

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

LINEHAN: OK, good afternoon. Welcome to the Revenue Committee public hearing. My name is Lou Ann Linehan. I'm from Elkhorn, Nebraska, and represent the 39th Legislative District. I serve as Chair of this committee. Committee will take up bills in the order posted outside the hearing room. The list will be updated after each hearing to identify which bill is currently being heard. 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. We do ask that you limit handouts. It is important to note, if you are unable to attend the public hearing and would like your position stated for the record, you must submit your position and any comments using the Legislature's online database by 12:00 p.m. the day prior to the hearing. Letters emailed to the senator or staff members will not be part of the permanent record. You must use the online database in order to become part of the permanent record. Excuse me. To better facilitate today's proceeding, I ask that you abide by the following procedures. Please turn off your cell phones and other electronic devices. The order of testimony is introducer, proponents, opponents, neutral, and closing remarks. If you will be testifying, please complete the green form and hand it to the committee clerk 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. You will need 11 copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you now. And I'll introduce them in just a couple of seconds. When you begin to testify, please state and spell your name for the record. Please be concise. We're going to have a crowd today, so I'm going to ask that you limit your testimony to three minutes. So you will have two minutes when green; one minute on yellow; and when you get to the red, you need to wrap up. If your remarks were reflected in previous testimony, or if you would like your position to be known but do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphone so our transcribers are able to hear your testimony clearly. First I would like to introduce committee staff. To my immediate right is legal counsel Mary Jane Egr Edson. To my immediate left is research analyst Kay Bergquist. And to my left, at the end of the table is committee clerk Grant Latimer. And now I would like committee members to introduce themselves, starting with Senator Pahls.

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

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Revenue Committee February 9, 2022

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

LINDSTROM: Brett Lindstrom, District 18, northwest Omaha and Bennington.

BRIESE: Tom Briese, District 41.

ALBRECHT: Joni Albrecht, Thurston, Dakota, Wayne, and a portion of Dixon County in northeast Nebraska.

LINEHAN: If the pages would stand up, please so people can see you, so today our pages are Natalie, from Norfolk, who is studying international business at Wesleyan, and Thomas, Omaha, who's studying at UNL and 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. For our audience, the microphones in the room are not for amplification, but for recording purposes only. Lastly, we use electronic devices to distribute information; therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and critical to the state government. And with that, we will start with LB1237, Senator Brewer. Good afternoon.

BREWER: Thank you, Chairman Linehan, and good afternoon. I'm going to try this with eyes on. Good afternoon, fellow senators of the Revenue Committee. I'm Senator Tom Brewer; for the record, that is T-o-m B-r-e-w-e-r, and I represent-- represent 11 counties of the 43rd Legislative District of central and western Nebraska. I am here to introduce LB1237. I'm introducing this bill in partnership and cooperation with my good friend Senator Linehan. I remember a few sessions ago, I had a priority bill, LB155. It ended up buying one vote short on General File. Now this was sort of my fault since I lacked patience, and when they did a call of the house, there was one member missing, Ernie Chambers. And I didn't know if Ernie supported my bill or not, but I thought, well, probably better chance he's not going to support it than he does. So I went ahead, had them call the vote, and I end up one vote short. He came up to me afterwards and said, I wanted to vote for your bill. Now that's a bit of an empty feeling because that's a self-inflicted wound that I didn't have to do. But I was fortunate in that we had a member of the Legislature, Senator Rob Clements, came up to me and he goes, you know, I got a-- I got a priority left, I want to reprioritize your bill and give this

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Revenue Committee February 9, 2022

another try. We did and LB155 become the law. It is with that spirit that I have reintroduced this bill, slightly changed, but I think it's necessary. We spend almost \$4.5 billion on K through 12 public education in Nebraska. For every dollar we spend on public education, this bill would spend about a penny. Besides some setup fees for the Department of Revenue, this bill does not require a large appropriation for the Legislature. These costs the Legislature-- this costs the Legislature \$5 million a year in lost revenue to the tax credit this bill creates. Just think about that for a second. The bill-- the bills-- this bill limits, and these limits are \$5 million is the maximum amount that it can be used that can be used. This would give parents-- between 1,000 and 1,500 school students, a chance for a better education. It's important to remember that the students eligible for this scholarship are only those families who qualify for free or reduced lunch or at 185 percent of federal poverty-- of the federal poverty-- poverty level. This bill does not apply to children already enrolled in private school. The-- this tax credit cannot exceed 50 percent of the taxpayer's total liability, or \$25,000. Donations cannot be directed to any specific school or student. This \$25,000 limit is a change from the earlier version of this bill in response to concerns voiced by senators. Nothing in LB1237 reduces funding for public schools. Let me say one more time, because I got a hunch we may hear this again today, nothing in LB1237 reduces funding for public schools. Also contained in LB1237 is Nebraska Child Care Credit [SIC] Tax Credit Act. OK, so let-- one more time, Nebraska Child Care Contribution Tax Credit Act, introduced last year by Senator Briese. It also has a \$5 million in non-- non refundable tax credit for either 50 percent or 75 percent of a taxpayer's qualified contribution. It is capped at 50 percent if the center has no children in childcare subsidy program or 75 percent if the center has at least one. This tax credit is also capped at \$25,000, or no greater than 50 percent of a citizen's income tax liability. Both South Dakota and Iowa have recently expanded their state scholarship tax credit programs due to popularity and demand. We are surrounded by states who have put families first and passed legislation to empower parents to choose the best education option for their children. Nebraska is now one of only two states that does not provide such educational freedom through school choice. We are falling behind our neighbors and the children are suffering because of it. There are 25 scholarship tax credit programs in 21 states nationwide. These, combined with other private school choice programs, are serving more than 500,000 students today. This opportunity scholarship idea is not experimental. The research, evidence and stories from families in other states whose children

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Revenue Committee February 9, 2022

benefit from such programs cannot be denied. I will be followed by a number of testifiers who have even more illuminating information to discuss about this topic. I want to mention I have already-- I already have an amendment for the committee to adjust some language in Section (e) of the bill. That was handed out first thing, and there's also some research notes that was handed up earlier. So, subject to your questions, I am complete.

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

PAHLS: Thank you, Chair. You know, I don't disagree with what the comments you're saying and in-- and in the past it's been applied that some of these kids need to be out of public school for various reason. So I'm going to challenge you. Why such a little amount? Maybe that should be doubled, and I'm sincere on this.

BREWER: I think it was a balance of-- of not having it at a level where it would cause opposition that we might not have otherwise, so I guess it was just maybe a concern not to have a high number that caused folks to step back and say that's unnecessary or too much.

PAHLS: OK, would you-- can we--

BREWER: But maybe--

PAHLS: Would you-- would you be in agreement with this, if this does get out of committee, that I would add an amendment on the floor, not a poison pill but an amendment of sincerity of saying maybe more dollars should be? I don't know. I've never really voted this bill out of committee, but I've never fought it, what I call, fought it on the floor. I've actually, if they've listened to me, I was more critical of the number of schools that in Omaha, and certainly in the rest of the state, that needs improvement. That's been my argument. But I-- if this is-- if you truly believe that this is as effective as you're proposing, I would say yes to helping with additional monies.

BREWER: I don't think those that see this as a positive thing are going to push back from the idea of that number changing up because, again, it's designed to help and not to hurt, so I see no problem with that.

PAHLS: OK, thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

LINEHAN: Thank you, Senator Pahls. Are there other questions from the committee? Seeing none, thank you very much. Are you staying to close?

BREWER: I will. If they text me that the Government Committee is done, we-- we do have a required Government Exec I have to do, so I may jump in, jump back, but I plan to be here unless the timing is absolutely horrible and they happen simultaneously.

LINEHAN: OK, well, we'll be here awhile, I think. OK, first we go proponents; first proponents, meaning you're for, you're supporting the bill. Good afternoon.

SHELBY SWANSON: Hello. My name is Shelby, S-h-e-l-b-y, Swanson, S-w-a-n-s-o-n, and I'm a freshman at Central Community College in Grand Island, Nebraska. I'm majoring in early childhood education, and I'm here to support, personally support this bill, and ask for your support for this bill, LB1237, and to support school choice in Nebraska in general. Again, my name is Shelby Swanson. I grew up on a farm in Farwell, Nebraska, which is in Howard County. And eventually, when I was in elementary, we moved to Dannebrog, Nebraska, which is about 20 minutes away from there. My-- when my dad is asked what he does for a job, he likes to say he deals in cattle, crops and kids. I have six younger siblings. I'm the oldest of seven. I have three younger brothers and three younger sisters, and all of us are going to private education. And we were blessed to have my mom, a stay-at-home mom for the first 15 years of my life. And so for elementary school, I went to New Hope Christian School in Cairo, Nebraska, from ages-- from kindergarten to sixth grade. I loved every second of it. It was a small school, two rooms. They're actually trying to expand right now, but small school, two rooms. I had three kids in my class, me and two other boys who I went all the way through. They-- they graduated with me when I moved schools, so, and it was about a 20-minute drive from my house. I can remember driving, having jam-out sessions with my dad every morning to the radio, and I still have three siblings going there now. Samuel's [PHONETIC] in sixth grade, so he'll be going to Nebraska Christian in a year. Megan's [PHONETIC] in fourth grade and Owen's [PHONETIC] in third grade. So then from seventh grade till I graduated-- I just graduated last year-- I went to Nebraska Christian in Central City and I loved every second of it. It was a 35-minute drive, which for the first couple of years I carpoled with multiple families who drove, some of them driving 50 minutes to get to school every day and then driving 50 minutes back home every night. I can remember when I got my driver's license, I would drive me and my siblings to school every

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

morning. We'd leave the house at 7:00 in the morning and we wouldn't get back till after our sports practices around 7:00 at night. So like I said, I graduated in 2021. I was active in cross-country, basketball, track, choir, band, all of it. I loved every second of it. Right now I have three siblings going there. Sophie's [PHONETIC] in-- a junior. She does volleyball, basketball and track, choir, and she's very artistic. Hannah [PHONETIC] is in sophomore this year. She actually just got second at state cross-country, which was a big deal for our family, a very big running family, and she also does basketball and track. And then Jacob's [PHONETIC] in eighth grade. He's super smart and he's also a runner, so we're excited for next year when he's a freshman.

LINEHAN: You're going to have to wrap up. You have to wrap up.

SHELBY SWANSON: OK, so like I said, my parents have always valued and worked hard for our education. I remember we've made lots of sacrifices along the way. I remember in seventh grade, my parents had to dip into my bucket calf fund.

LINEHAN: OK, just a second. I'm going to have to-- because I'm going to be strict with the lights, guys, to be fair. So maybe somebody on the committee has a question for you.

SHELBY SWANSON: Oh, I see, please ask.

LINEHAN: Anybody have a question? Senator Breise.

BRIESE: Thank you, Chairman. Thanks for your testimony here today. What one thing was the most valuable thing you feel that you experienced in your private school education, for example, especially at New Hope as a youngster?

SHELBY SWANSON: As a youngster? The Christian education and the teachers were very passionate about teaching us and--

BRIESE: OK.

SHELBY SWANSON: --yeah, that was the most important.

BRIESE: OK, very good. Thank you.

LINEHAN: Thank you, Senator Briese. Are there any other questions? Thank you very much for being here. Good luck with college.

SHELBY SWANSON: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

LINEHAN: Next proponent. You can move forward if you're a proponent, so don't be shy. Good afternoon.

FELICITY DAVIS: Good afternoon, Chairman Linehan and members of the Revenue Committee. My name is Felicity, F-e-l-i-c-i-t-y, Davis, D-a-v-i-s, and I'm a senior at Pius X High School here in Lincoln. I have attended a Catholic school all my life and am extremely grateful for the opportunities provided for me through my Catholic education. I have ex-- greatly appreciated being educated in an environment that has supported and cultivated my faith life and given me the opportunity to connect with peers who also share my beliefs. It has also been a blessing to be taught by adults who openly share their faith and generally and genuinely want to help me grow in mine. I know it would have been significantly more convenient for my parents to send me to a public school. However, they chose to sacrifice and put in the extra effort it took to allow me to receive the education they desired for me. Their dedication, along with scholarships and generosity from the school and its alumni, have made my education in a private school possible. Unfortunately, many students around the state do not have this same opportunity. Although all schools have the same goal of educating their students, how the students are taught and what they are educated on varies from school to school. Home schooling, public schools and private schools all have different dynamics and curriculum even that affects the type of education these students receive. Parents and their children should not be robbed of the opportunity to choose what kind of education they receive, simply because public schools are the only affordable option for their family. If this bill is passed, it will provide many families across the state with the opportunity to make that choice. I ask and encourage the senators here to support LB1237. Thank you.

LINEHAN: Thank you very much. Are there questions from the committee? Seeing none, you did a good job.

FELICITY DAVIS: Thank you.

LINEHAN: Thank you. Next proponent. Hello.

RACHEL TERRY: Hi. I'm Rachel Terry, R-a-c-h-e-l T-e-r-r-y. Thank you for having this hearing today. Our family moved here from Colorado about ten years ago, and Colorado's had school choice since I was in high school and I'm 46 now, so, you know, I've always had the freedom of being able to choose my kids' school, which was really helpful, especially because we qualified for free lunch up until we moved here when my husband took a faculty position at-- at UNL. And so I just

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

wanted to give a perspective of what it's like to go from a place where you can send your kids wherever you want to a place where you can't. It's-- it's very limiting. The only similar experience that I've had like that, we went to the UK for a year as part of my husband's work, and there you're assigned to a neighborhood health clinic. You don't get to choose whatever doctor you want to in the city like you can here, and it's-- it's extremely limiting, as you can imagine. On the other hand, in the UK, we could send our kids to whatever school we wanted to. We're not Catholic, but we sent our child to a Catholic school while we were there. Our council taxes paid for it, so it was-- it was nice to be able to find a school that was across the street from where my husband was working and had the programs that she wanted. It was-- it was ideal. So I wanted to explain what we had to do to get our kids through school where we wanted them, because there's no school choice here like we were accustomed to. And when we were in Colorado, I'd have like two kids at the neighborhood public school and another one at a school choice school just to make sure everybody had what they needed, but that wasn't possible here. So I-- I was at a-- it was a department meeting at-- at UNL and I was talking to another couple there, another faculty couple, and they explained what they did. And it's very unconventional, but you might be surprised to hear kind of how-- how UNL faculty members are handling this. So with the options that we chose, it's kind of a life hack. Our kids didn't graduate from high school. So, I mean, on the statistics, they don't-- they don't have a diploma. They're all doing very well in college, one who's graduated from college now. But what-- what we did was we pulled them out of school, registered as homeschoolers, and then we reregistered them for whatever we wanted them to do with the public school and we took care of the rest ourselves. So they would do things that public school like music and swimming and some electives, and then we would take care of things like math and English and science and history on our own, like with things like Khan Academy or homeschool co-ops or online courses. And then, I mean, I think the reason that some professors are doing this is they realize that graduation from high school doesn't really matter.

LINEHAN: Maybe somebody will ask you a question.

RACHEL TERRY: OK.

LINEHAN: OK, thank you. Are there any questions from the committee? Senator Pahls.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

PAHLS: Thank you, Chair. It's not what you're-- the direction you're going, but I do-- since you are from Colorado--

RACHEL TERRY: Um-hum.

PAHLS: --I have been told, and I would support it, that home school out there, they get dollars for books, supplies, field trips, and that's home-schooled kids. Is that-- do you know if that's an actual fact?

RACHEL TERRY: We actually used a program like that. So the way it's funded is an online charter school, which is a public school. And we-- we did that for a couple of years, actually, and it was great. I mean, the-- the school sends you all the curriculum you need, including a computer. There's a teacher assigned to your child that you meet in person every now and then for testing, for online classes, for zoo field trips, all that stuff, so, yes.

PAHLS: But is that through the charter school, through the public school system?

RACHEL TERRY: Yes. Charter schools are public schools.

PAHLS: Through the-- OK, but-- well, that's something that maybe the state of Nebraska ought to look at.

RACHEL TERRY: Yeah, I think especially the rural students.

PAHLS: Yeah, right.

RACHEL TERRY: Yeah.

PAHLS: Yes, I-- trying to help the rural kid--

RACHEL TERRY: Yeah.

PAHLS: --is my-- one of my goals. Thank you.

RACHEL TERRY: Definitely.

LINEHAN: Thank you, Senator Pahls. Are there any other questions? So if I remember right, looking at the U.S. statistics, U.S. News and World Report, Colorado's public schools are rated very high nationally, too, are they not?

RACHEL TERRY: I think so. I think they receive a lot less funding, but I think when you have the kind of competition atmosphere that

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

comes with school choice, the schools do a lot more with less. And like I remember at one of our kids' schools, they got all those Promethean boards paid for by local companies, you know, instead of through their budgets, so they have to get a little bit more creative, but it seems to work.

LINEHAN: Thank you very much for being here. Other questions? Thank you very much.

RACHEL TERRY: Um-hum.

LINEHAN: Next proponent.

KATHERINE VILLA: Good afternoon.

LINEHAN: Good afternoon.

KATHERINE VILLA: My name is Katherine Villa, K-a-t-h-e-r-i-n-e V-i-l-l-a. I'm a senior at Pius X High School and I'm here as a proponent of bill LB1237. One of my friends was asked to testify and share her perspective, and a few of my friends and I were so moved that we also asked that-- that we could share our perspectives as well. I love attending Pius X High School because it provides an engaging learning environment for me to share my faith with my peers and to grow in community with them. The teachers at Pius don't just teach us the curriculum, but they lead by their example and they're witnesses of their faith to us. The community at Pius is faithful and strong and with tight-knit classes and a low student-teacher ratio, I've been blessed to be able to attend Pius, and I believe that every student deserves the opportunity to find a school that supports their unique learning style and educational and developmental needs. Here in Lincoln, there's a wide variety of private elementary schools with different programs and curriculums. For example, five of my younger siblings attend Cathedral School, where there's a strong dyslexia program and outdoor education programs. These programs would have the capacity to benefit more students if these students had the funds to attend these schools by helping to afford their tuition costs. With all seven of my younger siblings enrolled in private schools, this puts a strain on my parents, and even with the scholarships that we receive, this bill would help them pay for all of our education. Thank you for considering bill LB1237, and I trust that you will make a decision to support students all across Nebraska and will help them reach their highest potential.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

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

KATHERINE VILLA: Thank you.

LINEHAN: Appreciate it. Next proponent. Good afternoon.

TOBIAS JORDAN: Good afternoon. Members of the committee and Senator Linehan, my name is Tobias Jordan, T-o-b-i-a-s J-o-r-d-a-n. I'm a sophomore at Pius X High School here in Lincoln, Nebraska. I'm growing up currently in a family of ten, and all my family has gone to a private school all their life, me currently at Pius now. I love my education in a private school, especially because it focuses on the individual person for their faith, career, and their career for the course of their life. Tuition is tough for my-- for my family because we are paying tuition for private schools, all eight of my siblings in my family, and also we're paying taxes for the public schools and for the-- for the public schools around Lincoln and so forth. This bill, LB1237, would help me pay for the tuition in the private schools and help our family just pay for money in general and for us to grow in our faith, career and, of course, our life. I'm hoping that I can take a college here in Lincoln, Nebraska. Haven't really decided on what career choice I would take. And any questions?

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

ALONDRA COBIAN: Good afternoon, Senators. My name is Alondra Cobian, A-l-o-n-d-r-a C-o-b-i-a-n. I also attend Pius X High School. I am a senior and I'm thinking about-- actually I'm going to Wesleyan and I'm going into the nursing program so that I can later on become a midwife. So since fourth grade, I have been going to a private Catholic school and right now I'm at-- I'm at Pius. At Pius, we are given different opportunities to learn and grow in our diversity. Actually, it's such a blessing to be able to-- to get this opportunity and have scholarships for it. But beyond the scholarships, I still have to pay for my own tuition because I come from an immigrant mother who is also single and has to work for-- well, we have to pay bills. And then I have three older siblings, one of which graduated from Pius as well. And then the other two, after they're-- my sisters, after like a year or two at Pius, they went to public school because it was too much for my mom to pay. But I was very adamant and I was like, I'll pay my own tuition. And then it's-- it's so amazing when they're-- they present me with a scholarship,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

and I was like, I'm so blessed, yet I still have a bit to pay. But the lady I pay, she always says one bit at a time is-- is better than nothing, and I just-- I think it's great. Another thing about like private schools that I really like is they're very firm, and I think we grow a lot in discipline. And they don't tell us what to think, but they just give us the facts and let us grow in our thinking. Yeah. And then-- and I think we have a lot of like diversity at Pius where we can form our own clubs or like find different people who we can fit in or like there's different clubs. There's a Vietnamese club or there's like Spanish clubs, French club, and I think that's great.

LINEHAN: Thank you. Thank you very much. Are there questions from the committee? Seeing none, you did a great job. Thank you much.

ALONDRA COBIAN: Thank you.

LINEHAN: Next proponent.

ANDREW BAUER: Good afternoon.

LINEHAN: Good afternoon.

ANDREW BAUER: My name is Andrew Bauer, A-n-d-r-e-w B-a-u-e-r, and it's my privilege to be here. I'm the principal at Saints Peter and Paul Catholic School in south Omaha. Saints Peter and Paul has seen a real enrollment growth since the 2012-2013 school year. We've increased enrollment by 110 percent, and our student body demographic continues to grow, especially with Hispanic students and students who qualify for free and reduced lunch. I'm here today to speak in support of LB1237. Before I begin my testimony, I just want to thank you all for your civic service and giving me the opportunity to speak in front of the committee today. I worked at Catholic schools my entire professional career and throughout my career, I've seen how Catholic schools can be the best educational fit for some students. Additionally, as a parent of a child receiving early childhood special education services through LPS, I'm also able to see how where a parent chooses to place their trust in a child's education is extremely varied and multifaceted. Parents have chosen to send their kids to Saints Peter and Paul because they trust us to provide the educational outcomes that they desire, and we know that they value that we are an accredited school under NDE Rule 10 and will undergo our frameworks this-- accreditation this April. And while it's important that we're accountable in the sense of making sure we're meeting our state requirements to be an accredited school, we also have the accountability to our parents. Parents want to make sure

that they know that their child is safe; they're learning to be a person of character; the values that they instill in the house are also being instilled at school; and we're accountable to making sure that we address their every concern and that their child's succeeding as a whole person with a well-rounded education. As a Spanish speaker, with 94 percent of my student body coming from Hispanic descent, I'm able to meet parents and speak to them in their native language, which isn't always the case at every school in Nebraska, I've been able to hear what they want out of their child's education and be able to address their concerns. There are many students that have been success stories and found success at Saints Peter and Paul, but one student who comes to mind is Jose, who came to us from an out-of-state public school, had an IEP, and was also frequently bullied at his previous school. Jose was able to find success at Saints Peter and Paul, and he is now doing wonderful at Gross. I know his mom, Imelda, told me just recently that it was so amazing that a simple change of school could have a 180-degree difference in her child's life. The blessing of school is that-- of our school is that parents are able to hold us accountable for what they want in their child's education, and we're able to give them the opportunity for that child in an environment that meets their needs and the family's needs. I'm not so naive to think that Catholic schools are best for every student, and I know that there have been students at Pe-- Saints Peter and Paul that have gone on to find success in other schools. I do know that we have found many students that have found success at Saints Peter and Paul and hadn't prior. While it is unfortunate that-- excuse me. The ability-- the-- what's unfortunate, though, is that the ability for our families to find a school that is the best fit for them isn't always the case, especially when it comes to families like mine at Saints Peter and Paul that have limited financial means. I know that last year we had 249 students apply for Children's Scholarship Fund, and they were only able to grant 95 students. While--

LINEHAN: Just a second. Somebody will probably ask you a question, so.

ANDREW BAUER: Yeah, that's-- thank you.

LINEHAN: OK. All right. Is there any questions from the committee? Repeat-- I am interested in the number of kids you-- that needed scholarships and how many you could serve.

ANDREW BAUER: So we had 249 students apply for scholarships last school year. Children's Scholarship Fund was able to provide 95

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Revenue Committee February 9, 2022

scholarships. And then we work with all the families that weren't picked up by Children's Scholarship Fund to try-- to try to provide consortium financial aid. But the need is much, much greater than what we're al-- always able to provide.

LINEHAN: And according to this, you get 92.2 are percent or Hispanic, Latino, 2.7 percent black, and--

ANDREW BAUER: The percentages of two or more races are also Hispanic. They identify as Hispanic, Latino and then also another -- another race.

LINEHAN: So what do you see-- how big is your building? How many students could you accommodate?

ANDREW BAUER: I estimate that if we were to fill every classroom to the brim, within reason of what we wanted as an appropriate class size, we would max out around 310, 315, and we've had enrollment that's been close to that. We generally won't get close to full, full capacity due to the various demographics in each grade level, but we're at-- pretty much at capacity, bursting at the seams.

LINEHAN: OK, thank you--

ANDREW BAUER: Thank you.

LINEHAN: --very much for being here. Oh, wait a minute. Senator Pahls, you have a question?

PAHLS: I have a question. Right now you have 294 and you say you could go to 315, approximately.

ANDREW BAUER: Yeah.

PAHLS: Of those 294, how many do receive-- you said 95 receive scholarship?

ANDREW BAUER: Well, that's just taking into account Children's Scholarship Fund of Omaha. We provide financial aid to-- so that's about a third, roughly. We provide financial aid to about 95 percent of our students--

PAHLS: Okay, so--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

ANDREW BAUER: --so whether it's from Children's Scholarship Fund or our own financial aid or another; there's a Latino scholarship fund through the archdiocese as well, so.

PAHLS: Now is that through the church? Archdiocese, that's what I heard.

ANDREW BAUER: Well, the Children's Scholarship Fund is secular and nonprofit, and then the Latino scholarship fund is through the archdiocese and managed through that. And then the consortium, which is the district of the six Catholic schools in southeast Omaha, provides financial aid that's really just making sure that the tuition matches families' need.

PAHLS: But you're telling me you do need additional money. That's what I'm trying to pick up.

ANDREW BAUER: Oh, absolutely. Yeah, yeah, we wouldn't-- families would definitely benefit from receiving additional scholarships.

PAHLS: Because that would go to the schools, not the family but to the school.

ANDREW BAUER: Well, it's awarded to the student, so, and then that helps to offset their tuition costs.

PAHLS: Right. OK.

ANDREW BAUER: Yeah.

PAHLS: OK. And one more comment. Class size, to me, is-- is a significant factor, and you believe your class size is pretty decent, apparently.

ANDREW BAUER: Yeah, I-- I think our-- it depends on the class, but there's some classes at Saints Peter and Paul that have 15 students. I would say the average is right around 22-ish and the-- our largest size is 25.

PAHLS: OK, thank you.

ANDREW BAUER: Um-hum. Thank you.

LINEHAN: Thank you very much, Senator Pahls. Any other questions? Thank you very much for being here.

ANDREW BAUER: Thank you very much.

LINEHAN: Appreciate it. Next proponent.

CLARICE JACKSON: Good afternoon, Senators--

LINEHAN: Afternoon.

CLARICE JACKSON: --and Chair Senator Linehan, my name is Clarice Jackson, and I have been coming down here just about the time frame that a senator who is two terms comes down here, for eight years, and I am in full support of tax credit scholarships. I was listening to the last session when this was being discussed, and one of the senators said something that really struck me. He said that it would take 50 years for the Omaha Public Schools to get it together in regards to education and the needs of parents and families. And another senator asked him to-- to just make sure he was hearing him correctly. Is that what you said? And what am I supposed to tell parents whose kids need help? And he paused, and then he said, I don't know. What message does that send to families such as me, as a parent who has come down here for eight years, who's been told that we're working, we're trying to do better for kids? And I had a child-- have a child who had dyslexia, who could not read, who had been in the traditional public school from pre-K to fourth grade. And with all my ferocious advocacy, all the things that people tell you and that you read about, about parental involvement and being the best advocate for your kid and reading to them and helping them with their homework, I did all that and above and it still did not help her because they did not have the right method to address her needs. And I had to take her out of the traditional public school and put her in a private school, but she wasted five years of her life, five years educationally that she could not get back. If we are to believe in what the senator who made that statement said, once I started advocating, coming down here eight years ago, my kid, hypo-- generalizing, would be in the eighth-- the seventh grade now and still not getting the help that she needed. And so I support this bill for a number of reasons, because children learn differently and a one-size-fits-all model does not work, and we need to think about the families who cannot afford to send their kids to another alternative but desperately need to. We should all be concerned. It should be of grave importance that we address these needs of these students. This is not an attack on traditional public schools. I love public schools, great public schools. Let me correct that. I love great teachers. I'm a product of a schoolteacher for 34 years. But we have to understand that sometimes a different environment works better for a child. And when I put mine in a different environment, she went from a nonreader to a third grade reader in one year because

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

she had the choice to do something different. So please keep that in mind as you all make this decision today. Thank you.

LINEHAN: Thank you very much. Are there any questions from the committee? Seeing none, thank you very much for being here. Next proponent. Good afternoon.

DON BLACKBIRD: Good afternoon, my name is Deacon Don Blackbird, D-o-n B-l-a-c-k-b-i-r-d. I am the principal of St. Augustine Indian Mission in Winnebago, Nebraska, and I want to thank all of the senators here today for taking the time to-- to listen to us and to hear what we have to say about this bill. I'm here today because I'm advocating for my students, and I have these little lights that say I have three minutes to speak about something I'm very passionate about, so I'll do my best, but a little bit more about myself and my school. I'm a member of the Omaha Nation. I'm the principal of a K-8 eight elementary school that was-- opened its doors in 1909. We were founded by Saint Katharine Drexel at the request of the Winnebago people. This is not a typical story you'll find throughout Indian country of the tribal people asking for a Catholic person to come to their reservation and start a school. But you have to remember that this request started being made in the 1850s when the children were being taken from their homes, from their community, and taken off to be taught in government schools, and so the families had no choice as to where these children are going to go to school, and many times their children do not come home. And so they advocated to have somebody come and start a school in their community, which is why St. Augustine's was founded. Flash forward all these years later, we are hearing today about some of the fallout of children being taken from their homes, of being educated in a place where the parents had no control, and we know that it was devastating to our tribal communities. And I'm here today because I'm advocating for the children I serve in my community. Our school is primarily made up of students from both the Omaha and the Winnebago tribal communities. About 20 to 24 percent of our kids annually are on IEPs for special education. The majority, I would say right now 100 percent, of our students get free meals because they qualify for that. But those who want to go on to school, we have students who leave the reservation and they come to school in Omaha. They go to Duchesne. They go to Mount Michael, and now they're going to Creighton University. Dartmouth College, UNL, and the reason they're able to do that is because they were able to receive scholarship assistance to leave the reservation and to attend these other schools. And so I'm not so here-- here talking about my school, which I love. I'm talking about the kids who want more, the parents who choose more, and the parents

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

who uproot their lives in order to give their children the opportunity to attend the school of their choice because they feel that it's best for them. So thank you. Any questions?

LINEHAN: Thank you very much. Are there any questions from the committee? Senator Pahls.

PAHLS: Thank you, Chair. You're a principal?

DON BLACKBIRD: Yes.

PAHLS: Now are you a principal of a public school?

DON BLACKBIRD: No, I'm the principal of St. Augustine Indian Mission. It's a K-8 Catholic school.

PAHLS: OK. Is there a public school close by?

DON BLACKBIRD: Yeah, actually, there's a public school a stone's throw away, and we're partners with our local public school. I'm actually the vice chair of the Winnebago Tribal Education Advisory Committee, which oversees education from our early childhood center all the way through our college, Little Priest Tribal College.

PAHLS: But you do work with the public schools?

DON BLACKBIRD: Of course. I think any community who treasures their children would say the only way to be successful in education is by partnering with all agencies involved. And so it's the private schools. It's the-- it's the Catholic school, the Lutheran school, the public school, the early childhood center, child and family services. We get together every month and we're discussing, how can we serve our children?

PAHLS: It's the way it should be. I--

DON BLACKBIRD: That's the way it should be.

PAHLS: --totally agree. The question I have, and I don't know, because I am concerned about the number of schools that are classified needs improvement, does public school by-- close to you need-- is-- is-- do you know, is that one of those schools?

DON BLACKBIRD: I would--

PAHLS: Because several--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

DON BLACKBIRD: Historically all of the reservation public schools have been classified as needing improvement, but I also know that they've made strides--

PAHLS: Yeah.

DON BLACKBIRD: --towards improving those things, but--

PAHLS: You're not by yourself because in the state of Nebraska there are 116 of those schools. I'm just trying to--

DON BLACKBIRD: Yeah, in our communities, there are "needs improvement" schools, yes.

PAHLS: Thank you.

DON BLACKBIRD: Yeah.

LINEHAN: Thank you, Senator Pahlsaul's. Are there any other questions? So you have students at Dartmouth?

DON BLACKBIRD: Yeah, going to Dartmouth, going to Creighton, going to UNL. Our students go to become teachers, lawyers. We have one of-- one of my alumni who is now in charge of the tribal farms, which is incredible because he was never an outdoorsy-type guy, but he found a passion for being outdoors and now he oversees the land management for the tribal community and is growing incredible things and teaching the kids how to grow a traditional way, as well, so.

LINEHAN: Excellent. Thank you very much--

DON BLACKBIRD: Yep.

LINEHAN: --for coming down today, appreciate it. Next proponent.

JAMES SHULS: Hello, Senator Linehan and members of the committee. Thank you so much for this opportunity to speak with you today. My name is James Shuls, J-a-m-e-s S-h-u-l-s. I'm the dean of the College of Education at Southeastern University in Lakeland, Florida. If I were here as the dean, I would be recruiting some of these students today, but I'm also a fellow at EdChoice. My colleague at EdChoice Marty Lueken is the director of fiscal policy. He prepared a fiscal analysis that's being passed around to you now. He couldn't attend and asked me to come in his stead because a lot of my research is focused on fiscal matters as well. You know, you heard from the bill's sponsor about the cost of this bill in terms of being a \$5

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

million tax credit. It's very easy to look at that side of the ledger, at how much we're going to spend or not collect in terms of a tax credit because of this sort of program, but we have to keep in mind there's another side of the ledger, as well, that when we have these sorts of scholarship programs there are savings that are accruing as well. You're already spending in the state about \$14,700 per student in the public schools. And so when students switch, when they come from the public school sector and they go to the private school sector, there is a savings that occurs. And so the document you have outlines our analysis of how much the state might expect in-- to save in terms of state and local dollars when you enact this sort of program. Now, when you do a fiscal analysis, there are lots of variables that you have to estimate. We don't know exactly what the scholarship amount is going to be. We don't know the exact number of the scholarships that are going to-- to be offered. We don't know exactly the number of students that are going to switch from public schools to private schools. We also don't know the exact variable cost that a public school has. You know, when a student leaves a public school, they receive less funding, but how much can they cut from that? So we estimate those things based on the literature. We have a lot of footnotes here to show you how we walk through these things. But the bottom line is, when you look at this program, you estimate the cost savings for this type of program because of the switchers coming from public schools to private schools, you see at the end of the day that the state will save approximately \$4.8 million because of this program. You're spending \$14,700 per student. The scholarship amount will likely be around \$4,400. That's what we see from other scholarship programs. So this program, although it says \$5 million, at the end of the day, is going to generate cost savings for the state. I'm happy to take questions about this fiscal analysis or anything else related to the school choice program, so thank you very much.

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

PAHLS: Yes. I always, when I look, I look where the resource comes from because I know there's a lot of-- not saying this is propaganda. This looks like it's been well-- very well researched. But where is your office?

JAMES SHULS: My personal office is at Lakeland, Florida. EdChoice at Indianapolis, Indiana.

PAHLS: So we got somebody from Lakewood--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

JAMES SHULS: Lakeland, yes.

PAHLS: --Lakeland, in Florida, and we also have somebody from Indiana who is coming this far. See, to me, that's like propaganda. I want to hear these people. This is who I want to hear. I know-- I understand the financial savings. I get that. But this seems political. These-- these people out here, they-- they-- to me, they're real. Not saying you're not real, but this seems like there's a purpose here, like-- like it's political. I'm just-- just being honest with you. Thank you.

LINEHAN: Thank you, Senator Pahls. Are there any other questions from the committee? How long have you been with EdChoice?

JAMES SHULS: Well, I'm-- I'm just a fellow at EdChoice, I'm not an employee, so I've been affiliated with them for, I don't know, a number of years. I was a public schoolteacher and I was a professor at a public institution in Missouri. I just recently took the position as a dean at the university in Florida.

LINEHAN: OK. I like Florida. Thank you for being here.

JAMES SHULS: Thank you.

LINEHAN: Uh-huh. Are there any other proponents? Any proponents? OK, opponents? Good afternoon.

T. MICHAEL WILLIAMS: Good afternoon. To Senator Linehan and the committee, my name is T. Michael Williams, T. M-i-c-h-a-e-l W-i-l-l-i-a-m-s. I'm the senior pastor at Mount Moriah Baptist Church in Omaha and the president of the Omaha branch of the NAACP, and we support public school. I'm also the community liaison for Baptist Pastors and Ministers Conference of Omaha, which represents 30 congregations in northeast Omaha. Our churches oppose LB1237 as well. It was five years ago when our conference re-- released a statement opposing scholarship tax credits and affirming our support for public schools that teach, feed, and care for the vast majority of the children we see in our pews on Sunday mornings. That was five years ago. And yet, ever since then, these so-called opportunity scholarship bills have been brought back again and again. Three years ago, in the Omaha World-Herald, I asked, opportunity for whom? Because no matter what the pro-- profiteers say, these scholarship programs are not really about helping low-income kids. They're designed to allow wealthy donors to dictate where their income taxes go, an opportunity that doesn't exist for the rest of us. Half a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

decade later, I'm no longer asking who, but why? Why are we here talking about the same policy that has failed to pass numbers of times? And if you believe, as I do, that all children are God's children, why are we spending this time weighing the merits of a bill that would give money to a private school that is allow-- that is allowed to deny admission to some children. And if we want to help kids, why do we continue considering a policy that has been proven to help, not hurt, kids in other states? I'm originally from New Mexico. I have a number of relatives who are in the school system, APS, there in Albuquerque. New Mexico has school choice, charter schools, and it is a problem. It is-- it is not good. The last time that I was here testifying before this committee on a bill like this, there were students here from other states and they were talking about their benefit from the scholarship program. The problem I thought about after that testimony that day was, what about their brothers and sisters? Their brothers and sisters weren't able to get in the scholarship program because it's limited. My thing is that public schools support all of the kids, you know, a greater number of the kids, and-- and we need to make public schools better, not detract from public schools. Yes, some kids need some different things. Those different things can happen in the public schools. I volunteered, second grade. I will stop. Thank you.

LINEHAN: No, thank you. Are there any questions from the committee? Senator Pahls and then Senator Friesen.

PAHLS: Now you have been associated with Omaha for several years? You're not-- I know you said you were originally from--

T. MICHAEL WILLIAMS: I've been in Nebraska since 1986.

PAHLS: OK, so you're what-- you-- you're probably almost Big Red.

T. MICHAEL WILLIAMS: Beg pardon?

PAHLS: You're almost Big Red then, right?

T. MICHAEL WILLIAMS: [LAUGH] Yes, sir.

PAHLS: I hear-- I hear what you say. That's why I was being critical of an outside agency coming in telling us what to do. Not saying they don't have good information, but when I have outside forces, that-- that's an irritant for me. But now here's the thing that I have with the Omaha Public Schools, and I'm glad to hear that you're involved. Right now you've heard me say that schools, "needs improvement," that's throughout the state there are 116 schools; 30--some of them

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

are in Omaha. There's-- there-- they-- somebody needs to change. I'm looking-- in fact, my goal is to help those schools more so than it is-- I'm not saying I won't support what's going on here, but my goal is to make the public schools better. That's one thing I liked about Ernie Chambers. He says, no, I don't wanna be selective. I want to make the schools better. But you have two state senators who represent your area now are for this bill or a bill similar to this.

T. MICHAEL WILLIAMS: We would disagree and disagree with--

PAHLS: Right. What I'm saying is, but they're the ones who vote.

T. MICHAEL WILLIAMS: And-- and I-- you know, without saying names and without giving a whole lot of background, I know one of their motivation and, you know, I just disagree with it. That's all.

PAHLS: Well, see, I said we ought to make north Omaha, which they're doing right now, providing some additional monies to help the people in poverty--

T. MICHAEL WILLIAMS: OK.

PAHLS: --in that area. You get-- you have to bring everybody up. Just can't bring a few here, a few there.

T. MICHAEL WILLIAMS: I agree.

PAHLS: And what they're doing right now, I in-- totally support, which you prob--

T. MICHAEL WILLIAMS: Yeah, I-- I testified in support of that bill as well.

PAHLS: Yes. Yes, OK.

T. MICHAEL WILLIAMS: Yes, sir.

PAHLS: Thank you.

T. MICHAEL WILLIAMS: Thank you.

LINEHAN: Thank you, Senator Pahls. Senator Friesen,

FRIESEN: Thank you, Chairwoman Linehanenihan. So looking past the scholarship bill, how do we fix the schools in north Omaha? What-- what do they need?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

T. MICHAEL WILLIAMS: I would say they need, and-- and unfortunately, with COVID, it's-- it's tough, but they need experienced teachers who care. They need programs for the diversity that exists within the building. In a lot of cases, there are needs for trauma considerations.

FRIESEN: So would you say that OPS School Board is not distributing the resources correctly to help some of those schools?

T. MICHAEL WILLIAMS: You know, you all are going to scoff at my answer to that. I would simply say there aren't enough resources. I-- I-- I know, you know, how the Legislature felt when Dr. Mackiel got his, you know, raise and all that stuff, but I would say there aren't enough resources, and unfortunately there just aren't enough ongoing qualified teachers. I'm blessed. I have a granddaughter that is at Wilson Focus School, and it is, you know, extended day, extended year. And the program there, she's learning; she's doing-- she's doing great. But I know that's not the case in every situation, but those teachers are dedicated to what they're doing. And I think teachers are generally dedicated, but there's just-- there's just lots of challenges.

FRIESEN: OK. Thank you.

T. MICHAEL WILLIAMS: Yes, sir.

LINEHAN: Thank you, Senator Friesen. Are there any other questions from the committee? Thank you very much for being here. Appreciate it.

T. MICHAEL WILLIAMS: Thank you, Senator. Thank you.

LINEHAN: Next opponent. Good afternoon.

TIFFANY FRIESEN MILONE: Good afternoon. Good afternoon, Chairperson Linehan, members of the Revenue Committee. My name is Tiffany Friesen Milone, T-i-f-f-a-n-y F-r-i-e-s-e-n M-i-l-o-n-e. I'm the editorial director at OpenSky Policy Institute. We're here today to testify in opposition to LB1237 for several reasons. First, scholarship tax credits enhance the tax benefit of donating to scholarship-granting organizations, or SGOs, compared to tax deductions for other types of charitable donations. LB1237 makes it possible for a couple with tax liability of at least \$10,000 to receive a \$5000 credit for a \$10,000 donation to an SGO. However, that same donation to Holy Name in Omaha would net a tax benefit of only \$684, the amount of the donation multiplied by their tax rate, assuming they're paying at the top rate

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

of 6.84 percent. This couple's tax benefit for donating to the SGO would therefore be 7.3 times greater than it would be for donating to Holy Name. Second, LB1237 isn't guaranteed to result in the savings as promised. A report from Florida is often cited as finding that for every dollar of lost revenue, the state saves \$1.49. However, that's-- that report's authors say in the appendix that they had no information from which to estimate the percentage of students who would switch from public to private schools because of the program. They thus assume 90 percent of recipients would switch, which is unlikely, and admit the program breaks even at 60 percent and costs the state money at a 50 percent switch rate and below. This is important because if the scholarships go to students who would have switched anyways, the state won't be able to reduce any public school expenses. The credit can only result in savings if a significant number of public school kids transfer to private schools in a way that would reduce public school expenses, because even if public school enrollment declined slightly, fixed costs for public education, such as teachers, lights and heat, cannot be cut. In a response to Senator-- to a question from Senator Bostar last year, that's been the case in Arizona, which has four different private school tax credit programs dating back to 1998. There, even though they saw an increase in the amount of credits claimed and scholarships issued, private school enrollment was stagnant from 1998 to 2014, the last year I have data for. While public school enrollment grew nearly 38 percent, basic aid to public schools has also increased over roughly the same period, but not enough to keep pace with that private-public school enrollment growth. Here, we don't think enough students will be able to transfer from public school to private school to save the state any money. Specifically, we estimate about 515 students statewide would benefit each year, or 2.1 students per district, if the impact were spread evenly. Finally, we have concerns about both the scholarship tax credit and LB1237's childcare contribution tax credit, as they would be new spending through the tax code. Unlike spending through the appropriations process, which is reviewed regularly, these credits won't have the transparency and scrutiny that traditional spending programs do. The bill also lacks any data collection requirement, so the state won't have any information to review whether these credits are achieving their stated goals. Thank you for your time, and I'm happy to answer any questions.

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

PAHLS: Yeah, I [INAUDIBLE]

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

LINEHAN: I'm sorry. Go ahead, Senator Pahls.

PAHLS: Thank you. A lot of the individuals I'm assuming now would get help, they're already attending school, or is that-- you can do that. Once you're attending, you're-- OK, so these individuals here would not. But now I'm looking at the people who do give, and I-- I recognize a lot of these names, having-- you know, because I've dealt with them on the city council, very-- some of these are very wealthy people. Do you think they will still donate, whether they get a break or not? Probably.

TIFFANY FRIESEN MILONE: I mean, current donors get the deduction. So you currently, if you donate to a private school foundation, you do get to deduct as you would with any charitable-- other charitable donation.

PAHLS: But it's minimal compared to--

TIFFANY FRIESEN MILONE: I mean, it's the same as any other charitable donation. It just would not be as much as this bill.

PAHLS: Right, but it'd be smart for me to want that because then I would get-- I mean, I'd get a better bang for my buck the new way, you know, because I-- I mean, there are a lot of-- I mean, I think-- just take a look at the number of people who do donate right now, which I commend. I mean, I wish I were on that list. OK. Thank you.

LINEHAN: Thank you, Senator Pahls. Are there any other questions? I'm correct, I think. OpenSky doesn't support any tax credits, do they?

TIFFANY FRIESEN MILONE: We do not.

LINEHAN: So--

TIFFANY FRIESEN MILONE: I mean, the closest we've come is the EITC. We were neutral this year.

LINEHAN: Right, but you've never come in support of any tax credits.

TIFFANY FRIESEN MILONE: Not since I've been there.

LINEHAN: [INAUDIBLE]

TIFFANY FRIESEN MILONE: We may have supported the EITC once--

LINEHAN: OK.

TIFFANY FRIESEN MILONE: --but--

LINEHAN: Then the other thing I'd just take a little bit, though I see where you're coming from because it's not appropriation, but all the-- I think most of the credits we have on the books expire, so the committee, this committee, reviews them, like I think we have five or six in front of the committee now that have expired and unless we redo them, they will expire, so it's not like nobody ever looks through them again. I mean, that's kind of what you're saying.

TIFFANY FRIESEN MILONE: Our general premise on tax credit is that some of them do not have a sunset, and so they get put in place and once something's in place, it's hard to get rid of, so.

LINEHAN: So you just don't like tax credits, OpenSky, right?

TIFFANY FRIESEN MILONE: I would say yes.

LINEHAN: OK, thank you.

TIFFANY FRIESEN MILONE: That would be an accurate statement.

LINEHAN: That's a fair, very fair assessment.

TIFFANY FRIESEN MILONE: Yes.

LINEHAN: OK, thank you for being here.

TIFFANY FRIESEN MILONE: Yes.

LINEHAN: Any other questions? No. Thank you very much.

TIFFANY FRIESEN MILONE: Thank you.

LINEHAN: Any other opponents? Good afternoon.

CONNIE DUNCAN: Hello, good to see you again. Good afternoon, distinguished members of the Revenue Committee. My name is Connie Duncan, C-o-n-n-i-e D-u-n-c-a-n. I am a member of the Lincoln Board of Education and representing the Nebraska Association of School Boards, as well as Nebraska Rural Community Schools Association, Nebraska Council of School Administrators, and Schools Taking Action for Nebraska's Children's Education. I am offering testimony in opposition to LB1237. I am focusing my testimony on how the bill fails to accomplish its stated goals in Section 2, subsection (1), that opportunity scholarships will improve the quality of education available to all children. First, LB1237 makes these funds available

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

to qualified schools, defined as private schools that are allowed to discriminate in enrollment based on any grounds other than race. So, for instance, the state would define private schools that discriminated against children based on their religious beliefs as qualifying schools and eligible to receive these scholarships. Other qualified schools may discriminate on sex or disability. They could even discriminate on things such as the behavior of the child or the child's parents. These scholarships are not intended to be for all of Nebraska's children. Second, the bill prohibits the state from requiring financial or academic accountability measures to ensure that the funds improve quality education opportunities, education outcomes, or that the funds are even used for educational purposes. This makes it impossible to measure changes in quality, so that part of the goal, improving quality of education, cannot be met. Improving quality education opportunities for all children is a goal that we all share, but we believe that the bill, as written, cannot accomplish this. On the other hand, nondiscriminatory enrollment practices and financial and academic accountability measures are hallmarks of public schools, are in place, and are being monitored by school boards across the state. For these reasons, we asked the Revenue Committee to indefinitely postpone LB1237.

LINEHAN: Thank you very much, Ms. Duncan. Are there questions from the committee? Senator Pahls.

PAHLS: Yeah. To be honest with you, the only issue that I have, and you stated here, is that if it is occurring, discrimination, if that is actually really-- so people on the floor, if this gets to the floor, they're going to have to prove to me that those schools do not discriminate. If they can do that, I'm probably for sure on their side. I think the accountability and all that, I understand public schools, they may be more publicly held accountable, but I probably don't see too many Catholic schools, or private schools, I should say. They have to be running a pretty tight ship because they don't have a lot of dollars. But I hope, and I-- the young adults are here. If you truly-- you go back and reflect and see if there is discrimination in the-- in your school. That has to be proven to me that that doesn't happen.

CONNIE DUNCAN: Could I respond to it?

PAHLS: Go ahead and respond.

CONNIE DUNCAN: I was a teacher for Lincoln Public Schools for 17 years. I taught special education, behaviorally disordered students

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

and students with learning disabilities. I taught at Goodrich Middle School. You're welcome to look this up. And also in our district at that side of town, there was a Catholic school called North American Martyrs. Half of my day, my assigned day, was at Goodrich Middle School, working with my learning disabled students. The other half, I was forced, and I did it because I believe in all children, all children need an education, to go over to North American Martyrs and work with a little girl that was at that school and they were not able to provide her services. I worked with her. I worked with her parents. I helped her at night on my own free time to help her get through her education.

PAHLS: But wasn't part of that because your school received federal dollars?

CONNIE DUNCAN: Yes.

PAHLS: And that may have been part of it? Because I know speech therapy, some of that--

CONNIE DUNCAN: Right. Now ask me if the child stayed in the Catholic schools. She did not. She came--

PAHLS: Because you were such a great teacher.

CONNIE DUNCAN: I am a good teacher.

PAHLS: Yeah.

CONNIE DUNCAN: But she was not getting the services she needed.

PAHLS: Yeah.

CONNIE DUNCAN: They were not able to service-- to give her the services she needed in that school, and that's sad, isn't it?

PAHLS: But on the other side, they're saying some of these young people in a public school is not receiving that-- a different kind of service. It may not-- may not-- special ed or--

CONNIE DUNCAN: It-- it could be. But is it fair to discriminate against special ed students?

PAHLS: Is that the only thing that you think that they discriminate against, is special ed?

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Revenue Committee February 9, 2022

CONNIE DUNCAN: I'm not sure about the other things. I do worry about our LGBTQ community or the parents that are of the LGBTQ community.

PAHLS: Do you know that for a fact or is that just your feeling?

CONNIE DUNCAN: I do not. I do not.

PAHLS: Well, I [INAUDIBLE]

CONNIE DUNCAN: It might be good if you would have asked maybe one of the principals here who's from the Catholic schools maybe.

PAHLS: Yeah, OK. I can still do that later. Thank you.

CONNIE DUNCAN: You're welcome.

PAHLS: Appreciate it.

LINEHAN: Thank you, Senator Pahls. Are there any other questions from the committee? You used the verb "forced." What do you mean, forced?

CONNIE DUNCAN: It was part of my duties and I-- maybe "forced" was very strong, but it was part of my duties because, with the school I was at, we-- we have to serve all of the kids that are in that community. Someone had to do it and it just happened to fit into my schedule, so first through fourth period I did this; fifth through seventh period, I did this.

LINEHAN: OK. So why-- there's a reason that you have to do that, were forced to do it.

CONNIE DUNCAN: Yes, we have to serve all children. They don't have-- they didn't have a special ed teacher.

LINEHAN: But why is that? Why-- do you know why that is?

CONNIE DUNCAN: My understanding is they don't have special ed programs.

LINEHAN: No, but why public schools have special ed programs.

CONNIE DUNCAN: As part of the federal mandates, I'm sure

LINEHAN: Right, and the federal government provides a significant sum of money to public schools. Right?

CONNIE DUNCAN: Right.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

LINEHAN: And the state, I think last year, \$224 million dollars for public schools for special ed?

CONNIE DUNCAN: It could very well be.

LINEHAN: Do you know how much the federal government and the state government provide to private schools for special ed?

CONNIE DUNCAN: I do not know.

LINEHAN: I mean--

CONNIE DUNCAN: I don't. I really could get you the funds, though, from Dr. Standish, if you'd like.

LINEHAN: OK, well, I do know. I think we all know.

CONNIE DUNCAN: OK.

LINEHAN: They get nothing.

CONNIE DUNCAN: All right.

LINEHAN: OK. Any other questions from the committee? Thank you for being here.

CONNIE DUNCAN: Thank you.

LINEHAN: Other opponents?

JENNI BENSON: Good afternoon, Senator Linehan and members of the Revenue Committee. For the record, I am Jenni Benson, J-e-n-n-i B-e-n-s-o-n. I'm the president of the Nebraska State Education Association. The testimony that's being handed out is not what I'm going to say because my points were addressed in another testimony. However, I've been a special education teacher for 40 years. I do have very much experience on doing similar things to what Connie was talking about. I may get in trouble with my son, but I'm going to talk about my son, who attended a Catholic school in elementary in Texas for two years and here in Nebraska for one year. Third day of school- my son is biracial. And by the way, he is currently a major in the Army, graduated from West Point, taught at West Point for four years, and is biracial. Third day of school at this Catholic school in Nebraska, in Lincoln, Nebraska, his classmates in fourth grade told him, we had a black boy here last year, we got rid of him, we're going to get rid of you too. I'm not making it up. It's what he's

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

dealt with. It's what we continue to deal with, but it's the truth. I had students at the parochial schools that I worked with as a special ed teacher, and I didn't have enough time to give to them and they did end up coming to public school, a lot of them. Taught at the Career Academy the last two years before I became president, and I had students from all sorts of schools, parochial, public, private. They were all special education students that I worked with, but they also came to me with lots of different stories of how they couldn't get their needs met in their parochial schools and they were coming to the Career Academy because, yes, that was where the dollars were for public education, but we provided that for them. I made the choice to send my kids to Catholic school for a few years. I also made my choice to take my son out of Catholic school because of those reasons. Does discrimination happen? Does bullying happen in other schools? Yes, it does. But if you want specific examples, I can give you specific examples from my own personal. I'm not talking about anybody else's experience, just my own. And, yes, NSEA will always come and testify against public dollars going to private entity. That's why we testify. We are not in favor of that. We will continue to do that. I will continue to do that as the president of the association. But I also will continue to tell the stories and to be able to answer your questions about what's happening in private school from my own experience or what's happening in public school. I'm more willing to do that. But I also don't think that if people are already giving donations, that they should get a different tax credit for doing the thing that they're already doing and donating, and that's what we're doing. So thank you.

LINEHAN: Thank you, Ms. Benson. Other questions from the committee? Senator Pahls.

PAHLS: Thank you, Chair. As you can see right now, I'm hung up on discrimination. What does that-- when I say discrimination, what does that mean to you in the public schools?

JENNI BENSON: In the public schools?

PAHLS: Yes.

JENNI BENSON: That for whatever reason, they are coming to school and someone would say, you don't get the same services because of your race, your disability, your ability to-- to pay for your lunch; whatever it is, you are being discriminated against for that reason.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

PAHLS: I noticed on the floor, I hear people talk about people who have-- gay, transgender, or that. Is that allowable in the public schools?

JENNI BENSON: No. To discriminate against them? No.

PAHLS: Are you-- are you telling me that does happen in the private schools?

JENNI BENSON: For students and for teachers? Yes.

PAHLS: Actual fact?

JENNI BENSON: There's facts that teachers who have been outwardly gay have been dismissed from Catholic schools for being gay.

PAHLS: OK.

JENNI BENSON: And that's-- it was in the paper. It wasn't like I'm-- I'm speaking out of turn, but yeah.

PAHLS: Same way with students?

JENNI BENSON: Same way with students.

PAHLS: How can-- I'm just curious. If this is happening all over the United States with public dollars, I-- I don't see--

JENNI BENSON: No, this is in private school use.

PAHLS: I know, but--

JENNI BENSON: Yeah.

PAHLS: --private schools receiving public dollars, we-- it's-- happens all over the United States.

JENNI BENSON: They're receiving public dollars for--

PAHLS: Right.

JENNI BENSON: --title funds or is that what you mean or--

PAHLS: Well, I mean, because of tax credits and all that.

JENNI BENSON: Right. Oh, yeah, but they're not held in the same accountability. There's loopholes for those kind of things.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

PAHLS: OK. Thank you.

JENNI BENSON: You're welcome.

LINEHAN: Thank you, Senator Pahls. Are there any other questions?
Senator Briese.

BRIESE: Thank you, Chairwoman Linehan. Thanks for your testimony here today. You said just a little bit ago, same with students. Students have been turned away from private schools in Nebraska because they're gay?

JENNI BENSON: Oh, I would say so, yes.

BRIESE: You would say so--

JENNI BENSON: Um-hum

BRIESE: --but you don't know that?

JENNI BENSON: I know that there are people who won't want to say that out loud because they don't want to have the backlash from their communities, but I do know that.

BRIESE: We're-- we're assuming that, though, correct?

JENNI BENSON: Hmm? Pardon?

BRIESE: We-- we are assuming that when you say that--

JENNI BENSON: Yes.

BRIESE: --you're assuming that.

JENNI BENSON: Well, I-- I've spoken to students who-- who are-- are-- have identified as gay, who have not maybe told their parents that and they don't want the pressure that comes from their communities and they haven't maybe come outward and said that, but they've told other people that.

BRIESE: But you're talking maybe about pressure from their classmates and their peers as opposed to--

JENNI BENSON: Oh, as opposed to the institution itself?

BRIESE: Yes. Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

JENNI BENSON: Yeah, probably.

BRIESE: Yeah. OK. So-- so we don't really know regarding the institutions.

JENNI BENSON: Yeah. And I think Abbi, who's coming after me, will probably have more information on that.

BRIESE: OK. Well, thank you.

JENNI BENSON: Thank you.

LINEHAN: Thank you. Thank you for your son's service, graduating from West Point. He is a very--

JENNI BENSON: Thank you. He is deploying today to go to Korea for the next nine months, so.

LINEHAN: Well, Korea is better than some places.

JENNI BENSON: Yes, that's what I said.

LINEHAN: OK.

JENNI BENSON: His wife and four-month-old don't think so, but--

LINEHAN: Yeah.

JENNI BENSON: --thank you, Senator Linehan.

LINEHAN: Kids get bullied in public school.

JENNI BENSON: Yes.

LINEHAN: And kind of-- and you know this. You've spent your whole career with children. Kids can be pretty mean, whether they're in public school or--

JENNI BENSON: So can adults.

LINEHAN: --right-- public school or private school. And wasn't there just a story last week about a kid in Omaha, a student in Omaha being bullied by both teachers and students in a public school?

JENNI BENSON: I'm not familiar. I'm sorry.

LINEHAN: OK.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

JENNI BENSON: But, yes, it-- I-- I would agree with you that it happens in public and private school, for sure.

LINEHAN: Thank you very much for being here, appreciate it.

JENNI BENSON: You're welcome. Thank you.

LINEHAN: Good luck to your son--

JENNI BENSON: Thank you.

LINEHAN: --and his wife and his baby.

JENNI BENSON: The four-month-old?

LINEHAN: Yeah.

JENNI BENSON: Thank you.

ABBI SWATSWORTH: Thank you, Senator Linehan and senators of the Revenue Committee, for the opportunity to provide testimony in the committee record. My name is Abbi Swatsworth, A-b-b-i S-w-a-t-s-w-o-r-t-h. I'm the executive director of OutNebraska, a statewide nonprofit working to celebrate and empower LGBTQ Nebraskans. Education is a shared value, one that many Nebraskans can agree on. As such, strong public schools should be a priority for our Legislature. OutNebraska is opposed to LB1237 because we believe that it undermines strong public schools. We understand that scholarships under this program would be targeted at low-income students and that some will make the correlation that it will primarily benefit black, American Indian, or other students of color because of this. There's a great deal of educational research that points to the fact that racial minority students are significantly, disproportionately overrepresented in special education. Due to bias within the education system, including within assessments and academic and other policies, students of color can be misidentified as needing special education and are then placed in more restrictive settings and experience harsher discipline because of the intersectionality of race and special education. Students of color, with the exception of Asian students, are identified for special education at a higher rate than their white peers. American Indian and Alaska Native children receive special education at twice the rate of the general student population, and black students are 40 percent more likely to be identified with a disability versus all other students. The overrepresentation of children in special education programs causes short-term and long-term harm, specifically for students of color.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

Private schools are under no obligation to admit students living with disabilities or to continue providing education for students who are identified as having a disability through the course of their education. Private schools are also under no obligation to admit or continue education for students who identify on the LGBTQ spectrum. The nondiscrimination code cited in this legislation references to the benefits of laws, quote, enjoyed by white citizens, but we know that these rights are not equally applied even among white citizens. Without express protections against discrimination, there is no reason to believe that LGBTQ, disabled, black, Indian or other systemically oppressed students will be the primary beneficiaries of this tax credit program. We also believe that tax credits remove revenue from the general fund-- from the General Fund harm public schools, and for these reasons we respectfully request that you not advance LB23-- LB1237. Thank you.

LINEHAN: Thank you very much. Is there-- are there-- excuse me, my education. Are there questions from the committee? I-- I'm very impressed with your testimony here on the last two paragraphs and the first page, but just-- they have-- that has nothing to do with private education. I don't--

ABBI SWATSWORTH: I'm sorry?

LINEHAN: OK, so you say here, in your fourth paragraph, there's a great deal of educational research that points to the fact that racial minority students are significantly, disproportionately overrepresented in special education due to biases within the education system.

ABBI SWATSWORTH: That's--

LINEHAN: You're talking about the public education system there, are you not?

ABBI SWATSWORTH: I think education in general. It did not indicate in my research of that information whether it was public or private.

LINEHAN: OK.

ABBI SWATSWORTH: The educational system may infer public, but it did not expressly state that.

LINEHAN: OK, well, I think if you go back and look, you'll find that it's-- that's-- it's a situation that is-- is why some people are

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

looking for different answers. Any other questions? Thank you very much for being here, appreciate it.

ABBI SWATSWORTH: Thank you.

LINEHAN: Good afternoon.

DAVE WELSCH: Good afternoon. My name is Dave Welsch, D-a-v-e W-e-l-s-c-h. I serve as president of the Milford Public Schools Board of Education and also as a board member of the Milford Schools Foundation. I'm here to testify in opposition to LB1237 due to this-- due to the simple fact that it would single out a very specific class of charitable donations and elevate them from being a tax deduction to being a tax credit. Let me explain the difference. I'm doing this more for the people behind me than those of you up here. If I owe \$20,000 in state income tax and I make a \$10,000 charitable donation to a scholarship-granting organization, such as proposed here, then this \$10,000 donation is eligible to be a tax credit. So instead of paying \$20,000 to the state, I would only pay \$15,000. In essence, the state is making a \$5,000 donation to the scholarship fund. But if I make a similar \$10,000 charitable donation to the Milford Schools Foundation, which provides scholarships to college-bound seniors, then my donation is considered a tax deduction. Assuming an effective tax rate of 6 percent, my state income tax would be lowered by \$600, so I will pay \$19,400 hundred. This is a \$4,400 difference when a charitable donation is considered a tax credit versus a tax deduction. This is a major tax policy change for Nebraska. If you pass this bill, then we can all assume that every charitable organization in Nebraska will be lined up in the next few years demanding that their donors also receive an income tax credit rather than a simple deduction. This will be very similar to when the state began collecting sales tax back in 1967. Very few sales tax exemptions were granted in the early years of the states that sales tax. But as time went by, more and more exemptions were granted. Due to these exemptions, the state is losing hundreds of millions of dollars in sales tax revenue. By passing LB1237, you are setting the state up for the same type of erosion of future tax revenue. Do you want your legacy as a state senator to be the one who began a tax policy which escalated into hundreds of millions of dollars in lost state revenue? I would hope not. Several of you, Senator Briese, have been working to reduce or eliminate many of these sales tax exemptions, and you know how hard that is to reverse those exemptions. Do you want to create a new tax policy today that future senators will need to try and reverse? I would hope not. Thank you, and I'd be happy to take any questions.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

LINEHAN: Thank you, Mr. Welsch. Senator Pahls.

PAHLS: Would you bend a little bit if we put like a sunset clause after a couple years to see if it's effective?

DAVE WELSCH: I just don't think it's appropriate. There's thousands of worthy causes out there. I'm sure this opportunity scholarship program is a worthy cause. But why should it receive an income tax credit? I give to multitude of charitable organizations not expecting a tax credit. And so if-- if you go down that road, you're going to open it up to thousands of organizations wanting the same-- same treatment. So I'd just don't open up that Pandora's box. Won't be good for the state. Thank you.

LINEHAN: Thank you, Senator Pahls. Other questions from the committee? Have you testified against any of the other 13 or 14 tax credits we've had in front of the committee this year?

DAVE WELSCH: I don't believe I have this year.

LINEHAN: Any of the tax credits we've had last year?

DAVE WELSCH: Oh, I believe I have in the past. I can't specifically state with which one. Certainly the corporate income tax credits, I believe, I have.

LINEHAN: But not-- I mean, not this year, because there's I think-- I think there's about 13. Maybe we haven't all had hearings, but we've had several tax credit hearings. But this one is more egregious somehow than the rest of them?

DAVE WELSCH: I can only come down and testify so many times. If I came down and testified on every bill that I had interest on, you guys would really get tired of seeing my face down here. I'm trying not to show up too often as it is.

LINEHAN: OK, so--

DAVE WELSCH: But thank you.

LINEHAN: --on your testimony, you-- I just want to point out for the record. You talk about \$10,000 to the tax credit scholarship or \$10,000 to Milford Schools Foundation, but you don't talk-- on the tax credit scholarship, the way the bill is written, you can't also deduct it from your federal income taxes.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

DAVE WELSCH: I believe that's what I read in the bill.

LINEHAN: Right. But if you wrote \$10,000 check to Milford Schools Foundation, you would be able to deduct it also from your federal, right?

DAVE WELSCH: If I itemized my deductions. Most people today don't even itemize their deductions, so it would have no impact.

LINEHAN: But I'm guessing you do. I'm guessing you would.

DAVE WELSCH: Occasionally--

LINEHAN: Yeah.

DAVE WELSCH: --not on a regular basis.

LINEHAN: OK. But if I itemized deductions, I would also be able to take a federal tax credit, right, a federal tax deduction--

DAVE WELSCH: Yeah.

LINEHAN: --which would increase this \$600 substantially.

DAVE WELSCH: Yeah, de-- yeah, if you-- if you're in that tax bracket, but typically you itemize deductions to lower yourself down into a lower tax bracket, so it might-- might go up to 12 percent, but--

LINEHAN: And this deduction would, yes. OK--

DAVE WELSCH: Well--

LINEHAN: --thank you very much. Any other questions? Thank you for being here.

DAVE WELSCH: Thank you.

LINEHAN: Good afternoon.

JOEY ADLER: Good afternoon. Chairperson Linehan and members of the Revenue Committee, my name is Joey Adler, J-o-e-y A-d-l-e-r, and I am the director of strategic engagement for the Holland Children's Movement. I've been here several times on this same bill with the same point, so I have it here again for you all if you want to read through it again. I did want to talk a little bit about my personal experience as a member of the LGBT community and as somebody who, being a part of that community, has talked to people directly who

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

have experienced that discrimination, not just in, you know, the private schools, but also in public schools, where there is bullying, all sorts of things that happen. Having lived through that myself as well, it's an awful experience and it's-- it's-- it's truly one of the reasons why I get involved in the policy decisions I do today. And I would really urge you guys to take a look at some of this polling that show Nebraskans have things that they care at a much higher rate than this kind of stuff that would really help their families, especially those struggling, including those who face discrimination because of who they love. And I'd love to take any questions.

LINEHAN: Thank you very much for being here, appreciate it. And I am sorry.

JOEY ADLER: No, it's OK.

LINEHAN: Nobody should get bullied for any reason. Questions? Yes.

PAHLS: I am not asking for names. But a lot of times when we talk-- is there any data that you could show me?

JOEY ADLER: I don't have it with me, but I would love to look that up--

PAHLS: No, no, no, no.

JOEY ADLER: --and I will definitely get you something.

PAHLS: No, I-- that's-- to me, I--

JOEY ADLER: Yeah.

PAHLS: --because that, right now, is the hangup, unless that can be--

JOEY ADLER: Sure. I will-- I'll definitely reach out to your office with anything that I can find out about that and get it. I know it's out there. I-- I--

PAHLS: No, I--

JOEY ADLER: --wasn't expecting to go down that route today, so.

PAHLS: I hear you. Thank you.

JOEY ADLER: Um-hum.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

LINEHAN: Other questions from committee? OK, I have one because I-- this is something that-- and you might be able to help me.

JOEY ADLER: Sure.

LINEHAN: So Holland Children's Movement, I-- except there's a foundation [INAUDIBLE]

JOEY ADLER: Yes, we are not part of the foundation.

LINEHAN: Your money come-- you are-- you're not funded by the foundation?

JOEY ADLER: We are not part of the-- we are a separate organization from the Holland Foundation completely.

LINEHAN: Where does your funding come from?

JOEY ADLER: It comes from various sources, grants, things like that on the institute side; on the movement side, we're funded through private donations.

LINEHAN: So is any of your private donations from foundations?

JOEY ADLER: Not on the (c) (4) side.

LINEHAN: OK. You do-- do you know how foundations work, their donations work?

JOEY ADLER: I do have a general understanding of how that works. Yes.

LINEHAN: So if I am really, really rich, which I'm not, and I--

JOEY ADLER: Me either.

LINEHAN: --put \$5 million in a foundation, I deduct it from my taxes, right?

JOEY ADLER: Sure thing.

LINEHAN: And then all the money that's generated by that \$5 million, is that taxable?

JOEY ADLER: I don't know the answer to that question.

LINEHAN: You don't know the answer.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

JOEY ADLER: Uh-uh.

LINEHAN: OK. All right. Maybe somebody behind you will.

JOEY ADLER: Yeah, I appreciate-- I would love to hear that answer as well.

LINEHAN: Well, I would love-- maybe you can--

JOEY ADLER: Maybe-- I'll take a look.

LINEHAN: We'll figure it out.

JOEY ADLER: Yeah. If somebody here doesn't answer it after me, I'll take a look and see if I can find it for you and get that to your office.

LINEHAN: Thank you.

JOEY ADLER: Yeah, no problem.

LINEHAN: You've been very helpful. Thank you. Any other questions?

JOEY ADLER: Thank you

LINEHAN: Thank you very much.

ANN HUNTER-PIRTLE: Good afternoon, Chair Linehan, members of the Revenue Committee. My name's Ann Hunter-Pirtle, A-n-n H-u-n-t-e-r, hyphen, P-i-r-t-l-e. I'm the executive director of Stand for Schools, which is a nonprofit that works to advance public education in Nebraska. I wanted to speak to the question about discrimination, and I have in front of me, and I'm happy to share this with the committee after the fact, some of the policies of-- of local schools in regards to particularly LGBTQ students, private schools in-- in Nebraska. I'm just going to read from this. Lincoln Christian is the first one I have here. Lincoln Christian School provides an education in a distinct Christian environment and believes it is our biblical role to work in conjunction with the home to mold students to be Christ-like. On those occasions in which the atmosphere or conduct within a particular home is counter to or in opposition to the biblical lifestyle the school teaches, the school reserves the right, within its own discretion, to refuse admission of an applicant or to discontinue enrollment of a student. This includes, but is not necessarily limited to, living in, condoning, or supporting sexual immorality, homosexual acts, promoting such practices, or otherwise

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

the inability to support the moral principles of the school. Lincoln Lutheran: Lincoln Lutheran supports a biblical standard of sexual conduct, as stated in the Sixth Commandment and LCMS doctrines and teachings. Students are expected to use restrooms, locker rooms, changing areas, etcetera, that conform to his or her biological sex. I want to touch on Pius X's policy on student pregnancy really briefly. Pius requires any student involved in a pregnancy to: (a) support the teachings of the church in matters related to sexual activity; (b) speak of your pregnancy only when appropriate; (c) speak to teachers about pregnancy in private, never during class time. That's just a quick taste. It's not a comprehensive list. And those schools happen to be in Lincoln, but there are similar policies from schools across the state. I'm happy to get more information to the committee as soon as possible. But what I want to share is that it's not just a theoretical question that you're asking, Senator Pahls. These are policies in black and white that are publicly available on school websites that indicate very clearly that private schools do reserve the right to discriminate against students on a variety of-- of bases and that they do that, so that's the first thing I want folks to understand. I also want to speak a little bit about the organizations from outside the state who have worked to bring this bill back year after year. You heard from EdChoice just a moment ago, and I want the committee to understand kind of the origins of the school privatization movement. The economist Milton Friedman first proposed the concept of school vouchers months after the Brown v. the Board of Education decision came down from the U.S. Supreme Court in 1954. EdChoice was founded--.

LINEHAN: Maybe somebody will ask you questions.

ANN HUNTER-PIRTLE: Sure.

LINEHAN: Are there any questions?

PAHLS: Since I'm from Kansas and Brown was out of Topeka--

ANN HUNTER-PIRTLE: Yes.

PAHLS: --would you explain a little bit more to me?

ANN HUNTER-PIRTLE: Yeah, thanks. So EdChoice was founded by Milton Friedman and his wife, and I want to share some-- some quotes from-- from Milton Friedman himself on this topic just really briefly. In 2004, Friedman said, quote, in my ideal world, government would not be responsible for providing education any more than it is for

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

providing food and clothing. In 2006, speaking to the American Legislative Exchange Council. Friedman said, quote, the ideal way would be to abolish the public school system and eliminate all the taxes that pay for it. And so I want the committee to understand sort of the underpinnings of EdChoice and some of the other organizations that have made their way into the state of Nebraska. I'm happy to share my testimony electronically because three minutes goes by fast.

PAHLS: Yeah, electronically.

ANN HUNTER-PIRTLE: Will do.

LINEHAN: Thank you, Senator Pahls. Any other questions? Milton Friedman, he was an economist, right?

ANN HUNTER-PIRTLE: Correct.

LINEHAN: He actually didn't like much that government did, did he?

ANN HUNTER-PIRTLE: No, he did not.

LINEHAN: He did not like taxes.

ANN HUNTER-PIRTLE: That's right.

LINEHAN: Right. So I think there's a little confusion as to-- I mean, he was to pull-- he was not like--schools weren't his main focus. His main focus was less government and more individual freedom, right?

ANN HUNTER-PIRTLE: I think his focus was on lowering taxes, and I would argue that-- that state and federal budgets are moral documents. What we spend money on shows where our priorities really lie. And so I offer this up because I think it's under-- important to understand kind of the underpinnings of where some of these organizations came from.

LINEHAN: Did you study economics?

ANN HUNTER-PIRTLE: I did. My master's is in agricultural economics from UNL.

LINEHAN: OK, thank you. Any other questions? Thank you for being here.

ANN HUNTER-PIRTLE: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

LINEHAN: Other opponents? Anyone wanting to testify-- can't believe there would be somebody in this position-- neutral? Are you neutral? Are you opponent?

MARY JANE EGR EDSON: He's standing up for her.

LINEHAN: Oh, he's standing up.

PAHLS: Being a gentlemen there.

LINEHAN: Neutral? Is there any neutral? OK, Senator, thank you for hanging around. Like to close?

BREWER: Actually made three trips back to the Government Committee trying to time perfectly being there for the Exec, and I just missed it so all those efforts were in vain. All right. Well, first off, you know, thank everybody who-- who came to testify. Every time you do one of these, you learn more. But if we just go back to the bill itself, this is actually two efforts in one. It's the original bill that was presented and has been presented. There was a part in there where this tax credit cannot exceed 50 percent of the taxpayer's total liability or \$25,000; donations can be-- cannot be directed to any specific school or student; and this \$25,000 limit is a change from the earlier versions and that was at the request of senators. The second part of that is-- is Senator Briese's Nebraska Child Care Contribution Tax Credit Act. So let's-- let's make sure that as we're working through this, remember that. Now we've heard a lot of testimony today, and I understand that you can perceive things however you want, and there are those who, no matter how we-- we do this, will perceive this as-- as robbing from public schools. Understand that I support public schools, grew up in public schools. My family teaches in public schools, so that is never my desire here. But with that said, some of the private schools are very unique. And I can only speak for the-- the ones that I have been a part of. When there were discussions about the-- the school that was on the Indian reservation, when I was growing up, what happened is those that had money were able to go to that school, and it was a better school in the sense that the ratio of students was smaller, the programs available were more, they were very specific to Native American culture and vocational skills, agriculture, and because of that, I believe they probably did get a better education. And there's-- there's nothing right or wrong with that. It is the situation that existed. But there was no opportunity for anyone to provide a scholarship for those of us who would have wanted to have that education. So if we let this become a catfight over whether or not

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Revenue Committee February 9, 2022

private schools dis-- discriminate, which I understand the testimony, but I will tell you, well, for one, it would have been a little hard to dis-- discriminate in a Native American private school. We had a mix of students. It was the students who could afford to go. And if there would have been discrimination, the parents wouldn't have kept their kids there. Why would you? If you add that to the fact that I believe some of the best testimony about this legislation came from Senator Wayne when he stood on the floor and was very vocal about sharing the fact that some who have the resources will send their kids to private schools but then will deny the ability for others to even have the option of finding a path for their children to go. I'm sorry. That's just wrong as you can be, and I agree with Senator Wayne and McKinney. And I think sometimes you need to step back and say, if the very people whose families are affected by this situation with-- with minorities and being able to attend private schools are seeing this and in a way that others don't, maybe because they have spent a lifetime much more wealthy, then-- then we may not be on the right track here, either that or we're wrong, we see it wrong. And if this has been your life experience and you're someone looking from the outside in saying, you don't know what you're talking about, I would put some deep thought in whether that's the right mindset. With that, I thank you and will take any questions.

LINEHAN: Thank you, Senator Brewer. Are there any questions for the committee? Senator Pahls.

PAHLS: Thank you, Chair. I don't know if you were here when the African---- we had a minister from north Omaha here.

BREWER: We did.

PAHLS: He-- he did seem pretty-- I mean, he just seemed pretty dedicated. That's all I have. I'm not asking you. I'm just-- I didn't realize you were here at the time.

LINEHAN: Thank you. Other questions? So you're done for the day?

BREWER: No. Well, I gotta go back and vote, is what I'm doing.

LINEHAN: Oh, [LAUGH] OK, thank you--

BREWER: Thank you.

LINEHAN: --very much. We did have letters for the record. We had 24 proponents, 100 opponents, and nobody neutral. With that, we close the hearing on LB1237 and open it up on LB729.

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Revenue Committee February 9, 2022

PAHLS: Chase them all out again.

LINDSTROM: That's not a bad thing. That means there's less opposition.

PAHLS: Yeah, it only takes one, right?

LINEHAN: Oh, it's Senator Lindstrom.

LINDSTROM: Keep it easy today. When nobody brings you a bill, you usually have less testifiers; and these two, nobody brought me these bills, so. OK.

LINEHAN: Welcome, Senator Lindstrom, to the Revenue Committee.

LINDSTROM: Thank you, and good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is Brett Lindstrom, B-r-e-t-t L-i-n-d-s-t-r-o-m, representing District 18 in northwest Omaha and Bennington, Nebraska. I present to you today LB729 to create the Quick Action Closing Fund. I modeled this legislation from a program that was passed in Oklahoma in 2011. The program has been extremely successful in recruiting new businesses to their state and providing employment opportunities for the citizens of Oklahoma. The Quick-- Quick Action Closing Fund establishes a fund to assist the state with attracting, recruiting and incentivizing high-impact business projects in the state. A high-impact business is one that is-- is-- is expected to provide employment opportunities to Nebraskans, but also to provide a net benefit to the state and generate more revenue to the state than the cost of the incentive. The QACF would be administered by the Department of Economic Development, and all qualified businesses receiving this incentive would qualify under the Imagine Nebraska Act. Monies in this fund would be expended by the Governor for the purpose of economic and infrastructure development. The Governor cannot issue any payments until the Department of Economic Development has conducted a complete and thorough analysis of the impact and applicant's business to determine the impact-- economic impact to the state of Nebraska. Only when this analysis is complete and would funds be issued by the Governor to the recipient. I have not set a specific amount to fund this act. With the QACF Fund, was originally passed in Oklahoma, the appropriation was around \$7 million. Since 2011, around \$14 million in funds have been issued in seven companies, with the result of 3,500 jobs created. The handout I've provided lists several companies that was awarded to the closing funds in Oklahoma. According to Oklahoma Department of Commerce, this collective \$14 million through

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

closing fund awards will amount to \$3.4 billion in investments by the companies awarded the funds. Nebraska has a lot of promise in attracting various industries like those listed. However, the possibilities are endless with manufacturers, information technology companies, agriculture and dairy producers, just to name a few, could greatly benefit from this incentive. The Quick Action Closing Fund would be decided --could be the deciding factor for a company looking to relocate here in our state and whatever we can do to give Nebraska an extra edge, and I believe that is worth exploring. So the-- the idea kind of has been in my mind for a couple years; particularly, there's a lot of states around us and-- and actually, when Governor Stitt was in town-- what was that, about a year ago? He told a story about closing a deal to move a convention from Colorado to Oklahoma. I'll spare you all the details. I don't know if he used that fund, but it got my mind rolling on what we can. You know, we talk about our tax code. We've supplemented some of that with the Advantage Act and ImagiNE Nebraska Act. To me, there's-- there's one extra step in this that other states have that we don't, and that's the Governor's closing fund. And so we want to get into a competitive situation, if the tax code isn't-- meet the needs of that business, if the incentive program doesn't meet the needs of the business or we're that close to getting the ability to bring, say, a da-- a dairy produ-- manufacturer, da-- dairy producing plant here, which I know is sometimes talked about, especially in Wisconsin bringing something here, this is just another little extra thing that the Governor can put on the table to say, let's do the deal. And that's where this-- this came from, and-- and something to-- ultimately to make us competitive. And going back to listening to Governor Stitt, that got my mind rolling on maybe we should look at doing something here. So I didn't-- I didn't ask for any dollars on this. Frankly, I thought this may go to Appropriations Committee, but--

LINEHAN: Here we are.

LINDSTROM: Except for the-- I think there's one with \$80--- \$8,000 to repurpose the computer programs, which that's another business in and of itself I wish I could get into, so I'm not sure how-- how that equates, but so anyway, I'll open up some questions, but you can see on the list here, with the-- with the words. And we, you know, we talk about doing things all the time and, you can see the economic impact that Oklahoma has-- has had with the investment that-- that they've made, the return on investment, or ROI, has been pretty significant and it's something that I think Nebraska take-- should take a hard look at.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

LINEHAN: Thank you, Senator Lindstrom. Are there questions from the committee? Yes, Senator Freisen.

FRIESEN: Thank you, Chairwoman Linehan. So we've got the incentive programs and everything else, but what is the idea behind this? I mean, I know you're setting up some criteria, but they're not spelled out as far as wages and stuff. Would those be the same criteria as Imagine Act or--

LINDSTROM: Yeah. It's-- it's directly, so Department of Economic Development does the analysis to make sure that it meets the needs under the Imagine Nebraska as to who could get, who could qualify under the program.

FRIESEN: OK.

LINDSTROM: I suppose if we wanted to, DED could promulgate the rules and regulations in some way, or Department of Revenue, on how. But it-- I mean, it is-- it is spelled out, to a certain extent, and we tie it back to Imagine Nebraska.

FRIESEN: OK. So let's just say that right now you're not asking for any money in the fund. But if we had some money and eventually could appropriate \$10 million or some businesses donated to this, they could put money into that fund, but it would be used with the sole discretion of the Governor?

LINDSTROM: It-- as-- well, it's-- the first step would be the Department of Economic Development qualifying the project.

FRIESEN: Making sure it meets the criteria.

LINDSTROM: Yes, and once that is done, then the Governor would have the ability to write a check--

FRIESEN: OK.

LINDSTROM: --for the meet-- for-- to meet the needs of whatever the issue is with closing the deal.

FRIESEN: OK. Any limits on how much you could write that check for?

LINDSTROM: We-- I don't believe we're put any limits in there. Of course, it's up to the fund level that-- how it would be allocated or-- or what--

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

FRIESEN: OK.

LINDSTROM: --would probably be in that fund.

FRIESEN: OK. Thank you.

LINEHAN: Thank you, Senator Friesen. Are there any other questions? Didn't we talk, kind of-- this was under discussion when we did ImagiNE, wasn't it, that there should be some fund for the Governor, and then we didn't do it?

LINDSTROM: It probably was talked about. I don't know how much it was talked about in that smaller group or on the floor, but I know it's been talked about before.

LINEHAN: OK.

LINDSTROM: Yeah.

LINEHAN: Yeah. Yeah. OK, any other questions? You'll be here to close, of course?

LINDSTROM: Oh, yeah, I got the next bill.

LINEHAN: [INAUDIBLE] So first proponent.

JENNIFER CREAGER: Chairman-- I said almost said Lindstrom because my page says "Lindstrom." Chairman Linehan, members of the--

LINEHAN: That happens.

JENNIFER CREAGER: Members of the Revenue Committee, I'm Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, vice president for public policy at the Greater Omaha Chamber. I'm also here today on behalf of the Lincoln Chamber of Commerce, the Nebraska Chamber of Commerce and Industry, and the Nebraska Bankers Association in support of LB729. Thank you to Senator Lindstrom for introducing the bill. We have always been supportive of the use of discretionary funds to land economic development projects. To your question, Senator Linehan, when we were first meeting with the state agencies as we were starting the ImaginNE process, we did have the creation of a discretionary fund as a component of a new incentive program on the table. Historically, we've really not had administrations that have asked for the capability, so, and some people raised some concerns with transparency, etcetera, so we took that off the table fairly quickly in the initial process. It never was in the initial bill, but

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

I think it was always talked about as a component of a potential new incentive program. We do still believe a limited discretionary fund can be an effective tool that allows the state to be a bit more nimble in responding to project opportunities. We have been very proud of our pay-for-performance model, and rightly so, but there is no doubt that under such a system it takes a fair amount of time for a company to receive their first incentives. In Imagine, we did attempt to open the door to a bit of a discretionary system with the creation of the revolving loan fund, which helps frontload the incentives to companies who need them the most, and that discretion lies with the director of DED but it's very limited. I spoke with our economic development team about this bill and asked what they would like me to share with you as you consider this approach. Their answer? Every project is different; you never know what might be required to get a project over the finish line and to land in Nebraska. To have a fund that allows for flexibility will allow us to adapt to the needs of the prospect that will be much more meaningful and impactful. It lets the prospect know that we are listening to them, understanding their needs, and trying to help them be successful. We would ask for your support of this bill. Thank you for your consideration.

LINEHAN: Thank you very much, Ms. Creager. Are there questions from the committee? OK.

JENNIFER CREAGER: Thank you.

LINEHAN: You're welcome. Other proponents? Any opponents? Anyone wanting to speak in the neutral position? Senator Lindstrom, would you like to close?

LINDSTROM: Well, I appreciate that, Ms. Creager coming in and testifying. Again, I'm not asking to necessarily fund this, but I do think it's important that we look at all different avenues. We-- you know, we talk about all the time in here is how to make Nebraska competitive. And we have-- for the tax code, it's very hard for companies to look at Nebraska. That's why we have the incentive programs. And with the competitive nature of where other states are taking their tax code, and with incentive programs, I just think there's-- anything we can do as-- as an incentive or another tool in the toolbox to close deals, and this is just an open project, doesn't necessarily tie it to tech or ag or anything, but it does give the ability and, like Ms. Creager mentioned, sending a message that we want to engage in that process. And so I think that, given that flexibility, who-- whomever the next person is in that, if they want

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

to cons-- in the-- in the administration, I do think it's worthy of just having that discussion and giving them the flexibility to maybe take a look at that.

LINEHAN: OK, thank you. Are there questions from the committee? Seeing none, thank you.

LINDSTROM: Thank you.

LINEHAN: Letters for the record? We had one proponent and no opponents and no neutral. So with that, we close the hearing on LB729 and open the hearing on LB730.

LINDSTROM: Thank you. Good afternoon again, Chairwoman Linehan and members of the committee. My name is Brett Lindstrom, B-r-e-t-t L-i-n-d-s-t-r-o-m, representing District 18 in northwest Omaha and Bennington, Nebraska, here to introduce LB730 to adopt the Growing Our Workforce Investment Now Act, or GOWIN, through a nonrefundable income tax credit. In recognizing the need for skilled and trained workforce in Nebraska, LB730 would incentivize the on-the-job training for a qualified apprentice or qualified trainee in an occupational skills training program by employers. An employer would qualify for the credit of \$1,000 per qualified apprentice or qualified trainee employed for at least seven months of the taxable year. An employer may not claim the credit more than four taxable years for the same individual. After talking with a few individuals involved in skilled workforce industries, I think we could take a closer look at the proposal and clean up a little bit on the language with some of the definitions. But I do believe that we as a state need to provide more options to diversify workforce. This is a good starting point and I believe is a step in the right direction. I'd be happy to take any questions. And I would just say that OpenSky is in the room. This may be your opportunity to come in and support a tax credit for the first time, so I'm just going to throw it out there.

LINEHAN: Thank you. Are there any questions? Senator Friesen.

FRIESEN: Thank you, Chairwoman Linehan. So I've got companies out there now already that, if they can get a kid straight out of high school, they'll bring them in and start training them; they'll pay their tuition to a community college; they'll buy their tools. They haven't even asked for anything. They're just trying to get kids to commit. The community colleges have, I think, done a pretty good job of providing that education. All they require then is two years', I think, work back at the company that's paying for it and they call it

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

a wash. So they're investing a lot of money in these kids and have never-- you know, I have never been asked to try and get them a tax credit for doing that. And they're, you know, they're struggling to get people just like everybody else. I think every industry across the state is short workers right now. But with the competition that stiff, is-- is that more up to the employers, the-- the business owners, to find ways to attract those employees and-- and get that workforce or--

LINDSTROM: I do, and I think it-- yeah, but it also depends on the size of the employer as well. I mean, I don't know if every small business in the state in Nebraska could pony up the dollars to pay for college or training. And we've-- we kept this pretty open so it's not-- you know, we do a lot of apprenticeship programs. This is something that can be used really-- well, seven months out of the year, so you could get a student that potentially works part time or be able to do-- the employer gets a tax credit, so anytime we can get a kid thinking about their career early and not paying nec-- you know, getting into some training or even a two-year or four-year degree, they don't need it, but they can do on-the-job training with the company, local company; even the smallest of ones, they can get a tax credit here. So it's not-- it's a little bit broader in the sense, but I don't know how much some of the smaller business, which makes up the vast majority of business in Nebraska, could afford doing the things that have been great for-- for a lot of kids across the state, but not everybody can do that either.

FRIESEN: OK, thank you.

LINEHAN: Thank you, Senator Friesen. Are there other questions from the committee? Do you cap the amount or the number of employees? Because the-- I'm wondering how they came up with the fiscal note.

LINDSTROM: That's always the mystery.

LINEHAN: I-- it is, too-- too often, I agree.

LINDSTROM: I-- yeah, I stopped questioning that years ago, or trying to figure that out anyway.

LINEHAN: Yes.

LINDSTROM: No, I mean, we don't-- we don't cap anything outside of the individual can only-- well, the employer can only get a tax credit for four years for the same individual.

LINEHAN: OK.

LINDSTROM: So they, if the employee works seven months out of the year, they could get thou-- a thousand dollars and they can get that four different times, so, yeah, four years. But as far as the employees, no, there is no cap on that.

LINEHAN: Because I'm just trying to figure-- it would be a lot of people. I suppose, if-- is my math right? If it's \$3,795,000, it'd be 3,795 employees. It'd be just the \$1,000 times that, right?

LINDSTROM: That's, I mean, that-- the simplest way that I would think about it, yeah.

LINEHAN: So they must just guess that that's how many people would take advantage.

LINDSTROM: I assume.

LINEHAN: OK. All right. Any other questions from the committee? All right. Thank you very much.

LINDSTROM: Thank you.

LINEHAN: First proponent.

KRISTEN HASSEBROOK: Good afternoon.

LINEHAN: Good afternoon.

KRISTEN HASSEBROOK: My name is Kristen Hassebrook, K-r-i-s-t-e-n H-a-s-s-e-b-r-o-o-k. I'm here today on behalf of the Nebraska Chamber, the Greater Omaha Chamber, the Lincoln Chamber of Commerce, and the Nebraska Bankers Association in support of LB730. You've heard me say it before. Going into the pandemic, our 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's actually probably made our work even more urgent. The business community sees several priorities related to workforce. There's a strong need to scale innovative workforce programs, provide customized job solutions, and grow resources for these programs by building off public-private partnerships. LB730 and its focus on apprenticeship programs operated by employers and supporting them with tax credits does just that. As you are well aware, workforce

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

development is a major issue facing Nebraska's employers, and we need short- and long-term approaches to address this challenge. Apprenticeships are a vital part of filling this gap. In addition to providing the state's businesses with a quality employment base, they provide good careers across a broad spectrum of vocations for the state's workforce. Data from the U.S. Department of Labor tells us that job-driven apprenticeships are among the surest pathway to provide skills and knowledge needed to acquire good-paying jobs and grow the economy. Given that 87 percent of apprentices are employed after completing their employment programs, the average starting wage for apprentices is above \$50,000 a year; and for every \$1 spent on apprenticeships, there's a \$1.47 return in increased productivity. We'd encourage you to advance LB730 to the floor for consideration, and I'd be happy to answer any questions.

LINEHAN: Thank you very much. Are there any questions from the committee? Seeing none, thank you much. Are there other proponents? Hello.

JEAN PETSCH: Hello. Good afternoon. I'm Jean Petsch, J-e-a-n P-e-t-s-c-h. I'm director of advocacy for the Associated General Contractors, the building chapter. And just in case you don't remember, the building chapter represents 130 firms, commercial construction firms that build buildings rather than highways-- that's the other chapter-- locally, regionally and nationally. The construction industry workforce pre-- workforce shortage predates the recession from '08 to 2012. Coming out of that period, the qualified worker shortage at all levels moved to crisis level and has gotten only worse during the pandemic years of recent times. AGC member firms are using all resources available to them to recruit, train, retrain and retain qualified folks in our industry. Many other industries rely on our industry to keep the roof over their heads and highways to their doors. We support this bill, and what we love about this bill and support over many other workforce development bills is that it gives tax credits or, you know, whatever, in this one, tax credits-- in other bills, it's other types of support-- to more than one type of training. This bill recognizes that industries use many acceptable ways to train their workforce. Within the definitions section of this bill, the terms "industry-recognized credentials," "occupational skill training program," and "qualified trainee" are defined broadly to allow for different ways that people typically train and retrain within the industry. Many legislative bills only focus on the benefits or provide benefits for apprenticeship training. In our industry, although apprenticeships are one way that we train, we use technical/community colleges as another way.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

Diplomas, certificates and associate degrees are very prevalent within our industry, and this bill does recognize internships, on-the-job training, sponsorship programs, co-op programs that are offered through those, plus in-house training and on-the-job, nationally accredited certification programs also, that are all part of our overall training. So because of that, we support this bill. Thank you.

LINEHAN: Thank you very much. Questions from the committee? Seeing none, thank you very much for being here.

JEAN PETSCH: Thank you.

LINEHAN: Appreciate it. Other proponents? Are there any opponents? Anyone wanting to testify in the neutral position? Senator Lindstrom, would you like to close?

LINDSTROM: Again, thank you.

LINEHAN: Oh. That was a different "oh."

LINDSTROM: Oh. [LAUGHTER]

LINEHAN: Sorry.

LINDSTROM: What'd I say wrong?

LINEHAN: You can blame M.J. for that little-- I'm like, what?

LINDSTROM: That's OK. You know, when I-- I appreciate what Jean mentioned there is that you often have these organizations and national groups that will change certain things or update programs to meet whatever needs of the day are, and oftentimes to pay for those trainings, either the employee or employer is kind of stuck with that. And this is just, again, something that helps not-- not just what we have in front of us, but the changes that come with those industries, as well, and it really is open, so we're not talking about necessarily construction, but healthcare and all the things. I mean, you-- obviously, we all know this, 1.7 unemployment rate and 50,000-plus unfilled jobs, and the more we can engage with our workforce and get them the training, the better off we are. And I think this is something that, again, we can take a look at it, and I think it's a positive thing to do. So with that, thank you for your time.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

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

LINDSTROM: Thank you.

LINEHAN: Oh, let me-- here. We had one proponent, one opponent, and zero neutral. And with that, we close the hearing on LB730 and open the hearing on LB1093. I haven't seen him. He's away? You look kind of like him. You have the dark hair, yes. Good afternoon.

JESSE FERGUSON: Good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is Jesse Ferguson, J-e-s-s-e F-e-r-g-u-s-o-n. I am the legislative aide for State Senator Mike Flood, of District 19, who represents Madison County and southern Pierce County. I am here to introduce LB1093 on his behalf. LB1093 provides that villages located within five miles of a Nebraska state park may apply for state assistance in the form of a sales tax turnback arrangement. In essence, this bill allows villages that meet the distance requirements from a state park and are approved on their application to the Nebraska Department of Economic Development to keep the state portion of their local sales tax for the purpose of enhancing their community for the following types of projects: road, street safety, and general infrastructure improvements; development of parks and open space; landscaping; housing development; development of tourist and seasonal lodging; facade enhancements; and water attractions. The committee-- this committee and the Legislature have extended opportunities for the recapture of state sales tax for projects like the CHI Center in Omaha, the Ralston Arena and Pinnacle Bank Arena. This proposal, the first of its kind, would specifically allow the village to take advantage of this unique state financing assistance opportunity. For background regarding the intent behind this legislation, this session, the Appropriations Committee is considering a broad-based proposal after the work during the interim of the Statewide Tourism And Recreational Water Access and Resource Sustainability Special Committee, which I will hereto refer to as STAR WARS. This proposal was introduced by Speaker Mike Hilgers with the consent of the ten-member committee, which Senator Flood is a member. This historic effort would use ARPA funds in the revitalization of Lake McConaughy, the creation of a recreational lake between Omaha and Lincoln and, most notably for the purposes of this bill, an \$86 million investment in Weigand Marina at Lewis and Clark State Park and an event center, together with a lodge, in partnership with the Ponca Tribe of Nebraska at Niobrara State Park. Niobrara State Park, hands down, has one of the most beautiful views over landscape in the state of Nebraska. It is not only scenic and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

majestic, but it also is Standing Bear's home and a source of pride for the Ponca Tribe. The STAR WARS investment in Niobrara State Park in upwards of \$30 million, together with significant contribution from the Ponca Tribe of Nebraska, will create an opportunity for all citizens to experience the breathtaking views and majesty of the confluence of the Neb-- of the Niobrara and Missouri Rivers just northwest of Niobrara. So given this significant investment of state and federal resources, it is imperative that the village of Niobrara have the resources to accommodate the influx of visitors and tourists to its community. Niobrara is a village of 370 people with a rich history, of which no comparison can be made with any other community in the state. On March 28, 1881, an ice gorge broke on the Missouri River, and Niobrara residents were greeted with a surge of muddy water. The water continued to overflow until most of the town was covered, forcing people and animals alike to seek safety on higher ground. This forced the citizens of Niobrara to pick up and move to a new town site. Thanks to the federal government's involvement, the town relocated again in the summer of 1973 to its current location high atop a bluff. In 2019, the bomb cyclone event ravaged the community of Niobrara once again and caused millions of dollars of damage. Niobrara's spirit is strong, but it has been tested. This town is truly too tough to die, but more than anything, it has something special, given its proximity close to the Neb-- the Niobrara State Park. I handed out to you a series of slides prepared by the Legislature's consultant, HDR Engineering, that outlined the improvements necessary to assist the village of Niobrara in becoming a tourist attraction. For your reference, I've marked the portion of the presentation discussing the Niobrara town center. As you will see, the proposed improvements by HDR range from traffic and safety modifications to Highway 12 to increased housing and lodging for tourists, hunters and workers, and affordable senior living housing in the community. Allowing the village of Niobrara to keep the appropriate portion of its sales tax is the most unique approach to assist a community with a few resources to leverage the state's significant investment through the STAR WARS program. I would also like to hand out AM1823, which would amend language regarding the publication of notice for public hearing. This amendment provides consistency with similar requirements found in Chapters 17 and 18 of the Nebraska Revised Statutes. I'm sure there will be lots of questions on this bill, as this has not been tried before with a village of this size. This is an effort designed to make meaningful and transformative change happen in one of our smallest but strongest communities in the state. Senator Flood looks forward to working with you on this effort and will be visiting with each of you individually

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

regarding LB1093. Thank you for the opportunity to represent Senator Flood in front of the Revenue Committee.

LINEHAN: Thank you very much. Do we have any questions from the committee? Thank you.

JESSE FERGUSON: Thank you.

LINEHAN: Proponents? Good afternoon.

GRAGERT: Good afternoon. Senator Linehan and members of the Revenue Committee, I'm Tim Gragert, Senator Tim Gragert, T-i-m G-r-a-g-e-r-t, and representing District 40. As a member of the STAR WARS team, and as the representative of northeast Nebraska, where part of the-- the project is going to go on in northeast Nebraska, I just want to give my take on this bill. And-- and the passage of this bill would be very beneficial, especially to the village of Niobrara that was hit very hard in the flooding of 2019. The bill will enable the village of Niobrara to make necessary enhancements to attract future tourists and help the village to synergize with Niobrara State Park and the Ponca Tribe in the area, which, again, will greatly enhance the tourism up into northeast Nebraska and Nebraska as a whole. So that's basically all. I wanted to come and give my two cents' worth in how important that that-- this can be for northeast Nebraska, Nebraska, for tourism moving forward. So if there are any questions, I'll try to answer them. I know Senator Flood is the-- is the man and on your committee, so you can maybe keep your questions to him. Thank you.

LINEHAN: Thank you, Senator Gragert. Are there any questions from the committee? So it's a turnback tax, right?

GRAGERT: Turnback tax, that's correct.

LINEHAN: OK. And just so many miles from the park?

GRAGERT: Five, five miles from any state park.

LINEHAN: OK.

GRAGERT: And what that would-- as a-- I read what that would entail or potentially deal with other than this village of Niobrara, is seven other communities with an average of about \$155,000 in this community in sales tax.

LINEHAN: OK. OK, thank you for coming.

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Revenue Committee February 9, 2022

GRAGERT: You bet. Thank you.

LINEHAN: Appreciate it.

GRAGERT: Thanks.

LINEHAN: Other proponents? Good afternoon.

MONA WEATHERWAX: Good afternoon, my name is Mona Weatherwax, M-o-n-a W-e-a-t-h-e-r-w-a-x, and I am the Niobrara clerk/treasurer, speaking on behalf of the Village of Niobrara Board of Trustees. I'd like to thank the committee for this opportunity to speak in favor of LB1093, particularly as it pertains to the village of Niobrara and the use of sales tax funds. If one just looks at the numbers, Niobrara is a small village of 365 people in northeast Nebraska, so what impact can these monies possibly make here? However, Niobrara's impact is much greater than just the 365 full-time residents, with another 40 homes filled with part-time residents, people who live in Florida, Louisiana, Arizona, Oregon, Minnesota, Lincoln, Omaha, Blair, Norfolk, just to name a few, plus all the tourists who come to Niobrara to take advantage of the hunting, fishing, boating, kayaking, hiking, biking, the annual Ponca powwow, and more amongst the beautiful scenery of Niobrara State Park and the surrounding area. In support of a proposed event center and lodge at Niobrara State Park and a new river access, the village of Niobrara is committed to revitalizing our downtown and have-- providing housing for workers, the elderly, and affordable apartments. These projects will require grant funding or borrowing. Grant funding usually requires matching funds, and use of sales tax monies would help Niobrara generate these matching funds. The reality is that Niobrara has been hard hit in the last decade, with two floods, 2011 and 2019, as well as the ongoing pandemic. The 2019 flood was particularly destructive to roads, bridges, recreational areas, and municipal utilities. And while other villages are able to apply for FEMA funding to replace these items, Niobrara was only able to apply for funds for village facilities that are not located on recreational lands leased from the U.S. Army Corps of Engineers. However, as a part of that same lease, Niobrara is responsible to maintain these facilities, so, through a combination of grants, donations and borrowing, Niobrara is repairing roads and walking trails to the Missouri River, fixing the Niobrara boat dock, parking lot and restrooms, and repairing a cell of the sewer lagoon. To promote economic development in the business area of the village that was flooded, Niobrara's adding a new sewer extension for a new campground and other water infrastructure that was lost in 2019. We believe that

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

a stronger Niobrara also means a stronger Niobrara State Park. We need each other and we appreciate any funding that can be provided to make that happen. Thank you.

LINEHAN: Thank you very much. Thank you. Are there any questions from the committee? Have you lived in Niobrara all your life?

MONA WEATHERWAX: No, I have not. I was a teacher in Niobrara for 38 years and now, in my retirement, I decided to become active in the village as the village clerk/treasurer.

LINEHAN: Thank you for your service.

MONA WEATHERWAX: Yes, thank you.

LINEHAN: Any other questions? Seeing none, thank you for being here today, appreciate it very much.

MONA WEATHERWAX: Yes, thank you.

LINEHAN: Are there any other proponents? Are there any opponents? Anyone wanting to testify in the neutral position? Would you like to close? You waive closing? OK. Letters for the record, we had none. Thank you. And with that, we'll close the hearing on LB1093 and open the hearing on LB1176, Senator Bostar. Good afternoon, Senator Bostar.

BOSTAR: Good afternoon, Chair Linehan and fellow members of the Revenue Committee. For the record, I am Eliot Bostar, E-l-i-o-t B-o-s-t-a-r, representing Legislative District 29. I'm here today to present LB1176. LB1176 was introduced in follow-up to a bill introduced by Chair Linehan last year as LB674. LB1176 seeks to address an oversight in the initial adoption of a Nebraska statute that allowed Nebraska to opt into the federal Affordable Housing Tax Credit program. Senator Linehan's LB674 from last year offered two adjustments to address these oversights. First, it clarified the application of earned tax credits to retaliatory fire premium taxes. Second, it clarified the date at which a partner in an affordable housing project could establish their interest in-- to be eligible to claim credits. LB1176, presented this year, clarifies the application of the credits to retaliatory fire insurance premium taxes as before, but adjusts the proposed date of acquisition of an ownership interest to February 15 of the tax year. This change of date should allow relevant state agencies additional time to process claim credits and should help in their efforts to handle returns. It is my hope that the committee will advance the bill to General File so that we can

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

make this important adjustment this session and ensure the Affordable Housing Tax Credit program continues to spur investment in housing projects that benefit low-income Nebraskans. There will be a few testifiers who can answer any technical questions you have about the program or the amendments made to the bill this year. Thank you very much for your time.

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

TIM HRUZA: Good afternoon, Chair Linehan, members of the Revenue Committee. My name is Tim Hurza, last name spelled H-r-u-z-a, appearing today on behalf of Sugar Creek Capital in support of LB1176. I'll start by thanking Senator Bostar for carrying the legislation and a thank-you to Senator Linehan for carrying your bill last year as well. Senator Bostar explained the legislation. This simply adds a retaliatory fire tax to the list of tax-- retaliatory taxes against which you could apply these federal affordable housing tax credits here in Nebraska. As we explained with last year's bill, there was some misunderstanding or disagreement, I think, between some of the-- the folks who were attempting to claim these credits and the interpretation taken by the department. This bill clarifies that retaliatory fire tax would be an eligible tax against which you could apply the credits. We also adjusted the date. It gives you a little bit of an additional time period in which you can market these tax credits after the first of the year. The amended version of the bill addresses a number of issues that we discussed with members of the committee last year, and we-- we ask for your support of it. I'm happy to answer any questions you might have and thank you for your time.

LINEHAN: Thank you very much. Are there questions from the committee? What is the-- do you have any idea on the total dollar of these tax credits we're dealing with?

TIM HRUZA: Total dollar? I-- in terms of claimed, I don't know what that amount is and we could ask the department. Either Revenue or Insurance might have a number. But I do know that there's a cap and I-- we match the federal amount, right? So I think the federal amount, last time I looked at it, was \$9 (million) or \$10 million maybe that is allocated toward the state of Nebraska. That's budgeted for that in Nebraska, if those are claimed up to that amount or earned, then we would give that, but--

LINEHAN: But you can carry them forward probably.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

TIM HRUZA: I believe so, yeah. They're transferable credits, so.

LINEHAN: It's just because the fiscal is not very-- it doesn't-- yeah, it's-- I mean, OK, well, we'll figure that out with the department. OK, I'm sorry. Any other questions from the committee? Seeing none, thank you very much for being here.

TIM HRUZA: Thank you.

LINEHAN: Are there other proponents?

JUSTIN BRADY: Senator Linehan and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for Midwest Housing Equity Group. They're a group of investors, similar to what Mr.-- Mr. Hruza had talked about before, that invest in these tax credits to help provide the equity for low-income housing tax projects. And I think you can see by the fiscal note that this doesn't expand the exposure to the state and it allows different partners who are putting up the equity or they can use the tax credits. If they can't use it, under these changes, there are other ways they can use it, so it's not adding to the amount of money that the state is exposed to. It was previously talked about. We're already capped and those-- those credits are all being used. It's whether or not they can use them and this way, they claim them or they have to-- these companies have to go through another way to get their credit. So with that, I'll try to answer any questions.

LINEHAN: OK, thank you very much. Are there any questions from the committee? Seem to be completely worn out. Thanks for being here. Are there any other proponents? Any opponents? Anyone in the neutral position? Senator Bostar, would you like to close?

BOSTAR: Thank you, Chair Linehan and members of the committee. It's my understanding that when the state opted into this federal program to receive the funding for-- for housing development, it was the intention at the time to include all of these kinds of taxes, and it was just that the retaliatory fire premium taxes existed in a different area of statute, so they were essentially missed when we-- when we had the legislation to bring us into the program. So this is essentially just trying to clarify that and add this type of tax that's applicable to the credit, similarly to how all of the others are. Thank you.

LINEHAN: Thank you. Yes, Senator Friesen.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

FRIESEN: Thank you, Chairwoman Linehan. How many different other tax credits can they apply for?

BOSTAR: I think it's a significant number. I believe that these tax credits are almost able to be used universally. It's just that if-- my understanding is that this particular kind of tax was being used at the time to fund the Fire Marshal's Office.

FRIESEN: So [INAUDIBLE]

BOSTAR: And so it-- it didn't exist where all of the other taxes were that this covers.

FRIESEN: So how many-- what kind of other taxes are in this pool of money, I guess, to apply for these tax credits or--

BOSTAR: I suppose I don't understand your question.

FRIESEN: Well, you're-- you're-- you were saying there were some other tax credits they're using for low-income housing. This is just one pot of money that hadn't been put into that pot yet?

BOSTAR: So the-- the pot of money is the same. It isn't changing. It's just a matter of, if you are financing the development of low-income housing and it meets-- it meets all of the standards that are set out in statute, both federally and in state, for-- for a project that would be applicable, you earn tax credits that you can use to offset tax liability. All we're doing is saying this particular type of tax liability, fire premium retaliatory taxes, wasn't included in the kind of-- specific kind of tax that we couldn't use them on, and we're saying you can use the credit on that just the way you can everything else.

FRIESEN: So the Fire Marshal's Office was using this money up until now?

BOSTAR: No, the Fire Marshal's Office was being funded through this particular tax. However, it-- that stopped being the case, but it-- it-- this bill isn't ceasing that. I think now they're General Fund funded, and I don't know exactly when that transition happened, but this bill isn't doing that.

FRIESEN: Well, it's weird that it doesn't show a fiscal note, I guess, so.

BOSTAR: I'm not going to complain when there is no fiscal note.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 9, 2022

FRIESEN: Well, if it doesn't do anything, why are we doing it?

BOSTAR: I don't think that's what I'm saying.

FRIESEN: That's all right. Thank you.

LINEHAN: I think the committee, of which you're member, I-- I've been-- I have a feeling that unless we know more about what the fiscal-- fiscal picture on this is-- I could-- probably need to talk to like how much are the credits per year, what are they capped at, who else can-- you know, just a little more, unless somebody-- I don't know enough about this, but--

BOSTAR: And-- and I probably don't at this point either. I do know that this piece of legislation doesn't impact really how much we're-- we're spending in these credits. It's just an applicable use change.

LINEHAN: Right. I get that. OK. Any other questions? Any other questions, Senator Briese? OK.

BOSTAR: Thank you.

LINEHAN: Did I already say this? We have one proponent, no opponents, and no neutrals, and with that, we'll bring the hearing on LB1176 to a close and we're done for the day.