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LINDSTROM: We'll start this and as the senators come in, we'll-- they can introduce themselves. Good morning. Welcome to the Revenue Committee public hearing. My name is Brett Lindstrom. I am from Omaha and represent District 18 in northwest Omaha. I serve as Vice Chair of this committee. For the safety of our committee members, staff, pages, and the public, we ask that-- those attending our hearings to abide by the following procedures. Due to social-distancing requirements, seating in the hearing room is limited. We ask that you only enter the hearing room when it is necessary for you to attend the bill hearing in progress. The bills will be taken up in that order posted outside the hearing room. The list will be updated after each hearing to identify which bill is currently being heard. The committee will pause between each bill to allow time for the public to move in and out of the hearing room. We request that everyone utilize the identified entrance and exit doors in the hearing room. We request that you wear a face mask covering while in the hearing room. Testifiers may remove their face mask covering during testimony to assist committee members and transcribers in clearly hearing and understanding the testimony. Pages will sanitize the front table and chair between testifiers. Public hearings for which attendance reaches seating capacity or near capacity, the entrance door will be monitored by a sergeant of arms who allow people to enter the hearing room based on seating availability. Persons waiting to enter the hearing room are asked to observe social distancing and wear a face covering while waiting in the hallway or outside the building. The Legislature does not have the availability, due to HVAC-- due to the HVAC project, of an overflow hearing room for hearings which attract several testifiers and observers. For hearings with a large attendance, we request only testifiers enter the hearing room. We ask that you please limit or eliminate handouts. The committee will take up the bills in the order posted. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please turn off cell phones. The order of testimony will go as follows: introducer, proponents, opponents, neutral, and closing remarks. If you will be testifying, please complete the green form and hand the page-- hand it to the page when you come up to testify. If you have written materials that you'd like distributed to the committee, please hand them to the page to distribute. We will need 12 copies for all

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committee members and staff. If you need additional copies, please ask the page to make copies for you now. When you begin to testify, please state your name for the record. Please be concise. Today-- look at the lights and we'll go five minutes. If there are a lot of people wishing to testify, we will, we will use the three-minute. We're not going to. If your remarks were reflected in previous testimony or if you would like to-- your position to be known, but you do not wish to testify, please sign the white form in the back of the room and it will be included in the official record. Please speak directly into the microphones. Our transcribers-- so-- for our transcribers are able to hear your testimony clearly. I would like to introduce the committee staff. To my immediate left is Mary Jane Egr Ed-- excuse me, Edson. To my further left is Kay Bergquist. At the end of the table is Grant Latimer and we have-- I don't have everybody's-- if you would stand up and just introduce yourselves?

THOMAS LUKASZEWICZ: Thomas Lukaszewicz.

TURNER ADAMS: I'm Turner Adams.

LINDSTROM: OK, thank you, gentlemen. And then we will have the committee members introduce-- good timing-- introduce themselves and we'll start with Senator Pahls.

PAHLS: Rich Pahls, representing southwest Omaha.

FRIESEN: Curt Friesen, District 34: Hamilton, Merrick, Nance, and part of Hall Counties.

LINEHAN: Lou Ann Linehan, District 39, western Douglas County.

FLOOD: Mike Flood, Madison and Stanton Counties.

ALBRECHT: Joni Albrecht, District 17: Wayne, Thurston, and Dakota Counties in northeast Nebraska.

LINDSTROM: Thank you and please remember that the senators may come and go during our hearing as they may have bills to introduce in other committees. Please refrain from applause or other indications of support or opposition. I would also like to remind our committee members to speak directly into the microphones for our audience. The microphones in the room are not for amp-- amplification, but for recording purposes only. Last, we are an electronics-equipped

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committee, information provided electronically as well as in paper form. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us at-- and is critical to our state government. And with that, we will open the hearing on LB6 introduced by Senator Blood. Good morning.

BLOOD: Good morning.

LINEHAN: Good morning.

BLOOD: So good morning to Chairperson Linehan and the entire Revenue Committee. My name is Senator Carol Blood, spelled C-a-r-o-l B-l-o-o-d, so as not to confuse me with Senator Flood, and I represent District 3, which is western Bellevue and southeastern Papillion, Nebraska. I appreciate the opportunity to present LB6, which amends the provisions relating to the taxation of military retirement benefits. In short, this bill will build on the work the Legislature started last year with the passage of LB153. As you know, the bill exempted 50 percent of a retiree's military pension. However, we found that there was one unintended oversight in the passage of that legislation. The exemption in LB153 is based on 1099s that are received at the Department of Revenue from the federal government. These 1099s come from the Department of Defense. There is a relatively small, but significant population of military retirees who do not receive their 1099s from the DOD, but instead receive their forms from the Office of Personnel Management. These are people who surrendered their military retirement pay to allow for the combination of federal service time-- federal civil service time and military years to qualify for federal civil retirement. The retirement pay includes military retirement pay, but their tax forms come from a civilian agency for tax purposes, so they are in essence, unfairly missed by LB153. Now I believe that this bill will have a real impact on those who are affected in that it treats them fairly and equally because they too have served. In addition to equality, this bill will continue moving us forward in reference to Governor Ricketts' larger goal when he requested LB153. This kind of initiative will absolutely help us attract veterans to Nebraska. Nebraska, as we all know, is surrounded by states offer more tax relief to military retirees than we do. In total, there are at least 13 states that either have no income tax or do not tax military retirement at all. Kansas and Iowa have zero taxes on military retirement. While we're now closer to states like Missouri

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and Colorado when it comes to how we tax military retirement, they are still better. We knew that we had to make sure we took steps to make the state more attractive to veterans and retirees by passing LB153, but now we need to take one more step in the process and make sure that everyone who should be included in the exemption are indeed included. This won't finish the job of treating our veterans and military retirees the way they should be treated, but it's a very small piece of a really big puzzle. It also does demonstrate why we truly care and are working towards something bigger that can go a long way in attracting those people here in Nebraska when they're looking for someplace to settle permanently. Again, thanks in part to the work the Governor's Office did in that area. LB6 is not a complicated bill. We're not reinventing the wheel here. We're building on what LB-- LB153 did and making it just a little bit better. Having said that, I'm going to close here and say that I'm open to questions. I know you have letters of support. I may or may not have a testifier behind me. I'm not sure. But I just want to thank you for your time today and let you know that we have also discussed this with Senator Brewer and should his bill to bump up military retirement to 100 percent, we would hope that we can hitch a ride and maybe amend our bill into his.

LINEHAN: Thank you, Senator Blood. Are there questions from the committee? I just have one, so--

BLOOD: Yes, ma'am.

LINEHAN: --if the 1099 comes from the Office of Personnel Management, does it separate out so the Department of Revenue will know what-- how much of that is military retirement and how much civil service?

BLOOD: It's our understanding that it does--

LINEHAN: OK.

BLOOD: --but I would want to clarify that to be 100 percent sure.

LINEHAN: OK. All right. Yeah, that-- we should-- that would be good. OK.

BLOOD: Absolutely.

LINEHAN: Any other questions? OK, thank you very much. Will you stay to close?

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BLOOD: Yes, ma'am.

LINEHAN: OK. We would now welcome any proponents. Are you a proponent?

JOHN SCHMIDT: [INAUDIBLE]

LINEHAN: A different bill?

JOHN SCHMIDT: Yep.

LINEHAN: So I guess you can close. I don't think-- she's coming back.

BLOOD: You never know. They don't know enough about the virus. I might
infect myself.

LINEHAN: You can't be too safe.

BLOOD: I'm just going to keep it short and sweet and say that I
appreciate the time and your consideration on this. I think that so
often we are enthusiastic about moving bills forward that sometimes we
do leave certain sectors behind and I believe that this is one sector
we just most definitely did leave behind. As soon as that bill was
passed, I was bombarded with emails and phone calls and I'm guessing
you as well and several others that support a lot of the veterans'
bills received those contacts as well. So I hope you vote it out of
committee and we can move forward.

LINEHAN: OK, thank you very much for being here this morning.

BLOOD: Do you want me to keep sitting here since I'm the next bill as
well?

LINEHAN: Yes, why don't you that-- do that.

MARY JANE EGR EDSON: Senator Albrecht.

LINEHAN: Oh, I'm sorry, Senator Albrecht.

ALBRECHT: Thank you, Chairwoman Linehan, and thank you for being here,
Senator Blood. Civil service folks, so they work for the government,
but did they serve in the military?

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BLOOD: Just the civil service employees alone, not necessarily-- we're talking about the people who were veterans and served in the military--

ALBRECHT: So if they were veterans, they'd already get that 50 percent and possibly more if something should happen this year, is that right?

BLOOD: Right, but they don't already get the 50 percent. They don't get the 50 percent because the way the state statute reads is that the 1099 must come from the DOD, but these people who have gone from the military to civil service get their 1099 from the Department of, of, of Personnel for their civil work.

ALBRECHT: OK.

BLOOD: So there's still--

ALBRECHT: So, so I guess-- again, my question is did they serve in the military--

BLOOD: Yes.

ALBRECHT: -- is my question.

BLOOD: Yes.

ALBRECHT: Yes, all of them did?

BLOOD: Yes.

ALBRECHT: They're not just employees at Offutt Air Force Base that work for a defense contractor or something like that. They're not a civil service employee, but yet they literally served in our military.

BLOOD: That is an accurate description, yes.

ALBRECHT: OK, thank you.

LINEHAN: Thank you, Senator Albrecht. Other questions from the committee? Seeing none, thank you. We did have-- was this--

LINDSTROM: Next bill. That's for the next bill.

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LINEHAN: Oh, OK. So with that, we draw LB-- the hearing on LB6 to a
close. Oh no, we--

BLOOD: I thought we had letters of support.

LINEHAN: Yes. OK, yes we do. OK, this is what happens when you get--
show up late. So we're done and now we will open the hearing on LB10.

BLOOD: And we had no letters of support on this bill, the first bill?

LINEHAN: I'm sorry?

BLOOD: Did we not have any letters of support on the first bill?

LINDSTROM: There's--

LINEHAN: No, evidently not.

BLOOD: OK.

LINDSTROM: Letters for the record, there's one proponent.

BLOOD: All right.

LINEHAN: Oh, there is one. Yes, I have it here yet. Yeah, letters for
the record: one. Thank you.

BLOOD: All right--

LINEHAN: We'll see if we can do better next time.

BLOOD: --moving forward. So good morning again. My name is Senator
Carol Blood, spelled C-a-r-o-l B-l-o-o-d, and I represent, represent
District 3, which is composed of western Bellevue and southeastern
Papillion, Nebraska. I appreciate the opportunity again to share LB10
with all of you and to those listening in on today's hearing. I
brought this bill because I believe that the state's definition of a
disabled veteran in 77-202.23 and 77-202.24 is overly restrictive.
That definition also clashes with how the United States government
defines a disabled veteran. I believe by, by changing this definition
to match 5 U.S. Code 2108, we're eliminating some confusion while
making things fairer for Nebraska citizens. Currently, Nebraska
statute lists a disabled veteran as someone who has "lost the use of
or has undergone amputation of two or more extremities or has

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undergone amputation of one or more extremities and has lost the use of one or more extremities." For comparison sake, if you look at the definition for blind veterans in the same chapter, 77-202-2--77-202.23, it's quite a bit tamer. The definition reads, "a veteran whose sight is so defective as to seriously limit his ability to engage in the ordinary vocations and activities of life." Now while I have no problem with that definition, I would absolutely, absolutely argue that "seriously limit" is far broader than having to lose a couple of limbs, either through paralysis or amputation. Another factor to consider with LB10 is just how long it has been since this language was last updated. Both definitions were enshrined in Nebraska law back in the 1970s. Now unfortunately, the weapons of war have gotten more effective in carrying out their functions and I believe the federal government's definition of disabled veteran recognizes and reflects that fact more accurately. 5 U.S. Code 2108 reads, "'disabled veteran' means an individual who has served on active duty in the armed forces, has been separated therefrom under honorable conditions, and has established the present existence of a service-connected disability or is receiving compensation, disability retirement benefits, or pension because of a public statute administered by the Department of Veterans Affairs or a military department." That's a long definition. By tying this definition to Nebraska State Statutes 77-202.23, 7-- 77-202.24, and 60-3185, we're making the definition of disabled veteran quite a bit more inclusive when it comes to someone qualifying for exemptions for registering their vehicle or mobile home. When everything is said and done, this is not a major change to Nebraska statutes. However, I do believe it's a needed one and I believe it will work to help some of those who signed up to serve and ended up injured because of that service. With that said, I'll end my opening and I'll take any questions you may have, but I will point out that we should have letters and I believe at least one testifier who might be able to underline why this kind of change is needed. But I will leave you with one final note in that I know this bill carries a fiscal note, but in this case, I believe the issue is about fairness for those who served and made a real sacrifice and I think that should absolutely be looked at as a major reason why you should feel confident in making this change. I do thank you for your attention to this matter and I hope that you do vote to advance the bill to the full Legislature for debate.

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LINEHAN: Thank you, Senator Blood. Are there questions from the committee? I, I think-- I don't know if this is true, but it's in, in the federal-- somebody-- I'll wait and see if the next testifier can--

BLOOD: OK.

LINEHAN: --answer the question and then-- you'll stay for close, right?

BLOOD: Yes, ma'am.

LINEHAN: OK, thank you very much. Are there any proponents to LB10? Good morning.

JOHN SCHMIDT: Good morning.

LINEHAN: Sorry, go ahead.

JOHN SCHMIDT: My name is John Schmidt. That's J-o-h-n S-c-h-m-i-d-t. I'm a student attorney with the Civil Clinic at the University of Nebraska College of Law. I'm going to be testifying and speaking today in my capacity as a disabled veteran and a student of the law. I am not speaking on behalf of the university. This proposed bill is not a matter of creating new benefits for veterans or increasing existing veteran-- benefits for veterans. This is about correcting an out-of-date definition on what a disabled veteran is. The Nebraska Legislature has already laid out their intent with this vehicle registration act and their intent was to eliminate fees for disabled veterans. Unfortunately, the definition of a disabled veteran in 77-202.23 has not been updated since 1979. Disability doesn't always mean the loss of use or actual loss of an appendage. This is an out-of-date notion that exists from our understanding of disabilities dating back to the first half of the nineteenth century. The view of what constitutes a disability and treatment to our returning veterans has changed substantially in the past 42 years. Many changes have occurred in that time span, such as the creation of the Department of Veteran Affairs in 1989, the introduction of PTSD into the Diagnostic and Statistics Manual for Mental Disorders, and then the recognition and prevalence of traumatic brain injuries from our service members returning from the Middle East. Our understanding of veterans and the disabilities and hardships that they occur [SIC] has exponentially increased. The outdated definition of what constitutes a disabled

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veteran needs to be updated to reflect what is now known about veterans and the disabilities that they suffer. The best entity to maintain this definition is the Department of Veteran Affairs. This bill allows Nebraska to use their definition, which provides for a more accurate representation of what disabled veterans are, as opposed to the current stagnant definition that's currently in place. This, in turn, will allow the law to be executed in the manner that the Legislature intended. And that's kind of all have. I can take any questions if you have any.

LINEHAN: Thank you very much. Are there questions? Yes, Senator Flood.

FLOOD: Thank you very much for your service and for testifying today.

JOHN SCHMIDT: Yes, sir.

FLOOD: I don't know if you've had-- and this may be better for the senator that introduced it and I'm-- I'm looking at the fiscal note on this and it basically says that currently-- under the current law, we have 100 disabled veterans taking advantage of what our existing law says and that there are 40,000 veterans who will qualify for this exemption. I had no idea we had that many people that, that have paid that price for our country. But can you give me some real-life examples of the kind of individuals or the, the, the disabilities of the service members that would qualify?

JOHN SCHMIDT: Yes, sir. So one of the main ones that has come to, come to life was PTSD and traumatic brain injuries. Again, prior to 1980, they didn't even recognize this as an actual disorder. Early in World War II and Vietnam, they would call it things like "shell shock" and he just got his brain rattled a little bit, but it severely affected these service members to a point that some weren't able to hold down jobs. They started on illegal substances, substance abuse, alcohol, to the point that they were disabled and not a functioning member of society. And so as a veteran of the Middle East-- I served in Afghanistan-- that's one of the primary ones that we currently see. There are some-- I mean, we all hear about the cases, the explosives, and losing limbs, losing legs. And those are definitely disabled veterans, but it's not quite that easy now just because we recognize that there are mental disorders that come from serving and come from fighting overseas that do disable our veterans and, and cause them to

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not be able to participate in society quite the way that someone who
has not gone through those experiences has.

FLOOD: So if you were to qualify for this under-- you'd have to have a
physician's diagnosis of PTSD through the VA or, or how do they-- how
do-- would that-- what would they be looking at to qualify you?

JOHN SCHMIDT: Correct, so you initially apply through the VA program
and then they do set you up with an evaluation and then they determine
not only if you have a, a disability and what kind of disability-- and
there are more disabilities than just, you know, PTSD or losing limb.
There's, you know, hearing loss as well as other things. But they do
determine not only what you have, but the level that you have it
according to their manuals. They have extensive manuals on the
percentages and how much they deem you disabled. And so they'll
qualify you based on that and then from there, it's just-- kind of
depends. There's-- it gets a little more complicated with it because
some-- it-- you may have like 10 and 50, but that doesn't always mean
you're 60 percent disabled. Sometimes, you know, the-- it-- like I
said, it's a very long manual and different situations apply
differently, but that's--

FLOOD: But would a simple diagnosis then qualify you for this or what
we-- would the state be looking at the percentage of your disability?

JOHN SCHMIDT: They would be looking at the-- what the VA says is your
disability.

FLOOD: Thank you.

LINEHAN: Thank you, Senator Flood. Are there are other questions?
Senator Flood brings up a very good point. So isn't, like, your
disability pay-- all-- it's on a-- it's on that scale, right, whether
you're 10 percent or 20 percent or 30 percent?

JOHN SCHMIDT: Correct.

LINEHAN: So are you saying this bill would cover somebody with even a
10 percent hearing loss?

JOHN SCHMIDT: I believe in this-- the way it is written, yes, it
would.

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LINEHAN: So-- OK. All right, thank you very much, appreciate it. Other questions from the committee? OK, thank you.

JOHN SCHMIDT: All right.

LINEHAN: Good luck in school.

JOHN SCHMIDT: Thank you.

***RYAN McINTOSH:** Dear Senator Linehan: I am submitting this written testimony in support of LB 10 on behalf of the National Guard Association of Nebraska, which includes current Commissioned Officers and Warrant Officers in the Nebraska Army and Air National Guard and a large number of retired officers as well. Today the Nebraska National Guard is nearly 5,000 members strong. We thank Senator Blood for carrying this bill on behalf of Servicemembers across all branches. LB 10 is important legislation that provides a much-needed update and clarity to the term "disabled veteran". Only recently have we truly understood the nature of many of the disabilities incurred by our veterans, many of which aren't actually seen. LB 10 ensures that all disabled veterans are entitled to benefits provided under state law, and harmonizes the term with federal law. We urge the Revenue Committee to adopt this bill and pass it to General File. Thank you for your consideration and support.

LINEHAN: Are there other proponents? Was this dropped off this morning, the letter from Ryan-- it was-- so, so there was testimony submitted this morning, a proponent on the behalf of the Nebraska National Guard Association by Ryan K. McIntosh. There were no opponents, did not submit a letter, and we had no one in a neutral position. So Senator Blood, would-- I'm sorry. There's, there's nobody in the room, so would you like to close?

BLOOD: Earlier before you got here, Senator Linehan, I said that I always fear coming into the Revenue Committee because I know I'm asking for money and you guys kind of scare me when it comes to that. But I'm never too scared to bring forward a good bill that embraces our military community. I think that when I hear people say, well, gosh, how much do we need to do for the veterans? Well, what have they done for us? I don't see any of us running towards danger to protect our democracy here in this building. I know I'm not. And they serve and protect us and protect our way of life and allow us the ability to

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have public hearings and to hear the people's voice. They protect that voice. And so you may think I bring a lot of veteran and military family bills and I do because I think that what they do is invaluable and you can't put a price tag on it. And I know that we struggle financially here in Nebraska, but we struggle even more when we lose these veterans to Iowa, to Kansas, to Colorado. We have an issue where we have more jobs than we have people. We have more cows than we have people, which is great for the meat industry, but not great for our, our economic development here in Nebraska. And these people are well educated and these people are hard workers and they come with an attitude that is incomparable and so I don't know why we wouldn't constantly be striving to keep them here in Nebraska. And when you're disabled, you're disabled and the number one disability actually is tinnitus, ringing in the ears, which-- from all the explosives and whatnot. And we have to remind ourselves, too, that unlike previous wars, now the medical field has expanded and so the possibility of be-- people being able to, to live a longer life and have their disabilities addressed, where previously decades ago they would have died, is another reason that we do have so many disabilities within the veterans community. And so I hope that you not necessarily look at the fiscal note as much as the purpose behind this bill. I'm open to amendments if you think there is tweaking that needs to be done to it. I just want to help the veterans.

LINEHAN: Thank you, Senator Blood. Are there questions from the committee? Senator Pahls-- Senator Albrecht. First Pahls, I saw you first.

PAHLS: Back and forth, that's how we get you.

BLOOD: It's like ping pong.

PAHLS: Whiplash. I just have a question on-- you would say all veterans should be-- disabled veterans should be included, not a percentage. So let's say for example, if you have 10 percent hearing loss, you would equate that-- I'm just trying to figure out-- you're just saying everyone without exception?

BLOOD: Well, having spoke with the veterans community, that's what they've requested of me.

PAHLS: OK.

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BLOOD: And I, I guess for me, it's kind of like if you have children sitting at a table and you're cutting a pie, which child do you like better? Who gets the bigger piece of the pie, you know? So yeah, I mean, if, if you wanted to cut it down to percentage, you could, but could you ever really, truly be fair to those veterans when you do that? But then again, that's a, a job for the committee.

LINEHAN: Thank you, Senator Pahls. Senator Albrecht.

ALBRECHT: Thank you, Chairman Linehan and thanks for bringing this bill, Senator Blood. Could you do me a favor and send me your opening so that I can look into it a little bit more before we should "exec" on this?

BLOOD: Yeah, I'm happy to do that.

ALBRECHT: Thank you.

BLOOD: I'll do this once I get back to my office.

ALBRECHT: Thanks.

LINEHAN: Other questions in the committee? I think the fiscal note is pretty significant--

BLOOD: It is a significant fiscal note.

LINEHAN: It's not as significant for us, but I would like to know your secret, how you can be taking--

BLOOD: Yeah, I'm not sure--

LINEHAN: --millions of dollars from the schools and there's-- none of them are here.

BLOOD: I--

LINEHAN: However you get that done, the committee would be very interested.

BLOOD: I, I don't know if I necessarily agree with the fiscal note. I think that we're going to do a little research into that.

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LINEHAN: Well, here, here's why I think maybe the fiscal is this big. And what I'm going to ask you to do, we need a list of the percentage of disability because-- I love the military. My son was in the military. He's a veteran. I want to help him, but I, I think almost everybody that leaves the military has some disability.

BLOOD: Oh, I'd, I'd agree.

LINEHAN: So I think if we looked at a sliding scale--

BLOOD: Sure.

LINEHAN: --here, it would be helpful. So can you see if the Veterans' Department can give that to you?

BLOOD: I actually think I have that in my database, so I will--

LINEHAN: OK and then see if the Fiscal Office could give us some more reasonable numbers on--

BLOOD: Yeah--

LINEHAN: OK.

BLOOD: --absolutely happy to do that. And that might actually be the solution that we're looking for is that we do it on a scale as opposed to just one broad out-of-date piece of statute.

LINEHAN: Other questions from the committee? OK, thank you very much for both bills.

BLOOD: Thank you for your time. I hope I get to see you the rest of the year.

LINEHAN: OK, then I guess-- oh, I need to talk to you all after-- oh, sorry, letters for the record. On LB10, we had seven proponents, no opponents, and no neutral. And that brings the hearing to close. So I need the committee and staff to stay here a minute after we get--

LINEHAN: Good afternoon, and welcome to the Revenue Committee public hearing. My name is Lou Ann Linehan and I'm from Elkhorn and I represent Legislative District 39. I serve as Chair of this committee. For the safety of our committee members, staff, pages and public, we

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now. When you begin to testify, please state and spell your names for
the record. Please be concise. It is my request that you limit your
testimony to five minutes, so we'll use the light system, meaning
you'll have four minutes on green. Then when it turns yellow, please
try to wrap up and if you're not wrapped up by red, then I have to

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stop you, which is not fun. If there are a lot of people wishing to testify, we will use a three-minute testimony-- we're not going to do that. If your remarks reflected in previous testimony or if you would like your position to be known but do not wish to testify, please sign the white form on the table outside of the room by the entrance and it will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. First, I would like to introduce committee staff. To my immediate right is committee counsel, Mary Jane Egr Edson. To my immediate left is research analyst, Kay Bergquist. To the left end of the table is committee clerk, Grant Latimer. And now I would like the Senators to introduce themselves, starting with Senator Pahls.

PAHLS: Rich Pahls, southwest Omaha.

BOSTAR: Eliot Bostar, District 29, south central Lincoln.

FRIESEN: Curt Friesen, District 34, Hamilton, Merrick, Nance, and part of Hall County.

FLOOD: Mike Flood, District 19, Madison, and just a part of Stanton County.

ALBRECHT: Joni Albrecht, District 17: Wayne, Thurston and Dakota in northeast Nebraska.

LINEHAN: Our pages, if they could stand up. I don't know-- we have afternoon, we have Jason, who is at UNL, political science and history, and Reid who's also at UNL and studying ag economics. Please remember the Senators may come and go during our hearing as they have other bills to introduce in other committees. I'm looking around because I'm trying to see if Colonel Brewer is here-- I mean Senator Brewer is here yet. Refrain from applause or other indications of support or opposition. I would also like to remind our committee members to speak directly into the microphones. For our audience, the microphones in the room are not for amplification, but recording purposes only. Last, we are electronically equipped committee. Information is provided electronically as well as in paper form. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and critical to our state government. So now we will move to LB387. And I know Senator Brewer

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had to open his committee-- has he come back yet? OK. He will be here.
There he is right on time. Good afternoon, Senator Brewer.

BREWER: Thank you for being patient. I managed to get my introduction done. Still raced down and didn't forget my readers or my speech. [LAUGHTER] Thank you, Chairman Linehan, and good afternoon, fellow Senators of the Revenue Committee. I'm Senator Tom Brewer. For the record, that's T-o-m B-r-e-w-e-r. I represent 13 counties for the 43rd Legislative District of western Nebraska. I'm here to introduce LB387, which exempts Nebraska income taxes on military retirement pay. I introduced this bill at the request of the Governor and thousands of retired military veterans across Nebraska. I want to start by thanking Senator Linehan for giving me an early hearing on this bill. I am also very pleased that the Governor chose this bill to have me introduce, and I'm glad that he put the funding for this bill in his budget. But more importantly, I am-- I'm grateful to Senator Gragert, who used his personal priority for this bill. There are many military and veterans groups that have worked hard to have this bill possible here today. Many of them are behind me now. Last year, we went through the process with LB153, and this committee was very supportive of LB153. They're essentially the same. We're just changing from 50 to 100, the amount that we detax on military retirement. This bill would not be possible without decades of determination on the part of these veterans behind me. So to you, I thank you. It is rare that you have an opportunity to help those that you have deployed with and worked with over a lifetime. So I hold this a very special opportunity to present this bill. This is my fifth session in the Legislature. This is my fifth bill of this. Nebraska is surrounded by states that offer more income tax relief for military retirees than we do and we're losing population to them. Estimates say over 400 people retire each year from Offutt Air Force Base. The majority of those people settle in the local area, begin a second career in the civilian economy. Often they find work in the federal government as employees with the Department of Defense or with actual civilian contractors. Unfortunately, most of them move to Iowa. Nebraska-- Nebraskans serve in many different branches and components of the U.S. military around the world. This bill will result in many of these people coming back to Nebraska. And sometimes that's heart-wrenching because you serve with them, they're-- they're Husker fans, true, and-- and they want nothing more than to come back but it is such a financial challenge, they chose other options with where they're going to live. And just to remind

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those here that-- that aren't familiar, in this body we have three of us that are retired military veterans. Bruce Bostelman served in the Air Force for over 20 years. Myself with over 36 years of service for the Army, and many don't know that Tim Gragert wore the uniform of his country several different-- he was Air Force and Army for over 40 years. So just in this body, there's probably a good example of the potential that could be retained in Nebraska if our tax laws were kinder to veterans. According to Platte Institute, 3,500 Nebraskans moved to Iowa in 2014. Keep in mind, that was the year that Iowa exempted Social Security and military retirement from income tax. Nebraska is only one of five states that tax both Social Security benefits and military retirement. It's hard to know how many of these who have moved to Iowa are retirees-- military retirees but there's no question that they had a powerful incentive to leave Nebraska to move to Iowa. In addition to all kinds of tax revenue that these retirees would generate, we're missing out on a host of other benefits military retirees bring to a community. Letting our veterans keep more of their military pensions will cause a modest reduction in income tax revenue. But I think it's clear, the economic benefits of attracting highly skilled and trained veterans with strong leadership skills into our communities will be an investment that brings opportunities back to Nebraska. This bill isn't just about income tax. I'd like to think of it as a workforce development bill. The difference is, this workforce is already developed. We're just trying to keep them here in Nebraska. Attracting highly skilled Nebraskans with proven management and leadership skills for our workforce could be a huge factor for companies wanting to come here to Nebraska. Our educate-- our institutions and tech corporations need this kind of talent. And I'll just share a quick story. I flew aboard the NAOC, the National Airborne Operations Center. For you guys that aren't familiar, that's the 747 that looks much like Air Force One is landing out here at the base some. But its whole mission in this world is sustain the government of the United States from a first attack by an enemy. Aboard that plane are literally dozens-- dozens upon dozens of a variety. It's a joint mission, so you have Air Force, Army, Marines, Navy aboard that and everyone there is operating a commuter-- computer. Most of them are going to have a bachelor's and a master's degree, and they're going to be able to have a top secret clearance that they can bring back into jobs here in Nebraska. That's just one piece of Offutt that turns over every year. Most of those, that's one of their last assignments there and then they go into the civilian

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sector. Many of the jobs require those skills. Now some can't stay in Offutt. Again, our problem is that they simply cross the river, they can live there, come back and work at Offutt. We lose that opportunity. Retired military veterans are some of the best educated, best trained and the youngest retirees. Active duty members are eligible to retirement at 20 years. Most are in their 40s. They have children in school when they retire. The majority go on to civilian post-- post-civilian jobs and their military training is a great skill this civilian sector wants. Many find work on military installations-- the military installation they retire on and become either DOD employees or again civilian contractors. They pay income taxes on that second career job. They pay property taxes, personal property taxes, excise taxes, occupational tax, sales taxes. They are here contributing to society, but we have to keep them here in Nebraska. We also need to remember that the military friendly tax policies will demonstrate to the federal government that our state is actively working to protect a mili-- our military base. In 2008, the Legislature established the Base Realignment and Closure [BRAC] Task Force and studied the impact of closing Offutt Air Force Base. That would have had a devastating effect on Nebraska. And through these efforts, we can show Offutt and we can show Department of Defense that Nebraska wants to keep them here. Now, with changes of late and the opportunity to have Space Force, which I understand the announcement, but I haven't given up on us being able to have Space Force because there is a new administration and I believe with that will come opportunities. This will help us to show that Nebraska is military friendly. I've heard from a few critics who question whether veterans should be getting this type of preferential tax code treatment. Again, I remind you that these are those who have served a career, 20-plus years. In my 36 years, I did 13 deployments. Eight of those were to combat zones. Two of those got me a medevac trip home. The last one gave me an opportunity to spend two years recovering in a hospital. So, I just ask that you understand that it is not like there hasn't been a contribution. Let me make it very clear. We are not singling out veterans for special treatment for this bill. And I believe it is altogether right and proper that we do so. They are not only-- they not only have earned but deserve this treatment because it is their pensions that we're talking about. The income tax exemption is not only an obvious way of expressing gratitude to our Armed Forces and veterans for their service to the state and nation. This bill helps us keep pace with our neighbors and stop missing out on opportunities to

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attract this-- these outstanding groups of individuals to grow and enrich Nebraska. This bill is not just a good idea for our military veteran retirees, but is a good idea and good for Nebraska. I urge you to support it. Thank you, and I'll be glad to take questions.

LINEHAN: Thank you. Senator Brewer. Are there any questions from the committee? Seeing none, thank you very much.

BREWER: And I will be sticking around.

LINEHAN: OK, thank you. So, Governor Ricketts. Good afternoon.

GOVERNOR RICKETTS: Good afternoon, Chairwoman Linehan. Thank you very much for allowing me to testify here today. Thank you to the members of the committee. I also want to thank Colonel Brewer for introducing LB387, as well as Senator Gragert for his support, as well I want to thank all the veterans in the room. Thank you all very much for your service to our country. I am here today to ask you to support LB387. Two years ago, I was here in support of LB153, which got the first half of this bill done to exempt 50 percent of military retirement benefits from income tax. And I'm going to reiterate a lot of the same things that Colonel Brewer just talked about, that this is an important workforce development tool for the state of Nebraska. Now, the state of Nebraska has been on a mission to become the most military and veteran friendly state in the country. We've done that through a variety of things that you all as the Legislature have helped on, whether it's different bills to help with occupational licensing, the military license plates. We've done it for-- we've helped with licensing for teachers and for attorneys and for real estate brokers. We've looked for ways to become veteran and military friendly. And certainly, as the Colonel said, the veterans deserve our appreciation. But it's also about making sure that we continue to hold on to veterans here in our state. If you look over the last 10 years, 2010 and 2019, we have not been competing with the surrounding states on this particular issue, exempting military retirement benefits. There are 30 states that exempt military retirement benefits from taxation. Six-- five of the six surrounding states do. We are at competitive disadvantage and the numbers show that. If you look at, for example, just what South Dakota and Iowa have been able to do, they've been able to grow their veterans population. When I say veterans, I mean paid veterans. These folks that retire out of the military and then have a second career, they've been able to grow

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their population of veterans at a rate two to three times faster than their overall state population is growing. While here in Nebraska, our rate of paid veterans is growing at half the rate of what our state population is growing. Since 2010 that means about 2.7 percent growth among paid veterans versus 5.9 percent for the rest of our state. Just since 2012, where we've stayed relatively flat and paid veterans, South Dakota has grown their population by 12 percent and Iowa by six and a half percent. And again, reminder, you can retire on the military as early as age 38. You can have a whole second career. As the Colonel said, these folks often have their own families. They can be productive members of our society over and beyond just what they contribute to the military, but how they can continue to grow our state. And in Ameritrade, when I was a chief operating officer there, we took advantage that. The gentleman who ran my new accounts department was a retired Air Force Colonel. The guy who ran my-- oh, I'm sorry, he was the training department, retired Air Force Colonel. The guy who ran my training department was the Colonel. The new accounts was a Lieutenant Colonel, and the gentleman who ran my back office, a Marine Captain. And the same is true here in state government. Our Chief Human Resources officer-- officer is from the Navy. Veterans Affairs, Army. Economic Development, Marines. These folks retire out of the military and they continue to contribute. As the Colonel said, they're already trained and developed. We need to hold on to these folks to be able to have the right trained, skilled workforce to grow our state. The economic impact of these paid retirees is estimated to be about \$400 million, and you can see if we're missing out on that growth, we're missing out on the growth of our state. So we need to work to retain those folks. LB387 will help us be competitive so we can be on the same level playing field as those five states that don't tax military retirement today. States like Iowa and South Dakota that are growing much faster than we are. So it's an important tool for us to be able to do that. As the Colonel mentioned, I put this in my budget. It's there. It's a line item. You don't have to do anything else, just say yes. It's already there, you don't have to budget for it or anything. It's all-- it's all there. We can make this work so we can continue to hold on to these folks. Now, why military veterans? Some people ask that question. Why not, say, police officers? Well, I'll tell you, it's a different population. Our military families move 10 times more often than civilian families do. They're mobile. As demonstrated by the data I gave you with regard to the surrounding states, they're willing to move to where they are

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going to be welcomed. And when you're taxing their retirement benefits, they're going to pay attention. They've shown it by moving to states like Iowa and South Dakota. So they're a mobile group. And again, they can retire early, age 38, much earlier than other professions. So they can have a whole second career on top of what they've already done for our country in the military. So that's why this is a different group of people, not only because they've been willing to put their lives on the line to defend our country, going overseas as the Colonel has done, but also because the just nature of their deployment allows them to have a whole second career on top of the career they already had in the military. And they're more mobile to be able to do it. So this is an important group of people that we want to retain here in our state to be able to continue to grow Nebraska. And as the Colonel said, it's a workforce that's already developed. We took advantage of it at Ameritrade, we're taking advantage of it here at the state. I literally signed hundreds, if not thousands of letters every year to Nebraskans who are-- who are coming out of the military. We want them to know that we have the most veteran and military friendly state here to come back home. We want those Nebraskans to come back to Nebraska. This is one of the ways that we can compete to do it. And finally, just to wrap up on another thing the Colonel said. We want to continue to attract commands to Offutt Air Force Base. I agree with him. I think there's still an opportunity for space command. One of the things they look at is, are you a military veteran friendly state? One of the things they look at in that category is what-- how do you treat retirement? What's the quality of life? So this will be important for us to attract future commands. Offutt Air Force Base has over a billion dollar impact on our state's economy every year. If we were to lose it because of a BRAC, that would be devastating to our economy overall as a state and in particular to the City of Bellevue and the Omaha area. So this is important for us for economic development. It's important for workforce development and I urge you all to pass on LB387 to the rest of the body so we can continue to work to grow the state and make sure we have the right trained, skilled workforce of those veterans who have served our nation and now can serve our state of Nebraska. Thank you. And again, I'd be happy to answer questions. Did I say my name and spell it? Did I just skip that part and I just jump in.

LINEHAN: Did you?

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GOVERNOR RICKETTS: Governor Pete Ricketts, P-e-t-e R-i-c-k-e-t-t-s. I apologize, Chairwoman Linehan. I was just so excited to get started.

LINEHAN: It's quite fine. I think that we might have figured it out, but thank you. [LAUGHTER] Yes, Senator Flood.

FLOOD: Thank you, Chairwoman Linehan. Thank you, Governor, for speaking. Obviously, a group of people we want to definitely respect in the room. If you're sitting in this seat and you are as Governor in a lot of ways from a different branch of government and you look at all the sales tax exemptions that have been granted since 1967 and then the patchwork of what's exempt and what's not exempt. Do you worry at all about the slippery slope of identifying one subset of Nebraskans to provide that 100 percent exemption from sales tax-- or from income tax? And what would you say to a future Legislature about a proposal that comes along with another very worthy group of Nebraskans that we want to attract? What-- is that a better way to do it, or should we be looking at overall comprehensive reform?

GOVERNOR RICKETTS: So, Senator, first of all, as you know, I'm always in favor of tax relief. [LAUGHTER] And as I outlined in my opening remarks, I think this population is different for a reason. And I think the reasons are very compelling. And the data shows that we're losing this population. A future Legislature may-- there may be another population that has equally different criteria that may make a compelling reason for doing that, but I can't think of one right offhand as compelling as right now our military veterans, because we know that they are trained, they've developed great skills in the military. The folks I talked about in Ameritrade that ran these different offices for me, they all started out in entry level positions. They were humble people who said, I'm willing to start at the beginning again. And they quickly rose up into management positions because of the skills they gained in the military. That's not true for everybody else we hire. So this is a population that is different. So, no, I don't really worry that we're setting a precedent or this is a slippery slope, because I do believe this group of people is different. Now with regard to, you know, sales tax exemptions and overall look, I think certainly we should always be mindful of those sort of things. But, you know, having been in the body before, you know, that these big, all encompassing things are very, very difficult to get passed. That politics is really more about persistent, consistent pressure and getting a piece of what you need and then

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moving on and working on getting the next piece of what you need. We did that with this bill. We-- you know, I sat in this chair two years ago. And by the way, in that time since I sat here two years ago, North Dakota exempted all retirement benefits from their income tax. So states continue to, you know, look after this population because they understand the importance. When I sat here two years ago, and we got halfway there with LB153. Now, we've come back to continue to make progress on this by getting the second half of that so we can be on a level playing field with those surrounding states. So while I think it's certainly worthwhile to look at a bigger picture and, you know, again, I'm all about continuous improvement as well, we can certainly look to do a better job with regard to how our taxes are structured. This is a population that we have the data that show that they're trained and they're leaving and we need to hold on to them.

FLOOD: Thank you.

LINEHAN: Thank you, Senator Flood. Are there other questions from the committee? Senator Pahls.

GOVERNOR RICKETTS: Senator Pahls.

PAHLS: Thank you. Thank you, Governor, I appreciate your stance on this. And I see the validity of your proposal. But the one thing I want to just go on from what Senator Flood said, aside from this, I did hear something about in my last tenure here, we weren't-- tried to do something with exemptions because we have an awful lot of exemptions. Did I hear you say you were willing to look at that?

GOVERNOR RICKETTS: Well, I said it's certainly worthy of discussion.

PAHLS: OK.

GOVERNOR RICKETTS: I think one of the things to remember is when you're talking about exemptions, what are you exempting? So, for example, if you're talking about business inputs, that's important that we not tax those business inputs because that puts, I mean, our state at a competitive disadvantage to be able to do that. There may be other things you want to take a look at. At the-- at the end of the day, though, we've got to keep in mind what is the overall tax burden for the citizens and that's where, again, I'm always about tax relief.

PAHLS: Thank you. Appreciate it.

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LINEHAN: Thank you, Senator Pahls. Are there other questions from the
committee?

GOVERNOR RICKETTS: All right, great.

LINEHAN: Seeing none, thank you very much for being here.

GOVERNOR RICKETTS: Chairwoman, thank you very much. Appreciate it.

LINEHAN: Thank you. Next proponent.

GREG HOLLOWAY: Good afternoon.

LINEHAN: Good afternoon.

GREG HOLLOWAY: My name is Greg Holloway, G-r-e-g H-o-l-l-o-w-a-y. I
represent the Nebraska Veterans Council. I'm their appointed
representative. Nebraska Veterans Council is made up of eight
recognized and accredited veterans organizations. So short and sweet
point of it, we agree 100 percent with this. So we represent-- I'm
not-- off the top of my head, probably over 50,000 veterans in the
state of Nebraska and they're all for it. Doesn't benefit me. I was
drafted and then I only spent my two years in the military so I didn't
retire. But it benefits the state of Nebraska very, very much,
because, as they all say, I think a veteran is a good work and a good
asset to the state of Nebraska. So the Nebraska Veterans Council
approves of this bill 100 percent and backs it 100 percent. That's
about all I have to say, unless somebody asks me, wants to ask me a
question.

LINEHAN: We'll see. Thank you very much for your service. Appreciate
it. Even if it was only two years, two tough years. Senator Flood.

FLOOD: Thank you for your service and for your comments. So would this
include, for instance, the VFW in my communities?

GREG HOLLOWAY: The VFW, the American Legion, Paralyzed Veterans of
America, Dis-- Disabled American Veterans, the AMVETS, Marine Corps
League and one County Veterans Service Officers Association.

FLOOD: So would they have voted?

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GREG HOLLOWAY: We've all-- well, we haven't had a meeting this year, but I have conferred with them and we're all-- we were behind it 100 percent last time when it comes up to 50 percent and definitely wanted it 100 percent then. So we're still-- we are backing it and I'm their representative and they pretty much say go ahead and take care of it, Greg, so.

FLOOD: Thank you.

GREG HOLLOWAY: But we are fully behind it, yes.

LINEHAN: Thank you, Senator Flood. Are there other questions from the committee? Seeing none.

GREG HOLLOWAY: Thank you.

LINEHAN: Thank you very much for being here. Next proponent. Good afternoon.

RONALD DUPELL: I don't have to ask if everybody can hear me, can everybody see me? [LAUGHTER]

LINEHAN: Yes, we can see you.

RONALD DUPELL: Good afternoon, Chairman Linehan, honorable Senators. I am Ronald Dupell, R-o-n-a-l-d D-u-p-e-l-l, Chief Master of the United States Air Force, Retired, co-founder of the Nebraska Veterans Coalition. It has been a long multidecade journey to arrive at this moment. To all who have advocated for exemption of military retired pay during this journey, thank you. To all those who support this effort to retain the goals described in the statement of intent, thank you. We urge the Revenue Committee and the Legislature to promptly implement this legislation to bring its long journey to an end. During our years of research, a question often rose. The question is, what do you hope to achieve by exempting military retired pay from state taxation? Specifically, despite their numerous legislative actions in Nebraska supporting veterans since 2014, we hope this legislation is an important part of the foundation of efforts to expand its workforce by attracting and retain highly skilled workers, technicians, managers, and leaders whose absence impedes economic growth. And I'll insert an example that I just learned about this morning. I have a neighbor, a retired Army Colonel from the Army Corps of Engineers, who retired about 30 days ago and has accepted a job for over \$200,000. He

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will be working from home. He could be working in Colorado, Kansas, Missouri, Iowa, or any surrounding state and still retain that job. So what does Nebraska lose? We lose the taxation from his family and from him, because we're taxing his military retire pay and it doesn't make sense. Numerous veterans believe that veterans have ample cause to say they deserve recognition simply because they are splendid people who have served this great nation and state around the world in extraordinary circumstances. We believe that legislation such as this provides an important part of Nebraska's efforts to expand its workforce and economy. For the well-being of all Nebraska citizens and its economy, actions like this are needed to make Nebraska more competitive in retaining and attracting people into Nebraska to help fuel economic growth. We believe as part of the program to retain highly skilled people considerably more long-term, consistent and cogent efforts are needed to persuade more of the 750-- 850 active military who depart Offutt Air Force Base each year to remain in Nebraska. That effort is needed to expand Nebraska's economy and may reduce the tax burdens on its citizens. Please note that each veteran, and especially veterans with families, increases tax revenues as they add to our population and workforce. It makes considerable economic sense to provide incentives to veterans to make Nebraska their home and contribute to our communities, as many veterans already do. As an example, I am significantly not unique. In my past and current community activities as a court-appointed special advocate for abused and neglected children, a 12-year member of the Nebraska Foster Care Review Board, a 12-year mentor in the Nebraska TeamMates Program, 37 years in the Veterans of Foreign Wars, and a 12-year member of the Nebraska American Legion. As most of you are well-aware, veterans service organizations contribute much to our veterans and our communities. I hope that each of you will vote LB387 out of committee and encourage all senators to vote for it. It is needed legislation to attract veterans and expand our economy. That concludes my testimony. Do you have any questions?

LINEHAN: Thank you very much and thank you for your service and for being here today. Do we have questions from the committee? Seeing none, thank you very much.

RONALD DUPELL: Thank you.

LINEHAN: Good afternoon.

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GERALD TODD HEYNE: Good afternoon, Madam Chair, distinguished Senators of the Revenue Committee. My name is Captain Gerald Todd Heyne, G-e-r-a-l-d T-o-d-d H-e-y-n-e, United States Navy, Retired. I'm here on behalf of the Lincoln Chamber of Commerce, the Lincoln Chamber of Commerce Military Affairs Committee, Nelnet, ALLO Communications and myself to offer our strongest collective personal support for LB387. As you know, this bill exempts 100 percent of military retirement from Nebraska state personal income tax extending the great work completed by the Unicameral last year. I was born and raised in Oshkosh, Nebraska. I entered the Naval Academy directly after high school. I met my wife, a McCool Junction native, in Washington, DC, while she was working for Congressman Bill Barrett. I spent most of my career in aviation squadrons and staffs flying the E-2 Hawkeye's, a Naval Flight Officer. My career culminated with squadron command, followed by duty in the Pentagon for the office as Secretary of Defense staff, where I led over 100 senior civilians and developed readiness, training and education policy under Secretary's Hagel, Carter, and Mattis. The decision to retire and transition from the military is a difficult one, but is one that 100 percent is sure to happen. For most retiring in the Pentagon, the transition is simply a matter of networking and finding a suitable GS or contractor position. Some trade the uniform for a suit. I wanted to focus my search in Nebraska as my wife and I both have family here. When transitioning, I met with many officers and noncommissioned officers for advice. Nearly all recommended that I focus my job search in states that have favorable tax law. As you know, there are nine states that do not tax personal income tax and 21 states that do not tax military retirement pay. These 30 states offer the most competitive-- competition for military talent. For me, I was willing to trade the tax to be close to family. Not always-- not all have this choice or the family draw. I'd like to address why I'm so strongly in favor of this legislation. A Senate could easily say that I'm only interested in personal gain. While I do stand to benefit, my intent goes to every Soldier, Sailor, Airman and Marine that enter service from Nebraska or has ever served in Nebraska. At a minimum, we should get them to return to our great state and incentivize others to explore living here. When I joined ALLO Communications, we had approximately 300 associates across Nebraska. We now have over 500 and we are growing to over 700. We are a leader in hiring veterans because of our core values of honest, exceptional, local and hassle-free resonate with those who have served. Eleven percent of ALLO's workforce are veterans. And we were recently presented with the

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federal Department of Labor Gold Award for our efforts in hiring and retaining veterans. Further, the DOD Employer Support of the Guard and Reserve, ESGR, recently recognized ALLO with their above and beyond award for our support of Guard and Reserve associates. I do not know of any military retiree who simply retired and stopped working. Most enter-- most enter service at 18 are eligible to retire at 38. Plenty of time for a second and possibly a third career. All enter the workforce. We buy homes, pay property tax, shop at local stores and pay property tax. Most importantly, we get jobs and pay income tax. Our children attend Nebraska universities. My daughter is in the Raikes school at UNL, and God willing, she stays here and works in Nebraska. We volunteer and engage in civic discourse. The compounding economic and social effects of LB387 significantly outpaces the 100 percent exemption and missed tax revenue. All of this economic growth is lost if a service member retires in Texas. Nebraska-- Nebraska is in a competition for talent. Our unemployment rate is the lowest in the nation and we need skilled workers to fill our open positions. ALLO and our parent company, Nelnet, have had hundreds, yes, hundreds of open positions in Nebraska which have gone unfilled. We are looking for skilled workers. Service members have the qualities we are looking for, teamwork, leadership, communication, discipline, integrity, planning and problem solving, to name a few. The Lincoln Chamber, Nelnet, ALLO and I see this bill as a workforce development tool, a competition tool. The COVID-19 pandemic has forever changed remote working. It is now possible to work anywhere in the United States and live in Nebraska. Now is the time to enact this legislation. I know I'm close to out of time, so, pending your questions, this will conclude my testimony.

LINEHAN: Thank you very much, sir. Thank you for your service. Are there questions from the committee? Yes, Senator Albrecht.

ALBRECHT: Thank you, Chairman Linehan, but you can certainly finish. I'd be happy to hear the rest.

GERALD TODD HEYNE: OK, I have one final paragraph. In summary, I know that passing LB387 will help Nebraska attract the military talent we need to grow as a state. I urge the Revenue Committee and the full Unicameral to pass this bill. I applaud Governor Ricketts and bill sponsor, Senator Brewer, and the many sponsors-- and the many supporters for having the vision to make Nebraska the best state for veterans. I will leave the senators with this final question. Do we

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treat our human capital with the same care and value as our financial
capital? Now is the time to pass this legislation for Nebraska's human
capital needs. Thank you for your time, and go Navy, beat Army.
[LAUGHTER]

LINEHAN: Thank you, Captain Heyne.

GERALD TODD HEYNE: Thanks for allowing me to get that last plug in.

LINEHAN: Do we have any other questions from the committee? Seeing
none, thank you very much for being here.

GERALD TODD HEYNE: Thank you, Madam Chair.

LINEHAN: Good afternoon, sir.

BRYAN SLONE: Chairman Linehan, and members of the committee, thank
you, and good afternoon. My name is Bryan Slone, B-r-y-a-n S-l-o-n-e,
and I'm the President of the Nebraska Chamber of Commerce and
Industry. I'm here today to testify on behalf of the Nebraska Chamber
and our members in support of LB387 which exempts 100 percent of
military retirement. Almost 10 years ago, I was fortunate enough to
attend my son's graduation from Navy basic training for enlisted
personnel. I'm very proud of his service, but-- and also proud of his
return to civilian life and a very good private company job in Omaha.
But what I remember from that day at the graduation ceremony was how
impressive all those men and women are in our volunteer Armed Services
these days. Our Armed Services have never been in better hands. Simply
put, our voluntary military of today represents the nation's finest.
This group of well-trained, skilled leaders proudly serve their
country and solve problems and challenges each and every day that make
our daily business or legislative issues pale in comparison. My son
deals with complex business issues each day in a civilian job, but I
guarantee you it was nothing compared to the gravity and stress of
fixing a helicopter for a search and rescue squad. These military
veterans not only deserve our gratitude and support, but they also
need to know that we don't-- do not underestimate their experience and
skills in what they bring to the table for our communities when they
return to private life. For Nebraska the need for this bill goes
beyond simply communicating our support for the military. Nebraska has
an acute shortage of skilled labor, and it is our greatest economic
challenge of this decade. Everywhere I go throughout the state,

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workforce remains the number one issue. Without workforce growth refueling and fueling our post-pandemic economy, we risk lagging behind other states. And in a highly mobile world where people are even more free to have a choice of where they live, this becomes even more important. There's no greater and more important group of skilled personnel and future community leaders that we need to attract and retain to this state than our military personnel when they return to private life. In a nutshell, it's in the interest of every Nebraskan that our state be known as the most military friendly state in the country. This-- the kind of state that attracts not only military assets in the form of base commands, but also is the home of choice for these talented and skilled personnel when they leave the military. This bill is extremely important to this effort. So for all of these reasons, I urge your support. And again, I want to convey the support of the Nebraska Chamber members and I'll answer any questions.

LINEHAN: Thank you, Mr. Slone. Do we have any questions from the committee? Senator Flood.

FLOOD: Mr. Slone, thank you for your efforts and--

BRYAN SLONE: Senator.

FLOOD: --your appearance here today. The State Chamber has been engaged in tax reform and the discussions of tax reform. Where does this rank as a priority for the State Chamber and how does it fit in to the bigger picture when we're looking at trying to create a more tax friendly environment?

BRYAN SLONE: Yeah, so I think-- if it's OK, Senator, if I-- if I merge this into your prior question to an earlier witness, because we might as well be direct about this. This is-- this is a very high priority. There is no higher priority in this state than workforce. And there's several very important priorities, but workforce is without question the key to our economic future. In terms of your earlier question, how does this fit into to state tax codes and tax policy in general? My-- my history is not a secret. I worked in the Reagan administration at the national level. I'm a flat taxer and I make no bones about it. Broad-based, low rates makes sense. State tax policy is slightly different in that, well, most of those general tax policy rules apply in a mobile society. This state competes against all other 49 states. And so this state needs to have a competitive tax code. And so when

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you look at the number of states that have this sort of exemption for us to remain competitive for this kind in this portion of the workforce, we have to have comparable provisions in our tax code. And so you'll find me less of a purist, but still probably more of a purist than most when it comes to state tax policy. But one of the things we have to look at is to make sure that we are competitive in the state for what our number one issue is, which is workforce.

FLOOD: So then, let's just take the example of somebody, an Offutt Airman or Airwoman who decides to retire and they have a choice between Iowa and Nebraska. Their military retirement in Iowa right now would be tax free and in Nebraska, subject to Nebraska state income tax.

BRYAN SLONE: Right.

FLOOD: If this bill passes, obviously, what would they pay comparatively rate wise in Nebraska versus Iowa?

BRYAN SLONE: It's a little bit-- it's a little bit difficult with Iowa because their deduction, personal deduction system is differently-- different. I think most of us in the tax world would generally say Iowa and Nebraska taxes are pretty comparable right now, but for this. And-- and so that would turn it into, Senator, which is where we exactly want to compete against Iowa, which is quality of life as well as other states. If we can turn decisions-- workforce decisions into solely quality of life, I like Nebraska's chances.

FLOOD: South Dakota to Nebraska.

BRYAN SLONE: Similarly, South Dakota will always have an advantage because it's a zero tax state and I don't-- I don't ever see us becoming a zero income tax state. But again, if we can-- if we can create those-- get those margins down to a level that we can win on a quality of life battle of-- and including in your home community, I think we can win those-- win those battles.

FLOOD: Thank you.

LINEHAN: Thank you, Senator Flood. Are there other questions from the committee? Seeing none, thank you very much for being here. Appreciate it.

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BRYAN SLONE: Thank you.

LINEHAN: Next proponent. Good afternoon, General.

DARYL BOHAC: Good afternoon, Senator Linehan, and members of the Revenue Committee, I am Major General Daryl Bohac, D-a-r-y-l B-o-h-a-c, the Adjutant General of your Nebraska National Guard, and here to offer testimony in support of LB387. In our view, in the National Guard, LB387 is yet another essential element in making Nebraska even more competitive in attracting veterans to come to our state and friendlier for those who still serve in the military. In the case of the Nebraska National Guard, LB387 will add to the mix of benefits and entitlements that allow the Nebraska National Guard to recruit and most importantly retain talent, particularly members of the active component who wish to continue their service but also benefit from the geographical stability that membership in the National Guard offers. In fact, for the Nebraska National Guard, since October of 2017, 17 percent of our accessions are direct transfers from the active component of the Air Force, while another 40 percent of our enlistments or service members who had a break in service but elected to return to service with us. In the Army National Guard, 5 percent of our sessions are direct transfers from the active component Army, while 16 percent are prior service enlistment or again, those who return to military service following a break in service. I believe our ability to attract and retain and recruit active component and prior service members will be enhanced by LB387. This is a win for Nebraska and our nation because it capitalizes on the training investment already made with taxpayer dollars while attracting experience and a talent to Nebraska National Guard. The bill will also help retain talent once recruited into the Guard. Every new recruit is enrolled in the blended retirement system, which provides for a combined retirement income based on two parts, a defined benefit or monthly retired pay for life after at least 20 years of service, and a defined contribution plan using the government-- using government automatic and matching contributions of up to 5 percent of basic pay. A service member is fully vested in the defined contribution plan after two years of service, and those funds are held in the Thrift Savings Plan, a retirement savings investment plan for federal employees and members of the uniformed services. If a vested member separates before reaching retirement eligibility, they retain the funds in their TSP account. But they would lose any tax exclusion benefit if they move those funds to another retirement account or

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convert the funds into another qualifying investment. In addition, service members may also be eligible for a one-time mid-career bonus payment between their 8th and 12th year of service in exchange for an agreement to serve an additional three years at a minimum. Therefore, making a choice to remain in the military until they reach at least 20 years of service would preserve the benefit of a 100 percent military retirement income tax exclusion under the provisions of LB387. This would effectively incentivize retention of seasoned and tested Soldiers and Airmen for service to our state and to our nation. And it is for these reasons I strongly urge this committee to advance LB387 to the General five-- File for consideration. Thank you, and I'd be glad to answer any questions.

LINEHAN: Thank you, General. Do we have questions from the committee? I guess not, but like I want to thank you for all that your troops do, whether it was from the flooding, the COVID, D.C., we appreciate it very much. Thank you.

DARYL BOHAC: Yes, ma'am. Thank you for that. Thank you for the support.

LINEHAN: You're welcome. Next proponent.

JOHN HILGERT: Good afternoon.

LINEHAN: Good afternoon. Thank you for being here.

JOHN HILGERT: Madam Chairman Linehan, and members of Revenue Committee, I am John Hilgert, J-o-h-n H-i-l-g-e-r-t. I'm the Director of the Nebraska Department of Veterans' Affairs and I am here in support of LB387. Some of my testimony is somewhat redundant because we've heard about the economic impact that the military retired provide our state and the potential that they provide our state. So I'd like to-- and we also talked about Omaha and Lincoln, but I'd like to mention Lewellen, Nebraska. One of the blessings that I have as Director of Veterans' Affairs and driving out and seeing the state, going to Scottsbluff, I take different routes. And over the years, you see changes in our communities and in Lewellen, Nebraska, I think there's only like 225 folks that live there. On the west side of Main Street, there was a restaurant/art place called The Most Unlikely Place. And I stopped there for lunch and I was talking to the proprietor. Her husband was a Naval officer who retired and came to

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Nebraska. They bought the building, they established this business. They bought the building next to it and the one over there, and it was stunning the impact of this highly-motivated and talented family returning to Nebraska to share with their talent, making their home state better. So, yes, this is very important to the Bellevue and Omaha metro area with Offutt Air Force Base. That's of record, but I would submit that there's other opportunities across the state that our military retired can bring to our communities. Another opportunity I have as Director of the Nebraska Department of Veterans' Affairs is talking to some of our teammates that work in our veterans homes. And it's interesting when we have to compete very robustly with other health care providers right now for staff. And you talk to a CNA, why are you here? My dad served. My dad served. So it's more than just the dollars per hour, it's-- it's a mission to this teammate, this individual. And these are the people that our military retired bring to our state as they continue, as was referenced, their second careers. They bring their families and their families work in our state and they work in our veterans homes. So beyond the obvious economic advantages, that is of record, and to compete with the other 30 states that have already determined that this is the way to go, I ask you and reiterate my-- my thoughts from LB153. With the passage of LB387, when you leave Nebraska for service, come back to Nebraska, come home. When you're stationed in Nebraska, stay in Nebraska and when choosing where to live, choose Nebraska. Some more elements for your consideration, and I would hope that you would support the passage, the advancement and ultimate passage of LB387.

LINEHAN: Thank you, Director Hilgert. Are there questions from the committee? Seeing none, thank you very much.

JOHN HILGERT: Thank you.

LINEHAN: Next proponent.

RICHARD EVANS: Chairwoman Linehan, and members of the Revenue Committee, good afternoon. My name is Richard Evans, R-i-c-h-a-r-d E-v-a-n-s. I served in the Nebraska Air National Guard in the United States Air Force for over 35 years, retiring in 2019 at the rank of Major General. I currently serve as the interim executive director for the University of Nebraska's National Strategic Research Institute in Omaha, and I might also note I was a member of the BRAC Task Force in 2008 that Senator Brewer mentioned earlier. However, I'm representing

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myself today as a taxpayer and lifelong resident of Nebraska. It's not the first time I've been in front of the Revenue Committee to talk about this military taxation issue. I actually testified twice. In 2005 and 2006, had previous bills on the same topic. In Nebraska we're blessed to have over 130,000 veterans living here. I count myself as a proud member of that group. We have veterans living in every county and every legislative district in the state. It's important to note, however, that not all veterans are receiving military retirement pay, which is the focus of LB387. According to the Veterans Administration, only 11 percent of veterans are also military retirees. The military retirement benefit is typically reserved for veterans who served in the military for at least 20 years and includes members who have served on active duty and also our National Guard and Reserve members. For the record, I do receive a military retirement compensation. With that in context, let me talk about the legislation that you're considering today. I believe LB387 is about two things. First, it's about keeping our veterans and specifically military retirees here in Nebraska and attracting more to join them. Secondly, it's about showing respect for the lengthy and distinguished service to our state and nation our veterans and retirees have given. We know our veterans offer unique skills, education and earning potential to our workforce. They also bring with them a commitment to serving others, which is evident in the community across our great state. Veterans are upstanding citizens who bring stability and strong work ethic-- ethic to our workforce, qualities that every employer desires. That's why the competition to attract military retirees is fierce. This is evidenced by the fact that only seven states still tax 100 percent of military retire pay. In my opinion, LB387 is about completing the journey to guarantee Nebraska competes on equal terms for the skilled talent that we need to fuel our growing economy and high tech industries. I employ military retirees and current members of the Guard and Reserve in my organization. Passing LB387 will remove a negative factor that can work against us as we compete for talent, especially with our neighboring states. Iowa, Kansas, Minnesota, Missouri, South Dakota and Wyoming do not tax military retired pay. A couple of those have no income tax at all. Passing LB387 removes taxation and military retired pay as a competitive advantage these states have in attracting retired military personnel and their families to live and work there. Colorado is a major competitor for people with military experience. There's over \$10 billion of defense work that goes to Colorado every year, and they're home to the

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nation's largest defense contractor, Lockheed Martin. Colorado taxes a portion of military retired pay based on the age of the retiree. This year, a 55-year-old retiree can exclude only 10,000 of benefits from their state taxes. That puts us a step ahead of Colorado, who's a major competitor for the U.S. Space Command Mission that the Governor mentioned to you earlier. I'm mindful of the-- that we are in the Revenue Committee today, and you must assess the impact on revenue within the state. There's no doubt passing LB387 will result in a small decrease of revenue in the state on paper. I urge you, however, to keep that in context. As we know, there will be multiple economic benefits that are not as easy to put in monetary terms. Military retirees generate revenue for the state by paying income tax, sales tax and property tax, and their family members generate revenue for the state through their employment and their purchases. Many military retirees receive additional nontaxable benefits from the Veterans Administration, money that gets spent in their local economies. They and their family members attend our colleges and universities. For these reasons, it's just plain smart business to attract military retirees to our state and as many as we can. As an employer of veterans, I can also tell you that veterans holding security clearances are extraordinarily valuable. I absolutely need them at NSRI and we do classified work with and for the U.S. government and customers and there are other contractors near that do the same. It can take upwards of one year and thousands of dollars to get a security clearance. So we need a robust pool of these people to work for us. We're headquartered in Omaha. You've already heard examples of opportunities for people to take jobs and move over to Iowa. That's a real factor for me because people that come from Offutt make that decision. In summary, LB387 culminates a lot of great work done over the past 15 years and Governor Ricketts and those that have supported this legislation should be applauded for making this a priority. I believe it's an investment in Nebraska and our future. It's about strengthening our workforce, growing our communities and recognizing the service and sacrifice of our military retirees and their families, and I urge you to pass LB387. I'm happy to take any questions you may have.

LINEHAN: Thank you, Major General. Are there questions from the committee? Senator Flood.

FLOOD: Thank you for your testimony. How many veterans did you say we had in Nebraska total?

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RICHARD EVANS: Senator, we have over 130,000 veterans living in
Nebraska.

FLOOD: How many would you say, and this is maybe not a fair question--
what percentage of those are receiving the military retirement
benefits that would be exempt under this bill?

RICHARD EVANS: Since I looked at the official Department of Defense
data the other day, it's-- it's 11 percent and some change. So I don't
remember the exact number. I want to say it's 14,000 and some change.

FLOOD: Thank you. If you-- if-- you also said in your testimony that
this would complete the journey.

RICHARD EVANS: Yes, sir.

FLOOD: What are the chances that we would be sitting here in three
years and the other 89 percent of the veterans come back and say, we
really want to respect veterans in this state, we have to exempt their
income too.

RICHARD EVANS: Well, you'd have to look at what income you're talking
about, because this only applies to the military retirement pay, that,
for example, myself, that's only one part of what the income that I
receive is taxable. All the rest of my income is taxable. Now with the
other veterans, they're not drawing the military retirement. That does
not mean that they're not drawing benefits from the Department of
Veterans Affairs. That is already tax free by law. That's not subject
to federal income tax, therefore tax free for us. So unless you're
talking about something broader where you're going to just say if
you're a veteran you can exclude all of your income from taxes, that
would not be a factor for what we're talking about here today, if that
answers your question.

FLOOD: That is a very good answer. So there wouldn't be another source
of income that would be comparable for the other 89 percent.

RICHARD EVANS: Not that I know of, Senator.

FLOOD: And you know that this goes to essentially \$14 million annually
in '24-25, probably would be over \$20 million by 2030. So it's a
sizable amount of money.

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RICHARD EVANS: Absolutely.

FLOOD: Thank you very much, and good answers.

RICHARD EVANS: Thanks, Senator.

LINEHAN: Thank you, Senator Flood. Other questions? I have-- just if you could do this. So we don't do dynamic scoring in the Fiscal Office or anywhere that I can think, but part of here, what we have, we have fiscal note what it costs us, right? If we don't tax the other 50 percent, but what we don't have on the fiscal note is when people making \$200,000 a year, if they have a security clearance and they decide not to go here, but go to Colorado where they get taxed less on their property and everything else, what's that costing? Because if-- if these people leave, we don't get that high end tax either. Have you seen these studies that show the tax revenue we're giving up because we're not keeping these veterans?

RICHARD EVANS: You know, quantifying the lost opportunity value of that is very difficult. And from my testimony in 2005 and 2006, I remember that that was the primary discussion amongst the-- the senators was, OK, we know there is a cost. It's quantified in the fiscal note. It's fairly easy to quantify. How do you quantify the benefits and the revenue you would gain from keeping even one of those who would otherwise move across the-- the state line to take advantage of that opportunity, so I don't know of any studies specifically that quantify that dollar value. I would maybe answer a question Senator Flood asked earlier. I'll just give you an example that's real time for me. I'm in the process of interviewing a gentleman who's retiring from the United States Navy out of Offutt Air Force Base, U.S. Strategic Command, to fill one of my vacant positions. I require a top secret clearance with special compartmented information access, which is not a clearance that everybody has. He has-- fills a very specific requirement I have for this job. He's also a Iowa resident for taxes because you can stay as a member of a resident of your state when you move around on active duty and so he has done that, so he is from Iowa. He currently lives in Papillion, but he's retiring this year and so he's in the process right now making a decision when he retires should we offer him a job, he would be based in Omaha and work out of our facility in Omaha. However, because he has family in Iowa and he's a resident of Iowa today, he is considering where he wants to live, whether they want to move because he has a daughter that's out of

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state for college and another one that will be probably in a couple of years so he's mobile. So as I've talked to him a little bit, he said that the tax is a factor for him and he thought it would be several thousand dollars out of his pocket just by living in Glenwood right across the river. And so, as you all know, especially for those working at Offutt, Highway 34 when the bridge was put in there, I can give you numerous personal examples that people have told me that was their primary consideration as they decided to move across the river and take advantage of that very easy commute to Offutt Air Force Base. So, you know, answer your question specifically, I don't know of any studies that quantify the exact dollars in there. However, what I can tell you is anecdotally, it's pretty obvious that this is a consideration for people as they retire from active duty Air Force, and that if there is a financial impact that they can garner from making the choice to live across state lines. LB387 would remove that incentive and help us compete on equal terms as the Governor said for all that top talent we're trying to attract.

LINEHAN: Thank you very much. Maybe the Department of Revenue can help us get some answers, but any other questions from the committee? Thank you very much for being here.

RICHARD EVANS: Thanks, Senator.

LINEHAN: Other proponents. Hello. I can't remember your rank. Captain?

RYAN McINTOSH: Major, now, ma'am.

LINEHAN: Major. You changed. Major McIntosh, how are you?

RYAN McINTOSH: I'm good.

LINEHAN: Thank you. Go ahead.

RYAN McINTOSH: Good afternoon, Chairperson Linehan, members of the Revenue Committee. My name is Ryan McIntosh, R-y-a-n M-c-I-n-t-o-s-h. I'm testifying today as a registered lobbyist for the National Federation of Independent Business and Nebraska-- and the National Guard Association of Nebraska. The National Guard Association of Nebraska represents the commission and warrant officers of the Nebraska Army and Air National Guard and a number of retirees as well. I thank Senator Brewer for carrying this bill and finishing what was started with LB153 from last biennium. This provides a very

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straightforward, reasonable approach, creating more tax friendly states for veterans. I won't reiterate what's already been said to this committee, but we do believe that retaining and recruiting veterans for our state is an extremely important issue. There's simply no denying that we have outstanding citizens leaving our state every day and each day that this goes by, we're losing more. Accordingly, we urge the Revenue Committee to adopt this bill and pass it on to General File. Thank you for your support.

LINEHAN: Thank you, Major McIntosh. Are there any questions from the committee? Senator Flood.

FLOOD: Nice to see you, Major. Weren't you a former member of this body or didn't you work in the Legislature?

RYAN McINTOSH: I was a page and spent-- for two years and spent one year in the media room.

FLOOD: A page to a Major. Wow. Done well. And I noted that you offered testimony on LB6 from this morning regarding to disabled veterans. That has a fiscal note of about 3.3 million annually going forward starting in 2022. And then you're here this afternoon on LB10, which obviously has a-- has a fiscal note that rises to 14 or 15 million per year. If you had to prioritize those two on behalf of your organization, LB10, LB6, obviously, we can't do everything, where would this bill rank in comparison to the bill you testified on this morning?

RYAN McINTOSH: Yes, so with regard to LB6, one of the things that Chairman Linehan noted was as written, there's not really a scaled approach so looking at 100 percent service connected disabilities as opposed to a five or 10 percent, I think would significantly change that fiscal note. In my position here on behalf of National Federation of Independent Business, there's not a position on LB6, so obviously LB387 would be a much higher priority.

FLOOD: This year.

RYAN McINTOSH: Yes.

FLOOD: OK, that's good to know. Thank you. Nice to see you.

RYAN McINTOSH: Good to see you too, Senator.

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LINEHAN: Thank you, Senator Flood. Are there other questions from the committee? Major, did you serve in the active duty and then go to the Guard or did you just--

RYAN McINTOSH: Nope, I enlisted in the National Guard, Army National Guard in college and have remained in there for coming up on 13 years.

LINEHAN: OK. All right. Thank you for being here today.

RYAN McINTOSH: Thank you.

LINEHAN: Other proponents. Good afternoon.

RICHARD ONKEN: Good afternoon, Chairman Linehan, honorable Senators, I am Richard Onken, R-i-c-h-a-r-d O-n-k-e-n. Thank you for the opportunity to speak to you on the critical issue of LB387, how its adoption will positively impact the small business I own. First a little bit about myself. I'm a retired Lieutenant Colonel, practicing architect and owner of Calvin L. Hinz Architects PC. Our firm is a service disabled veteran-owned small business providing architectural and engineering services for private and federal clients. Yes, in the middle of a pandemic and a recession, I bought a small business back in July of 2020. Including myself, the firm employs 21 full- or part-time staff. Three of us are veterans. I'm personally going to be beneficially impacted by adopting LB387. I suppose you can if you oppose this bill simply write off my words as simply acting in my own self-interest, but I sincerely tell you that from my own personal benefit, it simply does not matter. I will be able to put food on the table and support my family regardless of the outcome of this bill. I'm blessed in that regard. Why-- why I'm here before you is-- has more to do with the long-term well-being of my small business. I see LB387 to be critical to attract and retain veterans in our workforce. Veterans really do look at the monetary benefits of where they choose to live as I did. I was given a full list of the policies of each state and went through an Excel spreadsheet calculation of where it was better to retire. When I retired in 2009, there were reasons to retire from the military in Nebraska, but financial was clearly not one of them. Veterans bring certain strong benefits to our company, highly qualified and proficient staff ready to adapt their skills as they did in military life. Staff who are focused on optimal service to the Department of Veterans Affairs, our primary federal client. In other words, veterans serving veterans. Compliance with federal laws

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and expectations. The federal government has those. I want to be very clear that our firm does not seek to exclusively hire veterans. In fact, we are engaged with hiring interns from local universities and our recent hires have all been nonveterans. Veterans are highly qualified and proficient staff, many times adapting and overcoming roadblocks in their military career, finding ways to still compete their-- complete their mission despite challenges. Leadership can be found in nonveterans, absolutely. But often veterans have very strong leadership qualities that translate to the private sector. The military is shrinking in terms of the percentage of the population that is served, resulting in fewer Americans that have a connection in to the military. Thus, hiring veterans for our firm, which does a great deal of work for the VA, is important to maintain our focus on what is important to the veteran community. The federal government is not shy of levying requirements on businesses. And while this-- while as a small business, we have a lower bar to demonstrate compliance often, I still intend to comply with the law to the greatest extent possible, even when it's an expectation as opposed to a requirement. The Vietnam veteran-- Vietnam era Veterans Readjustment Assistance Act of 1974 applies federal contracts over 100,000 as designated by the Department of Labor. The Department of Labor exempts small businesses from portions of the law, but we still have to file a vets 4212 form annually that lists how many veterans we employ. Regardless of your political bias, the recent spate of executive orders emanating from the White House should show that the federal government is not shying away from mandates on federal contractors. What I hear all the time is the economic impact of the loss of revenue, but what about the loss of revenue if a new law mandates additional veteran employment and veterans are not easily found. In 2020, our firms in new business contracted pulled \$6 of every \$7 of revenue from outside the state of Nebraska. These dollars are a huge game for our state, which I am certainly proud of and intend to maintain. We send some of that revenue right back out to the subcontractors, but it also stays right here with partner firms in Omaha-- in Nebraska. Sorry, I'm overtime, so I'll stop.

LINEHAN: No, that's-- would you please continue.

RICHARD ONKEN: Oh, just in conclusion, our firm contributes solidly to the state's economy and I am personally committed to hiring veterans and maintaining compliance with federal laws existing or those that may come anew in order to continue to bring revenue to our state. So

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help me help you by ensuring that a state veteran workforce is available in our state by enacting LB387. Thank you sincerely, and I'm here for questions if you'd like.

LINEHAN: Thank you very much. Do we have questions from the committee? So thank you very much for being here. Next proponent. While they're wiping down the desk, someone just texted me and I didn't know this or I would have mentioned it. Is Major McIntosh still here? Thank you for being in D.C. and helping-- taking care of your troops. Making sure they weren't in the garage, as I understand. Actually, when I get a text, I knew they weren't because you would take care of them. Good afternoon.

JAMES LUTZ: Good afternoon, Chairman Linehan, honorable Senators of the committee. I'm James Lutz, J-a-m-e-s L-u-t-z, Chief Petty Officer, United States Navy, Retired. I'm the legislative chairman of the Veterans of Foreign Wars of the United States of America, Department of Nebraska. VFW Nebraska commander has asked me to send his regrets that he's unable to attend today. I speak on behalf of the VFW and of my own personal testimony. The VFW of Nebraska is in favor of LB387. We believe it is in a combined interest of the state of Nebraska and our retired veterans to pass the bill. The VFW believes that the long-term economic impact to the state will be positive in nature when we get more military retirees and their families to return to Nebraska. Our military veterans are the most qualified, well-trained that our country does produce. Retirees have already served 20 or 30 years. They're dedicated, skilled leaders. Retirees come in many flavors, but they're all professionals. They may be teachers, truck drivers, accountants, lawyers, civil engineers, just about any occupation that you might think of, including a senator such as Senator Brewer. I'd like to share with you a couple of examples where Nebraska has lost out. Lannie Cusimano and his wife, Becky, both originally from Arcadia, now live in Iowa. They moved there after Lannie completed 20 years as a nuclear power electronics technician in the Navy. They raised two kids. They all four work in Iowa. Estimating \$2,500 a month, 12 months a year, 19 years out, Lannie's retirement income to Iowa is about \$590,000. We lost that in Nebraska. They also had their education benefits to the kids that were paid by the VA, federal dollars paid to the University of Iowa. My second example is Air Force Chief Master Sergeant retired, John Stewart. He testified on LB153, a year ago. John is a 30-year retired veteran of the highest enlisted rank possible. He's a truly gifted leader. I estimate his

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retirement and disability compensation, they're around seven to eight thousand dollars a month. He's been tremendously involved in Kearney as a community activities that he's involved in. He works at the central Nebraska Veterans Home and in funding and building at the central Nebraska Veterans Memorial. He didn't bring any more employment for himself, but he brought that money to the state. And all of that is lost because now John has moved to Florida where he will not be taxed. Those are just some examples of the enlisted opportunities that we've lost. We've heard many of the officers opportunities today and these are all federal government dollars that would be spent in Nebraska. We need to get the money into the state and it will be taxed as we spend it. You know, taxation drives them away. I myself, after 21 years working on Navy electronics, electromechanical, electro hydraulic, I now work at Buckle. I manage the point of sale equipment repair shop. My Navy technical training made me uniquely qualified for this role and I work on equipment that you do not find on your normal Walmart shelf. The reason I moved back to Nebraska is simple. It's where my family is. I happen to be unmarried. If I had started my own family, I don't envision myself having moved back to Nebraska. Senators, if we want to reap this economic benefit of all of these well-educated, hardworking veterans, we must do something to compete with the neighboring states. Stop thinking of military retirement as something that can be taxed upon entry to the state, but something that will be spent in tax after it comes here. Passing LB387 is a step towards getting the best qualified, most mature, working-age veterans in our state. The Veterans of Foreign Wars and myself are in support of LB387. I thank you very much.

LINEHAN: Thank you very much, sir, for being here. Thank you for your service. Do we have any questions from the committee? Seeing none, thank you.

JAMES LUTZ: Thank you, Madam Chairman.

LINEHAN: You're welcome. Are there any other proponents? Seeing none, are there any opponents? Seeing none, are there anyone-- is there anyone wanting to testify in a neutral position? Did we have any record-- any testimony submitted this morning? You all came in person, very good. With that, we did have letters for the record, we had 10 proponents, one opponent, and one neutral. So, Senator Brewer, would you like to close up our Friday afternoon?

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BREWER: I would love to. But first, thanks to all of them that took the time to come in today. They told the story much better than I did about why this bill would impact so many lives. There are those of us that were born and raised in Nebraska that we're probably going to come back and we're going to be here no matter what job you have and how little pay you make at it. [LAUGHTER] But, we have many who I think would stay in Nebraska if we had that incentive for them to be able to come. And in some cases, it's critical because that-- that income decides on what college their kids go to or what quality of life they're going to have. We have an opportunity here with a bill that has a path ahead. So many bills don't. It's a good bill that's needed. The Governor has been gracious to provide a way for us to-- to start the process of paying for this. The bill has a priority. And I think if we saw what happened last year with LB153 on the floor, with absolutely no one voting against it, it has an opportunity to go to the floor and I think have success. We can further, I guess, argue the bill on the floor to its merits, but I think that this bill is a needed bill. It's a timely bill. And those things that need to line up to make it possible are there. So I would just ask for your support. Thank you for your-- your understanding and time.

LINEHAN: Thank you, Senator Brewer. Do we have any questions? Senator Friesen.

FRIESEN: Thank you, Chairwoman Linehan. Senator-- Senator Brewer, I mean, I'm not familiar, I guess, with the retirement portion. So is there an average retirement that somebody at 20 years retires at or is it just all across the board?

BREWER: Somewhat across the board. Keep in mind, the longer you stay, the more that you receive. So I would say I receive more staying for 36 than someone that stays for 20. Also, it's a-- it's a factor of the rank that you retire at and how long you held that rank. So it's, you know, it's a pretty-- my wife has retired. She was a warrant officer, which for those that don't understand the system, a warrant officer is just simply someone who has a rank that doesn't listen to people that are enlisted or people that are officers. [LAUGHTER] The--

FLOOD: Or you.

BREWER: Or me, yes, true. Her retirement is-- is literally half of mine. So, you know, it does vary a lot and there are advantages to,

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you know, the more rank you hold when you retire. But it is-- if you retire at 20 years and say you're-- in the case of Senator Bostelman, he was a Tech Sergeant. So that is going to be a fairly limited retirement with just 20 years and just the minimum to be able to retire. Whereas, you know, if you go farther up, you know, it's going to proportionally jump. But did you want exact numbers?

FRIESEN: No, I wanted to arrange kind of I guess, just so I can get my mind wrapped around what we're talking about in-- in retirement pay and what the military does provide.

BREWER: Well, it's probably going to be somewhere between that 2,000 if you're on the lower end to 9,000 on the high end and you're going to hit somewhere in-- in-between depending on what we have. Now, you know, the question came up about disabilities and-- and some of the issues there. We're fortunate in that most of the issues with those that are disabled, especially severely disabled, that the VA has federal programs take care of many of those needs. And we're also blessed to have great veterans homes. And, you know, a lot of states can't say that. And even though, you know, sometimes it's a challenge to figure out, you know, who best to have in those, because it is a bit of, you know, competition because you're going to have more veterans that are going to be eligible to go to the homes than you're going to have beds. But again, in Nebraska is very fortunate in that, you know, our veterans are well taken care of. The hole that we have in this system is trying to bring our veterans in that aren't necessarily Nebraskans. As I said, if-- if-- if your families here and your core is here and you grew up here, you're probably going to come back regardless of whether or not it hurts financially. But if you got options to go elsewhere, and especially if you have that easy option to just crossing the river, those are the ones we'd love to catch and keep, because I think that between the families and all the incomes that they have in a second job and the benefits to schools and everything else, that money comes back into Nebraska in other ways.

FRIESEN: OK, thank you. I'm sure your wife was probably listening, so.

BREWER: I'll get abused either way.

FRIESEN: Thanks, Senator Brewer.

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LINEHAN: Thank you, Senator Friesen. Are there other questions from
the committee? Senator Pahls.

PAHLS: First of all, thank you for being with us today and the
discussion I have heard, the power of keeping people here because of
taxes, you also created juices in me, that we need to take other looks
at our other taxes. You know, to keep people here. But I do think this
is a force of people that we need to keep or are encouraged to come to
Nebraska, because, like you say, they are well-trained. Thank you.

LINEHAN: Thank you, Senator Pahls. Other questions? OK. Happy Friday.

BREWER: All right. Thank you.

LINEHAN: Thank you. OK. We close the hearing on LB387. Thank you very
much for being here. Thank you all for your service.