, get the-- get the recommendations and then come and say, well, that may be the right idea, that may be what the data says, but we don't want to go that far, we can do that, but we've already seen that story. That is LB605. Those recommendations were watered down in this way. You can go back and see that law enforcement and county attorneys came in at the last second and opposed some of those recommendations, and then a bunch of them were taken out because people were afraid of looking soft on crime. And so we have that exact situation presented to us here today. We have the exact conversation playing out here today. We have the option to do what the objective data says is the right thing to do. But we have, on the other hand,

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the thing that would be easier to do and that gets you to then down the road saying, well, it didn't do what everybody said it would do. So my suggestion, my request would be that we adopt AM2286 as is, without the changes. We can maybe find some other changes that will actually still meet the objectives of the of the rec-- of the CJI process, the recommendations, the requirement that we actually decrease--

WILLIAMS: One minute.

J. CAVANAUGH: --our prison population. But we cannot fall prey to this argument that we will look weak or soft and not doing the right thing if we don't water this down again. That will be a mistake. So I can push my light and talk again about some of my other specific recommendations. But it is imperative that we do something and there is no world in which we are not incarcerating enough people, nowhere, It doesn't matter what percentage you are, what-- where you are in the order, we are incarcerating too many people. We are incarcerating people we should not be incarcerating. We are incarcerating people we don't need to be incarcerating. And so we need to find out ways that we can stop incarcerating people who do not need to be incarcerated. There are people who will need to be incarcerated. That is true. But we need to make the distinction between those two, and we need to stop incarcerating people who do not need to be incarcerated. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Cavanaugh. Senator Lathrop, you are recognized.

LATHROP: Thank you. And, colleagues, I think this may be the first time I've spoken since Senator Stinner did, and he probably could have gone on a little bit longer and I would have liked it if he had-- had the opportunity. But when you listen to what Senator Stinner just said a few moments ago, we need to spend for the 20-year out from where we're at right now a billion dollars, a billion, with a "b," on prison facilities. Doesn't solve the problem because we'll have to keep building more beds, a billion dollars. Let me say that again: a billion dollars of additional capacity to meet the need as we make 20-year plans. The \$270 million in construction that was the 1,500-bed proposal would net us 700 beds. This conversation is too serious. It's too serious when we're talking about a billion dollars to try to distract by suggesting that the data isn't the data, that we can't rely on what we're being told, that the experts are wrong, because something happened in LB605 back in 2015. Two things happened, and one is everybody acknowledged that our data and our ability to sort the

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data and not duplicate the data has improved, thanks to the Crime Commission and the work of Mike Fargen down there and others, so when we make projections and when we look at the data now, a far superior system to what they had in 2015, and that's a fact, and that's the reason why this is more reliable than what happened in-- in 2015. Now I want to talk about LB605. When LB605 was rolled out-- and I wasn't here. It was in 2015 when I was term-limited, but I've spoken to the people that were involved in it, and certainly we have many of the folks that were-- were involved in it, are still here. When LB605 happened, they had a package and they had projections and then it got subjected to the political process. Those same people that are concerned about affecting sentences came into the process and beat up the-- the end result. There were compromises that-- that were made and the projections didn't become a reality because some crimes actually were enhanced. The data wasn't as good as it is now. The systems that CJI has been in were far superior to what the Council of State Governments had available to it, and I'm going to offer this other observation. As Senator Wayne said, the LB605 process also brought you a presumption of probation. So as Senator Geist has pointed out, we need more-- more probation officers and assistant probation officers. And that is because we got more people on probation because of LB605 and we have more people on post-release supervision who are-- who are followed by probation. So do we have more people on probation? Those people could be in our prison right now. What-- what would have happened but for the work of LB605 would have been-- we would have been in a far worse situation than we find ourselves in.

WILLIAMS: One minute.

LATHROP: We can't stand here on an issue involving the appropriation, ultimately of a billion dollars in building, and probably 10 percent of that every year in additional operating expenses, and take this conversation and this debate sideways by discrediting the people who came here at our invitation and discrediting the data that we have available to us to make decisions. I agree with Senator Wayne. Are there other things that might have been done? Could we have gone further? Yes. This is what the group came up with and this is what's in front of us today, and I would encourage your support of the Judiciary Committee amendment and opposition to the Geist amendment. Thank you.

WILLIAMS: Thank you, Senator Lathrop. Senator DeBoer, you are recognized and this is your third opportunity.

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DeBOER: Thank you, Mr. President. Good evening again, colleagues. I wanted to be clear about the problem I'm trying to solve. I've talked to you all about jams and jamming out and the fear that I have about that, and I tie that to this flat sentence problem that we have in Nebraska where people are being sentenced to a period of time in prison where their jam-out date is very close to their parole eligibility date, if not the same date, and that concern, that's the thing that I'm trying to work on. So I know some folks have said that they have concerns about earlier parole eligibility dates. So I-- I think you all know this about me, that I am annoyingly earnest, I think, is how it's been described. And that's-- that's where I am tonight. I am asking you earnestly in my annoying way to have a conversation with me about your fears. I'll start. I've said my fear is that someone jams out and that I didn't do my best to create polity-- policy incentives that effectively stop the jam-outs and someone gets hurt or even killed. That's my fear. So for folks out there who do not want the parole eligibility date to come forward, I want to ask you, can you take me through the fear that you have about moving up the parole eligibility date, because of course that doesn't mean that a person gets out. So I want to know, what is it we're afraid will happen? And I'm wondering, do we not trust our Parole Board, we don't-- we don't think that they will have the ability to make good determinations? And I-- I'm not asking this to be rude to them or to anyone else. I really would like to know. So first I will invite Senator Geist because I warned her I might do this. Senator Geist, could you speak to me about your concerns about moving the parole eligibility date forward?

WILLIAMS: Senator Geist, would you yield?

GEIST: I will, and, yes, I will. Actually, that is what LB1004 does. It-- it puts that parole eligibility date at the end of a sentence that may not receive it otherwise. And so I really don't fear that. I think that's-- that's OK. I-- I know that there are some. I happen to not share the fear of parole and-- and people not doing their job on parole. I-- I don't have an issue with that, but I do-- I do think we need people to have eligibility for parole.

DeBOER: OK. So thank you. That's-- that's very helpful to me. I'll continue with you for a minute because I think maybe we can get--

GEIST: Sure.

DeBOER: --some good discussion here. So one of the concerns that I would have-- like I was a strong supporter of LB1004. I voted for it.

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I was absolutely sad when it got pocket vetoed. But I wonder if in every case two years is enough, right? Because I know one of the things that happens is it takes a little-- like it's not like you get out the day--

WILLIAMS: One minute.

DeBOER: --your parole eligibility comes.

GEIST: Right.

DeBOER: So I-- I want to explore more about when that-- that date is.

GEIST: OK.

DeBOER: And I understand that it might be-- I think it-- I-- I think this probably needs to be a little bit more than two years.

GEIST: Understood. And-- and I don't actually technically disagree with that. I'll tell you where the rub is.

DeBOER: OK.

GEIST: And that is because as an inmate walks in, they get their sentence cut in half, and then you put an additional percentage gap that you want, which lowers that sentence even more. Right?

DeBOER: That's one of the ways to do it, sure.

GEIST: Right, and that's where the concern comes in. But if we did just straight sentencing, I have no issue with a longer period of parole. If we're not calculating and recalculate-- it practically takes a mathematician--

WILLIAMS: Time, Senator.

GEIST: --to figure out someone's sentence.

WILLIAMS: Thank you, Senator DeBoer and Senator Geist. Senator Hunt, you are recognized.

HUNT: Thank you, Mr. President. Colleagues, opponents of LB920 don't care about this. But Right to Life and family values or founder's values or whatever the groups are, they're pushing a total abortion ban with no exception for rape or incest, no exception for the life of the mother, and they have a lobbyist too. They have a lobbyist too. And of course the right to associate and organize and petition your

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government is protected by the First Amendment, but OK. In Nebraska, we are taxing ourselves to death to fuel mass incarceration and racial injustice at the local and state level. This is the main driver in property taxes. It's the fastest-growing budget item. It's outpacing education and health and human services and economic development. And what AM2337 is, is more status quo. Colleagues, the status quo that we have in Nebraska is unsafe. The status quo is what has led to severe overcrowding, number one in the nation, and the worst, among the worst in racial disparities and human rights violations like overreliance on solitary confinement, putting people with severe mental illnesses in solitary confinement, which is against state law, by the way. And under-resourcing is what hurts frontline staff. And we have seen recidivism move way too far in the wrong direction, and that's not tough on crime. That's actually hurting public safety. Even more sad to me is that criminal justice reform is one of the only true bipartisan issues that we have at the state and federal level right now. Several different political ideologies can come together for different reasons, but they have come to the same powerful solutions at the state level and at the federal level all over this country, and that's smart justice and working to unwind the entanglements of mass incarceration. So the real question is, why don't opponents of LB920 support these bipartisan, smart justice solutions? And also, why don't opponents trust judges and prosecutors in Nebraska? Why don't we trust their discretion? Why has the Legislature tied their hands and tried to control their judgment with these extreme sentencing laws, these extreme sentencing laws and mandatory minimums that get rid of individual judicial discretion? And don't forget who really profits from mass incarceration. The Governor and Scott Frakes literally tried to push a private prison just a few years ago, a year or so ago, before they folded on that and decided to just talk about building another state penitentiary. And companies benefit big time and companies profit big time and people profit big time, even when we're talking about a public prison, even when we're not talking about private prisons. And public safety and the state budget and the people is what ends up losing out when states like Nebraska try to build their way out of mass incarceration, which is literally impossible from both a fiscal perspective, a budget perspective, and from a moral perspective. Overall, LB920 is modest reform. Data is data. We're all getting lobbied on all kinds of different things. And to cast--

WILLIAMS: One minute.

HUNT: --aspersions and cast doubt on the process that this has come about by saying there's a lobbyist, what is really the issue? What is preventing opponents from coming to this bipartisan solution that

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conservatives and progressives and everyone in between all over this country have come to and have had results with? What's the harm? How many things do we debate here that just really come down to, what's the harm? The harm is to public safety if we continue down this path and accept something like AM230-- AM2337, which is just more of the status quo. Again, think about who really profits from that. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Hunt. Senator Macheala Cavanaugh, you're recognized and this is your third opportunity.

M. CAVANAUGH: Thank you, Mr. President. Good evening, colleagues. As I've been listening to the debate this evening, I was a little taken aback by what Senator Geist said in answer to Senator Pansing Brooks's questions that there were consensus items that she did not include in this amendment. Now I'm not one to throw shade at anybody for taking time. Love it. I'm here for that. Take all the time you want. But I thought this-- this was a genuine amendment and the fact that you stated publicly that you purposely left them out so that you could negotiate, and I don't understand what you're negotiating because you're taking out the nonconsensus items and consensus items, so is this like some sort of gift you're going to give back to us on Select File? I-- I don't get it. If they're consensus items, why aren't they a part of this package? This really is-- I'm really upset about it, to be frank. I'm really upset about it because I thought that there was some integrity in what was happening here, and there's been a lot of "baloney Skittles" about how the negotiations went and how-- how different people were treated. But I feel like the body right now is being treated very poorly because this is not a genuine offer. It's just a lie, because if it was genuine, it would have the consensus items and it doesn't. And so that I find to be really upsetting because when I come up here and I just waste time, you know that that's what I'm doing. If I put an amendment up there and it's genuine, I tell you it's genuine. If I put an amendment up there and it's just to take time, I tell you that. I thought this was going to be a real debate about Senator Geist's amendment and her concerns with the nonconsensus items, and then I come to find out that she doesn't put all of the consensus items in here, and it's LB920 at night and the staff has to stay here after we're gone for much longer and then they have to be here in the morning when we come back. This is rude and it is disrespectful. Senator Pansing Brooks, would you like the remainder of my time? I would yield my time to Senator Pansing Brooks.

WILLIAMS: Senator Pansing Brooks, 2:30.

PANSING BROOKS: Thank you, Mr. President. Thank you, Senator Cavanaugh. So a number of people have talked about LB605. I was here when we passed LB605 and it is correct. A lot of-- a lot of the suggestions of CJI were-- not CJI. What's the other group? Anyway, were taken out-- what was the other-- oh, yeah, CSG-- all these acronyms-- so were taken out of the bill, the final bill. And I know that because I had had an attorney come to me my first week in the Legislature, when I first arrived in 2015, and said, you know what's been taken out and taken out in a way that was not forthright or-- and-- and was done in a secret way? I said, what? And it-- it was the one-third rule. So I have worked to bring that one-third rule back every year, but I brought that that year and I had the-- all the people on CJI-- on the committee absolutely furious at me: What are you doing? What are you trying to do? We've already come to the agreement that we aren't going to put that one part in; there are parts that we've agreed to and parts we hadn't. Well, I had no idea because I wasn't on the CJI committee, so I was just coming in as a new senator. And it's a good idea. And it was part--

WILLIAMS: One minute.

PANSING BROOKS: --it was a part of the original part of the CJI recommendations. There were multiple things that were part of CJI. So to compare this and say, oh, well, LB605 didn't work, you're right, it didn't work because we didn't do all the requirements. And guess why that is, because there were a number of people, who are the same people today, saying, oh, no, we can't do this, we're going to be-- we're not going to be tough enough on crime. We-- we have this continuous, vicious circle. You know, it's the definition of insanity, doing the same thing over and over again and expecting a different result. That is exactly what's happening and I-- you know, good luck, everybody, and I'm sorry to the state of Nebraska. We really, really did try. You're going to have to keep paying tax dollars, you're going to have to keep paying for expansion of prisons, because the people in this body--

WILLIAMS: Time, Senator.

PANSING BROOKS: --do want to be smart on crime. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Pansing Brooks and Senator Machaela Cavanaugh. Senator-- Senator Bostelman, you're recognized.

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BOSTELMAN: Thank you. I'll yield my time to Senator Geist, because I would certainly like to hear her reply. Thank you.

WILLIAMS: Senator Geist, 4:55.

GEIST: Thank you, Senator Bostelman, and I would like to reply. Consensus items are one thing and concept. When they're written out in a statute, there is room for disagreement. I can also tell you that never once ever in this body can anyone look me in the eye and say I have lied about anything, ever. If I make a misstatement, like I just did earlier, I correct it. So I resent that comment, Senator Mach--Cavanaugh, because that's not true. I will explain the things I left out of my amendment. One of them was burglary. We had a discussion about why we only have one burglary statute which covers both business and residence, occupied, not occupied. What we didn't discuss is lowering the penalty. That's what was in the statute. That's why I disagreed with it. I think you can look across the country at businesses right now that might be a little incensed if we lower a penalty if they're broken into and we don't think that's important enough to charge for it. Second thing was for theft. We had a discussion about whether or not it's good to have a ten-year look back for habitual criminal or habitual theft or how this is going to be looked at. There was some discussion about that. I left it out so that we could talk about it and get agreement. Remember, I said we put things in the parking lot. There were things that weren't resolved. I wanted to resolve it. The next thing is for drug court, and this allows no exception for any Class IV felon to be allowed in drug court. Do you know that drug court has a prohibition for violent offenders? They're not allowed. It's an exclusion. There are some Class IV felonies that can be violent. That needs to be discussed. It hasn't been. That's why I left these out. There is room for discussion, room for compromise. So I would urge you to understand that compromise has been on the front burner since this started, on my front burner. There were issues of discussion. They're valid points and they should be addressed; they should have been addressed before this week. Thank you, Mr. President.

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

McCOLLISTER: Thank you, Mr. President. Once again, good evening, colleagues. What I'd call inconvenient facts, I'm going to read off three or four that really matter to me. The problem: Nebraska incarceration rate has increased 17 percent since 2011, while a national rate has steadily decreased. The state Corrections' budget

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has grown to account for a swelling prison population. However, arrest rates decreased and crime rates remain relatively steady. Why is that? Second, time spent in prison has increased 38 percent over the last decade for all offenses types and grant rates for parole have decreased from 78 percent to the grant rate in 2018 to a 58 percent rate in 2020. We were talking about theft. Nearly 30 percent of the prison admissions for theft in 2020 were felony shoplifting-- shoplifting. Lastly, mandatory minimum sentences in Nebraska have doubled in the past decade. A few inconvenient facts. I'm going to ask Senator Geist a few questions, but I need to start off by selling-- telling her I respect the-- the position she's taken. I respect that and I understand that this is a difficult proposition for her.

WILLIAMS: Senator Geist, would you yield?

GEIST: Yes, I will.

McCOLLISTER: Senator Geist, if in the wisdom of the Legislature included all of the recommendations from CJI, what harm would result?

GEIST: I believe it's a risk of public safety.

McCOLLISTER: Say that again?

GEIST: I believe it's a risk to public safety.

McCOLLISTER: Would you con--

GEIST: Not all of the recommendations, some of the recommendations would be a--

McCOLLISTER: Would you concede that many states haven't experienced an increase in crime or reduced public safety when they've accepted the recommendations?

GEIST: I think if you look across the states from 2019 to 2022, they're all up in crime.

McCOLLISTER: Thank you. What value do we place on the effort that CJI-- CJI made in Nebraska?

GEIST: I appreciate their efforts. I-- I had some questions. I've asked those questions. I don't know that we always came to a-- an agreement. I know we didn't always come to an agreement just because I continue to ask questions. But continuing to ask questions doesn't

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disparage their efforts. I appreciate the length of time they spent. They were always available, always pleasant, always willing to talk.

McCOLLISTER: Thank you. Do we have an authoritative source that can dispute some of the findings that CJI-- CJI made? Can we cite those sources?

GEIST: I'm sorry?

McCOLLISTER: Yeah. What authoritative sources can you cite when you re-- when you refute-- refute some of the recommendations from CJI? Is it just your-- your feeling or is it just--

GEIST: No, actually, the-- the sources that I-- I engage when I have objection to some of the consen-- nonconsensus items are people that do the job.

McCOLLISTER: I see. President Trump, in the-- his last year of office, made some rather startling recommendations on criminal justice reform. Could we simply adopt all those, those recommendations that came out of the Trump administration?

GEIST: Well, but you're talking the difference in federal law and state law, so they don't always coincide. So I would-- I would say that he-- he did some good things.

WILLIAMS: One minute.

GEIST: I'm not sure I would agree with all of those. I was not one who followed everything President Trump did. But again, we have state law. What he was dictating was federal law. And so with those recommendations, I would have to see what state law provides--

McCOLLISTER: Thank you.

GEIST: --and what the difference would be.

McCOLLISTER: We're going to build a \$275 million prison. That's on-- on the-- in the budget, and that'll give us a net-- another 1,500 beds. How big a prison do you really want to build?

GEIST: You know, to be honest with you, the only reason I want to build a prison is to give inmates a better place so they're not living on top of each other to make a safer place for our guards, to have better technology so we need fewer guards, and to actually have classroom space. I have no desire to build a ginormous prison, but I

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do think we need to accommodate our-- our population, and we have not done that and we have not done that for years.

WILLIAMS: Time, Senator. Thank you, Senator McCollister and Senator Geist. Senator Gragert, you are recognized.

GRAGERT: Thank you, Mr. President. I yield my time to Senator Slama.

WILLIAMS: Senator Slama, 4:55.

SLAMA: Thank you, Senator Gragert, and thank you, Mr. President. I rise today with my same position I've had throughout the evening. We need to attach Senator Geist's AM2337 for LB920 to be an acceptable form for me. I think we're having a mainly good and substantive debate, and I'd like to get to an article I think that really gets to the core and the results and what our expectations are as we're going into this process, because Utah has been brought up as an example of a-- of a success story, and that-- that hasn't really panned out. So I'd like to read from this article. It's from KUTV, published Thursday, April 1, 2021, "Nearly \$1 billion new prison will have fewer beds, based on flawed justice initiative." In 2015, Utah lawmakers decided to base the plans for a new prison and its location on the Justice Reinvestment Initiative, more commonly known as JRI. It's a state law that made changes to Utah's criminal justice system and was approved by lawmakers in the 2015 session. It reclassified first and second convictions for drug possession from a third-degree felony to a Class A misdemeanor, with the expectation that JRI would reduce the prison population and recidivism rates, thereby saving taxpayer money. Critics say JRI, their plan is far from success. In fact, many law enforcement leaders statewide say JRI is a "public safety nightmare." "We've put some people on the streets that probably should not be on the streets." It's the section that I'm reading from here. A 2020 performance audit from the Office of the Legislative Auditor General to the Utah Legislature was an indictment against JRI. It showed recidivism rates among low-level nonviolent drug offenders, JRI's target group, increased. In a separate study called the Project Gateway report, commissioned by Governor Spencer Cox's transition team, the results were just as bad. That report showed a serious uptick in violent crimes, a marked increase in the number of parolees who absconded and were con-- are considered fugitives, and skyrocketing recidivism rates. It also showed the state was slow to provide treatment to offenders under JRI and identified weaknesses in sex offender treatment. This section is entitled, "Who needs to be the victim of trial and error? Who deserves to be a victim of trial and error? Nobody, said Jensen." He says multiple-- he says law

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enforcement warned legislate-- legislators and he personally testified multiple times during hearings at the Capitol before JRI was passed into law, but they didn't listen. "Boots on the ground said in 2015, and we'll say it again today, it's not going to work in its current form, Jensen said." Senator Tom-- Todd Weiler was not on the Prison Relocation Commission, but as a member of the Senate Judiciary, Law Enforcement, and Criminal Justice Committee, he followed the work of the Prison Relocation Commission. He agreed to speak about the decision to relocate the pris-- prison near the airport and the issues with basing the decision on JRI, something that had not been proven at the time, well before Stevenson ultimately agreed to speak to 2News Investigates.

WILLIAMS: One minute.

SLAMA: Thank you, Mr. President. This section is labeled, "If we got this one wrong, it was a mistake that I think was based on the best data available at the time." That's from Senator Weiler. Legislators in Utah reviewed information from similar initiatives in other states before JRI went into effect. We asked Weiler why the commission would base their decision on something that wasn't proven. "Because they were looking at success from the other states, where the similar programs have been implemented, he said." And I'll continue on this on my next turn at the mike. Thank you, Mr. President.

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

M. HANSEN: Thank you, Mr. President. I'll yield my time to Senator Lathrop.

WILLIAMS: Senator Lathrop, 4:55.

LATHROP: Thank you, Mr. President and colleagues. Good evening once again. I-- I kind of want to bring this-- well, first of all, I'm-- it's hard for me to know, when I don't know the article that Senator Slama is reading from, where it came from, who wrote it, what their circumstance is. I'm not saying she's not reading it accurately or that it's a-- it's not a real publication. I don't-- I have no way of knowing. I do know that when we handed out this-- this packet of information, in there is a summary of the experience of other states that have been through this. Utah has seen a decrease in their crime rate by 26 percent, while its arrest rates have decreased by 19 percent and imprisonment rates have fallen by 4 percent. That's the data. That's the data. I know that CJJ is still involved in Utah. I

want to bring this back to-- it feels a little bit like a sidetrack when we start trying to dispute the data or dispute assumptions that we need to make in order to move forward. We talk about bringing in experts for this and experts for that and showing us the way on child welfare, and we had those people here, and-- and each of the three-- well, all of the members had an opportunity to-- to propose different proposals. Their group could have come up with different ideas, and those ideas would have been subject to the larger group. And if they-- if they're part of the larger group discussion or an option, they would have been in here and scored. Here's the challenge. If-- if you have an idea or if you had an idea, we needed to see it before now so it could be scored. Is it supported by data or wishful thinking? To simply say, well, I don't want to change any sentence structure or I don't want people to be parole eligible sooner but I don't want to build more prisons either, that-- that-- I want to say this in the most respectful way I can, but it's wishful thinking and wishful thinking isn't going to solve a billion-dollar problem. It's not going to solve a billion-dollar problem. CJI, that process allowed the subgroups to offer options, right? Senator Geist served on a subgroup, Senator McKinney was on one, and I was on a third. Each one of those subgroups talked about, well, what can we do to fix the problem, and all of them agreed stopping jam-outs. But these ideas, these ideas that somehow if we build a prison it will solve the overcrowding problem because people will have better circumstances and the guards will have better job conditions, that doesn't solve the problem. Go back to the front page. Go back to the front page. This graph demonstrates a billion-dollar problem. This is time for serious discussions, a serious discussion, and not-- it's not the time to be discrediting CJI or that organization. You know, when the final report was written, there was a pause put on it because there was some--

WILLIAMS: One minute.

LATHROP: --thank you-- Senator Geist had some concern with it. Ultimately, that report was issued. I-- I'm puzzled by the attempt now to discredit the data, to discredit CJI's work in another state, to say things that are disparaging about them. It's a distraction, and this problem is too expensive, it's too important to be distracted by attempts to discredit the messenger. This is our data. It was derived from our experience in Nebraska and these are ideas not that CJI brought, but that members of the working group put on the table. That's what we're considering tonight, and this should be a serious discussion about a way forward that will-- that will address the increase in our capacity and the trajectory of the increase in our capacity. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Lathrop. Senator Slama, you are recognized and this is your third opportunity.

SLAMA: Thank you, Mr. President. Good evening again, colleagues. I want to continue on with this article from KUTV. My position on LB920 is unchanged and if AM2337, which contains 17 of the 21 parts of LB920, I will support the bill, but only if that amendment is attached. And to just clarify Senator Lathrop's question about what KUTV is, it's the CBS affiliate in Salt Lake City, so it's like actually a-- it-- it is a news source. And that's why I think that getting into this article is so valuable, because Utah is seven years out from implementing these recommendations, so they're a few years removed, they can let these kick in, and they're seeing results that aren't positive, and this is as they're debating a new prison, like there are a lot of stars that align in the Utah case compared with Nebraska. That's-- that's why I think it is valuable to read this in. So again, this is an article entitled "Nearly \$1 billion new prison will have fewer beds, based on flawed justice initiative." It's from April 1, 2021, and I'm towards the--the end of the article, I think thankfully for some people in the body. And I'm on the subject-- section entitled "Utah Taxpayers Association Weighs In." Rusty Cannon is the vice president of the Utah Taxpayers Association, a watchdog organization that looks out for taxpayers, and his quote is, "'Any time you're basing future policy on a guess or an estimate, it can be a little dangerous,' Cannon said. 'The question is, how expensive is it going to be to fix that problem?'" That's the question 2News Investigates asked the Utah Division of Facilities Construction and Management, which is in charge of construction of state buildings. How much money will it cost to expand the prison? Marilee Richins, deputy director of the Department of Administrative Services, issued this statement: I can't answer the costs of expansion because there are simply too many variables. For example, maximum security expansion is more expensive than general population expansion. If we were to expand the sex offender units and we had to do with within the current prison fence, that is tricky and a much slower process than if we can expand outside the fence where the construction site presents less of a security risk. Women's expansion is more expensive generally than men's. We would have to consider whether additional supporting service construction would be needed, like another dining room. If an expansion needs to happen, the details of what will be included with the expansion and how much escalation in construction has occurred between now and then will affect that cost. 2News Investigates asked Cannon if it was bad policy by lawmakers, since they can't even begin to put a price tag on what it would cost to expand a prison that's not

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yet complete. So the side note of this, and it was at the beginning of the article, Utah is proposing building a new prison. They knew they-- that they were going to need to build to-- they knew that they were going to need to build a new prison. Sorry, it's been a-- it's been a day. But they lowered the number of beds in this new prison because of the CJI recommendations. Now they're in a position where they've underbuilt because their recidivism rates are up, their violent crime rates are up, according to this article, and I know Senator Lathrop--

WILLIAMS: One minute.

SLAMA: --has a different take on it, so now they're being forced to expand a prison that they're still building. Thank you, Mr. President. And this is coming at a \$1 billion cost. And we can get-- we can get hung up on those numbers, but at the end of the day, \$1 billion is the cost of a large maximum security prison in this day and age. And we've been put in this situation because we've traditionally under-built our facilities in the state of Nebraska. The last new major facility we've built was at the turn of the century with TSCI, and we were under-building then. So of course we're in the position where we're looking at a \$1 billion price tag. It would have been much cheaper to address this in the early 2000s, but we didn't, so this is the situation we're in and I hope we take lessons from the situation that Utah is currently finding themselves in. Thank you, Mr. President.

WILLIAMS: Thank you, Senator Slama. Senator McKinney, you're recognized and this is your third opportunity.

McKINNEY: Thank you, Mr. President. I rise again in support of LB920. Since I last got off the mike in which I opened up the discussion to where are the solutions? If we don't like how consensus items were written, where-- what were the counters? How do we counter those? How do we get to solutions? What other bills are out there to explore that possibly we could agree on? And I had a couple bills that, you know, some people might say I tried to go too far, too extreme. I don't think they are. I think they're very reasonable, and that's up for debate. But there is LB980, which would provide for release for medical treatment, change provisions relating to medical parole, and provide for parole eligibility for persons serving life imprisonment. One, there-- last summer, there was an individual in our-- in NSP that was terminally ill and he couldn't go home because he wasn't close to his two-year parole eligibility. And the department and the Parole Board played ping-pong with his life and he ended up dying before he could get released to his family, so that's why I put that component into LB980. Secondly, after visiting our institutions and talking to

those individuals inside, just like the Circle of Concerned Lifers, I come-- I kept-- I have come to an understanding of, you know, there are individuals inside of our prisons that took an-- that has taken every class, peer mentors, doing everything right, that don't really need to be inside prisons anymore. And according to our constitution, only treason and impeachment disqualifies you from being eligible for parole. So why not allow individuals after 25 years, that are serving life terms, at least a review from the Parole Board so the Parole Board could review them. And if they aren't doing the right things inside, they don't get out. But there is a lot of individuals, especially those serving long-term sentences, that are doing the right things, that I believe we should give a chance, and I'll al-- I will always stand up for that. So that's an option that we could talk about. And then there's LB1154 that I introduced. It would change provisions relating to good time, parole eligibility, and-- and the service of a sentence of incarceration outside of department-- of a department facility and require 80 percent of eligible committed offenders to be placed in community corrections or transitional housing. I decided to introduce this bill after visiting a transitional housing facility in Hastings. And after talking with some of the people there, some of the people that are like-- that were formerly incarcerated and the people inside the facility, I'm like, why don't-- and-- and they had beds available that, for whatever reason, the Department of Corrections isn't sending people to. Why don't we set a-- a-- a minimum percentage-- percentage of individuals that are eligible for community and force the Department of Corrections to put those people in community? It is people right now in a maximum-security facility in Tecumseh that are currently eligible for community corrections, but we're not putting them in community corrections, and we wonder why we have prison overcrowding. Think about that. That is the issue. And if you actually took the time to talk to those inside and also the guards, you would understand that a lot of people that are inside currently don't need to be there and they--

WILLIAMS: One minute.

McKINNEY: --and they don't pose a risk to society. The data, whatever data you want to read, doesn't support the fact that if we release somebody that's served a long term or terminally ill or older-- they don't re-offend. The percentages are super low. We could find data from wherever we want to find data, but we can't ignore the facts. And I just want to throw out those two bills, LB980 and LB1154, because I'm still waiting on more people to stand up and offer up solutions, counters to why you don't like the consensus items. If you don't like

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them, come with a counter. Don't just say no and "I don't like it."
Thank you.

WILLIAMS: Thank you, Senator McKinney. Senator Moser, you are recognized.

MOSER: Thank you, Mr. President. Well, I've been listening to the discussion here and trying to learn more about this. It's-- it's-- there's a pretty good learning curve to understanding the issues on this bill. But we're here at almost 10:00 at night, and one of the reasons we're here at 10:00 at night is we've had some filibusters, unsubstantial filibusters, just filibusters to kill time without any purpose that's illustrated in the filibuster. And that's why we're here working late at night, trying to make up for lost time. So I'm willing to be here to listen to the debate, and I don't think we should be assessing blame on whose fault that it is we're here at 10:00 at night. And if we are going to start assessing blame, it's going to get ugly, so I'm going to go and give the rest of my time to Senator Geist. Thank you.

WILLIAMS: Senator Geist, you are yielded 3:50.

GEIST: Thank you. Thank you, Senator Moser. In response to Senator McKinney's challenge of bringing something to the table, one of the things that I know he and I, I know Justin Wayne, Senator Wayne and I have talked a lot about is community corrections. I'm a big fan. I think that's something we can utilize more. I would be and have been available to discuss and work on that. I think that is an arena that we can grow in. I know some of us off on the side have also had discussions about a different way of doing things. Now LB920 is a framework. It is not the only way that we can do Corrections in this state. I-- I've, I don't know, talked so many times, not on this mike but in front of other people and with other boards that I happen to be on, that there-- I think there is a different way of doing things. One of those could be upon arrest people are evaluated and if their underlying condition is mental health or addiction, then we divert them from incarceration and force them into treatment. The problem right now in our state is we don't have facilities with which to do that. We do have ARPA funds, and maybe a good thing to look at next session would be, can ARPA funds be used to set up such facilities and staff those? It's a possibility. It's an out-of-the-box thinking. But I would also contend that if we got a handle in this state on our mental health problems and our addiction problems, and sometimes those are one and the same, the same person, but if we had more access, more treatment, that could be a quick way to reduce our prison population,

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because right now our prisons are inhabited by people who-- who are addicted and people who are seriously mentally ill, because we simply have nowhere else to put them. And that's a big challenge we have in our state. And I'll also say that our COVID that we've recently gone through is only going to exacerbate that problem in the future, so the-- to the degree that we get a handle on that now, I think is a degree that in this arena--

WILLIAMS: One minute.

GEIST: --correctional arena, we will also be more successful. One other thing I would just like to say is that we want to think about, OK, what's going to happen if we don't pass all of these consensus and nonconsensus items? Well, CJI themselves told us that going forward it will be necessary to set realistic expectations of what comes next: This report and the work that went into developing it should be viewed as an important step toward achieving a more just, equitable and fair system to address problems of crime, behavioral health, incarceration, community supervision, and recidivism. So they even recognize that doing this to whatever degree-- I'm sure they're thinking of all the things--

WILLIAMS: Time, Senator.

GEIST: Thank--

WILLIAMS: Thank you, Senator Geist and Senator Moser. Senator Flood, you're recognized.

FLOOD: Thank you, Mr. President. Good evening, members. It's almost 10:00. Half of the people in here have head colds and are coughing and feel frumpy, but I appreciate the discussion. Having been a member of this place on and off since 2005, I want to call attention to one of the challenges that was really rising in the first part of the century, and that is sex offenses. I note in Senator Lathrop's handout that one-fifth of our prison population is the custody of sex offenses, and our daily population averages around 1,068. I can tell you, when I came into the Legislature the first time, we had a situation, I think it was here in Lincoln, where a developmentally disabled defendant acted on impulses and sexually assaulted a child in a Lincoln school. And then-Governor Johanns at the time really began an assessment of the whole system, and through his leadership we developed the Child Advocacy Centers, which were nonexistent before his tenure, and now we have them all over the state. We also created special custody residential services for developmentally disabled sex

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offenders-- I don't know if it was at Beatrice or Hastings-- and we ultimately passed the Sex Offender Commitment Act, which allowed for civil commitment for sex offenders to place them in our Regional Center system. And the reason I bring this up, and I think Senator Geist alluded to this just a moment ago when she essentially described civil commitment for somebody facing a drug offense, and my question is, is that an answer? Do we look at civil commitment for someone that has a drug problem that they refuse to address inside our programming and then involuntarily place them-- involuntarily place them in a custody situation until they resolve that? What I find interesting is I think both sides of the issue here, both want to see the problem get better, want the individual to find the treatment and the help they need, and I wonder if that's not a way forward. The other thing I wanted to comment on is that I have had a-- a question about drug courts since they were started in Nebraska. I don't know if we want judges deciding whether or not somebody should go to jail that day because they break an offense, if it violates the separation of powers. But it's hard to argue that we haven't seen some really positive developments there. I am pleased to see in the CJI report-- and Senator Geist, I think, agrees with this-- that we should be expanding these across the state. It does not make sense that if you're charged with a Class IV felony for possession of a controlled substance in Douglas County, that you have the opportunity to go through the system and have that purged from your record, but if you do that in Wheeler County, there is no program and you face a felony for the rest of your life. I do think that's unequal justice, and I'm pleased to see the CJI report addresses that. Those are just my initial comments. I want to be constructive. I think Senator Lathrop, the Judiciary Committee, Senator Geist, everybody cares deeply about this. And, hey, if we all agreed, we wouldn't be doing anything substantial. The fact that we have these serious disagreements means that from this could come very good, positive results, and I'm not discouraged a bit. I'd give the remainder of my time, at his request, to Senator Wayne.

WILLIAMS: Senator Wayne, you are yielded 1:20.

WAYNE: Thank you. I'll be really brief. I-- I'm glad to hear that both Senator McKinney and Senator Geist agree on community kind of corrections. So if you look at the chart that Senator Lathrop handed out, I have a bill, LB334, that would create community corrections across the state. That means immediately, if we take some type of advantage of that bill--

WILLIAMS: One minute.

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WAYNE: --you could move 800 people out of corrections immediately. That also increases jobs at local communities and give them transitioning back to their local communities. The second thing I wanted to mention just real quick, Senator Geist, I agree with you-- and here's how it works real quick. Anytime you're charged with a felony in Douglas County, you get a pretrial or pre-- pretrial or a prerelease number, so somebody interviews you from probation about basically pre-- you get interviewed before you go for your arraignment. I will commit dollars to starting a pilot program to also screen them for mental health and drug addiction at the same time they're being prescreened for pretrial release, immediately when they are arrested. So I think that's a pilot program in and of itself that would give us significant data that can change the course of where we are. So I agree with both Senator McKinney and Senator Geist, and I think at least there is one agreement we can move forward on tonight. Thank you, Mr. President.

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

ASSISTANT CLERK: Thank you, Mr. President, just one. Senator Kolterman would move to adjourn the body until Thursday, March 31, at 9:00 a.m.

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