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**LINEHAN:** [RECORDER MALFUNCTION] to the Revenue Committee public hearing. My name is Lou Ann Linehan, I'm from Elkhorn and represent Legislative District 39, and serve as Chair of this committee. For the safety of our committee members, staff, pages, and the public, we ask 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's necessary for you to attend the bill hearing in progress. The bills will be taken up in 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 to the hearing room. We request that you wear a face covering while in the hearing room. Testifiers may remove their face covering during testimony to assist committee members and transcribers in clearly hearing and understanding their testimony. Pages will sanitize the front table and chair between testifiers. Public hearings for which attendance reaches a seating capacity or near capacity, the entrance doors will be monitored by the sergeant at arms who will allow people to enter the hearing room based on public 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 available-- availability, due to HVAC project, of an overflow hearing room for hearings which attract several types of testifiers and observers. For hearings with large attendance, we request that only testifiers hear [SIC] the room. We ask you to please limit or eliminate handouts. The committee will take up bills in the order posted. Our hearing today is for your public-- 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 your cell phones. The order of testimony will be: the introducer, proponents, opponents, neutral and closing remarks. If you will be testifying, please complete the green form and hand it to a page when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the page to distribute. We need 12 copies for all committee members and staff. If you need additional copies, please ask the page to make copies for you-- and as soon as you can. And I will

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introduce the pages in a second. When you begin to testify, please state and spell your first and last name for the record. Please be concise. It's my request that you limit your testimony to five minutes. And we will use the light system, so you'll have four minutes on green and you should wrap up during the yellow. If there are a lot of people wishing to testify, we-- well, we're not going to do that this morning. If your remarks were reflected in the 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 the room by the entrance. It will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. I will now introduce my committee staff. To my immediate right is committee counsel Mary Jane Egr Edson. To my immediate left is research analyst Kay Bergquist. At the left, at the end of the table, is committee clerk Grant Latimer. And now I would like the committee to introduce-- introduce themselves, starting at my far right.

**PAHLS:** Thank you, Chair. Rich Pahls, representing southwest Omaha.

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

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

**LINDSTROM:** Brett Lindstrom, District 18: northwest Omaha.

**BRIESE:** Tom Briese, District 41.

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

**LINEHAN:** And if our pages could please stand. This morning our pages are Thomas and Turner. Both attend UNL and are studying political science. Please remember that 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 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 for recording purposes only. Lastly, we are an electronics-equipped committee. Information is provided electronically as well as in paper form. Therefore, you may

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see committee members re-- referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us, and it's critical to our state government. Good morning, Senator Morfeld. We will open the legislative hearing on LB272.

**MORFELD:** Good morning, Chairwoman Linehan, members of the Revenue Committee. My name is Adam Morfield; that's A-d-a-m M-o-r-f-- as in Frank-- e-l-d, representing the fight-- fighting 46th Legislative District, here today to introduce LB272, and happy it's Friday. My district, which comprises of downtown and northeast Lincoln, faces chronic underemployment. and with closing and downsizing several major manufacturing centers over the last 10 to 15 years. My district's median household income is currently the second lowest in the state. As I went door to door, the need for living-wage jobs and incentives, to attract industries that create these jobs to Nebraska, became clear. LB272 would provide, for the first time in Nebraska, nonrefundable income tax credit to an employer for wages paid to apprentices as a part of a qualified apprenticeship training program. The credit is equal to one dollar for each hour worked by an apprentice during the year, with the tax credit being capped with the lesser of \$2,000 or 50 percent of the wages paid to the apprentice. In light of the current fiscal challenges that many people are facing, and even the state to a certain extent, LB272 also has been capped at \$2.5 million on the amount of the tax credit that can be distributed each year. This is a program based on the Apprenticeship South Carolina [SIC], which in 2007, had only 90 companies with apprenticeship programs and 777 apprentices. Today there are 1,107 programs and companies in South Carolina with 34,688 active apprenticeships. These apprenticeships are skilled in construction, nursing, and IT fields, all high-wage and in-demand jobs. Although LB272 is draft-- as drafted-- is limited to construction trades, I'm also open to expand this program to include other critical areas such as IT and healthcare, as well. Many manufacturing companies, IT, and skilled trades require extensive training in a world dominated by technology. Nebraska can become a hot spot to attract these industries and jobs to the state. As the Governor has often noted in the past, a skilled workforce is imperative for Nebraska to be competitive and a critical need for our government-- our state at this present time. Offering incentives for businesses who provide high paying apprenticeships is a great way to ensure that Nebraska is work ready.

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Apprenticeship training programs ensure a properly trained workforce, which leads to better work outcomes, higher wages, and a more portable career. I've-- I've got an amendment that we're considering, and it deals with the word "trustees;" and I'm happy to pass that out. That being said, I still need to bring the different parties together to talk about this. We had a discussion two years ago about it. This is-- for some of you that have been on the committee for a while, this isn't our first rodeo here. So I'll pass that out but, again, still need to bring all the parties together and-- and discuss that a little bit and what the implications would be. So you can check that out. Making Nebraska work-- making Nebraska workers more competitive and creating a climate to attract high paying jobs is the purpose of this legislation. I urge your favorable consideration of this bill. I'd be happy to answer any questions. Thank you.

**LINEHAN:** Thank you, Senator Morfeld. Are there questions from the committee? Seeing none, will you be here to close?

**MORFELD:** Yes, I'll stay for closing. Thank you.

**LINEHAN:** Thank you very much. So proponents-- do we have anyone wishing to testify in proponent? I know, I'm sorry.

**ROY LAMB:** No, no. I'm more than happy to wait.

**LINEHAN:** OK.

**ROY LAMB:** Absolutely.

**LINEHAN:** Good morning.

**ROY LAMB:** Morning. So my name is Roy Lamb, R-o-y L-a-m-b. I am the training coordinator for the Lincoln Electrical JATC, so we-- here I'm just kind of going to give you a-- a background on what qualified or what we call registered apprenticeship. So our program, along with several others across the-- the state, registered with the U.S. Department of Labor. There are strict guidelines upon which-- how we have to run our program, the-- the material that's covered, how an individual is selected into our apprenticeship programs; and we're held to that standard. So the programs that-- that are registered-- again, high quality programs as-- as Mr.-- as Senator Moorfield talked about, in-demand, high-skilled, high wages. And what we do, again, is to make sure that-- that we produce the best quality-- and I deal with

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electricians, so that's what I can tell you about-- out there. And again, because of the way that the program is structured-- and we have to follow those guidelines-- again, will produce that-- that high quality, that-- that individual that will stand out. And again, it's going to be in high demand. Registered apprenticeship is near and dear to my heart. I've been doing it for-- been the training coordinator-- or director of training-- for 21 years now. And again, I've seen a lot of changes. But-- but one thing that hasn't changed is-- is the integrity of the program that the DOL brings to that. And again, we-- we strive to work hard to provide the-- the training, and we continually update that. We're-- we're always looking at what we can do better to make-- to make sure, again, that we're providing that-- that quality of training that, again, the U.S. DOL requires us to-- to provide. So it kind of gives you some background. Our program-- with ours, 8,000 hours of on-the-job training, 900 hours of classroom instruction is the minimum that's required. And a lot of these kids that are within five-year program are really, actually closer to 10,000 hours of OJT work. We're probably about 900-- 950 hours roughly, maybe just under that, in classroom instruction. So putting those two-- combining those two aspects-- on-the-job training and classroom instruction-- really provides an excellent learning environment for these-- for these young kids-- young kids. Not all of them are young, but-- so that's all I've got. Any questions? I guess--

**LINEHAN:** Thank you very much for being here. Are there questions from the committee?

**ROY LAMB:** No?

**LINEHAN:** Do you-- I have some.

**ROY LAMB:** Good.

**LINEHAN:** Do you-- I'm sorry. So you work for a company?

**ROY LAMB:** I work for a training trust. It's a combined-- combined effort of both the IBEW Local 265 and then the Nebraska Chapter of NECA-- Lincoln Division. So labor and management working together cooperatively to, again, move-- provide the-- the training that's needed to-- that's needed for our apprentices to succeed.

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**LINEHAN:** So do the apprentices that work under you or your training--  
they're getting paid?

**ROY LAMB:** Yes, so you're getting paid. They work on the on-the-job  
training. So they're working during the day full-time, earning wages  
and benefits. And then they're required to attend the trade-related  
classes that we offer in the evenings.

**LINEHAN:** So who-- who pays them?

**ROY LAMB:** They're paid by the employer. So-- and we work with a  
consortium of contractors that are signatory to IBEW Local 265. So  
right now I think there's-- in-- in our business-- and Chris will talk  
more about that-- but I think nine contractors that we work with in  
town and then out-of-town contractors that also would sign a letter of  
assent to-- to the local, so--

**LINEHAN:** OK. Thank you very much. Oh, no. Senator Briese and then  
Senator Albrecht.

**BRIESE:** Thank you, Senator--

**ROY LAMB:** Sure.

**BRIESE:** --Senator Linehan. And thanks for being here today.

**ROY LAMB:** Absolutely.

**BRIESE:** What's the average wage of these people we're talking about  
here, these apprentices?

**ROY LAMB:** Over that five-year period-- actually, I just did a-- was--  
put together a grant. So there, right now, the average wage for our  
inside apprentices, first through fifth year, is just over \$20 an  
hour. They start out at \$15.70-- I'm going to get this wrong, I think  
it's \$15.78-- and they end up just over \$23 an hour for when they're  
in their fifth year of apprenticeship. And then they-- and then on top  
of that, then they get health insurance. All of them get health  
insurance, which is over \$6 an hour, on the check. And then, starting  
in their second year, they get pension. So our first, even just a  
first year apprentice-- and this would be-- you, Senator Briese, if  
you were to start a program tomorrow and you were accepted into the  
program, your total wage package would be \$23-- over \$23 an hour just

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to start. And that's not-- you not knowing anything; you haven't touched a wrench, haven't turned a thing. And then it just goes up from there. I think our journeyman package is \$44 or \$45 an hour, total package. And that's getting health insurance, pension, and the wage package.

**BRIESE:** OK, and that's a package attainable after they complete this apprenticeship training?

**ROY LAMB:** It's during. So when-- as they-- as they progress--

**BRIESE:** During.

**ROY LAMB:** Yes, so they start out in-- in--at 50 percent of a journeyman rate, and then, as they progress through the program then, as they're in-- it's 53 percent, I apologize, 53 percent. As they progress through and-- and their skills increase, so does their wage and benefits?

**BRIESE:** OK. Thank you.

**LINEHAN:** Senator-- thank you, Senator Briese. Senator Albrecht.

**ALBRECHT:** Thank you, Chairman Linehan. And thank you for being here. How many-- how many people go through this apprenticeship in a-- say, in the last five years or [INAUDIBLE]?

**ROY LAMB:** So we're-- we average, right now, about 50 to 55 apprentices within our program.

**ALBRECHT:** And is-- is that just-- surely there's-- you're in Lincoln, but do they have one in Omaha?

**ROY LAMB:** Yes.

**ALBRECHT:** Do they have one over-- over [INAUDIBLE]?

**ROY LAMB:** So, yeah. So-- so Omaha's program right now, I believe-- if I remember right, I talked to-- to the training director a couple, three weeks ago. I think there are around almost 300 apprentices in Omaha, and that's just in the-- the electrical union in Omaha, so--

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**ALBRECHT:** That's interesting. And so this money would go to the  
employer?

**ROY LAMB:** Would go to the employer. So yeah, I don't represent the  
employers per se. I'm just-- I'm-- I was hopefully trying to fill in  
some gaps about it so you have-- help you understand what registered  
apprenticeship and-- and then qualify-- I think, as that was-- Senator  
Morfeld's bill says there.

**ALBRECHT:** Well, it's a great profession. My father raised seven  
children as an electrician-- union electrician.

**ROY LAMB:** Yeah.

**ALBRECHT:** So thank you.

**ROY LAMB:** Yeah. I tell you, my-- my dad-- yeah, I'm second generation  
and I had three-- three sisters and my mom, and Mom worked part-time  
but, yeah, Dad-- and I never went without.

**ALBRECHT:** That's right.

**ROY LAMB:** Didn't always get what I wanted but never went without.

**ALBRECHT:** Some can be some-- somewhat stubborn, but yeah.

**ROY LAMB:** Yeah, that's [INAUDIBLE] exactly.

**ALBRECHT:** Thanks for being here.

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

**ROY LAMB:** Thank you. I appreciate your questions.

**LINEHAN:** Do you-- do you have more slots than you-- more slots that  
you can't fill?

**ROY LAMB:** For the most part we're-- and it just varies, you know. I  
mean, obviously with the COVID stuff, it's really kind of slowed  
things down. We anticipate-- and I know Omaha has-- has grown and  
our-- our numbers have continually increased. And I anticipate, you  
know, with just the amount of work in and around the Lincoln area,



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that, yeah, that number is going to increase, and we'll continue to  
see that.

**LINEHAN:** But you get enough--

**ROY LAMB:** Applicants? Yes.

**LINEHAN:** Applicants, OK.

**ROY LAMB:** Yeah. And that's-- again, that's the thing, too. I-- to--  
and when I talked about the registered apprenticeship, or qualified,  
there's a process, you know. So we have to-- there are certain  
obligations that they have to meet to be able to go through that  
application process to get to the interview and get on the selected--  
selection list. So--

**LINEHAN:** OK. All right. All right, seeing no other questions, thank  
you very much for being here.

**ROY LAMB:** You bet. You're welcome.

**LINEHAN:** Appreciate it. The next proponent.

**CHRIS CALLIHAN:** Good morning, Senators.

**LINEHAN:** Good morning.

**CHRIS CALLIHAN:** Thank you for taking the time to let me come in and  
talk to you about LB272. My name is Chris Callihan; it's C-h-r-i-s  
C-a-l-l-i-h-a-n. I'm the business manager with International  
Brotherhood of Electrical Workers Local 265. I currently serve on both  
the Greater Nebraska Electrical Training Apprenticeship Committee and  
the Lincoln Electrical Training Apprenticeship Committee. I'm also an  
officer with the Lincoln Building and Construction Trade Council. And  
I'm here to testify on behalf of the 400 members of Local 265 and the  
over 2,000 members of Local 22 in Omaha, in support of LB272, the  
Apprenticeship Training Program Tax Credit Act. LB272 provides for a  
nonrefundable in-- income tax credit to an employer in my area of  
work-- that would be the electrical contractor. I do think that this  
heads in a good direction to incentivize employers maybe outside the  
electrical. And like Senator Morfeld said, maybe in other different  
actual career paths-- IT and health-- to look at creating an actual  
trust protected apprenticeship program, registered, to help bring up

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any shortfalls they have when it comes to skilled workforce. It's a great opportunity, and it's a great direction to-- for them to actually incentivize and actually create a solution to some of the problems they might have when it comes to skilled workforce and building that workforce. For wages paid to an apprentice, participating and registered in a qualified apprentice training program, this tax credit would definitely help with that. This is a one dollar tax credit based on-- or calculated on hours worked by the apprentice during the year. To us, this is a built in incentive to make sure that the contractors or employers, like I said, could be expanded or taken advantage of employing apprentices in the-- in that program, but also to make sure they are getting the hours needed to advance through any required OGT [SIC]-- or on-the-job training, which fundamentally is-- a good 80 percent of the necessary training is on the field. I myself was trained through the Lincoln Electrical JATC Apprenticeship Program. I turned out of the program in 2009. It gave me the training in both the industry and in safety that goes hand-in-hand and-- with doing electrical work, and a stable career. It is a dangerous job and can hurt you at any given moment. Training is paramount in both safety, productivity, successfulness in the electrical construction industry. I also know that it is not exclusive to just my industry, and that there are a lot of career paths that this bill would help employers that choose to use approved apprenticeship programs. There have been a lot of people talking about the need for internships, apprenticeships, and vocational training programs in Nebraska. The Governor himself has talked about the need for a skilled workforce and that it is holding some of the employers back from growing or expanding their company. IBEW Local 265 and 22 and the Nebraska Chapter of NECA are currently continuing to expand our training programs in the area outside of Lincoln and Omaha metro areas. We have apprentice-- apprentices and journeymen working in Kearney, Lexington, Ravenna, Nebraska City, Gothenburg, Grand Island, Central City, Holdrege, Broken Bow, Hastings, Norfolk, Columbus, and towns in between. This allows us to offer those members and employees in those areas good pay, access to benefits that include health insurance, training and pensions. Our apprenticeship programs are heavily supported nationally when-- when it comes to its standards, registration, curriculum, and advancement of technology in both classrooms and job site. From the electrical side of things, we are starting to really see technology become more and more used. This isn't just the products that are electric or electrical equipment

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being installed or hooked up to power. It is also the tools that we use on the job, as well. We are looking at light fixtures that are now controlled through low-voltage wiring, as well as broadcasting a Wi-Fi network. We're also seeing a shift, more utilization of computer-based 3D printing systems or bidding systems like BM estimating systems. In the bidding software, in the office and on the job site, soon you will be more likely not even having a set of prints-- blueprints on the job site. There will be a computer or tablet allowing field electricians to make their field adjustments and clarifications. We, the IBEW NECA, spend millions of dollars to stay on top of these changes and advancements each year and every year, and we'll continue to do so in the future. Thank you for your time, and listening to me talk about LB272 and our position on it. I'd be open to any questions at this time.

**LINEHAN:** Thank you, Mr. Callihan. Are there questions from the committee? Seeing none--

**CHRIS CALLIHAN:** I guess I would clarify that it was asked to Roy-- Lincoln 265, we currently have nine brick and mortar, we'll call it, contractors-- maybe ten with one or two out west. But we have 32 signatory contractors that utilize our manpower pool at any given point in time. And I know 22 in Omaha is-- you could probably double that at least, so OK?

**LINEHAN:** Thank you very much.

**CHRIS CALLIHAN:** Thank you for the time.

**LINEHAN:** Thank you. You have a good day. Good morning.

**MATT SCOTT:** Good morning. My name is Matt Scott; that's M-a-t-t S-c-o-t-t. Didn't get a chance to write anything down, so I'm going to kind of shoot from the hip. I hope you guys are OK with that. I'm a business rep for the North Central States Regional Council of Carpenters. I am a 21-year member of Carpenters Local 427. I started my apprenticeship right here in Lincoln. Currently, our locals in the state have 1,158 members and 263 apprentices. We're sitting at about a little over 20 percent for those apprentices. The drop-out rate in the first couple of years or-- for our apprenticeship in just those first two years can almost be 50 percent. Whether our contractors don't want to put the time in to train them anymore or they're-- they're just

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moving on and the field isn't for them. So I first started in carpentry here in Lincoln and I got into the Union and I was making \$13 an hour, I had a couple of projects that lasted a couple of months here and there, but it was very, very hard to get a contractor to take on an apprentice that didn't really know anything. I came from a wood-framing market, framing houses. I didn't really know how to do concrete forms or scaffolding. So with a very young family of four kids-- well, I think I had two kids at the time-- I think I spent six months without a job trying to get a contractor to take me on. One of the-- and actually, the job I got was one of the best ones, it's building the scaffold up around this building here. So that was-- that was a great project. It lasted a long time, and it paid a lot of my bills. I believe that this bill is going to help our contractors make up some of the loss that they have when it comes to training an apprentice versus-- it's very, very expensive to have an apprentice. You have to put a journeyman on them all the time to train them. It's slower work. They don't know, they ask a lot of questions. But with-- what is-- I believe it's 10,000 baby boomers right now leaving the market to retire every month or so, we've got to replace that manpower somehow. And we need to incentivize our contractors to take on first-period apprentices. And that's why I'm a proponent.

**LINEHAN:** Thank you very much for being here, Mr. Scott.

**MATT SCOTT:** Thank you.

**LINEHAN:** Are there questions from the committee? I'm sorry. Senator Pahls.

**PAHLS:** Thank you, Chairman-- Chairwoman. A question I have: Is this is a sort of-- fresh in my mind because when I was running for this particular seat, I did an interview with Carpenters union, and they gave me a lot of static because they said that, as a city-- I was on the city council-- that we allowed too many contractors not to hire, to have what I call-- they call it trained people in the positions. Do you find that? And I said I didn't know anything about it, but they said, oh, that happens all the time.

**MATT SCOTT:** Do-- I--I don't quite understand the question.

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**PAHLS:** Well, I don't know. They were concerned that the city was allowing contractors to employ people who did not-- apparently were not trained.

**MATT SCOTT:** Yes, absolutely. I-- I mean, they were pulling these guys, and I-- you could call it-- I don't know, a Labor Ready or a Work A While or a temp-- a temporary place. And these guys have really no training at all. And they're being asked to do very dangerous work, getting in the boom lifts, working 30-40 feet in the air, and they-- they don't understand. But yes, training is huge in the cities and the states that the contractors, in general, have a hard time making that investment into apprenticeships.

**PAHLS:** OK, so you're filling that gap, I mean, because you're coming there as a trained person. But they really got-- made a really strong case, and as a city councilperson, that I didn't realize how many people-- contractors-- we, as a city, happened to be hiring. And they, to be honest, well, they sort of razzed me about not knowing that, but that was-- I just said I don't delve deeper into that issue. But you're reaffirming what they told me.

**MATT SCOTT:** Yes.

**PAHLS:** Thank you.

**LINEHAN:** Thank you, Senator Pahls. Are there other questions from the committee? Don't electricians have to be-- oh, I'm sorry.

**MATT SCOTT:** Smarter than a carpenter?

**LINEHAN:** No, no [LAUGHTER]. That is not what I was going to say. So they're licensed and you're seeing your--

**MATT SCOTT:** We are not a licensed trade, no.

**LINEHAN:** You're not licensed.

**MATT SCOTT:** No.

**LINEHAN:** OK.

**MATT SCOTT:** And again, it's a frustration for us. We're the first ones on the job, we're the last ones to leave the job. We lay the job out.

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What we do is very, very dangerous. But no, it is not a licensed trade. So I can-- anybody-- I-- my 21-year-old son can go to Home Depot, buy a hammer, himself a carpenter. They are not.

**LINEHAN:** All right. Thank you very much. Other questions? OK. Appreciate it, your being here.

**MATT SCOTT:** Thank you.

**LINEHAN:** Thank you very much. Next proponent. Good morning.

**FELICIA HILTON:** Good morning. Good morning. Good morning, Chairman Linehan and members of the committee. My name is Felicia Hilton, F-e-l-i-c-i-a H-i-l-t-o-n, and I am the government affairs director for the North Central States Regional Council of Carpenters. And I want to thank you for taking our testimony today. As you can see from the union apprenticeship testimony here today, that our relationships with our employer is very-- it's-- it's-- it's synced up. We do well, they do well. And so the investment that we both make into training is really important to us. Right now it's 70 cents for every hour worked. For every carpenter in the field, it goes back into training. We're probably one of the few trades that really, truly believe in the education of the next apprentice-- apprentice carpenter, millwright, piledriver, floor coverer. We invest in that. Our contractors do, as well as each and every carpenter in the field. And this bill, the Apprenticeship Training Program Tax Credit Act, would definitely encourage contractors to bring on apprentices. It's really important, as Matt Scott said, that we train up the next generation of tradesmen and women. And the contractors, when they bring on a first-year apprentice, they don't know a lot. But the first-year apprentice in the trades is changing. There are more women in the trades, more people of color, more indigenous people. Our Local 1306 is the most diverse local in our council, and it's here in Iowa. Multiple languages are spoken, and we teach construction math, construction language so that people know what words mean. And I'd invite any of you to tour the training center. But if you looked at the boards on the training center, the math-- I like to call us NASA on the ground-- is absolutely amazing. And we take apprentices that struggled in school, struggled with math. They come in, and all of a sudden they're doing calculus and they're doing pi and they're figuring out circumferences and depths, and they're using math because it's applied. And the training, the apprenticeship training, it is STEM;

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it's science, technology, engineering, and math applied. And the contractors that make that investment into these young people-- and we're trying to recruit and get younger. The average age of the apprentice in the carpenters is 27; It was 37. We want it to get a lot younger, so we're trying to get contractors to take apprentices right out of high school. We have what we call signing dates, a big deal. Contractors come, we go to the school, we highlight the young person that's coming into the trades in front of their peers and everyone, just like if they were signing for a football team. The parents are proud, and it is a commitment from our contractor to keep that young person with them before they send them off to another job site-- job site for about a month, month and a half, which is critical to the training that they feel comfortable on the job site, that they learn all the safety aspects of being on a job site. And so that investment and our relationship with our employers is a decent, and it's a quality relationship that we've worked towards for a number of years. It's not always harmonious, but we understand that we need each other, and they need future apprentices and future journeyman carpenters. And of course, when they call the out-of-work list, they want everyone to be a journeyman carpenter. No one wants to to really take, to have a--a greenie, an apprentice on the job site, because it is costly and it does slow down the job. But it's an investment that they make, that we make. And we think the state of Nebraska should make that same investment. And we know, with COVID, the cost to our contractors to keep us all safe with extra expenses for cleaning and sinks and wiping down the job sites, sharing, wiping down all the shared tools, adding more handwashing stations, and all of the things that have gone into their commitment to help us stay safe while we're working through COVID. We think that it's a good investment for the state of Nebraska, considering we might build the next UNMC building and so many other projects that are up and coming in the state. We see this as a viable investment for-- for contractors, to just give them a little bit of a break for their continued commitment to the apprenticeship programs. Thank you.

**LINEHAN:** Thank you very much for being here, Ms. Hilton. Are there questions from the committee? Senator Briese.

**BRIESE:** Thank you, Chairman Linehan. Thank you for your testimony here today. Probably a dumb question, but are apprentices, members of the union you're talking about?

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**FELICIA HILTON:** They are.

**BRIESE:** OK. Very good.

**FELICIA HILTON:** But there's also nonunion apprentices, as well.

**BRIESE:** OK.

**FELICIA HILTON:** But they are in our [INAUDIBLE].

**BRIESE:** Union membership does include apprentice-- apprentices.

**FELICIA HILTON:** It does.

**BRIESE:** OK. Very good; thanks.

**FELICIA HILTON:** But-- but the contractors are committed to the  
apprenticeships. So that's-- that's part of it, too.

**BRIESE:** Thanks.

**FELICIA HILTON:** They want to [INAUDIBLE].

**LINEHAN:** Thank you. Thank you, Senator Briese. Other questions?  
Senator Pahls.

**PAHLS:** Thank you, Chairwoman. I asked the wrong person a question  
because I think, in the interview process, you were involved there.  
And there were a number there of the people who were in the interview,  
who said that so many contractors in the city of Omaha were not hire--  
hiring appropriate people, as I understand.

**FELICIA HILTON:** Yeah.

**PAHLS:** And that is a fact.

**FELICIA HILTON:** That is a fact. So when there are public projects that  
are led by a number of-- of cities, but the city of Omaha, that the--  
there's what we call subcontractors, and there are the general  
contractor, the second-tier contractor, the sub that they would do a  
contract for the packages for, you know, the steel studs, the drywall,  
flooring, acoustic ceilings, all the different packages that would go  
out from the general contractor. There's the subcontractor that would  
get that work. And that subcontractor, in a lot of cases, subs out to



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what we call a labor broker. And these are people that pretty much bring in and move people from state to state, sometimes over the border into our state for cheaper, exploitive labor. And we know it's on a number of projects because, when the second-tier subcontractor ends up subbing out the work to a labor broker, those workers, in a lot of cases, get paid cash, 14 cents a square foot, or not at all. And the issue that we have, as organized labor, is that commitment to training and that commitment that the contractor makes and costs put the legitimate contractor at a disadvantage for bidding on the work because, what you're doing when you pay people off the books, is you're leaving off all of the state and federal taxes, you're leaving off payroll taxes, you're leaving off unemployment insurance and worker's comp, which the average, decent, honest employer, which are our employers, they do the right thing, and they do it that way over and over and over again. And they're asked to compete in a market where the bid can be super low because you're leaving off unemployment, workers comp, payroll taxes, and all the other taxes, state and federal. And when you can do that, you can underbid a contractor like ours that pays hourly the unemployment, worker's comp, taxes, including the work that we pay into our pension, our pension and health care. You can underbid a contractor by about 40 percent when you leave off just the regular payroll. And that's what's happening. And it's happening on public projects. And we think that that tax dollar should be invested back into the state and into the community. And it's part of why we support the apprenticeship model, because one thing we know is when a young person graduates out of an apprenticeship program, there's no brain drain. They don't leave. They build their own communities. They stay in their own communities. The tax base stays in their community. They build their state, and they don't leave. And so we think that that is missing when it comes to the legitimate contractor, which is part of why we support this bill, because we know our contractors, you know, have to do a lot to get the bid and to put up what it really cost to have a real payroll and real employees and know that the chances of you being underbid are really, really high. But they still do it, and they still invest in this, and they do compete.

**PAHLS:** OK. Let me interject. So the planning department of these cities like Lincoln and Omaha, they know this is going on and they're allowing it?

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**FELICIA HILTON:** They may not know what's going on. What we're saying  
is when it-- when a contract is let, the GC would receive the award--  
the general contractor would receive the award.

**PAHLS:** I understand the process.

**FELICIA HILTON:** Yeah. And they--

**PAHLS:** But I'm-- I'm just trying to find out who should know because,  
basically, you can tell I was a little bit concerned 'cause--

**FELICIA HILTON:** Yeah.

**PAHLS:** -I was blamed for something that I knew nothing about. I'm  
trying to figure out where that should fall. Should it fall on the  
planning department, so they should be investigating? It's that  
simple?

**FELICIA HILTON:** It should fall on the-- the department that lets the  
bid. So if it's the engineering department, it should fall on that  
department.

**PAHLS:** OK.

**FELICIA HILTON:** And there are questions that we think local  
governments and public owners should ask--

**PAHLS:** OK. I-- I--

**FELICIA HILTON:** --in the bid, but they don't.

**PAHLS:** People are listening. They are hearing what you're saying.  
Thank you.

**FELICIA HILTON:** Thank you.

**LINEHAN:** Thank you. Are there other questions from the committee?  
What-- what is the starting hourly wage for your apprentices?

**FELICIA HILTON:** It's 60 percent of our journeyman's wage. And so it's  
about, depending on what trade you fall on, if it's drywall or floor  
covering or millwright, it can be anywhere from \$16 to \$18 an hour  
starting. And I think the total package is about \$40 an hour, total  
package, for a journeyman.

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**LINEHAN:** For the apprentice or the journeyman? For the journeyman?

**FELICIA HILTON:** Yeah. It could be a little higher. It depends on what  
state you're in.

**LINEHAN:** OK. Are there other questions from the committee? Seeing  
none, thank you very much for being here.

**FELICIA HILTON:** Thank you.

**\*KRISTEN HASSEBROOK:** Dear Chairwoman Linehan and Members of the  
Revenue Committee, my name is Kristen Hassebrook, registered lobbyist  
for the Nebraska Chamber, here today in support of LB272, a bill to  
adopt the Apprenticeship Training Program Tax Credit Act. The Nebraska  
Chamber believes this legislation can enhance Nebraska's skilled  
workforce by providing income tax credits for apprenticeships. Going  
into the pandemic, the state faced critical workforce and  
technology-enabled job creation challenges. There was an urgent need  
for new approaches to keep top talent, foster more in-state business  
expansion, and attract more growth companies. The global pandemic has  
changed none of these dynamics. If anything, it has simply made our  
work ever more urgent. LB272 would provide for a non-refundable income  
tax credit to an employer for wages paid to apprentices as part of a  
qualified apprenticeship training program. The credit would be equal  
to \$1 for each hour worked by an apprentice during the year, while the  
tax credit would be capped at the lesser of \$2,000 or 50 percent of the  
wages paid to the apprentice. The Department of Revenue would award  
tax credits in the order in which they are received up to \$2.5 million  
per year. The total amount of credits would be limited to \$2.5 million  
per year. The Nebraska Chamber sees several priorities related to  
workforce. There is a strong need to scale innovative workforce  
programs, provide customized job solutions and grow resources for  
these programs by building off public/private partnerships. LB272 and  
its focus on registered apprenticeship programs operated by employers  
does just that. There is also a need to support funding mechanisms  
that create a lifelong learning model. Again, apprenticeship programs  
run by employers for individuals moving in to or already in the  
workforce serves that need. This program has long been supported by  
the Nebraska Chamber. However, the pandemic shows us that now is the  
time to address the immediate needs of families, workers, businesses,  
and communities in crisis to preserve Nebraska's rich quality of life  
and economic advantages. And the race to recovery has begun. The prize

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is a radical boost in talent attraction. Population and workforce growth are essential to state and community growth over the next decade. For these reasons the Nebraska Chamber supports LB272.

**LINEHAN:** Appreciate it. Next proponent. Are there other proponents? Are there any opponents? Is there anyone wishing to testify in the neutral position?

**KENT ROBERT:** Morning, Chairman Linehan, members of the Revenue Committee. My name is Kent Rogert, K-e-n-t R-o-g-e-r-t, and I'm here today to testify neutrally on behalf of Associated Builders and Contractors, the Cornhusker Chapter. We also have-- we're about a 200-member merit shop, general and subcontractor, above-ground contractors. And I appreciate Senator Morfeld bringing this bill; we all-- we--we heavily support the apprentice program-- apprenticeship program, and many of our members also have apprenticeship programs. The amendment that Senator Morfeld talked about, if that comes out as a committee amendment, we go to 100 percent support, the reason being, while our association's apprenticeship program is governed by a board of trustees, some of our members do not have that luxury to make that work. So we just need that portion of the bill addressed. And we appreciate Senator Morfeld willing to work with us on that. I can tell you, I did a little construction project to keep me busy during COVID this summer. I built a couple of houses, and in greater Nebraska we have a tradesman shortage that is almost a crisis. We have our local plumbers and our local drywall guys that can't hire anybody. They can't find anybody. And the apprenticeship programs, well, they definitely are our bonus. We need to bolster them as best we can and try to get more people working in the trades. And this is a good way to help get money. And that tax credit goes right back to the working man. I'm happy to answer any questions.

**LINEHAN:** Thank you, Mr. Rogert. Are the questions from the committee? So, say again, you got some of your members who don't use apprentices and some who do?

**KENT ROBERT:** Most of ours, I would say, would use apprentices. Some of them have their own program. Some of them use our program. So we-- that's kind of the biggest point of our association, is that they can be a member of our program, and then we can funnel apprentices through-- through us to them.

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**LINEHAN:** And yours are not-- some of them are not unionized.

**KENT ROBERT:** We are all nonunion; we're a merit shop. Yep, um-hum.

**LINEHAN:** We're all "non." OK. All right. Other questions from the  
committee? Seeing none, thank you very much.

**KENT ROBERT:** Thank you.

**LINEHAN:** Are there any other individuals wishing to testify in the  
neutral position? Senator Morfeld, would you like to close?

**MORFELD:** Very briefly. Thank you, members of the committee, for-- for  
listening today and then, also, for the great questions. As-- as Kent  
noted, I will definitely sit down with folks and work through on the  
amendment and get back to you, Chairwoman, about where we're at with  
that. The other thing that I would just say is that the great thing  
about this legislation is, it's always been supported by union and  
chambers of commerce. And there should be a letter, too-- hopefully of  
support-- that came in. So it's been great to work with everybody on  
that. Happy to answer any other questions.

**LINEHAN:** Thank you, Senator Morfeld. There was a letter from the  
Nebraska Chamber, in support of LB272, that was dropped off this  
morning, as-- so it will appear as oral testimony. And then there were  
four letters of-- in support for the record, one up-- excuse me--  
proponents, one opponent, and one in neutral. So is there any other  
questions from the committee? Seeing none, thank you very much.

**MORFELD:** Thank you.

**LINEHAN:** With that, we close the hearing on LB272, and we will open  
the hearing on LB318-- Senator Cavanaugh.

**J. CAVANAUGH:** I cleared the room, I guess. Good morning, Chairwoman  
Linehan and members of the Revenue Committee. My name is John  
Cavanaugh, J-o-h-n C-a-v-a-n-a-u-g-h, and I represent the 9th  
Legislative District in Midtown Omaha. I'm here today to introduce  
LB318, which would increase the state's earned income tax credit over  
the next four years. The earned income tax credit, or EITC, is one of  
the most effective tools we have to combat poverty in our current tax  
code. Enacted in the 1970s, the EITC's refundable tax credit for  
low-income households, the income threshold for the EITC ranges from

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\$15,820 for a single person with no children to \$56,844 for a married couple with three or more qualifying children. In 2006, LB968 added the state EITC equal to eight percent of the federal EITC, and in 2007, it was increased to 10 percent. The EITC is a proven policy that enjoys broad bipartisan support, incentivizes work, and helps fight poverty. LB318 would phase in an increase in the state EITC from the current 10 percent this year, to 13 percent, and then, ultimately, to 20 percent in 2024. Nebraska currently trails many of our neighboring states in state EITC. Colorado will raise to 15 percent in 2022, Iowa is currently at 15 percent, Kansas is at 17 percent, according to the National Conference of State Legislators. The average credit, at the 20 percent rate, would be \$185 for those making \$27,000 or less, and \$280 for those households with incomes between \$27,000 and \$45,000. 90 percent of this increase would go to the bottom 40 percent of Nebraska income earners. We've talked a lot about essential workers in the last year, the working class who didn't have the option to work from home or work remotely. This bill would give many of them some relief. Thank you to the committee for your time, and I would ask for your favorable vote on LB318. And I'm happy to take any questions.

**LINEHAN:** Thank you, Senator Cavanaugh. Are there questions from the committee? Seeing none-- so I just-- did you say 90 percent of the increase in this would go to 40 percent?

**CAVANAUGH:** To the bottom-- the bottom 40 percent, correct.

**LINEHAN:** Of all taxpayers.

**CAVANAUGH:** Yes, of taxpayers.

**LINEHAN:** OK. Thank you very much.

**CAVANAUGH:** No other questions? Thank you.

**LINEHAN:** Looks like it's Friday.

**CAVANAUGH:** I'm just that thorough [LAUGHTER].

**\*CRAIG BECK:** Good morning, Chairperson Linehan and members of the Revenue Committee. My name is Craig Beck, Fiscal Analyst at OpenSky Policy Institute, and I am testifying in support of LB318, a bill that would support Nebraska's labor force by providing direct tax relief to low-income Nebraskans, who will then put this money into their local

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economies. We support the Earned Income Tax Credit (EITC) because it is a proven, effective method to provide highly-targeted tax relief to low-income working families. Scholarly research indicates that in 2018, the EITC lifted 5.6 million people out of poverty, including 3 million children, while reducing the severity of poverty for an additional 16.5 million people, including 6.1 million children.<sup>1</sup> Additional research reports that the EITC benefits local economies as well, as \$1 in EITC received ends up investing more than a dollar into a recipient's community. I also want to emphasize just how much the EITC is targeted to low-income workers. The Institute on Taxation and Economic Policy (ITEP) modeled the distributional effects of LB318 and found that ninety percent of the increased credit would go to the forty percent of Nebraska taxpayers with incomes under \$45,000. At full implementation (20 percent of the federal credit), the average EITC recipient with an income below \$27,000 would receive a tax cut of \$185, and the average EITC recipient with an income between \$27,000 and \$45,000 would receive a tax cut of \$280. 2015 tax return data from the Tax Policy Center shows how taxpayers in each of your districts would be affected by this EITC expansion. For example, in Senator Friesen's district, 2,850 taxpayers received the EITC in 2015, which was 24 percent of the district's total returns. Taxpayers in his district received about \$686,495 in state EITC. If LB318 passes, this would increase to approximately \$892,000 when the state EITC expands to 13 percent of the federal credit, \$1.17 million when it expands to 17 percent, and \$1.37 million when it expands to 20 percent, with an average credit of \$482. Currently, looking at all of your districts, the average amount of state EITC received ranges from approximately \$200 in Senator Linehan's district, to \$262 in Senator Albrecht's district. With LB318 in place, these amounts would double by 2024. That is vital support for low-income workers in your districts, as well as a boon to local economies. For these reasons, we support LB318 and expanding Nebraska's EITC. Thank you for your consideration.

**\*TOM VENZOR:** Madame Chair Linehan and Members of the Revenue Committee, my name is Tom Venzor. I am the Executive Director of the Nebraska Catholic Conference. I would like to express our support for LB318. LB318 enhances a proven, effective, and socially just public policy that assists families often overlooked when fiscal policies are considered. The earned income tax credit, as stated by the Internal Revenue Service, is an income tax credit which "helps low- to moderate-income workers and families to get a tax break." The EITC is

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not welfare, but it makes welfare policies more effective in terms of both economic and social costs. This legislation has at least four positive impacts: it assists the working poor, delivering critical income support for workers and low-wage jobs; it supports the stability of their families, helping to lift their children out of poverty; it promotes self-sufficiency, which remains the linchpin of Nebraska's welfare reform enacted in 1994; and it helps to reduce long-term welfare dependence. When the Legislature worked on welfare reform, engaging in a great deal of diligent debate, one of the commitments made on behalf of the state was to provide supportive policies to help make self-sufficiency realistic and meaningful. Authorizing an increase in the EITC at a realistic and meaningful level is a manifestation of that commitment and would be an important step forward for Nebraskans experiencing poverty. The NCC has been a long-time supporter of EITC legislation here in Nebraska. This support is an extension of the support that the United States Conference of Catholic Bishops has consistently acted upon at the federal level for enactment, implementation, and promotion of the federal EITC. The Nebraska Catholic Conference respectfully urges your support for LB318 and asks you to advance it to General File.

**\*JASON HAYES:** Good morning Senator Linehan and members of the Revenue Committee. For the record, I am Jason Hayes, Director of Government Relations for the Nebraska State Education Association. NSEA supports LB318 and thanks Senator John Cavanaugh for introducing the bill. LB318 seeks to increase the state amount of the refundable earned income tax credit from the current 10 percent of the federal earned income tax credit allowed and increase it to 20 percent over a three-year period. The earned income tax credit is a federal tax credit for low- and moderate-income working people. It encourages and rewards work as well as offsets federal payroll and income taxes. Twenty-nine states including Nebraska, have established their own EITCs to supplement the federal credit. The EITC is designed to reward work. As noted, a worker's EITC grows with each additional dollar of earnings until reaching the maximum value. This creates an incentive for people to join the labor force and for low-wage workers to increase their work hours. This incentive feature has made the EITC highly successful. Studies show (Center on Budget and Policy Priorities, May 24, 2016) that the EITC encourages large numbers of single parents to join the labor force, especially when the labor market is strong. Nebraska's current poverty rate is 9.9 percent,



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meaning that roughly 1 out of 10 Nebraskans live below the poverty line, and the child poverty rate is even higher at 13 percent. Increasing Nebraska's EITC will enable more families to raise above the poverty level. The NSEA offers this testimony on behalf of our 28,000 public school teachers, higher education faculty and other education professionals across the state. We urge the committee to support LB318 and advance it to General File for debate.

**\*TIFFANY JOEKEL:** My name is Tiffany Joekel, and I am the Policy and Research Director for the Women's Fund of Omaha. The Women's Fund of Omaha testifies in support of LB318, increasing the earned income tax credit and promoting the economic stability of all Nebraskans. Families should be rewarded for working more hours and striving for economic self-sufficiency with tax policies that encourage such behavior. This past year, 185,761 Nebraskans were living in poverty. With 11 percent of our population under 18 years of age living below the federal poverty line, 51,000 Nebraska children live in poverty. Nebraska mothers are particularly disadvantaged, with over 43 percent of single-mother households living in poverty. There are currently 127,000 Nebraskans receiving Earned Income Tax Credit (EITC) benefits, alleviating some of their financial stresses and economic hardships. In 2018 alone, approximately 5.6 million individuals nationally were lifted out of poverty as a direct result from EITC benefits, three million of which were children. Within Nebraska, 43,000 people were lifted out of poverty by EITC benefits in combination with the Child Tax Credit. This reduction of those living in poverty is particularly crucial for children, as moving out of poverty translates to better health, more schooling, improved school performance, higher rates of college education, and higher earnings in adulthood. For children living in households below the federal poverty line, each additional \$3,000 annual increase to their family's income is associated with a 17 percent rise in adulthood annual earnings. EITC is optimal for Nebraska's low-income single mothers, as this policy has been found to be the most effective policy when increasing hours worked and earning among female-headed households. EITC thus affords hardworking families crucial increased income to provide for basic necessities and increased consumer purchasing power to reinvest in our local economy. LB318 would further aid low-income families, increasing refundable credits to up to 20 percent of the federal credit allowed. Nebraska is one of 30 states and the District of Columbia that currently provides state EITC. However, accounting for refundability, with only 10

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percent of the federal credit offered, Nebraska finds itself offering one of the lowest percentages of federal credit available among participating states. Other states, such as Maryland, offer tax credit up to 50 percent of the federal credit offered! The modest 20 percent maximum credit proposed by LB318 would position Nebraska in the median of credit offered nationally. This increased credit would alleviate economic hardship experienced by Nebraska's most financially disadvantaged families, promote employment and hours worked, and reinvest money in Nebraska's local economies. As one of the most impactful policies to combat poverty, the Women's Fund urges this committee to prioritize hardworking families and support LB318.

**LINEHAN:** Well, I guess. Maybe that's it. Are there proponents wishing to testify in support? Are there opponents? Oh, no one in neutral. We do have some letters. Is there just one? Oh yeah, here. You're trying to help me. You've got it in orange, think I could see it. So we do have several proponent-- or four proponents who delivered testimony earlier today: Tiffany Joekel, Women's Fund of Omaha; Jason Hayes, NSEA; Tom Venzor, Nebraska Catholic Conference; Craig Beck, Open Sky Policy Institute. So they were all with you; they just weren't here. Would you like to close?

**J. CAVANAUGH:** I'll waive.

**LINEHAN:** OK. Then we had-- sorry-- we had three letters for the record in proponents, no opponents, and one neutral. With that we'll close on LB318. Thank you, Senator Cavanaugh.

**CAVANAUGH:** Thank you. [INAUDIBLE].

**LINEHAN:** Thank you. And next, we will have-- somebody's like, oh, they're done already. Hurry up, hurry up. It's not me. Is it me? [INAUDIBLE]. Oh, hello.

**WISHART:** Hi.

**LINEHAN:** That last one was quick. So we will now open the hearing on LB346-- Senator Wishart.

**WISHART:** Well, good morning, Chairwoman Linehan, members of the Revenue Committee. My name is Anna Wishart, A-n-n-a W-i-s-h-a-r-t, and I represent the great 27th District here in west Lincoln. I am here today to introduce LB346. LB346 would create the Fueling Station Tax

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Credit Act, which provides for a nontransferable and nonrefundable income tax credit for those taxpayers who construct a comprehensive statewide electric vehicle charging station network within a limited time frame. The bill also sets a reporting requirement for such taxpayers, with an annual report to be submitted to the Department of Environment and Energy. The data collected is intended to keep us moving forward with accurate information on how, when, and where Nebraskans are charging their vehicles, how we could generate revenue from charging stations to fund our roads, and can be very helpful with the next wave of EVs, such as semi trucks, when they come into play. Electric vehicles are here, and market saturation is coming. Within 10 years, 50 percent of cars and light-duty trucks on the road will be electric. Auto manufacturers and investors are pouring in hundreds of billions of dollars into electrification in the next 10 years. The price for EVs is continuing to drop dramatically, and more and more manufacturers are coming out with electric vehicles every year. I am excited to announce that Ford will plan on having their fully electric F-150 available in 2022. And GM recently announced they will phase out gas- and diesel-powered vehicles globally by year 2035. Blueprint Nebraska has designated the expansion of transportation connectivity as one of its 15 high-priority initiatives, which would add jobs and increase the quality of life for Nebraskans, and EV infrastructure fits right in with this initiative and could play a big part in attracting a young workforce and families to our state. I have three main objectives with this bill. First, as Blueprint has pointed out, transportation infrastructure is vital to economic vitality. It is one of the main issues I ran on when I ran for office, and it is very important to District 27 and the state. In order for us to remain competitive as a state, we must be future-thinking, creative, and embracing of new technologies that improve mobility and connectivity. Second, this bill helps Nebraska EV consumers. Can I get a little bit of water? Is there any? Thank you. One of the largest obstacles to electric vehicle consumer adoption is range anxiety, or the concern for running out of charge while you're out on the road and nowhere close to home. A comprehensive charging station network with stations roughly every 25 to 50 miles would alleviate those fears. Thank you so much. Third, I want to spend a little bit more time on this portion. And Senator Friesen, this is a discussion that I would like to have in more detail with you, as Chair of Transportation Committee. We need to act now to develop a system for infrastructure funding that reflects the contemporary view-- makeup of vehicles that utilize our roads.

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Every senator today has road projects that are important to their district, every one of us. Many times funding constraints have caused frustration in the length of time it will take for those road projects to be completed. One of our vital resources for funding roads, the gas tax, is diminishing every year as more fuel-efficient and all-electric vehicles are purchased. If we do not build electric vehicle infrastructure in our state that can capture revenue to offset the loss of the fuel tax, then we will continue to see fewer road projects being completed in our districts and across the state. You may not think this crisis, at this moment, is one that is large enough for something like this bill, because EVs only represent a small portion of the fleet right now. But sales of electric cars are growing rapidly as battery storage improves and prices fall. If sales continue at pace, EVs are going to outpace gas vehicles. Some states are already anticipating this eventuality and are crafting solutions. Some solutions involve a fixed registration fee, others a mileage fee, a per-mileage fee. But I've looked into those options and they're flawed. They're not sustainable. The solution to creating a fair and sustainable user fee for EVs lies in electric vehicle charging stations. Charging stations operate like gas pumps, only they provide kilowatts of electricity instead of gallons of fuel. These stations have the capability of tracking kilowatts and, thus, we could charge a percentage, like we do with gas, per kilowatt pumped at the tank to cover the cost of our road needs. Francis Energy is a company out of Tulsa, Oklahoma. They built a charging station network in Oklahoma in 2019. The network reached all over the state, specifically into rural areas, off the beaten path and away from the main intersections and interstates. The 109 locations, with over 200 charging stations, only took under two years to build. And now Oklahoma is touted as one of the top states for electric vehicles. And they passed legislation similar to this which ignited that build-out. These charging stations are able to track kilowatt hours, and LB346 would ensure that we would have a similar situation as Oklahoma did. Without a legitimate network of charging stations, Nebraska will miss out, as car manufacturers and dealers would not sell EVs in the state at the scale of other states. And we will fail consumers in our state, and we will continue to see an erosion in our infrastructure revenue. I've passed out an amendment-- I think I have it here, otherwise I will e-mail it to you-- for the Nebraska New Car and Truck Dealers Association, that ensures the charging stations we are incentivizing with LB346 are universal stations and not specific to any automotive manufacturer;

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and I believe that reduces any of their concerns. Again, I really encourage the committee to consider legislation like this. Other regions, including Kansas, Colorado, and Missouri, are looking at similar legislation, and we could be a real leader in this area. And I'd be happy to take any questions.

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

**PAHLS:** You said throughout the state. Can you just go over that one more time, these stations?

**WISHART:** Yeah. So the goal would be that, if we adopted this legislation, there are businesses right now that would build out charging stations across our state that would eliminate any range anxiety in our state for people driving through, or Nebraska consumers who have EVs. What-- that's what they did in Oklahoma. That's what we're seeing happening in other states. There are companies that are now expanding these types of charging stations across the country. In Nebraska, we are sorely behind in that. And again, what you're going to see is other states having the infrastructure in place to capture the revenue they need for road infrastructure, but also just to be a consumer-friendly state for people who are purchasing EVs. And, you know, when you're looking at being an ag state and a lot of people having heavy-duty equipment and trucks, there is some major fuel-saving and money-saving opportunities when you switch to electric. But if we don't have the infrastructure in place, that switch is going to be painful for a lot of people, especially in rural Nebraska.

**PAHLS:** So you're telling me if I go through the Sandhills of Nebraska, I will be able to find a station?

**WISHART:** Absolutely, yes. The goal is within 200 miles-- excuse me, the goal is that we would build out about 200 across the state, and it would eliminate any range anxiety, no matter where you are in the state. That is the goal.

**PAHLS:** Thank you.

**LINEHAN:** Thank you, Senator Pahls. Senator Friesen.

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**FRIESEN:** Thank you, Chairman Linehan. Senator Wishart, do you know of any current programs, or are there federal or other-- because there's a lot of these charging stations popping up at different places? So are there other programs already that do this?

**WISHART:** You know, we have some programs, through the Department of Natural Resources with the Volkswagen settlement dollars, to do EV charging stations. So there has been some work on that, but it's nowhere near the level of infrastructure investment that would be needed to make. And honestly, it is something that would be overwhelming for public dollars to do. And so that's why creating an incentive for the private market to take care of this is, at least for me, the way we should go.

**FRIESEN:** I-- I-- and I-- I do think, you know, in my discussions with some of the retailers out there, there's-- there's ones now considering putting in fueling stations like this electric charging. But again, there hasn't really been a standardization across the industry either because Tesla has kind of their own thing. And until there's some standardization, I think there's companies reluctant to build charging stations because they're not sure what the industry standard is going to be, so to speak. Is that--

**WISHART:** Well, this would require a-- with the new car dealers' amendment, this would require a charging station that would serve any vehicle. And there is standardization. I mean, when you look across, like Oklahoma, for example, theirs-- any electric vehicle can utilize those charging stations that were built out by St. Francis. And that's what I would anticipate would-- would happen, moving forward, since we would require that. I mean, if you are going to get a tax credit, you can't build a Tesla that only serves Tesla. It-- it would have to serve every single electric vehicle. The other thing I'll say is, in talking with convenience store owners, you know, their charging capabilities are happening in under 30 minutes. The-- the advancement in that is moving very quickly, so it's actually becoming a real opportunity for convenience store owners and gas station owners across our state to put in these fast-charging chargers because it works very similar to fuel. And you go, you fuel, you go in, you get a sandwich, you get a drink, and--

**FRIESEN:** Well, I think some of that--

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**WISHART:** --or in my case, a hot dog.

**FRIESEN:** Some of the new batteries that have come out recently, that they've talked about, do charge in roughly 10 to 15 minutes.

**WISHART:** Yes.

**FRIESEN:** I think the average stop at a gas station is seven. So we're-- it's getting close, and I know the industry is looking at that. And-- and I-- I think it's something-- with all the car dealers ramping up, it's something that we'll have to address sooner or later. But the private industry is already talking about it. And we'll see once if-- I don't know, is-- if they ask for more of this, or there is companies out there. Aren't there companies offering municipalities theirs? 'Cause I've noticed a lot of small towns have charging stations. Somebody is approaching them and getting them to put these in. And I don't know how they're financing them. But have you seen any of these?

**WISHART:** Yeah, there are opportunities for the charging stations to be in places other than, say, a convenience store. But what I anticipate with this type of legislation, and what we've seen in other states that have done something similar, is there is a real collaboration with the, sort of, gas station infrastructure that's already in place for these build-outs to happen. And again, if we already have that in place, it-- it makes sense if that's where we-- people know where to-- where their local gas station is. They know when they're heading across the state, you know. And again, the other thing is, if we don't do something like this, we are-- people who are driving across our state or traveling through our state, we are not capturing revenue to fund our roads. And instead, the responsibility is falling more and more on people who have fuel vehicles--

**FRIESEN:** Yeah.

**WISHART:** --and in-state Nebraskans.

**FRIESEN:** Yep. Thank you.

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

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**ALBRECHT:** Thank you, Chairman Linehan, and thank you for bringing this bill, Senator Wishart. Can you give me an idea of right now, like through DMV, how many electric vehicles does Nebraska currently have?

**WISHART:** I don't know that exact number. I can easily get that for you because we do charge an additional fee on electric vehicles. So I can get that number. I know right now Nebraska is not leading, in terms of how many we have. But again, I believe there's over 300,000 electric vehicles were sold-- oh, no. I-- I'm not going to-- I'm not going to go in numbers. OK.

**ALBRECHT:** Yes, that would concern me if we were ready to put these units throughout the state and not really have enough vehicles that are-- because with technology and the way things change over a ten-year period, even a two-year period, you know, we would be investing now and then maybe reinvesting in another five to ten years because we don't know the number of people. And generally speaking, I did listen to the Tesla when I was in Transportation. And some of the people that talk about owning them, they do it right, like in town. They're not taking those long trips. So I'm just trying to wrap my head around-- is now the time?

**WISHART:** I completely understand. I absolutely think now is the time. I mean, can you imagine if we hadn't-- you know, it takes building out infrastructure, having the foresight, for example, to build our highway system for other economic development, and connectivity, and mobility to happen. And we're going to get to a point in our state where the only people that are significantly funding our roads are people who have not transitioned to electric vehicles. And that is going to be a heavier and heavier burden on a smaller and smaller group of people, while other people, who have electric vehicles and are traveling through our state, are not paying any amount to-- to fund our important infrastructure. So I do think that-- I mean, we're going to see in the next ten years a significant switchover to electric vehicles. I think we're going to see it in the ag world even quicker as cost efficiencies happen. And we're already seeing battery opportunities that allow people to not have to be stuck in a town and just drive around where you're-- you have the capability of going a lot further before you can charge again. So again, I mean, it would take, with this, two to five years to build it all out. And by that time, we're going to be real thankful we have all of-- we've put all



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of this in place so that, again, we're not falling sorely behind on  
our infrastructure needs.

**ALBRECHT:** Thank you.

**LINEHAN:** Thank you, Senator Albrecht. Other questions from the  
committee? Senator Lindstrom.

**LINDSTROM:** Thank you, Chairwoman Linehan. And thank you, Senator  
Wishart, for bringing this bill. Yesterday we were talking, and I-- I  
brought a-- a bill not directly dealing with this, but part of my  
testimony was talking about large corporations, whether it's Walmart,  
Ford. Maybe you could touch on a couple car manufacturers that are  
looking at doing this, if it's GM, Ford, some American-made companies.  
They are going towards being carbon-neutral. And by 20-- I think maybe  
it's--

**WISHART:** 2035,--

**LINDSTROM:** 2035, which is--

**WISHART:** GM--

**LINDSTROM:** --not that far away, right?

**WISHART:** Yeah. It's not far away at all.

**LINDSTROM:** So to me, I think you made a good point with traveling  
through the state, capturing those dollars and if there's a way to--  
to capitalize on the revenue for the state to offset, maybe, with the  
loss of revenue on-- there are fuel-- fossil fuel cars. But it-- it--  
it's going to happen. I mean, it's just going to happen. And if you  
look at what transpired under the Obama administration with the Paris  
climate accords-- obviously we were out of that in the Trump  
administration, but we're now back in it. And I think that trajectory  
is going to maintain, regardless of whether you believe in it or not,  
it probably-- all the corporations are going that way. So I do like--  
I like this bill. I liked it last year. I'll, you know, I'll support  
the bill. I'm just curious if you know about all of the companies that  
are manufacturing vehicles, if most or all are trending that way, are  
going to be carbon-neutral at some point.

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**WISHART:** Absolutely all are trending that way. And our country is far behind the-- the activity that is happening around the world, in terms of electric vehicles. But we're starting to really speed ahead. If you look at all of the American manufacturers, they are competing in this industry. This is where they're spending all of their R&D. This is the direction that vehicles are going. And there's no turning back from it. And it's not like it's happening in 15 years; it is dramatically going to happen within the next 10 years.

**LINDSTROM:** I have a follow-up question, because it leads into the next evolution of vehicles with autonomous vehicles. And we're starting to look at-- obviously it comes into play with broadband, with long-range, high free-- high-range radio and building out that infrastructure. What's the timeline? How-- how does that go parallel in vehicles-- in electric vehicles in conjunction with when we think we're going to be doing more and more autonomous vehicles, because I think they go hand-in-hand at some point?

**WISHART:** Oh, yes.

**LINDSTROM:** Well, is that-- is that coming sooner than later? Is that a 14-year time horizon? Or how-- how far out do you think that is coming? I mean, Elon Musk is obviously pushing--

**WISHART:** Yeah.

**LINDSTROM:** --a lot of that, and he seems to be moving pretty quick. So--

**WISHART:** Yeah. Well, so first of all, we are already in the world of autonomous vehicles now. I mean, if you think about it, the vehicle-- so my husband and I always buy really, really used-- like old vehicles. My vehicles are as-- old enough to vote. And like, just getting into somebody's vehicle that's new, it's already "automized" on a lot of, you know, in a lot of ways. So we're already here in some of those advancements. We just-- it's such a-- there's such incremental growth that you don't even realize how much we've changed. I anticipate it's going to take probably 30 years, but it seems like technology increases exponentially. Thirty years for us to be in-- and everything I read-- 'cause I read a lot of blogs on this stuff-- everything I read is, it's going to take a little bit more time for us to get to a place where we have a, sort of, technology overlay that

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would allow for vehicles to interact off of a, sort of, cloud grid, you know. But we are much closer to vehicles being much better at reading signs, and telling you when you're speeding, and telling you when a car is right by you, and-- and all of those kind of things. So you know, we passed in Nebraska, four years ago-- three years ago-- one of the most advanced autonomous vehicle legislation in the country. And now it's being looked at as model legislation for the federal level, because it's so free-market. And I said then what I'll say again: We spend a lot of time in this Legislature, a majority of our time dealing with current fires or rehashing old issues. We spend too small amount of time really putting forth legislation that's future-thinking. And this is one of those pieces.

**LINDSTROM:** Yeah, and I appreciate that, because I think that-- that, you know, as we-- we talk about a lot in here with incentives, we talked about microenterprise incentives yesterday and growing small communities. And I don't-- if you don't have the infrastructure and you have younger families, that-- or those early adopters of this technology, and they're traveling through Nebraska, we may have the infrastructure on 80, but they're not going to go off and do the Nebraska Passport and take their kids up and visit other places across Nebraska. So I appreciate you diving into this technology and this incentive. So thank you.

**WISHART:** Thank you.

**LINEHAN:** Thank you, Senator Lindstrom. Are there other questions from the committee? Senator Briese.

**BRIESE:** Yeah, thank you, Chairman Linehan. And thank you for bringing this and being here today. You mentioned earlier the need for maybe 200 such stations across the state at some point. Is that your--

**WISHART:** That's what Oklahoma-- Oklahoma put in 109 locations with over 200 charging stations in two years.

**BRIESE:** OK. Well, where are we at now in Nebraska? What's the extent of our infrastructure in this regard?

**WISHART:** Not that. I can get you the direct-- the exact. I know we've put some money in through Volkswagen and individual convenience stores, and cities have put some in. But there's nowhere near the--

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nobody is going to feel comfortable driving through our state, just like you wouldn't if there weren't gas stations anywhere. It gets-- I mean, I've traveled across the country, and there are certain parts where it's pretty nerve-racking. When you're going, you better be fueled up for that long haul when you're going through certain states. And that's how people feel right now in Nebraska. You're just not going to get-- you're going to get people going around us.

**BRIESE:** Just curious where we're at now and how far we have to go. Obviously, we have to go a long ways yet, but just curious what the numbers would be. Anyway, thank you.

**WISHART:** Yeah, thank you.

**LINEHAN:** Thank you, Senator Briese. Other questions? How much does one of these cost to build, the station-- charging station?

**WISHART:** \$82,000.

**LINEHAN:** And I think somebody else asked this, but it may be they aren't or-- do you have any idea what the federal government is doing as far as promoting this?

**WISHART:** So I don't have-- we've really-- since we've switched--

**LINEHAN:** Administrations.

**WISHART:** --administrations, I think-- what I do know is that the Biden administration is going to focus a lot on transportation, in terms of addressing environmental issues, because that's a sector where the private sector is also heading that direction, as well.

**LINEHAN:** All right, thank you. Any other-- yes, Senator Bostar.

**BOSTAR:** Thank you, Chair Linehan. Thank you, Senator Wishart. So what would be the plan for how to collect all the necessary revenues through this, considering the sort of-- the prohibitions on private entities retailing electricity?

**WISHART:** Yeah, that's a conversation we would need to have with Nebraska Public Power District. And I mean, that's-- that's just a conversation we'd have to have with them. But honestly, that's an

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opportunity for them, if you think about it, to-- to move into another  
energy sector.

**BOSTAR:** And has any of that discussion, I mean, is-- is-- does NPPD  
seem to be open to it? Are they exploring how they think this should  
look, going forward? Or--

**WISHART:** So I've had some-- just very initial conversations. And it's  
something actually-- I think Senator Friesen, a while ago, talked  
about, you know, maybe having an interim study to talk about just how  
the-- the actual revenue capture of this, although I think that's the  
cart before the horse until we get these up and running. What I will  
say is, I know the rural-- there are some rural electric associations  
that are very interested in this space. And I know one of them  
probably sent a letter in neutral position, but there are some  
individual members that are interest-- very, very interested in this  
space.

**BOSTAR:** OK. Thank you so much.

**WISHART:** Yeah.

**LINEHAN:** Thank you, Senator Bostar. Are there other questions from the  
committee? Seeing none, thank you very much.

**WISHART:** Thank you.

**\*KRISTEN HASSEBROOK:** Dear Chairwoman Linehan and Members of the  
Revenue Committee, my name is Kristen Hassebrook, registered lobbyist  
for the Nebraska Chamber and here today in support of LB346, a bill to  
create the Fueling Station Tax Credit Act. This support is conditioned  
on the adoption of an amendment we believe will be offered here today  
that would ensure the credit would not be available to fueling  
stations operated exclusively for vehicles of a specific manufacturer.  
The bill provides for a nontransferable and non-refundable income tax  
credits for work done in 2021 and 2022 to create a comprehensive  
electric vehicle charging station network across the state. LB346  
would also provide that any taxpayer claiming credits must submit an  
annual report to the Department of Environment and Energy detailing  
the number of charging events, the number of unique vehicles that were  
charged, the number of total kilowatt hours dispensed for each  
charging event and the average kilowatt-hours dispensed for all

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charging events. The State Chamber believes investing in infrastructure is essential to our prosperity, competitiveness, and quality of life. The Nebraska Chamber also supports the development of sustainable funding for infrastructure investment, construction, repair and maintenance. The development of a comprehensive electric vehicle charging station network, not operated exclusively for vehicles of a specific manufacturer, would allow for the assessment of user charges that can assist in providing sustainable funding for infrastructure investment paid by the interests they serve in proportion to the benefits. For these reasons we support LB346, so long as the amendment language is adopted to address our concerns.

**\*BLAIR MacDONALD:** Good morning Chairwoman Linehan and members of the Revenue Committee, my name is Blair MacDonald and I am here to testify on behalf of Francis Energy in support of LB346. Francis Energy is an Oklahoma-based owner and operator of public-access direct-current fast chargers (DCFC) with a proven record of success and over 350 superchargers already installed across 115 distinct locations. Among its core missions is the elimination of "range anxiety," an electric vehicle (EV) driver's fear of being unable to recharge when away from home. According to numerous studies, "range anxiety" is a leading impediment to the adoption of EVs. The existence of a contiguous network of DCFC, funded in part by public incentives, solves that problem and encourages drivers to purchase EVs. In response to Oklahoma's 75 percent alternative fuel infrastructure tax credit - a statute similar to LB346 - Francis Energy and other companies developed the first comprehensive, statewide network of DCFC in the country, and did so in less than two years. Importantly, this network, with chargers located roughly every 50 miles across Oklahoma, was intentionally designed so as not to exclude rural and tribal communities. LB346 will enable the development of a contiguous network of fast chargers and will create a hospitable marketplace for the sale of EVs to all drivers. Focusing solely on transit corridors and urban areas, which most policies do, is short-sighted and will hamper the emergence of this burgeoning market. LB346 creates an appropriate incentive to attract private capital to facilitate the build out of publicly accessible DCFC. The total cost to install an individual supercharger unit can easily exceed \$100,000.00. With sufficient public support, however, companies in the business of constructing, owning, operating and maintaining DCFC stand ready to begin this effort immediately. A statewide DCFC network will also incentivize

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electric vehicle manufacturers (OEMs) to sell EV cars in an otherwise overlooked market. While many models are currently available, there is zero doubt about the plans of major OEMs to replace their conventional products with EVs, at an ever increasing pace. Ford's "E-150" is only one year away. Startup automakers like Rivian and Lordstown will release pickups this year. just last week, GM garnered significant press after announcing its goal to manufacture only zero-emissions vehicles by 2035. Yesterday, Ford's President and CEO jim Farley echoed the industry shift in stating, "The transformation of Ford is happening and so is our leadership of the EV revolution and development of autonomous driving...We're now allocating a combined \$29 billion in capital and tremendous talent to these two areas, and bringing customers high-volume, connected electric SUVs, commercial vans and pickup trucks." Nebraska will experience myriad economic benefits if it proactively embraces DCFC. By enabling the creation of a network, Nebraska will see significant increases in both tax revenue and GOP. Nebraska EV drivers will enjoy between \$1,000-2,000 of savings annually simply by owning an EV for two reasons: reduced cost of ownership because EVs have far fewer maintenance requirements, and cheaper "fuel," as it costs half or less to charge an EV than to fill an ICE vehicle with gas. Francis Energy understands and agrees that EV drivers must pay their fair share for roads, so a small portion of those cost savings should be directed toward infrastructure improvements to offset the inevitable diminution in gas tax revenue. Based on our experience in Oklahoma and our understanding of the economics of OCFC, Francis Energy maintains that high-speed EV infrastructure will not be built out at the scale required without public support from Nebraska. Francis Energy supports LB346 because Oklahoma has shown what can be accomplished through the enactment of thoughtful, bipartisan public policy. Again, thank you for the opportunity to present testimony today.

**LINEHAN:** Are there proponents for LB346? Proponents? Are there opponents to LB346? Is there anyone wanting to testify in the neutral position? We do have written testimony that was brought in this morning, which means it's part of the written record. Blair MacDonald, from Francis Energy, is a proponent; and Kristen Hassebrook, with the Nebraska Chamber, is a proponent. And then we also have letters for the record on LB346: two proponents; one opponent; and two neutral. Would you like to close, Senator Wishart? Senator Wishart waives closing, so that brings the hearing on LB346 to a close.

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**LINDSTROM:** Oh. OK. We will now open the hearing on LB682, introduced  
by Chairwoman Linehan. Good morning.

**LINEHAN:** Good morning. Good morning, Vice Chairman Lindstrom and  
members of the Revenue Committee. My name is Lou Ann Linehan, L-o-u  
A-n-n L-i-n-e-h-a-n, and I'm here to introduce LB682. LB682 would  
extend the sunset on the New Markets Growth-- Job Growth Investment  
Act from December 31, 2022, to December 31, 2029. The Nebraska New  
Markets Act passed in 2012. The legislation was passed so Nebraska  
small businesses could get access to capital and to attract dollars  
from the federal program. The federal New Markets Tax Credit was  
established in 2000. Congress authorized the amount of the credit,  
which Treasury Department then allocates to qualified applicants. The  
federal dollars can be invested in businesses located in eligible  
low-income communities across the country. From 2003 to 2020, the  
federal program has issued credits worth 2-- \$26 billion dollars. The  
Nebraska program proved to be a magnet for federal investment. Prior  
to implementing the state New Markets program, Nebraska had received  
\$47.5 million in federal funding from 2003 to 2012, an average of  
\$4.75 million per year. But after the implementation of the program,  
Nebraska saw federal funding of \$235.2 million from 2012 to 2016. The  
increased federal investment amount to \$58.8 million per year, which  
is more than ten times the amount invested prior to passing the state  
program. This led to a 938 percent increase in Nebraska investment,  
and moved Nebraska from being 47th per capita to number 2 in the New  
Markets investment per capita. LB682 would reauthorize Nebraska's  
program through 2029. This means Nebraska would authorize-- excuse me.  
Nebraska would authorize \$75 million in tax credits, but no credit  
would be redeemed until the third year. The goal would be to spread  
the credits out at \$15 million a year for years three, four, five, six  
and seven of the program. That way, the tax credits, coupled with the  
private capital, will pay for the investment before any tax credit is  
redeemed. The experts on this program will follow me, but I will try  
and explain the mechanics-- mechanics of the program. The qualified  
Community Development Entity, or CDE, applies to the U.S. Treasury to  
become qualified. These entities are professional investment  
companies, banks, lenders, and economic development entities. This is  
a rigorous process, and LB628 requires federal qualification--  
qualification to participate in Nebraska and to guarantee additional  
investment in Nebraska. These entities then may apply for the  
investment authority in Nebraska. If they are approved, they find



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business throughout our state to which make invest to-- in which to  
make investments. These businesses are located in low-income areas and  
have a need for capital because the market and traditional lenders  
cannot accommodate the needs of these small businesses. I introduce  
this bill because it is important. Nebraska has the tools to foster  
and grow small business. The New Markets Tax Credit Program provides  
critical capital to Nebraska's businesses to grow, from Gordon all the  
way to Omaha. There are many success stories which will be told after  
me, and testifiers who can answer technical questions regarding the  
bill. Thank you. I will try to answer any basic questions you may  
have.

**LINDSTROM:** Thank you, Senator Linehan. Any questions from the  
committee? Seeing none, thank you.

**LINEHAN:** Thank you very much.

**LINDSTROM:** We will have our first proponent. Good morning.

**CARMEN TAPIO:** Good morning. Vice Chairman Lindstrom and members of the  
Revenue Committee, my name is Carmen Tapio, C-a-r-m-e-n T-a-p-i-o, and  
I am the president, CEO, and owner of North End Teleservices, LLC,  
appearing today in support of LB682. We are an outsourced context--  
contact center provider and are proud to support government agencies,  
as well as commercial enterprises, by providing state-of-the-art  
contact center solutions and exceptional service delivery. We are  
passionate about people providing pathways for success of everyone we  
serve, and this is our employees, our clients, and our community. We  
are woman- and minority-owned and certified business. Today we employ  
425 people, and our corporate office is located within a hub zone and  
Nebraska enterprise zone, in an area that still sees double-digit  
unemployment. Our mission is creating jobs and changing lives. Today,  
we are the largest African American-owned business in the state of  
Nebraska as it relates to number of employees. In 2018, I owned a  
minority interest in North End Teleservices, with the majority  
interest held by a nonprofit. I sought to buy out the majority owner  
and needed capital to finance the buyout and grow the business.  
Running a for-profit business backed by nonprofit doesn't always work  
hand-in-hand. There was not a single traditional bank that would loan  
me the money that was needed to accomplish my objectives. Without the  
funding, North End Teleservices would have been forced to close its  
doors. In 2018, we employed about 80 people. Advantage capital

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provided the financing to estab--provides financing to established and emerging companies located in communities underserved by conventional sources of capital. They found me at a time that I needed them the most and, to this day, I'm not sure exactly how they found out about me and my business and what we were doing in the community, in a community that was desperately in need of jobs and revitalization, but they did. We are a place of firsts: first jobs; first careers; first homes; first time attending college and receiving education. We offer tuition assistance, paid benefits, full-time employment, transportation services, and onsite social worker. And we have the only registered apprentice program in our industry in our state. While reports highlight the disparity and people of color having the ability to work from home, especially during this pandemic, all of our employees were able to be moved quickly and safely to work from a home environment. New Market tax credits provided the financing I needed to become the sole owner, and provided me with enough working capital to invest in the business to help spur our growth. In 2018, as I said, we had 80 employees. Today we are number 677 on the Inc. 5000 list, the fastest growing, privately-owned companies in America. We had a ten-year loan and we paid it off in just two years. Every job at North End Teleservices creates-- generates over \$237,000 of economic impact going back into the community at large, not just in the North Omaha community. That equates to over \$92 million of annual economic impact, which contributes to churn and contributes to tax revenues. One of the major hurdles for small business continues to be access to capital. And I urge the committee to advance this bill because New Market tax credits have proven to spur growth and development, and they can create more success stories like my own. Thank you for your time, and I'm happy to answer any questions from the committee.

**LINDSTROM:** Thank you very much. Any questions from the committee? Where did you say you were located again?

**CARMEN TAPIO:** We are in North Omaha.

**LINDSTROM:** The cross streets, I guess?

**CARMEN TAPIO:** 24th and Hamilton. So if you know where Habitat for Humanity is in North Omaha, we are just across the street.

**LINDSTROM:** OK. I know right where you're at. OK. Any other questions? Senator Friesen.

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**FRIESEN:** Thank you, Vice Chair Lindstrom. So I-- I think I read about your company in the-- in the Omaha paper. And it sounds like it's quite a success story, but a lot of it is based on the fact that you recognized a good location to put it, because you had the workforce.

**CARMEN TAPIO:** Yes.

**FRIESEN:** And in a lot of areas of the state, we don't have that workforce. And so there were no other access to any of the incentive programs that we provide that would fit what you were looking for?

**CARMEN TAPIO:** Not at the time, not that would allow me to-- to complete the buyout, as well as to provide the working capital needed to-- to grow the company.

**FRIESEN:** Do you-- do you access a lot of job-training programs, anything like that?

**CARMEN TAPIO:** So we do actually participate in ACCESS, in some of the job-training grants that are available through the Department of Economic Development. And we also participate in other job-credit programs, as well.

**FRIESEN:** Are there--

**CARMEN TAPIO:** But those are for training, those are for training.

**FRIESEN:** Are there enough of those programs available to provide that workforce that you need, though?

**CARMEN TAPIO:** Are there enough? I believe that there are enough. And you know, one of the things that I hear from other companies is that the-- the process of reporting on job-credit programs or job-creation programs is pretty arduous. But you know, once you have the structure in place to do so, it's just part of our process. So I would say, in terms of accessing job-creation and job-training programs, yes. But in terms of access to working capital, that was definitely a challenge for our organization.

**FRIESEN:** Do you have a lot of plans for expansion yet?

**CARMEN TAPIO:** We do. In fact, we are looking at building a new 30,000 square foot facility. We were looking to do so prior to the pandemic.

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And then, of course, the pandemic changed everything. We've moved to a work-from-home environment. But our previous facility, the one that we're in now, only accommodates a portion of our workforce. And we do plan to go back to on-premise operations. And so we are looking at building a new facility.

**FRIESEN:** What were some of the challenges of work-from-home?

**CARMEN TAPIO:** You know, the greatest challenge-- my business and my industry lends itself very well to work from home. And we had a small work-from-home component prior to the pandemic. All of our technology is cloud-based and in a distributed environment. So the move itself from work-from-home was fairly easy. What we found was about 30 to 35 percent of our employees didn't have Internet in the home. And so, you know, that was the biggest challenge. And we worked with partners, specifically with Cox Communications-- picked up the phone, made some phone calls, and we were able to, person-by-person, get the Internet installed at their home. And of course, they also had programs for low-income families or free, even, service for a period of time for low-income families.

**FRIESEN:** So there at least was access. It just wasn't affordable access at the time?

**CARMEN TAPIO:** Correct.

**FRIESEN:** Thank you very much.

**CARMEN TAPIO:** Thank you, Senator.

**LINDSTROM:** Thank you. Any other questions from the committee? Seeing none, thank you very much.

**CARMEN TAPIO:** Thank you. Thank you for your time.

**LINDSTROM:** Good morning.

**SEAN KELLEY:** Good morning. Good morning, Vice Chairman Lindstrom and members of the Revenue Committee. My name is Sean Kelley, S-e-a-n K-e-l-l-e-y, and I'm here today in support of LB682 as a registered lobbyist for Advantage Capital Partners. Originally, the CEO of Beehive Industries, Mac Rodgers, intended to share his story and experience, but unfortunately is in quarantine. So you get me, and I'm

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not a CEO of anything [LAUGHTER]. But I will try to share his-- his story. Beehive Industries is a technology company based in Lincoln, Nebraska, providing software to towns, cities, and counties to manage their physical infrastructure. These infrastructure items include: roads; power plants; sewers; and public buildings. Beehive had established itself in 2012, as a-- as a regionally-established software company with just a handful of employees. Beehive found itself in a position where it needed to grow, but could not receive the access to capital to build out its product and move to a national footprint. Beehive had not-- had-- Beehive had not reached the point of success where banks were willing to finance any expansion. Now Beehive has 25 employees and clients in 28 states, due to a New Markets tax credit investment in 2014 and 2015, of \$3.2 million. The average salary at Beehive is 70-- \$70,000, and Beehive attributes the significant growth in their company due to that investment. So with that, I'm happy to answer any questions you may have.

**LINDSTROM:** Thank you, Mr. Kelley. Any questions? Seeing none, thank you.

**SEAN KELLEY:** Thank you.

**LINDSTROM:** We'll have our next proponent. Good morning.

**JOHN McCOY:** Good morning, Vice Chair Lindstrom, members of the committee. My name is John McCoy. I am the CEO and owner of Orthman Manufacturing in Lexington, Nebraska.

**LINDSTROM:** Can you spell your name real quick for me?

**JOHN McCOY:** I'm sorry. J-o-h-n M-c-C-o-y.

**LINDSTROM:** Thank you.

**JOHN McCOY:** Our family owned an ag-based manufacturer, largely ag-based manufacturer in Lexington, have been proudly located there for 55 years of our existence. And in April of '16, we moved into a new plant, 115,000 square foot facility that was financed through the New Markets tax credit program at the time. We used Enhanced Capital, a group out of Louisiana, and then a CD out of Iowa to-- to put the deal together. Today as we moved in, in 2016-- since April 2016, we've added 80 new jobs. And then that has also spurred additional investment by our company into the project, or to the building. The

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project was about \$10 million at the time, which was the single largest investment of our company in our manufacturing facilities. Since then, the-- the 4-- approximately \$4 million worth of investment that has occurred since that time has been aimed and targeted at manufacturing processes and equipment, to help improve our manufacturing capabilities. The building itself supports, really, all of our domestic ag business, but also supports 14 countries that we ship to around the planet, includes-- including a facility that we own in Johannesburg, South Africa, a market that we started developing in 2013. And so that facility is an assembly plant that we-- that's being fed by this plant in Lexington. The 115,000 square foot in Lexington represents about half of our square foot operation in Lexington at this time. It was a great project. And so much as the timing was great, obviously we were coming through a pretty challenging ag market, and we are now-- we have a platform now that we can continue to grow as-- as the ag market continues to rebound, and believe that it also is a platform for us to continue additional investment. And when we moved into the plant, we also secured property around it, through the city, that allows us now to develop a campus, going forward. And so we expect, over the course of the next three to five years, an additional \$2.5 to \$5 million dollars of investment on our companies-- we'll have-- to help support the manufacturing needs and our market needs, going forward. So it's been-- it's a project that keeps on giving, if you will. And as we continue to-- to build our-- our distribution channels around the globe, it certainly will continue to support that, as well. We have about 200 employees today, down from our top in 2012, as we now have cycled through this ag thing, and clearly are-- are on the back side, we feel, today. So I'll be happy to answer any questions.

**LINDSTROM:** Thank you. Any questions from the committee? I'm sorry, I can't-- the manufacturing that you do--

**JOHN McCOY:** Orthman Manufacturing, we're an ag-based manufacturer.

**LINDSTROM:** What type of products?

**JOHN McCOY:** Yeah. So we-- we-- we're connected with John Deere. So we assemble John Deere planters at our location, row crop tillage equipment, precision tillage strip-till products, row crop cultivation today, that we're selling more row crop cultivators today than we sold

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since the '90s, given the resistance to chemicals today. And so those  
would be our main products.

**LINDSTROM:** OK, very good. Thank you. Any other questions? Seeing none,  
thank you for--

**JOHN McCOY:** Thank you.

**LINDSTROM:** --so much for coming. Good morning.

**RYAN BRENNAN:** Good morning, vice chair of Lindstrom and members of the  
committee. My name is Ryan Brennan, R-y-a-n B-r-e-n-n-a-n, and I'm  
with Advantage Capital Partners. Advantage Capital is one of the nine  
participants in the 2012 New Markets Tax Credit Program, as instituted  
by the state of Nebraska. And the sponsor, of course, did a very good  
job of outlining some of the results that occurred. The federal New  
Markets Tax Credit Program, as you may be aware, is one of the largest  
jobs-based programs run by the federal government. The challenge with  
it is, it's not given out per capita. It's not given out evenly to  
states, based on how many residents they have. Instead, it is up to  
individual investors. There are about 300 of firms like mine across  
the country to compete at the federal level, win allocation from the  
Department of Treasury, and then go find the Carmens of the world. For  
whatever reason, up to 2012, Nebraska had lagged behind, as you were  
47th in the country. In 2007, before Nebraska, states like Missouri,  
and Illinois, and Kentucky started to put state incentives in place to  
say, if you bring your federal investment here, we'll match with a  
state credit. And they saw the use of those federal dollars really go  
off the charts. And Nebraska was no different. There are now 14 states  
that use similar legislation. Many of them are on their second, third,  
fourth, even fifth time of adding money to their state programs.  
They've typically had the same results. Just yesterday, Mississippi  
passed its fifth program, about the same size as Nebraska's. So I'll  
very quickly reference what I saw as the goals in reading through the  
2012 legislation. Really first and foremost was to bring this federal  
money to Nebraska. And based on the numbers that the sponsors shared,  
it feels like that has been successful. Why this extension is timely  
is, in December of last year, as part of Phase 4 or CARES Act 2, the  
federal government added more money to the New Markets program than  
they've ever had. And that money will come online starting in July. So  
it's timely, and that's a \$25 billion extension of the federal  
program, which is almost as much as has been-- has been in it in the

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previous 20 years. So it's now timely for the state to consider an extension to go after that pool of federal capital, which again, we know will be highly competitive. Each firm like ours is held to results with the investments that we make. Are we creating the jobs? Did we find the Carmens of the world? Then we go back and compete for future allocation. So the federal program, I think, is one. And the second was to create jobs. And I think we've heard several stories today about how those early risk slugs of capital have allowed these companies to just do amazing things, that it's not always on the banks, because they're so tightly regulated to make some of the loans and investments like you've heard about today. Where New Markets can come into play is if a company needs \$5 million, but the bank says we can lend you \$2 million, based on the assets you have, that's when New Markets can come in and do the other \$3 million. So banks are never displaced. And actually, they like it because they get to keep deposits, keep that local relationship. New Markets can fill in the gap. One of the-- in addition to North End Teleservices-- which there's just not a better story in this program, frankly-- Advantage invested in Open Range Beef in Gordon, Nebraska. We allowed Open Range to go into a closed manufacturing facility and create one of the only entirely organic beef processing plants, with training for, not only the people that would come in to process, but also local producers and growers, to know what it took to be part of a-- of an organic facility. They've gone from zero to 114 employees and continue to grow and have success in Gordon. Actually, when you look at the-- the 15 investments that Advantage made, 9 of them are outside of Lincoln or Omaha, so in the nonmetropolitan areas. And then finally, one of the other goals was that this program would pay for itself, that the value of the new tax revenue from the growth of these companies, that that tax revenue would exceed the cost of the credits. And our economic reviews show that that has been the case, a little more than a dollar of new revenue for every dollar of tax credits that has been redeemed. And I think, just listening to North End Teleservices talk about \$92 million of new economic development from the loan that they received seems proof positive. Thank you for your time. We hope you consider extension of this program, and I'm happy to answer any questions.

**LINDSTROM:** Thank you. Thank you for your testimony. Any questions from the committee? Senator Friesen.

**FRIESEN:** Thank you, Vice Chair Lindstrom. What is the success rate of the companies you've invested in, 100 percent?



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**RYAN BRENNAN:** I wish. No, Senator. It-- it-- of the 15 investments that we made, 4 of them are no longer in operation. And that is a hard stat to share. But the reality is, we're making loans that no one else will make. And we know that there is greater risk because no one else will make those loans. Where we try to make up the difference is that we are very hands-on, and we help that company negotiate their lease, and find sellers, and have training programs and access to other resources or programs they might be able to use. We work very closely with banks, but banks will often lend, and then they're done. We lend and then we plug in, and we sit on their board, and we call them to see how they're doing. So it might be half of these loans could go bad. But for, I think, all of the time that we spend with them-- and each year we have to report all that to Treasury, because they want to make sure that we're not just lending and being gone, but that we're lending and helping.

**FRIESEN:** Is there any common denominator when it comes to the failures? Does anything stick out?

**RYAN BRENNAN:** I don't think so, really some very aggressive growth plans, you know, but-- but-- but in many ways, that's-- that's where I think this capital fits in. Right? If it's just a loan on a building that already exists, a bank will do that loan. But generally, we're looking for companies that really want to grow. We have to come back to you and to Treasury and talk about job growth. I can't come back here and just say, guess what, it's eight years later, the same jobs are there that were there when we invested. So all these-- these plans are aggressive by nature. I think that's probably what they have in common.

**FRIESEN:** OK. Thank you.

**RYAN BRENNAN:** Yes, sir.

**LINDSTROM:** Senator Briese.

**BRIESE:** Thank you, Vice Chair Lindstrom. Thank you for your testimony here today.

**RYAN BRENNAN:** Yes, sir.

**BRIESE:** Is it fair to say we're leveraging state dollars to access federal dollars?

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**RYAN BRENNAN:** Yes, sir.

**BRIESE:** Any prediction as to the ratio of federal dollars to state dollars that we're going to pony up here, that we're going to be receiving, I guess?

**RYAN BRENNAN:** The current proposal is for \$15 million a year, starting in year three, and then at least that amount of federal money or more. So it cannot be less or it would have to work-- it would have to attract, at minimum, \$75 million of federal dollars. What we've seen is, it's usually three to four to one of what the state would put up, and that's across the other 14 states that we've seen.

**BRIESE:** Three to four to one?

**RYAN BRENNAN:** Yes, sir.

**BRIESE:** OK. Thank you.

**RYAN BRENNAN:** Yes, sir.

**LINDSTROM:** Any other questions from the committee? Seeing none, thank you.

**RYAN BRENNAN:** Thank you.

**LINDSTROM:** Good morning.

**RON SEDLACEK:** Good morning, Vice Chair Lindstrom and members of the Revenue Committee. My name is Ron Sedlacek, R-o-n S-e-d-l-a-c-e-k, and I testify today, on behalf of the Nebraska Chamber of Commerce, in support of LB682. And I've also been asked to sign in on behalf of Enhanced Capital, which is a national organization that has participated in arranging investment capital for many New Markets small business projects in Nebraska, particularly in rural Nebraska. In today's landscape of persistent economic challenges, there can be a real hope for redevelopment professionals who understand how to create financing instruments. And across the nation, investment capital is being infused into communities through the New Markets Tax Credit Program. And as the Nebraska Chamber views the program to attract small business and manufacturing back to rural Nebraska-- rural America in general-- LB682 represents a Nebraska component that is an enhancement to a very successful federal program, as I mentioned

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before, now in existence for 20-plus years. And one unique aspect of the program is that the intended beneficiaries, the qualifying businesses making the investments, do not receive tax credits. Instead, the qualifying businesses receive discounted cash financing. And I think that's important to distinguish between our other economic development programs, where it's not necessarily the amount of incentive for the cash-- for cash up front. It's-- it's an incentive for investment and-- and job growth. This provides at least an incentive to begin that operation to-- to-- to make the deal work. I'm going to skip over some testimony. It's actually redundant. So three points in three minutes maybe, and that is, the Nebraska Chamber supports the bill because it's truly a statewide program. We like the emphasis on manufacturing and the investments in rural companies. A majority-- secondly, a majority-- a major shortcoming, I should say, of business growth in Nebraska is due to a lack of access to capital. We're just not a magnet for venture capital in comparison to other states and in our peer states. And lack of capital creates an artificial ceiling for Nebraska businesses and, too often, can shorten the life of a business. This program allows for investment that would otherwise not be available. And third, the New Markets Program is unique in that it is mandatory for additional capital to be infused into the economy. The statistics bear out that Nebraska saw much more investment due to the Nebraska component of the New Markets Program, as mentioned before. So to wrap up, we-- the program itself has, as they say, a 20-year track record of directing federal funds to private capital businesses. And as I mentioned before, the program has been extended many times. And at the end of 2020, the program is extended for another five years at \$5 billion annually on the federal level. And that end-of-year legislation was approved by a bipartisan majority in Congress and signed into law by President Trump. So this renewal bill will result in more of these federally led-- leverage dollars coming to Nebraska. And so we ask the Revenue Committee to consider the bill favorably and advance it to the floor for further consideration. And thank you for the time.

**\*BOB HALLSTROM:** Chairman Linehan, members of the Revenue Committee, my name is Bob Hallstrom and I submit this testimony as registered lobbyist for the Nebraska Bankers Association (NBA) in support of LB682. LB682 would extend the Nebraska New Markets Job Growth Investment Act through 2029. The NBA supported adoption of the New Markets Job Growth Investment Act in 2012, which allows financial

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institutions, among others, to claim nonrefundable tax credits for investments in a qualified community development entity (CDE). Financial institutions may use these credits against the franchise tax. The Act is designed to provide banks and others with the ability to invest in businesses in low-income communities while separating the credit risk from the compliance risk of the program. The program provides benefits to businesses in the low-income communities by allowing them to access flexible capital at affordable rates without diluting the ownership interest in the business. The program leads to the creation of new jobs in low-income communities. Individual banks can play a role in providing New Markets Job Growth tax credit financing for valuable community development projects. As recipients of New Markets Tax Credit (NMTC) allocations, banks can provide community development entities with senior debt at interest rates substantially below the market rate. In addition, as a tax credit investor in New Markets Growth tax credit allocations by third-party CDEs, banks assist in the financing of specific projects in low-income communities. Examples of a projects that have been funded through the New Markets Job Growth Investment Act include 1) a manufacturing company based in Omaha in which a \$7 million investment through the New Markets Tax Credit (NMTC) program enabled a company to consolidate all operations under one roof and support 260 job is in the state; and 2) a manufacturing company, based in Pender, in which a \$10.4 million through the NMTC program kept the company located in Nebraska by modernizing their facilities, equipment and manufacturing processes. This company supports over 160 jobs in its community and the surrounding areas with plans to continue hiring from the nearby area to grow the local workforce. For these reasons, the NBA would respectfully request that the Committee advance LB682 to General File for consideration by the full legislature.

**LINDSTROM:** Thank you. Any questions from the committee? Seeing none, thank you. Next proponent. We did have written testimony in favor of the bill from Bob Hallstrom with Nebraska Bankers Association. Any people want to testify in opposition? Anyone in the neutral capacity? Seeing none, we did have no letters for the record, as a proponent, opponent, or neutral. And with that, we'll invite Senator Linehan to come back and close.

**LINEHAN:** So I'm going to be really quick. So there's a handout-- and I don't know if they handed it out, I will get it to all of you if you don't-- that they provided it to me. For as far as the companies, the

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15 companies, 5 were in Omaha, 2 were in Lincoln, 3 were in Lexington, 1 in North Platte, 1 in Superior-- and the one in Superior created 57.5 jobs-- 1 in Gordon-- 114 jobs, and they actually-- I can't think of the name of the restaurant, but it's the green restaurant on 10th Street, the French-- little French restaurant there, it's really good, they sell that meat-- and then 1 in Thurston and 1 in Fremont. So it is all of the state. And clearly, looking at Lexington, you probably get a banker who's-- [LAUGHTER]. We'll do that [INAUDIBLE].

**LINDSTROM:** I was thinking the same thing.

**LINEHAN:** So any questions?

**LINDSTROM:** Any questions from the committee? Seeing none, thank you.

**LINEHAN:** Thank you very much for your time.

**LINDSTROM:** And that will end the hearing on LB682.

[BREAK]

**LINDSTROM:** Welcome to the Revenue Committee public hearing. My name is Brett Lindstrom. I am from Omaha and represent District 18 in northwest Omaha. For the safety of our committee members, staff, pages, and the public, we ask 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 the 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 to the hearing room. We request that you wear a face covering while in the hearing room. Testifiers may remove their face covering during the 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 doors will be monitored by a Sergeant at Arms who will allow people to enter the room based on seating availability. Persons waiting to enter a hearing room are asked to observe social

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distancing and wear a face covering while waiting in the hallway or outside the building. The Legislature does not have the ability due to the HVAC project of an overflow hearing room with hearings which attract several testifiers and observers. For hearings with a large attendance, we request that 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 your cell phones. And the order of testimony will be the introducer, proponents, opponents, neutral, and closing remarks by the senator. If you will be testifying, please complete the green form and hand it to the page when you come up to testify. If you have written materials that you would like distributed to the committee, please hand them to the page to distribute. We need 12 copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you now. When you begin to testify, please state and spell your name for the record. We ask that you please be concise. Because of the folks in the room, we'll go with five minutes, which will be green five minutes, one minute to go, you'll see the yellow light, and we ask that you wrap it up or finish on the red light. If your remarks will-- excuse me, if your remarks were reflected in previous testimony, or you would like to position-- 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 for today. Please speak directly into the microphone so our transcribers are able to hear your testimony. I would like to introduce committee staff. To my immediate left is committee counsel, Mary Jane Egr Edson. Further left is research analyst, Kay Bergquist. And down at the end of the table is committee clerk, Grant Latimer. We'll have the committee members introduce themselves, starting with Senator Pahls.

**PAHLS:** Thank you. Rich Pahls, District 31, southwest Omaha.

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

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

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**FLOOD:** Mike Flood, Madison County, District 19, part of Stanton  
County.

**BRIESE:** Tom Briese, District 41.

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

**LINDSTROM:** And our pages today are Jason, who attends UNL as a  
political science and history major; and Reid with-- who also attends  
UNL, who's an ag econ major. Thank you, gentlemen. Please remember  
that senators may come and go during our hearing as they have other  
bills to introduce in other committees. 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  
for recording purposes only. Last, we are an electronics 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 today and  
your testimony are important to us and is critical to our state  
government. And with that, we will open the hearing on LB182,  
introduced by Chairwoman Linehan.

**LINEHAN:** Good afternoon, Vice Chair Lindstrom and members of the  
Revenue Committee. My name is Lou Ann Linehan, spelled L-o-u, capital  
A-n-n, capital L-i-n-e-h-a-n, and I represent District 39. I am  
introducing LB182. This legislation would restore the long-standing  
tax treatment of wireless tower leases which have historically been  
exempt from state and-- from sales and use tax. However, the  
Department of Revenue recently began issuing audit assessments against  
wireless companies and tower companies for sales tax that was not  
collected on these leases. LB182 is intended to be narrowly targeted  
to exempt these lease payments that wireless providers pay to-- excuse  
me, power companies to rent space on their towers. This bill will not  
exempt the wireless equipment that the wireless companies install on  
these towers, nor would it exempt labor used to install that  
equipment. Unfortunately, the language in the green copy of the bill  
was not as narrowly drafted as I intended. This resulted in a fiscal  
note that is much more than it should be. I have brought AM140 with me  
to refine the language as was my intent. This is an issue of fairness.  
When businesses lease a small space in a mall, an office park, or

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industrial park, they are not required to pay sales taxes on those lease payments. I noted that this bill is in response to recent Department of Revenue audit assessments, so, so some history is in order. In 1977, the Department of Revenue issued revenue ruling 01-77-2 that explicitly stated that lease payments for wireless equipment placed on towers are not subject to sales and use tax. When the Legislature changed a related statute in 2007 to repeal the tax on contractor labor charges, the Department of Revenue issued a new ruling, revenue ruling 01-07-2 to clarify that the sales tax on construction labor charges continues to apply to certain labor transactions related to the installment-- installation of telephone, telegraph, and mobile telecommunications equipment. However, this 2007 law change and the DOR ruling did not modify the long-standing sales tax exemption for wireless lease payments. Wireless companies had relied on the 1977 ruling, revenue ruling for over 40 years until the Department of Revenue removed the 1977 ruling from its website and began issuing sales tax assessments for tower lease payments. As a matter of public policy, the Legislature is trying to do everything we can to encourage investment in rural broadband. A critical part of broadband infrastructure in rural Nebraska is going to include wireless broadband. So it makes absolutely no sense from a policy standpoint to add new cost to wireless investment. As I noted earlier, the very expensive equipment that wireless and broadband providers use in their network-- in their networks and the labor used to install it is subject to sales tax. Perhaps we should be having a conversation about repealing those taxes, as the fiscal note documents, so the broadband providers investing in our state can spend investment dollars on equipment and not sales taxes. However, my bill is intended to be much narrower. It would simply restore things to where they were before the Department of Revenue started asserting that wireless tower lease payments are taxable. It is a small step toward aligning our tax policy with the Legislature's goal of expanding broadband services to all corners of Nebraska. Thank you for the opportunity to represent LB128 [SIC--LB182], and I urge the committee to advance the bill to General File.

**LINDSTROM:** Thank you, Senator. Any questions? Seeing none, thank you. We'll have our first proponent. Good afternoon.

**CHRIS PETERSON:** Good afternoon. Members of the Revenue Committee, my name is Chris Peterson, C-h-r-i-s P-e-t-e-r-s-o-n, and I'm a registered lobbyist representing T-Mobile. I'm also appearing on



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behalf of the following companies and associations who joined T-Mobile in supporting this legislation: AT&T, U.S. Cellular, Verizon, CTIA, also known as the Wireless Association, Crown Castle, Wireless Infrastructure Association, and Viaero. Thank you for the opportunity to testify in favor of LB182 and the amendment offered by Senator Linehan. As Senator, Senator Linehan stated in her opening remarks, this legislation would restore the long-standing tax treatment of wireless tower leases, which up until recently were not subject to the sales and use tax. About two years ago, the Department of Revenue began issuing audit assessments on such wireless tower leases. LB182 with the amendment is narrowly targeted to exempt the lease payments that wireless providers pay to tower companies to rent space on their towers for equipment primarily used to provide Internet access. This bill would not exempt the wireless equipment that the wireless companies install on those towers, no-- nor would it exempt the labor used to install that equipment. Nebraska is already an expensive place to invest in broadband networks. Unlike Iowa and Missouri, which exempt wireless network equipment from the sales and use tax, wireless companies must pay sales and use tax on their network investments. For every million dollars invested in network equipment in Nebraska, providers must pay about \$70,000 in sales taxes. This means that investment dollars go further in Iowa and Missouri than they do here. Our southern neighbor, Kansas, does not impose any personal property tax on communications network equipment. Here in Nebraska, not only are wireless companies subject to property taxes on their networks, but they are also centrally assessed by the state, which generally leads to higher property tax assessments. I mention this not because this bill would change the sales or property tax treatment of wireless equipment, but to illustrate that Nebraska is competing with other states to attract investment in broadband networks. This pandemic has demonstrated that broadband connectivity is vital to providing educational and employment opportunities. I do not have to tell the committee that broadband expansion is one of the highest priorities for Nebraska policymakers this year as it is for legislators across the country. The imposition of a sales tax on the lease payments for the use of wireless towers is an added cost for providing broadband service in Nebraska. Most other states treat towers as real property for sales tax purposes and as such do not impose sales taxes on wireless tower leases. I'm going to skip a little bit of the history that Senator Linehan already covered. As I mentioned earlier, a critical part of the broadband infrastructure in rural Nebraska is

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going to include wireless broadband. So it makes absolutely no sense from a policy standpoint to add new costs to wireless broadband investment. This bill with the amendment is intended to be very narrow. It would simply restore the tax treatment of lease payments for wireless towers to the treatment provided under the 1977 revenue ruling, but only for equipment primarily used to provide Internet access. As it is a small step toward aligning Nebraska's tax policy with the Legislature's goal of expanding broadband service to all corners of Nebraska. Thank you for the opportunity to testify in support of LB182, and I urge the committee to advance the bill to General File.

**LINDSTROM:** Thank you, Mr. Peterson. Any questions from the committee? Senator Pahls.

**PAHLS:** Thank you, Vice Chair. I have a question. You said this is going to help the rural areas. This is what-- are the metropolitan areas, are we pretty well-served, broadband?

**CHRIS PETERSON:** I, I think that the, the easy answer is, is yes. There's been tremendous advanced investment in urban Nebraska and there's opportunity for-- and, and demand for more investment in rural Nebraska. And the company that I represent, T-Mobile, has an aggressive plan to invest in, in 5G across the state over the next few years.

**PAHLS:** OK, but this would be extreme benefit to rural Nebraska, because you just told me that urban we're pretty well-- I mean, I know we, we need more, but we're in pretty good shape as compared to the rural areas.

**CHRIS PETERSON:** Yeah, Senator, thanks for the question. You know, in my testimony, what I, what I shared was that there's a disparate treatment when it comes to taxation of these tower leases. It's not the case that, that taxes-- sales, sales and use tax are collected on these leases in other states. And so if Nebraska were to address this, this issue, this new issue here and restore to the tax policy that existed previously, that would free up dollars from the wire-- wireless companies that otherwise would have to pay for sales and use taxes that could be invested in, in wireless infrastructure.

**PAHLS:** Thank you.

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**LINDSTROM:** Any other questions from the committee? So the intent of the bill, and we've had several bills similar to this over the last couple of years, is basically to maintain the tax treatment that you have been afforded over probably a couple of decades, similar to other bills in the past. This just puts in statute that tax treatment with the audit that said department-- nothing against the Department of Revenue, but that they had a different interpretation. This just codifies in statute what has already been done in previous years.

**CHRIS PETERSON:** That's right, Senator. There's been two bills in recent years that were brought similar in nature to this, one of, one of which I believe was your own, and after, I think, a similar experience with audit assessment. And, and so this legislation, LB182, would restore the status quo, so to speak, of where things stood just a couple of years ago.

**LINDSTROM:** Thank you. Any other questions? Seeing none, thank you.

**CHRIS PETERSON:** Thank you.

**\*SEAN KELLEY:** Madame Chair Linehan and members of the Revenue Committee, my name is Sean Kelley, spelled S-E-A-N K-E-L-L-E-Y, Executive Director of the Nebraska Internet and Television Association (NITA). The NITA strongly supports LB182 and encourages you to advance the bill to General File. The NITA is the primary trade association for the cable broadband industry in Nebraska. The companies and affiliate members of NIT A include Fortune 500 companies and community-based independent operators that provide video, broadband, and competitive voice services to homes, businesses, and public entities across Nebraska. The members of the NITA operate and maintain thousands of miles of critical infrastructure across Nebraska. Each year, our members invest millions in new infrastructure and technology to expand their networks and improving the customer's experience. In these unprecedented times, the importance of delivering reliable broadband connectivity to all Nebraskans has become even more impOliant. If enacted, LB182 would provide a strong incentive for internet service providers to expand their networks to more Nebraskans and invest in technology to improve existing networks. The NITA would request one technical amendment to the bill. On page 3 line 25, we recommend replacing the term "primarily" which could be interpreted to mean greater than 50 percent with "predominately" which generally

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means more than anything else. Thank you Chairperson Linehan for  
introducing LB182 and please let me know if you have any questions.

**\*TIP O'NEILL:** Chairperson Linehan, members of the Committee, my name  
is Tip O'Neill, and I am the President of the Nebraska  
Telecommunications Association. The NTA is a trade association that  
represents a majority of companies that provide landline voice and  
broadband Telecommunications Services to Nebraskans across the state.  
We support LB182. We believe the change by the Nebraska Department of  
Revenue in reversing a longstanding policy of exempting tower leases  
from sales and use tax was unwarranted. Nebraska law should be  
supportive of enhancement and buildout of Nebraska's communications  
infrastructure. This change in policy should be overturned. We hope  
the Revenue Committee advances this important bill to General File.

**LINDSTROM:** Any other proponents? We do have one-- or excuse me, two  
written testimony from-- as proponents: Tip O'Neill with Nebraska  
Telecommunications Association; and Sean Kelley with Nebraska Internet  
and Television Association. We will now move to opponents of LB182.  
Seeing none, any neutral testifiers? Seeing none, we did have letters  
for the record on this bill, five proponents, zero opponents, and zero  
neutral. And with that, we'd invite-- Senator Linehan waives closing,  
and that'll end the hearing on LB182.

**LINEHAN:** Good afternoon. Senator Albrecht.

**ALBRECHT:** Yes. Snuck in without me seeing him clean the chair. OK.

**LINEHAN:** Go ahead. I'm sorry. I can't get my light off of my thing.

**ALBRECHT:** Slide it from the bottom up.

**LINEHAN:** Yeah, I know. I'll figure it out. Go ahead.

**ALBRECHT:** OK. Good afternoon, Chairman Linement-- Linehan and members  
of the Revenue Committee. For the record, my name is Joni Albrecht,  
J-o-n-i, Albrecht, A-l-b-r-e-c-h-t. I represent Legislative District  
17 in northeast Nebraska, which includes Wayne, Thurston, and Dakota  
Counties. I'm pleased to introduce LB596 that creates a Nebraska  
higher blend tax credit to increase the sales of sustainable ethanol  
produced from corn right here in Nebraska. Last year, the Natural  
Resources Committee, the Nebraska Ethanol Board, and the Renewable  
Fuels Nebraska worked on a report in response to LR373. From that

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report, currently, there is very little direct state-supported funding for the promotion and enhancement of higher blends and increased sales of biofuels to consumers in Nebraska. It is imperative that Nebraska have an aggressive funding provision in place to incent fuel retailers to install the necessary infrastructure to dispense higher blends of ethanol. The ethanol industry brings \$5 billion of economic activity to Nebraska. It would seem prudent that the state of Nebraska would reinvest a portion of the tax revenue collected from the Nebraska ethanol industry back into the source in the form of a higher blend infrastructure program supported by the General Fund. In response to that report, LB596 creates an incentive for petroleum retailers to increase higher ethanol-blended gasoline sales from the current E10 blend to the E15, E25, E30, and E85. This is accomplished by creating a five-year tax credit pool of \$2 million per year for retailers who sell E15 and, and higher blends. For instance, retailers who dispense E15 would be eligible for a three cent per gallon income tax credit. If those same retailers dispense E25 or higher blends would be eligible to apply for a five cent per gallon tax credit. Higher use of ethanol in our vehicles is good for the environment, good for our ethanol industry, and good for Nebraska's economy. And it is especially good for our agriculture economy. I urge the passage of LB596, and will answer any questions. Behind me are testifiers, probably with more qualified answers to any technical questions that you might have.

**LINEHAN:** Thank you, Senator Albrecht. Are there questions from the committee? Seeing none, thank you very much. Proponents?

**JON COSBY:** Green means go. Chairman Linehan and Senators, my name is Jon Cosby. I'm the chief financial officer at E Energy Adams, a 100-million gallon ethanol facility about 30 miles south of Lincoln. I also serve as the board vice president of Renewable Fuels Nebraska, the trade association for Nebraska's ethanol industry. It is that-- it is in that capacity that I come before you today to express our association's strong support for LB596, the Nebraska Higher Blend Tax Credit Act. LB596 would establish a refundable tax credit to retailers, a three cent tax credit for every gallon of E15 sold and a five cent per gallon tax credit for every gallon of E25 and greater blend of ethanol-based gasoline. Our goal is to incent retailers in Nebraska to offer and sell higher blends of ethanol. Here's why this is important. Nebraska ranks second in the nation in ethanol production with 2.6 billion gallons of production capacity. And yet as

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a state, we rank 37th in ethanol consumption per capita. One of the primary reasons for this is a lack of higher ethanol blends available at Nebraska's retail locations. Our hope is that LB596 would go a long way incenting more retailers to offer higher blends for consumers to choose. We need to look no further than Iowa to see a very successful incentive program for higher blends of ethanol. Between 2007 and 2019, the state of Iowa committed over \$150 million to incent the offering and sale of higher blends of ethanol and the results are undeniable. In 2007, ethanol higher blend-- ethanol-- or higher ethanol blends accounted for 71 percent of all gasoline sold. And by 2018, that market share of higher ethanol blends had increased to 87 percent. It's working in Iowa. Lastly, it is important to remind this committee that Nebraska's investment in developing and sustaining our ethanol industry has always paid dividends. Without the vision of the Nebraska Legislature passing LB775 back in 2005 [SIC], we would in all likelihood be without the 25 ethanol plants in Nebraska that produce well over that 2 billion gallons annually and without millions of tons of high value distillers grain feed for Nebraska's livestock sector and without the \$5 billion ethanol adds to Nebraska's annual economy. Likewise, LB596 will pay dividends by incenting Nebraska's fuel retailers to invest in offering higher ethanol blends, something that will be good for consumers, our environment, and Nebraska's farmers and ethanol producers. And just one other comment. You know, we produce over 2 billion gallons of ethanol here in Nebraska, we only consume around 100 million gallons of it. So where does the rest of that ethanol go? A massive amount of it goes to California. The reason it goes to California is because of their low-carbon fuel standard. California recognizes the low-carbon, the clean, and environmental aspect of ethanol. About half of their low-carbon fuel standard mandate is fulfilled by ethanol that comes from the Midwest and that comes from Nebraska. We have a very clean fuel. It doesn't impact the-- it cleans up the air and the health effects of some other emissions aren't as good as ethanol is. So we urge you to support LB95-- 596 and ask that you vote yes to move this legislation to the floor of the Nebraska Legislature. Thank you for your time. I'll be happy to answer any questions that you may have.

**LINEHAN:** Thank you very much. Are there questions from the committee?

**MARY JANE EGR EDSON:** Spell your name.

**LINEHAN:** Oh, I'm sorry.

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**JON COSBY:** J-o-n, and then last name, C-o-s-b-y.

**LINEHAN:** Questions from the committee? Yes, Senator Pahls.

**PAHLS:** Thank you, Chair. I find it interesting how you're complimenting California for going green and probably a good many people in the state of Nebraska do not buy that concept.

**JON COSBY:** That California is going green?

**PAHLS:** No, that they, they, they think they're too green.

**JON COSBY:** Yeah, they think they're too green.

**PAHLS:** Let me ask you this. You said there were around 25 plants?

**JON COSBY:** Yes.

**PAHLS:** And I'm just curious, you also mentioned LB775. Do you have any idea how much money that we've invested as a state helping those plants? Just roughly. I mean, we talking about thousands, millions?

**JON COSBY:** Yeah, I don't know off the top of my head. I'm sure we can get that number for you, Senator. I don't know off of the top of my head. But when you're introducing-- when it comes to the energy industry, it's so closely connected with government, there has to be a bit of a partnership there, it can't get off the ground. Whether that's a liquid fuel or electric vehicles or whatever it is, there has to be some kind of partnership there. So I'm not sure exactly how much.

**PAHLS:** And I agree. I'm, I'm not arguing with that at all.

**JON COSBY:** OK.

**PAHLS:** Are most of these plants located in urban or the rural areas?

**JON COSBY:** The vast majority of rural areas, you know, we're close to an urban area about 30 miles south. I live here in Lincoln. There is a plant happens to be in Council Bluffs, not in Nebraska--

**PAHLS:** Right.

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**JON COSBY:** --that's closer to urban area as well. It's just all about trying to-- it's utilizing corn and grain. So it's not going to be as much in, in an urban area there, but a huge benefit to the state. When we use more corn in Nebraska, our state flourishes. And, and when we use more ethanol-- when we make more ethanol in Nebraska, our flate-- our state flourishes.

**PAHLS:** And I agree with that. The point I'm trying to get across that we do, not everything goes to the urban areas when we help the state of Nebraska. We need to start looking at-- because I'm looking for balance.

**JON COSBY:** Yeah.

**PAHLS:** One of the reasons I came back, I'm looking for balance. And I see that which the profession you're in that's helping bring back some of the balance to the people living in the rural areas and that's how I view it. No, and, and we do need to cooperate. I get that.

**JON COSBY:** I appreciate that, Senator Pahls. I live here in Lincoln. I have four boys. We consume more products than you could imagine with the number of kids that I have here in Lincoln. So hopefully that helps out in some way.

**PAHLS:** Yeah. Yeah. Thank you. Good. Good.

**JON COSBY:** Thank you, Senator.

**LINEHAN:** Thank you, Senator Pahls. Senator Friesen.

**FRIESEN:** Thank you, Chairman Linehan. So do you know how many retail outlets have E10, E15, E85?

**JON COSBY:** So I'd say almost all of the retail outlets in Nebraska have E10.

**FRIESEN:** OK.

**JON COSBY:** Basically, all of them do. E15, it's going to be a smaller number, you know, maybe 5 percent or something like that, 5 or 10 percent. And some of the folks behind me might be able to answer that question a little bit better. But it's-- whatever it is, it's a much



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smaller number than it is in Iowa and Minnesota and some of the other  
states that have this large ethanol presence.

**FRIESEN:** I, I am curious, and this goes for people behind you that  
will testify that, you know, what is the impediment of getting these  
stations to at least offer E30, E25?

**JON COSBY:** Yeah, the, the big thing is it's this type of incentives.  
So you've got this fuel retailer and they may be a one-off, a  
family-owned type of thing. And they just need a little bit of a push,  
a little bit of a temporary benefit. You know, this bill is for five  
years to get them excited to do something. That's what they've done in  
Iowa and Minnesota. And it's worked out really well. They just need a,  
a little more than just saying, hey, this is good for the environment.  
This is good for our state. They just need a little more of a push to,  
to get that going.

**FRIESEN:** Thank you.

**LINEHAN:** Thank you, Senator Friesen. Other questions from the  
committee? So how old are your sons?

**JON COSBY:** So 8 to 16, 4 boys.

**LINEHAN:** They eat.

**JON COSBY:** Yeah.

**LINEHAN:** Thank you for being here. Appreciate it.

**JON COSBY:** Yep. If that shouldn't get the bill passed, I don't know  
what should. [LAUGHTER]

**DAWN CALDWELL:** Hi. Good afternoon, Chairman Linehan and members of the  
Revenue Committee. And I just want to say thank you, it's great to see  
an ag econ major, an ag major in here helping. My name is Dawn  
Caldwell, D-a-w-n C-a-l-d-w-e-l-l. I am the head of government affairs  
for the Aurora Cooperative Elevator Company, and I also serve on, on  
the board of directors for the Nebraska Fuel Retailers Association.  
Established in 1908, the Aurora Cooperative currently has over 71  
locations in 40 communities across Nebraska and we serve nearly 25,000  
farmer-owner members. Aurora Co-op has invested significantly in  
renewable fuels retail in Nebraska. We offer a E15 and higher level

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ethanol blends at eight of our fueling stations in this state. Just in the last ten years, Aurora Co-op has invested about \$10 million to install ethanol tanks, blender pumps, and related fueling infrastructure at our fueling stations. We're proud to offer consumers a range of fueling choices and to support the sales of a homegrown, environmentally beneficial product. Even though our great state of Nebraska ranks number two for ethanol production, Nebraska sits in the bottom half of states, which you heard from Jon for ethanol consumption per capita with low availability and, therefore, suppressed use of higher ethanol blends. Presently, there are no federal or state renewable fuels incentives in Nebraska. As the number one ethanol producing state, Iowa offers a robust set of renewable fuel tax credits. Iowa offers a specific tax credit on E15, E85 and biodiesel, as well as having its own state renewable fuel standard. These policies have worked great for Iowans helping to grow the renewable fuels industry and making quality homegrown, value-added fuel products available to drivers across their state. That has demonstrated that by increasing local demand for ethanol, these incentives prop up also their state's corn market. If there is an increased demand for ethanol, Aurora Cooperative ethanol and other Nebraska ethanol plants would respond by increasing our production. In turn, utilizing even more corn. More demand for corn means stronger commodity markets and, thus, a strong ag economy here in Nebraska. Nebraska should make it a priority to support renewable fuels, specifically higher blends of ethanol. Creating a modest tax incentive in Nebraska will go a long way to supporting this critical policy. I respectfully request the support of the Revenue Committee in advancing LB596 and setting the course for continued success of renewable fuels in Nebraska. I'll be happy to answer questions.

**LINEHAN:** Thank you very much for being here. Are there questions from the committee? Seeing none.

**DAWN CALDWELL:** I would comment to answer Senator Friesen's question, investment for, for fueling stations, a lot of that hesitation comes from the cost. And in researching our cost for ones that we have recently done just in the last two to three years, it's anywhere from \$500 to \$700,000 per station, depending on the cost of the ground that we're putting it on to begin with.

**LINEHAN:** Yes, Senator Friesen.

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**FRIESEN:** Thank you. So have you applied for any grants from the  
Nebraska Corn Board and received any help?

**DAWN CALDWELL:** We, we have been very blessed to receive grants and so  
those are typically \$50,000. So if you look at-- and not that every  
amount isn't certainly helpful and greatly appreciated, \$50,000 of a  
\$600,000 ticket, isn't-- it, it doesn't fit well into a profit  
business plan for what was referred to as a mom-and-pop fueling  
station perhaps or a small chain to, to enhance their, their  
offerings.

**FRIESEN:** Thank you.

**LINEHAN:** Thank you, Senator Friesen. Other questions from the  
committee? Thank you very much.

**DAWN CALDWELL:** Thank you.

**LINEHAN:** Other proponents?

**ANDY JOBMAN:** Good afternoon, Chairman Linehan and members of the  
Revenue Committee. My name is Andy Jobman, and that's spelled A-n-d-y  
J-o-b-m-a-n. I'm a fifth generation farmer from Gothenburg. I  
currently serve as president of the Nebraska Corn Growers Association.  
And I'm here today on behalf of the Nebraska Corn Growers Association,  
Nebraska Farm Bureau, Nebraska Pork Producers Association, Nebraska  
Soybean Association, and Nebraska Dairy-- State Dairy Association  
testifying in support of LB596. LB596 would provide an income tax  
credit for sales of various blends of ethanol, as you've heard, E15  
and higher across greater Nebraska. For decades, Nebraska's farmers  
have been advocating for and investing in the development of the  
state's ethanol industry. For instance, between 2003 and 2012, an  
incentive for the buildout of the industry administered by the  
Nebraska Department of Revenue was invested in part by Nebraska's corn  
and sorghum producers. This investment played an important part in the  
growth of the state's ethanol industry that now includes 25 ethanol  
biorefineries that consume between 600 and 700 million bushels of our  
corn. More recently, corn farmers, through our investment in the  
Nebraska corn checkoff program, have invested in conversion of  
infrastructure to allow retailers to provide consumers with choices of  
various ethanol blends at the pump. This program, administered by the  
Nebraska Corn Board, has been a driver in expanding the demand of

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ethanol across the state. We see LB596 as a public-private partnership to further expand the demand for ethanol across the state, utilizing the infrastructure we have invested in. For many within my generation, Nebraska's ethanol industry provided the opportunity and rural economic development to return to the family farm. My brother and I are examples of this when we returned to my family farm to join my father. The demand for corn grew as ethanol production continued to increase across the state, providing the economics for another generation to return to rural Nebraska. In addition, it built upon the strengths of what we call the Golden Triangle, our livestock sector, feedstock production sectors, and biofuel sectors. This Golden Triangle is a multibillion dollar economic driver for Nebraska that is part of a larger agricultural production complex and, I might add, the envy of the rest of the country. I'm from Gothenburg, and Gothenburg like many communities across the state, rely on the prosperity of this Golden Triangle. If you have Nebraskans returning to the farm, you have Nebraskans returning to those same communities because they need teachers, healthcare workers, bankers, insurance agents, childcare professionals, carpenters. The list goes on. The benefits of the Golden Triangle also reach far outside of agriculture, as I've just demonstrated. Take a look at my 2005 graduating class of Gothenburg High School, 14 out of the 53 students are back and engaged in the community. Five of those are farmers. The other nine are employed in those career fields just listed. Smart ethanol policy is not only essential for agriculture in Nebraska, but also for the prosperity of all Nebraskans. I ask for your support of LB596, and would be happy to answer any questions you may have.

**LINEHAN:** Thank you, Mr. Jobman. Are there questions from the committee? Senator Friesen.

**FRIESEN:** Thank you, Chairwoman Linehan. So do you have any numbers on-- I mean, Senator Pahls was asking a little bit about the incentives that the ethanol industry might have received. Do you have any data showing how many dollars the Nebraska Corn Growers invested in ethanol with our epic production tax credit back when we had that?

**ANDY JOBMAN:** Yeah, thanks for the question, Senator. I do not have that number off the top of my head, but would certainly be able to get you some figures for that.

**FRIESEN:** OK. Thank you.

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**LINEHAN:** Thank you, Senator Friesen. Other questions from the committee? Seeing none, thank you very much for being here. Appreciate it.

**ANDY JOBMAN:** Thank you.

**LINEHAN:** Go ahead. Thank you.

**ROGER BERRY:** Good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is Roger Berry, R-o-g-e-r B-e-r-r-y, and I am the administrator of the Nebraska Ethanol Board. I am before you today representing the Nebraska Ethanol Board, and I thank you for this opportunity. The ethanol industry works very hard on assisting retailers that wish to offer more choices to their customers by offering higher blends of ethanol fuels such as E15, E30, and E85. In Nebraska, we've been successful in expanding the necessary infrastructure to approximately 135 retail stations all across the state. To my knowledge, there has never been any General Fund resources used to expand this infrastructure. This is a good start, but our fuel retailers need a better and easier incentive to move forward with a fuel that is going to be in strong demand as we enter into an era of further reductions in carbon in our transportation fuels. Nebraska has approximately 1,400 total fuel retailers. So if you look at that, compared to that figure of 135 retailers that are currently offering it, you only have 9.6 percent of our retailers in the state who are offering higher blends of ethanol. I think you can agree with me when I say that that's just not good enough, especially where we rank in, in ethanol here in our state. So that is why I've come before you-- before this committee today as a proponent of LB-- as a proponent of LB596 to ask for assistance from the state of Nebraska with the ongoing work we are doing to build, build a fuel infrastructure. At this point, you may be asking yourselves why? Why should General Fund money be used to help fuel retailers? Well, first, and very importantly, you would be helping all citizens of Nebraska have cleaner air and Nebraska would be doing its part to lower carbon emissions from transportation. But there's more to it than that in regards to what this would mean economically to Nebraska. Please understand that cleaner air is extremely exciting to me and very beneficial to everybody. But we also have to take into account in a state like Nebraska the economic benefits that come in there. And these two work hand in hand and together. Several years ago, the Department of Agricultural Economics at UNL did some research titled

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Economic Impacts of the Ethanol Industry in Nebraska. From that research, it was discovered that the value of production for ethanol and dried distillers grains from our 25 ethanol plants averaged \$5 billion per year revenue coming into our state. This research also discovered that our 25 ethanol plants provide 1,453 direct employment, full-time equivalent good paying jobs. And keep in mind, these are all jobs in our rural communities. Beyond the primary employment impact, the industry indirect-- indirectly created approximately another 3,200 jobs. In 2020, the detrimental effects of COVID-19 were astronomical to the ethanol industry due to decreased driving. At one point in Nebraska, we had 11 plants that were idled and several, several other plants that were producing at decreased volumes. During this time, we saw slightly over 48 percent of the prior year's production of 2.2 billion gallons that went off-line. The amazing thing about all this is that through all this carnage is the fact that very few, if any, employees were laid off. In fact, a few plants started making hand sanitizer to help save lives. The point I'm trying to make is that these jobs are not here today and gone tomorrow. They are jobs that can be counted on through thick and thin. Nebraska is the second leading producer of ethanol in the United States, rivaled only by Iowa. In 2019, our 25 plants produced 2.2 billion gallons of ethanol. We have the capacity to produce 2.6 billion gallons of ethanol. One of the ways we can move actual production closer to capacity is to have the ability to sell more ethanol in Nebraska. Even though we are number 2 in production, sadly, we are 37th in the usage in the nation. I hope I've answered a few of the questions that you have in regards to why we're needing this here today, why Nebraska should invest some of that \$5 billion. Several years ago, this legislative body helped to shape the strong industry we have today with LB775, as many before me have mentioned. That investment was in production facilities. Just think what we can do if we make an investment again. But this time in the facilities that allow Nebraska citizens to fuel their cars with our homegrown fuel, maybe we could turn that five billion into ten billion. I've left a copy of the report that we did on LR373 that Senator Albrecht had mentioned. And I will leave a copy with the, with the clerk so that each of you can have a copy of that. And I think this will help you help answer more questions that you may have on the ethanol industry here in Nebraska. So with that, I thank the committee, and I would be willing to answer any questions that you may have.

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**LINEHAN:** Thank you very much for being here. Are there questions from  
the committee? Yes, Senator Bostar.

**BOSTAR:** Thank you, Chair Linehan. Thank you, sir. You said we rank  
37th in consumption?

**ROGER BERRY:** Yes, um-hum.

**BOSTAR:** And Iowa ranks first in production to our-- we're second and  
Iowa is first.

**ROGER BERRY:** We're second. That's correct.

**BOSTAR:** And Iowa has incentives. Where does Iowa rank in consumption?

**ROGER BERRY:** You know, I'm sorry, I don't have that number. I-- tell  
you what I'll do, I'll find that number as soon as I get back to the  
office this afternoon and email it out to you. OK?

**BOSTAR:** Thank you very much.

**ROGER BERRY:** I'm going to make myself a note so that I remember to do  
that.

**LINEHAN:** Thank you, Senator Bostar. Are there other questions from the  
committee? So I'm going to ask this, because this is what you do for a  
living. The fiscal note's \$1.6 million. So this isn't-- and if each  
station costs between-- was it \$100 to \$500,000?

**ROGER BERRY:** It costs about \$100,000 just to put a tank in the, and  
the piping that goes along with that in a station. And oftentimes, if  
a, if a station is doing a complete revamp of having to upgrade all  
their tanks, all their piping and their dispensers, you're looking at  
\$300,000 to \$500,000 in order to do that.

**LINEHAN:** But just to-- let's say E85 would be more like \$100,000 then.

**ROGER BERRY:** Yes, and for a, a tank-- of course, all tanks anymore,  
well, if, if they need to replace their tanks, they're looking at  
\$100,000, regardless, whether it's E15 or E85.

**LINEHAN:** So what do you think \$1.6 million will do? Like, what do you  
think that--

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**ROGER BERRY:** That's-- we'll have a lot of stations who will want to  
put in E15 only.

**LINEHAN:** OK.

**ROGER BERRY:** And it doesn't cost near as much on E15. As a matter of  
fact, for some stations, all they have to do is change out hoses,  
change out a few things, maybe amounts to \$10 or \$20,000 if they just  
want to do E15. Of course, we want to see our stations be prepared for  
the future and go to those-- be capable of dispensing those higher  
blends, especially E30 and E85.

**LINEHAN:** OK. OK, that's helpful. Other questions from the committee?  
Seeing none, thank you very much for being here.

**ROGER BERRY:** Thank you.

**LINEHAN:** Appreciate it. Good afternoon.

**JAN TENBENSEL:** Good afternoon, I'm Jan tenBensel. I'm a farmer and  
chairman of the Nebraska Ethanol Board, and I thought I would have a  
very concise speech for you guys today. But after all the other  
proponents, I've got a convoluted scribbled on mess up here, so I'll  
see where I can get.

**LINEHAN:** Could you to spell your name.

**JAN TENBENSEL:** I'm sorry. My name is J-a-n t-e-n-B-e-n-s-e-l, and I'm  
here in support of LB596 to adopt the Nebraska Higher Blend Tax Credit  
Act. There's three primary reasons to move this legislation forward:  
economic, environmental, and health. We hear a lot about electric  
cars. You know, we hear the announcement from GM that they're not  
going to produce combustion engines after 2035 anymore. The problems  
we have with that is we have ethanol now. Ethanol can be a less carbon  
intense fuel than electricity and that some people find that shocking.  
Ethanol can be a carbon negative fuel, whereas electricity could never  
be truly carbon negative on a wheels to well statement there. But the  
important thing is ethanol is here today. And we, we had some talk  
about urban versus rural. For Omaha, if Omaha were to become a  
nonattainment EPA city, the cost of that would be astronomical.  
Ethanol can help stop that. Ethanol can remove aromatics and emissions  
from the air in Omaha today. And we need to get higher blends in Omaha  
now to-- for, for the reasons of health in Omaha, for the kids' health



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in Omaha and to keep Omaha an attainment city. We can't have it become a nonattainment city. And I'm kind of all over the place here because I've been scrambling around. So as far as carbon negative ethanol, there's a number of things that plants can do. We can directly sequester carbon from the, from the process of making ethanol itself. Now, you say, how can that be? The ethanol process creates a very clean carbon dioxide. It creates carbon dioxide, how can it be a clean process? It's a recycled carbon dioxide. It's not a mine carbon dioxide. If you use petroleum-based gasoline, you're mining carbon from the ground and putting it in the air. Whereas, corn and plants are a giant, basically solar energy, it takes carbon out of the air, puts it into the ethanol and through the process releases it back into the atmosphere as a recycling process. So carbon, carbon capture is very important as we move forward. We're eight to ten years of being a negative carbon industry. The best plants today with the best farming practices and the best operating practices are very, very low. Of course, we have to use industry averages, but the industry is moving in that direction very quickly. The ethanol industry is a really good neighbor for Nebraska. This spring-- we, we spoke about hand sanitizer a little bit ago. When, when I started calling people and saying we needed hand sanitizer, the ethanol industry was suffering greatly. We had plants shutting down. We had people that didn't know what they were going to do. When we made requests to plants and to ethanol vendors and suppliers, the, the only answer we ever heard was how much do you need and what can I do to help? And the-- through the ethanol board and the ethanol industry, we produced and with the, with the assistance of the University Nebraska-Lincoln and the Innovation Campus, we produced 210,000 gallons of hand sanitizer, which at the time was worth about \$20 million that we gave away for free through the state of Nebraska. And so ethanol, the industry is a really good neighbor and it's, it's, it's just a good thing altogether. The-- so from an economic standpoint, you know, Nebraska has to be a leader in this. In the 1970s, Nebraska was a leader with a 2-million-mile road test with 10 percent ethanol. Everybody said it couldn't be done. And it, it, it was and it was-- it's easily done. It cleans up the air. So when I say it cleans up the air, as, as we move to 10 percent ethanol, they were able to reduce the aromatics and fuel. Aromatics are slowly climbing in fuel now for one reason, a lot of the tight shale oils don't have as good of an aromatic specification as the older, easier oil for lack-- I'll keep it as simple as that. So as we lose our specifications for good air, good octane in oil, we need to replace

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that with a clean octane. Now, we can either do that with petroleum sources through hydro-- hydrofracking and a number of different processes that are energy and carbon intense. Or we can come up with ethanol, which is a wonderful source of octane. It's clean and it, it essentially saves lives. It replaces the [INAUDIBLE] aromatics, which are the most toxic, cancerous, and expensive parts of gasoline. Moving forward, we just came to a conclusion on the E30 demonstration project with the state, we ran state vehicles on E30. The report's not out yet, but I'll give you a spoiler. No problems.

**LINEHAN:** Thank you. Thank you.

**JAN TENBENSEL:** Thank you.

**LINEHAN:** That was very good. Are there questions from the committee? Yes, Senator Bostar.

**BOSTAR:** Thank you, Chair Linehan. Thank you, sir. And if you don't have this information, that's OK. But about how many kilowatt hours does it take to produce a thousand gallons of ethanol?

**JAN TENBENSEL:** I do not know that, but that would be a Jon Cosby question, I'm sure. But I do have a question to a-- or answer to your previous question. The EPIC Fund was \$183 million between 2002 and 2012, approximately.

**BOSTAR:** Thank you.

**LINEHAN:** Say that again.

**JAN TENBENSEL:** The EPIC Fund between 2002 and 2012, and this was approximately \$183 million.

**LINEHAN:** And that was by the Corn Board?

**JAN TENBENSEL:** No, no, that was from the EPIC. The, the, the-- yeah, that was before my time.

**LINEHAN:** All right, other questions from the committee? That was very helpful, thank you very much.

**JAN TENBENSEL:** Thank you.

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**\*MARK BONKIEWICZ:** Dear Committee Members, I am writing in support of LB597. Please make my letter part of the official record for this legislative bill. Here are my reasons for supporting this bill: A. Parents of a stillborn child have unexpected funeral expenses to pay; B. These expenses come at a time of deep sorrow in their life; C. All their hopes and dreams for their baby that they experienced during pregnancy have been lost. forever My experience has been that the loss of your parents is a challenging time - even if you are an adult of 45 years old when my dad passed away. My observation is that the sorrow that parents experience when they lose a child to early death is much deeper and profound then the loss of a parent. The \$2,000 dollar tax credit provided in the new language of LB597 is a one-time credit allowed during the year of the child's death is a reasonable amount to help the parents pay for funeral expenses. It certainly is a small amount that will not Significantly impact the Nebraska state budget. I urge you to vote LB597 out of committee for floor debate as it serves the scrutiny of questions and answers that rigorous floor debate can provide. Thank you for this opportunity to provide my Second House inputs to this legislation.

**LINEHAN:** Other proponents? Are there any opponents? Is there anyone wanting to testify in the neutral position? Senator Albrecht, would you like close?

**ALBRECHT:** Well, thank you all for listening. Thank you behind me for coming to help answer the questions that I couldn't. But if you will spend some time on the LR that we did in the Natural Resources, I requested that during the interim, I think they did a real good job helping all of us understand how far they've come in the ethanol industry in Nebraska. So if I can answer any other questions, I'd be happy to.

**LINEHAN:** OK, let me see what we have here for letters so I don't forget. Testimony that was--

**LINDSTROM:** We had nothing.

**LINEHAN:** Five.

**LINDSTROM:** We had nothing.

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**LINEHAN:** There's not a-- there's a typo in here? Is it LB597? Mark Bonkiewicz.

**ALBRECHT:** No, no, he said they had none.

**KAY BERGQUIST:** We didn't have any.

**LINEHAN:** We didn't-- that would be why I can't find it. Letters, we had two proponents, one opponent, and one neutral. So does anyone have questions for Senator Albrecht? All right, then we bring LB596 to a close, but you need to, Senator Albrecht will then move to LB597.

**ALBRECHT:** Good afternoon again, Chairman Linehan and members of the Revenue Committee. For the record, my name is Joni Albrecht, J-o-n-i A-l-b-r-e-c-h-t. I have-- I represent Legislative District 17 in northeast Nebraska, which includes Wayne, Thurston, and Dakota Counties. I've introduced LB597 to support grieving mothers, fathers, and families who lose a child to stillbirth. Families with live births qualify for various tax benefits. LB59-- excuse me, LB597 would ease some of the burden that falls on families who also incurred costs getting ready for a baby, but tragically never got to bring their baby home. The bill would allow a refundable tax credit for the parent of a stillborn child in the amount of \$2,000 for taxable years beginning in 2022. The credit can be claimed for the taxable year in which the stillborn-- stillbirth occurred if the child advanced to at least the 20th week of gestation and would have been a dependent of the individual claiming the credit. While there is nothing that we can do to take away the loss of these families that they have experienced, we can acknowledge the special dignity and the humanity of the child and provide some financial relief to the grieving families in need. At least five states have enacted similar legislation to support families who experience a stillbirth, including Minnesota, North Dakota, Missouri, Arizona, and Michigan. I hope Nebraska will be the next. Parents incur real expenses as a result of stillbirth, and the cost of hospital care associated with stillbirth is substantial. According to a 2013 study published by the National Center for Biotechnology Information, the average hospital cost for women with stillbirth delivery are more than 750 higher than women with live birth. The addition to the medical-- in addition, excuse me, to the medic-- medical care and hospital stays, families have added expenses such as paying for a funeral, burial, grief counseling, and loss of income from time taken off of work. This bill has a much deeper meaning than

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money, state vital statistic records show that there are 120 to 150 stillbirths annually in Nebraska. No parent should ever have to bury a child. But after paying medical and hospital bills for a stillbirth, many families may find themselves without the finances to afford a funeral and burial for their child. We can't mend the hearts of these families, but we can-- but by advancing LB597, we can support families at a time of immense grief and ensure proper recognition for the loss of life. Thanks for your time and attention to this bill, and I encourage the committee to advance LB597 to General File, and I'd be happy to answer any questions you might have.

**LINEHAN:** Thank you, Senator Albrecht. Are there questions from the committee? Seeing none, thank you very much. Proponents?

**NATE GRASZ:** Good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is Nate Grasz, N-a-t-e G-r-a-s-z, and I'm testifying in support of LB597 on behalf of the Nebraska Family Alliance. Parents who experience a stillbirth have lost a child, a son or a daughter. And the grief of that loss is as real as the life itself. There's nothing we can do to take away the loss. But LB597 is an important, life-affirming opportunity to acknowledge the humanity of the baby and provide some financial relief to grieving families in need. No dollar amount could ever compensate or take away the pain of losing a child. And that's not what this bill is about. Families with live births qualify for various tax benefits, and LB597 recognizes that parents who experience a stillbirth have also incurred expenses preparing for a child, but tragically they were never able to bring that child home. This is a simple but profound way to recognize the dignity of the child, the loss that the parents have experienced, and provide some financial relief for the medical bills and additional costs that parents are left with, such as burial, funeral, and grief counseling expenses. This not only practically helps families who will incur real expenses as a result of stillbirth, but provides acknowledgment to the preciousness of life inside the womb and ensures that every parent has the opportunity to properly honor their child's life with a funeral and burial that they otherwise might not be able to afford. We are deeply appreciative of Senator Albrecht for introducing this bill and for her continued efforts to support families who experience pregnancy and infant loss in Nebraska. And we encourage the committee to advance LB597 to General File. Thank you.

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**LINEHAN:** Thank you, Mr. Grasz. Are there questions from the committee?  
Seeing none, thank you--

**NATE GRASZ:** Thank you.

**LINEHAN:** --very much.

**HOLLY STUTZMAN:** Good afternoon, Chairwoman Linehan and committee review-- Revenue Committee. My name is Holly Stutzman, H-o-l-l-y S-t-u-t-z-m-a-n, and I'm here to testify today in support of LB597. Nine years ago, my husband and I made a choice, a choice to honor the life of our stillborn daughter, Willa Mae [PHONETIC]. I learned during a routine prenatal checkup that my daughter no longer had a heartbeat. The machine in the room were silent, seconds ticked by and minutes. While I pleaded my heart before my God, the technician searched for the steady rhythm of her heart. But silence remained. Faced with reality, my husband and I needed to make a decision. We chose to deliver her, knowing her that she would never breathe her heart would never beat. It was a decision that set us apart and spoke to the value of her life. What an incredible honor it was for me to deliver Willa, my baby, my daughter. She was exquisite, breathtakingly formed. I held her. I gently touched her hands and I brushed her cheeks with my own. I counted each and every toe, her beautiful lips that I begged to part and make noise. They were perfect, but silent. The morning the funeral director came to pick up our daughter from our room, it took him several attempts to carry her out. He finally ever so gently accepted my husband's request of now, please. As he began to walk out, I begged my husband, go get her, please bring her back, please, just go get her. I need just one more minute. But he knew there would never be enough time. Short of running towards Jesus with my daughter's hand in my own, it would never be enough. Learning what would happen to our daughter had we not been supported financially to provide her with a burial and funeral shocked us. We just wanted an opportunity to love her while here on Earth. With LB597, more parents will have the opportunity to love their babies. Planning a funeral is not something I've ever done before, let alone hours after delivering Willa, it seemed an insurmountable task. The grace extended to us through friends and family allowed my husband and I to grieve, to mourn, and celebrate honoring our daughter. Paying for the delivery of Willa, however, had depleted our savings. Often stillborn deliveries require additional surgery for the mothers ensuring their survival, doubling costs. I really want you to hear me here. I would not have been able

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to pay for the burial or the funeral of my daughter had it not been for the generosity of family and friends. I'm here so you can hear these words. We just needed help. There are others now, today and tomorrow that will need help. Burial plots are expensive. Funeral arrangements were beyond my ability. But I can share with joy about the intrinsic value my daughter's life has. She's a joy to her grandparents, her aunts, her uncles, her sister, and her brothers. Valuing her life and mourning her loss paved the way for our hearts to adopt our youngest son, Asra [PHONETIC]. Ladies and gentlemen, you have an amazing opportunity to be the hands offering support and help to grieving parents. What a privilege it would be to create room for families to mourn with dignity the loss of their child, to help ease the lifetime of ache that I'll have to endure. With LB597, you can do that. Step in proudly and carry onward Nebraska's pro-life legacy to new standards. Ease some of the burden and weight that we as parents of stillborn children are facing. I guarantee you when parents prepare taxes, they're not going to see the dollar signs. They won't be thinking of the money they get to keep that year. They'll be seeing, thinking, loving, and longing for their child. Let them hear you. Let them hear you. Ladies and gentlemen, within this powerful institution of government, please let them hear you say that you value their child's life, my child's life, and that you honor their deaths. Don't be afraid. Don't fear honoring life, giving empathy to those of us who are suffering. Thank you.

**LINEHAN:** Thank you very much for being here. Questions from the senators-- committee? Seeing none, thank you very much for being here. You did a good job.

**SANDY DANEK:** Good afternoon, Madam Chair and members of the committee. My name is Sandy Danek, S-a-n-d-y D-a-n-e-k, and I'm the executive director for Nebraska Right to Life. I come before you today to support Senator Albrecht's bill, LB597. We enthusiastically support the passage of this bill that provides an income tax credit to families who grieve the loss of their baby through stillbirth. As you know, any time a child dies at 20 weeks gestation and beyond, it is considered a stillbirth. This is a passionate issue for me as my husband and I have suffered this loss. It was a difficult experience dealing with the death of this kind for many reasons, but initially because of the fear of the unknown. When we were coming to the point of delivering our deceased daughter, Kathleen [PHONETIC], we were frightened at the prospect of holding her, not knowing what to expect

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or what we might feel. It was remarkable how perfectly formed and beautiful she was. We spent time with her as a couple and found it hard to say goodbye when the time came. It had a dramatic impact on us and was the impetus for becoming involved in the pro-life movement. You see, when you witness the humanity of your baby at 20 weeks gestation, you begin to wonder why anyone would want to purposefully destroy such a beautiful gift. She was born out of the love my husband and I had shared, and she was part of us. She is to this day a member of our family. And although we were not able to raise her in this earthly life, she has value. She was a life worthy of honor and respect. The experience was a catalyst for helping me to found the Healing Hearts Grief Program sponsored by the Catholic Church. This Christ-centered grief ministry supports those who are grieving the death of a loved one, including those who have lost a baby during pregnancy or shortly after. For 30 years, I've helped young couples find ways to cope with such a loss. The one resounding emotion that I see in my experience with these couples is that they are desperate to find a way to acknowledge the humanity and significance of their child. It's not like other losses where family, friends, and the community bear witness to their existence. Our loss is hidden because they do not see our children, so acknowledgment is difficult. We must live with the loss of all those things we will never experience, that first step, that first word, kindergarten, the dance recital or soccer game, graduation or marriage. It is a constant reminder of what will never be, and it never leaves us. We simply find a way to cope and live with the pain. LB597 seeks to acknowledge the loss a family feels when going through this heartbreak. It recognizes the dignity and humanity of the children that are so loved and cherished and hopes to give relief to the unplanned expenses of a funeral, medical bills, or time off from work. This bill will bring great comfort to families for many reasons. Nebraska Right to Life is pleased to support LB597, and we encourage you to advance the bill. Thank you.

**LINEHAN:** Thank you for being here. Are there questions from the committee? Seeing none, thank you very much.

**SANDY DANEK:** Thank you.

**MARION MINER:** Good afternoon, Madam Chair Linehan and members of the Revenue Committee. My name is Marion Miner, M-a-r-i-o-n M-i-n-e-r, and I'm here on behalf of the Nebraska Catholic Conference, which advocates for the public policy interests of the Catholic Church and



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advances the gospel of life through engaging, educating, and empowering public officials, Catholic laity, and the general public. The Conference supports LB597, which provides a refundable tax credit for families who have suffered the loss of a child through stillbirth. No tax credit will heal the wound in the heart of a family that comes with losing a child. LB597 is not an attempt to do so. We and Senator Albrecht know that extended family, friends, and the various religious and other communities that families belong to will be what helps them begin to recover from such a loss. Pope Francis reflected several years ago that for parents, surviving their own children is particularly heartbreaking and contradicts the fundamental nature of the very relationships that give meaning to the family. The loss of a son or daughter is like time stopping altogether. It opens a chasm that swallows both past and future. And it is in these experiences that God and the Church weep with the tears of a father and mother. In the midst of all this, many families face difficult financial situations after a stillbirth. And you've heard about those, so I'll, I'll dispense with reading about those. But let me close by saying that LB597 is a way to support families financially during a time of trial, suffering, and healing, which is also a time of increased financial costs for them. Our state and federal governments recognize through tax incentives the financial costs families bear to raise their children. LB597 is a recognition of the costs borne by families who have lost a child as well. So with that, the Conference asks you to support LB597 and advance it to General File.

**LINEHAN:** Thank you. Are there questions from the committee? Seeing none, thank you very much for being here.

**MARION MINER:** Thank you.

**LINEHAN:** Are there other proponents? Are there any opponents? Anyone wishing to testify in the neutral position? Senator Albrecht, you want to close? Oh, letters. We had one pro-- or testimony delivered this morning, this morning by Mark Bonkiewicz. And letters, we had just one opponent and one in neutral.

**ALBRECHT:** Thank you. Thank you all for being kind enough to listen to this. Being my first year on Revenue, certainly the \$300,000 fiscal note is nothing compared to the life that people don't get to experience. I thank, Holly, for sharing her story about Willa Mae; and Sandy, about her daughter Kathleen. I'll tell you, a lot of this stuff

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happens. I'm a proud grandmother of 13, but I'm telling you, when they don't get to bring them home and they've gone out and they've, you know, planned everything, they've bought the baby bed, they've bought everything they need, the car seats and, and just not being able to bring anybody home. But more importantly, everything that happens after the fact that they just-- it's a big financial burden. And we've done a lot less, you know, I mean, for a lot more. But this, this to me is very important. And I think it's something that we can do for the families in the state of Nebraska. If there's about 120 to 150 of them vital statistics knows through a death certificate from the doctors that this has happened, I really think that, you know, that one time can really help benefit the family. So any questions?

**LINEHAN:** Any questions from the committee? Seeing none, thank you very much, Senator Albrecht. Three o'clock. Well, I'm just saying, you know, I, I think the staff deserves a round of applause. Thank you, ladies and Grant.

**LINDSTROM:** All right, we will open the hearing on LB674, introduced by Chairwoman Linehan.

**LINEHAN:** Good afternoon, Vice Chairman Lindstrom and members of the committee. My name is Lou Ann Linehan, even though it says Lineman here, L-o-u A-n-n L-i-n-e-h-a-n, and I represent Legislative District 39. I introduced LB674 to clarify the retaliatory tax collected under Section 81-523 is a tax that low-- that the low-income tax credit can be used against, as was the original intention of the legislation. The bill further clarifies when a partner's ownership interest must be acquired in order to receive and claim the credit. In 2016, the Legislature passed the low-income housing tax credit, which mirrored the federal credit and is added to the availability of housing across the state. Due to the timing of administration and projects, the equity partners in these projects are just now realizing these credits, and there are a few administrative items to be clarified. Similar to LB38, Senator Lindstrom's bill that was heard yesterday, this bill attempts to provide those clarifications. And I think there will be one person testifying behind me that probably has better answers to any questions you might have.

**LINDSTROM:** Thank you. Any questions? Seeing none, thank you. Good afternoon.

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**TIM HRUZA:** Senator Lindstrom, members of the Revenue Committee, my name is Tim Hruza, last name spelled H-r-u-z-a, appearing today on behalf of Sugar Creek Capital in support of LB674. LB674 does two things. And let me, let me first preface this with I'm pinch hitting today. So in a noncoronavirus world, we would, we would of had a real expert on this issue to come answer some of your questions. So I'll do my best. But if you do have questions, rest assured that we will get answers for you. But the bill does two things. First of all, it clarifies, it's a complicated structure, but the bill, as it was passed in 2016, outlines certain types of insurance premiums against which you can apply the low hou-- low hou-- low-income housing tax credits. When the bill was drafted, we had a slight oversight in missing the fire insurance tax provisions that are included in 81-523. And I do think it was an, it was an unintentional oversight. Those, those insurance premium taxes are, are found in the fire code and go to fund the Fire Marshal's office and some of the work that they do, as opposed to the general insurance premium tax statutes in 77-908. So just clarifying that, that the intent of the bill, which was to apply it to all types of insurance tax premiums is, is met and is, is available. To Senator Lindstrom's bill that was introduced yesterday, that takes a different approach, which is consistent with what the Department of Revenue is currently doing or is currently interpreting it. This bill would, would do the opposite of what theirs does, right, by saying that we can apply it to insurance tax premiums. But the position-- our position would be that that was the intent of the bill in 2016 and that this simply clarifies to, to enact that. I will tell you that it's, it's important for the industry in that it allows the expanded market ability of those tax credits so that we can continue to see investment in the low-income housing tax part, low-income housing projects that we see in the state of Nebraska under the program. The second provision in the bill, and the second thing that it addresses is the clarity for who's eligible to use these tax credits. Right now, the bill is silent. The statute is silent on when that is applicable. And actually, I don't believe that the Department of Revenue has an official position or has, has implemented any, you know, ruling or guidance on the issue. There are some, I'm, I'm told that there are some forms that indicate that you use the end of the tax year. Our position would be, and what the bill would do, is say that a person could claim the tax credits up to the date of filing the taxes. This, again, is, is important for marketability of these tax credits and to ensure that they're, they're used more broadly and in

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instances where that it's appropriate to use them, but then also ensuring that we have continued investment in the program in the state of Nebraska. Let me just address also, yesterday's fiscal note of zero was what we expected to see. There was an updated fiscal note filed this morning at, at 8:30 that we caught over the noon hour that does show an additional million dollars. I'm still trying to get an answer from our people. They're a little surprised to see it. The best that I have is that there's an assumed-- I mean, opening it up and clarifying that these are eligible or applicable toward insurance or fire insurance tax premiums, that they'll be more use of them, which, which is what you want under the program. Right? There's a current cap under the program anyway, and it's-- they would likely be eligible, they're just not being used right now because the statute doesn't clarify that they can be. So I'm still trying to get an answer on that. I don't think it's-- I mean, it doesn't, according to that fiscal note, does have an impact, but it shouldn't be any additional money since the program is capped and, and it's a pot of money that's there to be used for that. So anyway, that's the two things that the bill does. If there are any questions, I'll do my best to answer them and then I'll-- I will get you an answer as well.

**LINDSTROM:** Very good. Thank you. Any questions from the committee? Seeing none, thank you.

**TIM HRUZA:** Thank you.

**\*BRUCE RAMGE:** Chairperson Linehan and members of the Revenue Committee, my name is Bruce Range and I am the Director of Insurance for the State of Nebraska. I am here today to testify in opposition to LB674. LB674 changes the method that the Department of Insurance has applied the Affordable Housing Tax credit ("AHTC") in premium tax computations by allowing the credit to be applied toward fire tax liability, including retaliatory tax liability. By making this change, it is expected that there will be a reduction in premium tax revenues received and subsequently transferred by the Department to the State Treasurer. Senator Lindstrom has brought a separate bill, LB38, on behalf of the Department to harmonize the language in the various premium tax credits to streamline application and reduce confusion. This bill seemingly does the exact opposite in that it creates a specific set of rules related to only one of the credits and almost certainly will lead to increased confusion in what is already a rather complex area. Rather than reducing confusion and lessening the strain

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on the limited resources of the Department, this bill will likely increase confusion and increase the number of inquiries to the Department each year around the premium tax return due date. It is important to note that according to section 5, the changes in this bill relate back to January 1, 2020. Premium taxes for 2020 are due March 1, 2021, mere weeks away. Because the due date for the tax returns is so close, the tax forms have already been created and uploaded into the online payment portal utilized by the Department, OPTIns. It would be exceedingly difficult, if not impossible, to create new tax forms and have the uploaded forms tested and debugged by the March 1 filing date. Eliminating the ability to use the online portal will create a substantial strain on the Department and delay processing significantly as all returns will require individual review by a member of the Department. Payment delays may also occur as checks, rather than electronic payments through the portal, will likely now be necessary. Further, COVID 19 restrictions that have many people working remotely, especially at out of state entities that remit tax to Nebraska, would make payment by check more difficult as the parties that review and approve payments, the parties that cut the checks, and the parties that actually sign the checks are frequently in different locations. Even more fundamentally, since it is rather unlikely that LB674 could complete the legislative process to become law by the March 1, 2021 premium tax return due date, filers will not know at the time that the tax is due whether they are even entitled to a credit or not. Any filers that may become eligible to use the credit allowed in the bill will have to file amended returns with the Department, which creates yet another problem. The Department transfers the tax revenues to the State Treasurer on May 1. After that date it is impossible to issue cash refunds for anyone claiming those refunds under an amended tax return because the Department no longer has the cash to refund; it would have already been transferred to the Treasurer's office. Because of all of these issues, I am opposed to LB674. I thank the committee for allowing me the opportunity to present this testimony.

**LINDSTROM:** Any proponents? We did have one written testimony in opposition, Director Bruce Ramage with Department of Insurance. And as far as letters of-- for the record, zero proponents, zero opponents, and zero neutral. And Senator Linehan waives closing on LB-- and that will end the hearing on LB674.