LINEHAN: Welcome to the Revenue Committee public-- oh, I'm sorry. Send me a note. 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. The 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 your handouts. It's important to note that if you are unable to attend a 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 a senator or staff member will not be part of the permanent record. You must use the online database in order to become part of the permanent record. To better facilitate today's proceedings, I ask that you abide by the following procedures. Please turn off cell phones and other electronic devices. The order of testimony is introducer, her 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. We need 11 copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you. When you begin to testify, please state and spell both your last and first name for the record. Please be concise. It is my request that you limit your testimony to five minutes. If necess-- we will use the light system, so you have four minutes on green and then one minute on yellow; and when it turns red, you need to wrap up. If there are-- 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. I would like to introduce committee staff to my immediate right is legal counsel Mary Jane Egr Edson. To my immediate-- I'm having a coughing issue, just--

FRIESEN: Curt Friesen, District 34, Hamilton, Merrick, Nance, Polk [INAUDIBLE]

LINEHAN: Yes. Thank you, Curt.

FRIESEN: I'm covering for you.

LINEHAN: Let's go ahead and finish that, yes.

FRIESEN: I'm covering for you.

LINEHAN: Thank you. To my immediate left is research analyst Kay Bergquist. To the left, at the end of the table, is committee clerk Grant Latimer. Now, Curt Friesen.

FRIESEN: Curt Friesen, again, District 34. I get two votes. [LAUGHTER]

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

BRIESE: Tom Briese, District 41.

LINEHAN: Others are coming, I hope. Today we have-- our pages, if you'd stand up, please. We have Kennedy, who is at UNL studying political science, and Ritsa, who is at UNL studying political science and economics. 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 our state government. And that, we will open on LB1180, Senator Groene. Good afternoon, Senator Groene.

GROENE: Thank you, Chairman Linehan and members of the committee. The intent of LB1180 will provide income tax relief for middle-class Nebraskans by increasing the threshold of the highest income brackets in Nebraska for individual filers, married filing jointly, heads of household, and married filing separately. It does not change the brackets for corporations or estates and trust. Inflation adjustment is maintained for taxable years beginning or deemed to begin on and after January 1, 2022. The highest income tax bracket will-- be 60-- will start at $60,000 after deductions and overs for single individuals and $150,000 after deductions and over-- for married and over $87,000 for head of household after deductions. The reason I brought this is, my seven years here and part of the time it's been on this committee, was we have a robust job market, but we do not have the middle class, and some call it brain drain also, individuals to fill those positions. I've seen bills brought with internships and income tax cuts and other mechanisms to try to bring more workers to the forefront for-- to fill these positions. I firmly believe, by personal experience and from testimony from others, the biggest handicap to bringing in successful people who do not look for government for their substance [SIC] or for services, that they work hard, they want to keep their money that they make, and I happen to believe that our-- our tax brackets punish the middle class by putting presently middle class-- I'm just estimating here. The middle-class individual, after they make $31,000 after, I think, the $7,100 standard deduction, they're paying on that income above that the same rate as the richest individuals in our state. And the family, it's at-- I call it a family, but married filing jointly, it's as low as $61,000 or $62,000. That's confiscatory tax rates for the middle-class working person, and I fully understand why they would move to Texas to work. So my goal was-- I arbitrarily based my numbers on what the individual family income in Nebraska is. I think its average is about $55,000. So I thought as an individual working, $60,000, and then I'm a firm believer to encourage two-- two-spouse homes, so I gave them a little bit of a bump on the family, instead of just doubling it, to take it to $150,000. Now all those numbers can change as far as I'm concerned, but I think-- I think that gets to the core of the problem why young people, young families, on top of our property taxes, are-- are choosing to set up their homes and their careers in other states. So that's where I'm coming from on this.

LINEHAN: OK, thank you very much. Are there questions from the committee?

GROENE: Also, can I--

LINEHAN: Yes.

GROENE: I passed out an amendment. We-- it was pointed out to us by OpenSky. They was kind enough to say that we had an error in our bill. It wasn't really an error. On the chart, on page 4 of the bill, those numbers weren't updated to 2022 estimates where-- where the beginning starts on the entire chart, where-- on the lower brackets also, and it updates it to the 2022 estimates on incomes for the starting base again where the inflationary factors start from. All right? Sets a-- it sets a new floor. Thank you.

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

FRIESEN: Thank you, Chairwoman Linehan. Could you explain the fiscal note a little bit? I noticed the first year is a lot larger than the second year, and it talks a little bit about a 17-month tax period instead of a-- a 12. Is there just a date fix that needs to be done there to--

GROENE: Are you talking about the $52 million? My assumption is-- oh, the revenue is a lot higher, I see.

FRIESEN: Yeah, and in the-- you look at down there, the $369 million for '22-23 and then '23-24 drops to $276 (million), but they talk a little bit something about it inadvertently includes 17 months of tax payer. Is there a date change that needs to be done to fix something or is--

GROENE: My assumption would be that, well, we work on a fiscal year and our bills go into effect 90 days after-- after the session, that for six months of the year they will I guess be taxed at a lower rate.

FRIESEN: I had some--

GROENE: Maybe the con-- committee counsel-- would be 6 month plus 12 would put us right at that-- 90 days from April is, what, May, June, July?

LINEHAN: If I can interject?

FRIESEN: Yeah.

LINEHAN: Because I was reading this earlier today. It's because they assume people won't adjust their withholding and then-- so they'll get a bigger refund, and then it all comes out of our next fiscal year. So you're right, it's this-- so we change--

GROENE: Because they file--

LINEHAN: It goes into effect, they don't change your withholding. But then when they file, they get a big refund back, so.

GROENE: So it affects the-- but-- but it is--

LINEHAN: Right.

GROENE: --that extra five or six months--

LINEHAN: Yeah.

GROENE: --yeah, where they won't get a lower tax rate.

FRIESEN: Thank you.

LINEHAN: Thank you. Are there other questions from the committee? Wait. Other questions from the committee? Senator Groene, so the fiscal note is-- were you surprised? Forget the first year. I get that. But the cost is $276,668.

GROENE: Well, I was pleasantly surprised because it did-- it-- it confirmed what my-- what I was-- thought. It's the middle class that supports Nebraska in their income tax revenues. It's the middle class. And when you drop it one-point-some percent for, you know, twice, over twice of what we were taxing them be-- before-- I mean dropping the rate. It was at $60,000 for a family, now it's $150,00, that's a lot of income times middle cl-- number of families-- middle class families that pay a lot of tax dollars.

LINEHAN: OK,

GROENE: Well, it's the middle class that foots the bill.

LINEHAN: Thank you.

GROENE: I didn't-- I did not adjust the lower brackets because I firmly believe everybody should have some skin in the game so that when you're sitting around the kitchen table, you're sitting around with your friends, no matter what your income is, that you've got a right to complain about your government because you have paid some taxes, so I didn't adjust the lower brackets.

LINEHAN: OK, thank you very much. OK, first proponent. Good afternoon.

BRYAN SLONE: Good afternoon. Chair Linehan and members of the Revenue Committee, it's a pleasure to be here. My name is Bryan Slone, B-r-y-a-n S-l-o-n-e. I'm the president of the Nebraska Chamber of Commerce and Industry, and I'm testifying on behalf of the State Chamber in support of LB1180. For over 30 years, in this body, the unending debate over educational funding versus property taxes has continued, and through many honest legislative efforts and millions of dollars of lobbying efforts and billions of dollars of solutions, it may be fair to say that neither side is perfectly happy at this point. That issue is going to continue, but what I'm going to suggest today is there's now a third issue that needs to share center stage with that issue, and that issue is clearly workforce. In fact, I would argue the number-one issue in Nebraska for the rest of this decade is population and workforce growth in every community, whether it's Omaha or Scottsbluff or Wahoo or-- or Sidney or Chadron. The data is indisputable. We simply don't have enough homegrown talent coming up through the pipeline even to fill the jobs that we have open today, much less growth in our economy. That has-- it's very significant impact in terms of our long-term ability, not only in terms of our economic growth but our tax base and our ability to address issues like educational funding and property tax relief and those sorts of things. This will be the issue of this coming decade, and there's no federal calvary coming on this one. Joe Biden is not going to fix this. Donald Trump's not going to fix this. I don't even think Dr. Fauci is going to fix this one. This is us. This is us creating a state that is more attractive, particularly to young people, 18- to 34-year-olds, and particularly to technology investments and technology companies, as well, to create the environments in our communities that are going to attract the workforce we're going to need. It doesn't take much looking around to see what the competition is. Currently, we have-- almost 20 of our states either have zero taxes or are on their way to very low tax rates. There's only 13 states that have higher individual top rates than we do. And on the corporate side it's worse, but this is an individual tax hearing. States are moving very aggressively. By my projection, it would be, today, to-- not even a projection, today, to be in the top 20 lowest individual income tax rates, your top rate has to start with 5.0. We're at 6.84, closing in on 7. That's going to continue and I would-- I would project that in another five years that tax rate's-- to be in the top 20, is going to be-- start with a 4. We can either wait and just see how all this turns out, but we're going to be behind the curve in attracting the young people and technology that we need for this state, even in our core industries: agriculture, manufacturing, finance, transportation. This is-- this is the issue of the decade. There was some discussion earlier about the fiscal note. The fiscal note merely confirms what we already know. And the senator is right. We tax our middle class very, very heavily in this state, the exact people that, if-- if you're in an epic workforce battle with the other 49 states, which we are, would be the last thing that you would want to tax at a very high rate. You're not only taxing the workers, but you're taxing the business creators and innovators. We tax a very substantial part of our business community now through the individual tax rate, through flow-throughs, and so these numbers also affect small businesses, start-up businesses, and businesses that succeed. So this effort to move the tax brackets is-- is part of an effort to make our state competitive. It's not the only step we need to take, but the chamber will support lowering our tax rates at every level, and particularly with respect to middle class. We'll-- supporting rate reductions across the board that will be competitive, and I do think our top rate ultimately has to come down to something below 5 percent to be competitive. And right now, to be in the top 20, it would have to be 5 percent. If we compete and win over the next decade, we'll have the revenue and tax base to solve our issues, or at least to address our issues. If we compete, or fail to compete, and lose, we'll have some much bigger issues and we'd do so at our peril. So with that, I want to thank Senator Groene for introducing the legislation and I would be happy to take any questions.

LINEHAN: Thank you very much, Mr. Slone. Are there questions from the committee? Even if we pass the bill on the floor right now, which is drop the top rate from 6.84 for everybody, doesn't that still leave us the highest in the area if Iowa does what they're talking about now?

BRYAN SLONE: It does. What we have to remember, Iowa right now is the only state in the neighborhood that has a higher individual income tax rate, but they also allow for a deduction for your federal taxes paid. That's a very sizable deduction. I would argue we already have the highest tax rate in the neighborhood. And-- and if the Iowa governor is successful in what the Iowa governor is trying to do, our rate will be significantly higher than anyone else in the area, including Colorado.

LINEHAN: Do you believe that at that kind of rate people will actually move to Colorado or Missouri or Iowa--

BRYAN SLONE: You know, it's--

LINEHAN: --or South Dakota or Wyoming?

BRYAN SLONE: Yeah, I mean, I-- I think, you know, there's a lot of discussion. I have listened to a lot of the discussion on the floor as to whether young people are smart enough to know that maybe a zero percent tax in Austin is very different than a 7 percent, 6.84 percent rate in Nebraska. Having taught some of our brightest at the University of Nebraska for four years, trust me, they're very capable of understanding the concept. And 7 percent of your income, whether you're at $50,000 or $100,000 income or $125,000 of income, is a big chunk of your income.

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

BRYAN SLONE: Thank you very much.

LINEHAN: Next proponent. Opponent?

TIFFANY FRIESEN MILONE: Good afternoon, Chairperson Linehan, members of the Revenue Committee. My name is Tiffany Friesen Malone, T-i-f-f-a-n-y F-r-i-e-s-e-n M-i-l-o-n-e. I'm editorial director at OpenSky Policy Institute. We're here in opposition to LB1180 because of concerns over the distribution of the benefits and the overall cost to the state. We appreciate that the intent of the bill is to help middle-income Nebraskans; however, modeling by the Institute for Taxation and Economic Policy of the bill as intended, so just increasing the threshold of that top bracket, shows that around 75 percent of the benefits would go to the 25-- 20 percent of Nebraskans, making over $125,000 a year. Among low- and middle-income folks, the lowest paid 40 percent, earning less than $47,000, wouldn't see any benefit from this measure, while the middle 20 percent, earning between $47,000 and $76,000, would share just 8 percent of the cuts. That also means the state would be losing around $275 million a year going forward, according to the fiscal note. I know we've said this before, but I'd like to reiterate that we're in a period of significant economic uncertainty. According to national experts, there's a real risk that we're in-- in the middle of a fiscal bubble and we'll see state revenues drop once it bursts. We also don't know the extent to which federal funds are supporting our economy, though we know the influx has been swift and massive. Nebraska has received more than $21 billion in federal funds, or about 20 percent of our annual personal Income. CARES Act funding was the largest infusion, at more than $13 billion, and went largely into people's pockets. The more recent influx of ARPA dollars is smaller and distributed differently, so while it will undoubtedly stimulate the state's economy, it won't likely be to the same extent as CARES funding. As such, we'd recommend waiting until we know more to consider adopting proposals that cut future revenues so we don't inadvertently hamper ability to recover if the bubble does burst. Thank you for your time, and I'm happy to answer any questions.

LINEHAN: Thank you. Are there questions from the committee? So less than $28,000, what does the average person who makes less than $28,000 pay in income taxes?

TIFFANY FRIESEN MILONE: That's a good question. I don't know off the top of my head. I suppose it would depend on family dynamic and I don't know what [INAUDIBLE]

LINEHAN: Because one of the problems with-- I mean, I understand your chart. It's a good chart, but compared to what? Like you're saying, only $7 to $28,000 and $47,000, but what do they pay now?

TIFFANY FRIESEN MILONE: I see. So this would be-- the average tax change would be compared to what they pay now.

LINEHAN: I know but I'm asking--

TIFFANY FRIESEN MILONE: I can get it to you.

LINEHAN: OK, that'd be helpful.

TIFFANY FRIESEN MILONE: I can do the exact same chart [INAUDIBLE]

LINEHAN: All the way down the chart--

TIFFANY FRIESEN MILONE: Yeah.

LINEHAN: --like what are they paying percentagewise.

TIFFANY FRIESEN MILONE: Yeah. No, I can easily get that.

LINEHAN: OK. Any other questions? All right. Thank you for being here.

TIFFANY FRIESEN MILONE: Thank you.

LINEHAN: Next proponent-- opponent, I'm sorry. Thank you. Anyone wanting to testify in the neutral position?

NICOLE FOX: Chairman Linehan, members of the Revenue Committee, my name is Nicole Fox, N-i-c-o-l-e F-o-x, and I'm here to testify today in a neutral capacity on behalf of the Platte Institute. Earlier this week, the Tax Foundation released updated 2022 individual tax brackets for the states. They noted that since 2021-- they noted that 2021 made history when it came to income tax rate reductions. Not since 1986 had the country seen so many states reduce their individual income tax rates. Further reductions have been proposed for 2022. Thirteen states have legislation that would cut individual income tax rates; nine states have legislation that would cut corporate income tax; and more proposals are anticipated before the end of the year. I'd also like to discuss a recent Wall Street Journal opinion piece from February 13. Currently, there are eight states with no income tax. Three states have passed legislation creating trigger mechanisms with the intent to become no-income-tax states. And finally, eight states have introduced proposals to start the journey to becoming no-income-tax states. The opinion piece noted that interstate migration is increasing. The transition to working from home because of the COVID pandemic has made many Americans realize the taxes matter, and workers are fleeing high-tax states as a result. The Platte Institute applauds efforts to reduce income taxes, and we thank Senator Groene for recognizing that Nebraska's personal income tax rates are burdensome to a majority of working Nebraskans. By earning just around $32,000 annually, an individual finds themselves in Nebraska's highest 6.84 percent tax bracket. However, we are concerned that this bill does not provide the best means to reduce the tax burden on Nebraska's workforce and improve the economic competitiveness of our state. In 2021, the Platte Institute was asked to be a partner with the leadership of Blueprint Nebraska to help advance initiatives that would enhance economic growth. One of those initiatives is a comprehensive tax modernization plan. Tax modernization should be bold and focused on reforms that significantly increase our competitive-- competitiveness amongst peer states, keep pace with reforms taking place across the country, and encourage more people to move to our state and become a part of our workforce and to attract and retain those graduating from Nebraska's educational institutions. Modernization of our tax code requires a comprehensive approach so that we not only can provide significant decreases on the tax rates our Nebraskans pay, but to also generate the revenue needed to meet the financial obligations of our state. For example, by strategically broadening our sales tax base and removing pref-- preferential treatment that exists in our current tax code, we can produce the revenue needed to support more substantial and sustainable tax reform. We believe these features of tax modernization are best provided for in LB1264, the Blueprint Nebraska plan that will be heard in this committee next week. And with that, I conclude my testimony and I'm happy to take any questions.

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

NICOLE FOX: All right.

LINEHAN: Is there anyone else wanting to testify in the neutral position? Seeing none, Senator Groene, would you like to close? We have two letters for the records as proponents, no opponents, and only one neutral-- no neutral, I'm sorry.

GROENE: It's a pretty healthy tax cut we're talking when they were starting to pay at $60,000, excusing the family number, the $31,000 more dramatic for an individual young person out of college living in an apartment somewhere with no tax deductions, starting to pay 6.84 percent. But when you raise that to $150,000 before they go to 6.84 percent, that's-- it's a 1.83 percent decrease. When you look at the numbers, that's probably about a 20 or 30 percent decrease on more than double what they were paying the high rate on before. So it's-- it's very appreciative amount of money for a middle-class family tax cut. And I wanted to focus on that middle class if we're going to cut our tax base versus a more broader, broader swath of the workforce. So anyway--

LINEHAN: Thank you.

GROENE: --this give you an idea?

LINEHAN: Yeah. Questions from the committee? I think, Senator Groene, I've heard you talk on the floor about the Front Range in Colorado and the growth there.

GROENE: It's amazing. I've traveled that area for 35 years. It's amazing what's happened there.

LINEHAN: And you know what their top rate is in Colorado? OK, maybe we can find out--

GROENE: I--

LINEHAN: --but I think it's a lot lower than ours.

GROENE: When-- when I moved away from Colorado, yeah, when I moved away from Colorado, I lived there for 11 years and moved back to be-- because I thought-- I don't know why I did it. Didn't check the tax rates.

LINEHAN: You didn't check.

GROENE: The shock was so big, that's when I got involved in politics, the shock of what I paid for my home versus Colorado, what my income taxes were, where if I'd have moved north to Wyoming, I'd have been retired 20 years ago. So anyway, thank you.

LINEHAN: We're-- we're not competitive with Colorado, are we?

GROENE: No, and the young people flock there.

LINEHAN: Yes.

GROENE: I-- they keep talking about brain drain. But where I'm from, it's-- it's calloused hands, blue jeans, construction workers making $80,000-90,000. They were in Colorado on the Front Range building homes and not in Nebraska--

LINEHAN: Yep.

GROENE: --and taxes are a big part of that.

LINEHAN: Thank you very much. Thank you for being here. I don't see any other questions. Are you the next bill too? With that, we close the hearing on LB1180 and we open the hearing on-- LB984? Oh, LB1207. Good afternoon. You want to go ahead, or you going to wait till you get your charts handed out?

GROENE: Yeah, hand them out.

LINEHAN: OK.

GROENE: It is not a good property tax bill unless you have spreadsheets.

LINEHAN: [LAUGH] But I-- it looks like we might be able to read them.

GROENE: We have the big ones.

LINEHAN: That's good. This looks familiar.

GROENE: What's that?

LINEHAN: I said these numbers look familiar.

GROENE: From a year ago? I can start if you want me to.

LINEHAN: Very nice. I'm sorry.

GROENE: There's three in the bill. There's-- it's a three-year step into property tax relief and foundation aid, and so there's three different spreadsheets for each year, how it would affect each school district and how it would affect-- the taxpayers, I should say, in school district and how it would affect the foundation and--

LINEHAN: So you want to start big picture, like what this is?

GROENE: Yeah. Well, basically this is the tax portion and the foundation portion basically of LB1106. We took out all of the-- out of LB1106, we took out of all of the effects on education establishments' need sides of the formula, because we tried to control some spending, but that took that all out. And this is basically an effort-- what we heard on the floor on LB890, you know, we've heard on every tax, property tax debate had, property tax relief starts at how we fund our schools, because that's 60-70 percent of our taxes. It's the one that is not controlled locally. It's set by the state through the TEEOSA formula, and so the effort is to force the state to pick up a bigger share of funding schools. And the best way to get property tax relief is to control local taxing authority, and what we do is in the residential and commercial, which is at 100 percent, we take it, step it down to 87 percent after three years, the assessed valuation, and we can do that within the constitution because we're only doing this in the formula, the Teeosa formula, and for-- only for education, so we're not treating any class any differently than that formula, which is a 13 percent ver-- change. And then on ag Land, we take it from 75 down to 55 over three years. And at that same time, too, even-- because the-- the schools that are equalized immediately will get higher state aid; because they're equalized, they'll get less local effort and then state aid will fill in from the back side. But to make sure that every student-- the state of Nebraska cares about every student's funding and every student, no matter where they go to school, gets state aid, we-- we've got foundation aid in which we use as a base 15 percent of the income, corporate sales and use taxes the state collects every year, just-- it's a multiplier. And don't get confused just because it's 15 percent that 15 percent goes out to the schools, but we step it in over three years, 15 percent. We divide it by the number of K-12 schools, the latest numbers, and that's your foundation aid, and then it's on fall enrollment. The school is guaranteed that much as a local resource. If-- if-- and since Friesen and I for eight years have [INAUDIBLE] over the head about how we do this. Do we do it with per student or do we do it based on basic funding because smaller schools have a higher cost per student? So as a compromise, no school can get less than 15 percent of the average student's basic funding. That is the floor. If they happen-- if the 15 percent-- I mean of the-- of the-- at the-- the foundation aid, it equals more-- foundation aid times enrollment equals more than 15 percent of the school's overall basic funding, then they get that amount. But we put a floor in it so-- to make sure that every school district gets state aid. We-- we also did-- looked at the sit-- and this replaces-- would replace the current law, which is income tax rebate, which is grossly unfair. It favors those school districts that have high income, where that middle class lives and works in the-- in the corporate world in-- in Millard and Westside and Lincoln and Kearney. It's disadvantage to the small rural school district where the big landowners there might not even live there. They might live in another-- they probably do live in another district, so the income that's generated in their district on the farm ground doesn't end up in that school district. So anyway, so we replace it with state foundation aid instead of income tax. We also, as-- as for entrance, the basic-- right now, based on 2021 numbers, I gave you a synopsis, bullet-point synopsis of the bill. The first year, foundation aid would be $928 at 5 percent of the revenues; the second year, at 10 percent, it'd be $1,857; then year three, it would be $2,786 at 15 percent per student foundation aid. Now remember, this-- it's a local resource, so if it's an equalized school district, for every dollar of foundation aid, would be offset by a lowering of their state aid. If you've got more fou--local more resource, you got less state aid where the cost would be where the school districts that don't get any state aid would finally get some state aid. So it-- it has its counterbalances to make sure it works. We also made sure that there was--especially building fund has been a problem because of, I would say, most of the rural schools nowadays are probably built with a building fund instead of a bond election because they have so much taxing authority they can-- they have so much valuation, their levies are under $1.05 so far that they can put a building fund up to 17 cents, 14, 17 cents, and they can just build a school and then lease it; these companies out that will build them and lease it back to them, and then at the end of the lease, they own it, that-- that way, they avoid the vote of the people. This says you-- it's not a bad practice to-- for a small school that's got a $4 or $5 million project, by the time you pay for bonding costs and-- and services, it's-- it's prohibitive cost. It adds too much cost to the whole bond. But to be able to go to your local bank, for a-- a lease company, and build that school and pay it that way, saves them money, but when you do it that way, our laws-- our laws about voting for new schools are not laws that you have to have a vote to build a new school. You have to have a vote if you use bonding as-- as the financial tool to pay for that school. It's based on bonds, not built construction, so this would add all school construction has to be voted on by the people. It lowers the amount of money from 14 cents to 10 cents. What else do we have? I don't think I've got anything. But it-- it truly, truly does fix the problem and it puts into good policy something that will continue on forward. Foundation aid will follow the revenues of the state and as they keep going up, that should put more pressure on-- on property tax receipts to lower them. And it works. I believe it truly is a-- is a formula that works, doesn't cost their need-- touch their needs. Every school district, when the formula is figured, when the formula is figured, when the state of Nebraska decided what their needs are for the next school district, there won't be a penny difference, won't be a penny difference. If anybody tries to tell you that, they're wrong, anyway, because state aid will fill in the back side. Thank you. Hope that made sense.

LINEHAN: Yes. Questions from the committee? Seeing none, first proponent. Good afternoon.

BRUCE RIEKER: Good afternoon, Chairman Linehan. Members of the Revenue Committee, my name is Bruce Rieker; it's B-r-u-c-e R-i-e-k-e-r. I'm the vice president of government relations for Nebraska Farm Bureau. In addition to Farm Bureau, I'm also here on behalf of the Nebraska Pork Producers. I think Senator Groene went through quite a few of the details. We appreciate several of the components of the bill lowering valuations, both for residential and commercial, as well as agricultural property, as well as putting in the per-pupil foundation aid. We believe that's a very important component to reforming the way we fund education. Most importantly, we want to appreciate Senator Groene for continuing to push this effort. We at-- in the agricultural community continue to maintain that we are still out of balance when it comes to the balance of property taxes, sales tax, and income tax. And Senator Groene's bill, according to our calculations, would move us $384 million closer to balance. We have I can get these numbers for you. I only have one sheet of this right now, but Jay Rempe in our office calculated this. This would increase TEEOSA aid funding from $1,071,000,000 to $1.455 billion. It would, as I said, provide $384 million of property tax relief. It would increase the number of equalized schools from 86 to 106 and reduce the number of unequalized schools from 158 to 138. As far as it breaks out between equalized and nonequalized schools, $283 million of that $384 million would go to equalized schools with the new amount of schools at 106; and $101 million would go to nonequalized schools. As far as the breakdown as to how the constituency that we represent, being agricultural producers, approximately 29 percent of that reduced property tax would be attributed to agricultural property, so the other 71 percent would go to resi-- residential, commercial, and other categories. So that is the reason we support this, or those are the reasons we support this. There are many reasons why and the-- the dollars speak for themselves. And so we and the Nebraska Pork Producers urge you to advance LB1207.

LINEHAN: Thank you, Mr. Rieker. Are there any questions from the committee? Senator Briese.

BRIESE: Thank you, Chairwoman Linehan. Thank you for being here today. You spoke of balance or lack of balance in our tax structure. How many dollars does Farm Bureau think that we need to dedicate towards property tax relief to achieve the balance that you're seeking?

BRUCE RIEKER: OK, I get that question a lot and sometimes people ask, you know, what's ag asking for? I'm going to answer this in the macro perspective of balance, and that would be balance for all property taxpayers. Where we stand right now, we have calculated that we are in the neighborhood of $900 million out of balance. If LB723 is passed and that additional $185 million dollars is put into a floor of the LB1107 credits, it would reduce that $900 million number by $185 million, so then we're at $700 million with some change, I would-- I guess, but that's how far we are out of balance. And that calculation also calculates that the LB1107 credits, the $548 million that currently exist, that would be-- in our calculations, that is property tax relief. That's not a reduction in income taxes for the purpose of us calculating the balance. So I hope that makes sense.

BRIESE: OK, very good. Thank you.

LINEHAN: Thank you, Senator Briese. Other questions from the committee? So you said how much of this would go-- how much of this bill would go to ag, 29 percent?

BRUCE RIEKER: Twenty-nine percent.

LINEHAN: So 29 percent of $384 million?

BRUCE RIEKER: Yep, 100-- it'd be one $113 million.

LINEHAN: OK, you-- you're seeing 384, which I'm-- I haven't looked at these numbers, so I'm not arguing. The fiscal note says in '24-25, it'd be 248, so we're missing-- like, why-- why is the fiscal note only 248?

BRUCE RIEKER: I cannot reconcile that for you today, but I will get the explanation from Jay.

LINEHAN: OK. OK. Other questions?

BRUCE RIEKER: Have you ever no--

LINEHAN: Because that's a pretty big gap there.

BRUCE RIEKER: Yeah. Have you ever noticed how much we rely on Jay?

LINEHAN: Yes, I-- I have noticed. I have noticed. We all rely on Jay. OK. All right. No other questions? Thank you very much for being here--

BRUCE RIEKER: You're welcome.

LINEHAN: --Mr. Rieker, appreciate it. Next proponent. Opponent?

CONNIE KNOCHE: Good afternoon, Chairperson Linehan and members of the Revenue Committee. My name is Connie Knoche, C-o-n-n-i-e K-n-o-c-h-e, and I'm the education policy director for OpenSky. We oppose LB1207 for two main reasons. First, it would be a major change in how we fund our schools and one we think should ha-- shouldn't happen without a more thorough study. And second, it would severely narrow the tax base for our property taxing subdivisions without any guaranteed state aid to make them whole. First, the foundation aid component would flip our school funding formula on its head and result in less funding for schools that need it most. The current formula is an equalization aid-based formula, meaning that it prioritizes funds to districts where the student needs are greater than their resources. LB1207 would move us to a foundation aid model in which schools receive a set dollar amount per pupil, regardless of what their need is, based on the state sales and income tax receipts. That means, as revenue increases, foundation aid will take up an increasingly larger piece of the TEEOSA pie, outpacing growth in equalization aid. This creates concerns about sustainability and equity, especially if equalization aid is eventually cut in order to fund the foundation aid component. Foundation aid doesn't recognize that education costs can vary across districts for reasons outside of their control; for example, students experiencing poverty, those with special needs, English language learners all have higher needs and lower graduation rates than other students and foundation aid doesn't recognize or account for those needs. If the state wants to improve educational outcomes, funding should be targeted toward school districts with the most high-needs students and not taken away, as we're worried that would happen under LB1207. This would be a significant change in how we fund our schools and one that would be better to-- undertaken after a more thorough review funding system overall to make sure it accomplishes the state's goals while still meeting the school needs. Second, lowering taxable valuation of all types of real property would significantly narrow the tax base from which schools and local governments can access funds. Reducing the taxable value of real property will cause some school districts to lose more in property tax revenue than they'll receive in state aid. Large school districts at their maximum levies will initially see increased state aid under the provisions of LB1207; however, the increased state aid will not make up for the lost property tax revenue caused by lowering these values. For these reasons we oppose LB1207 and we encourage the committee not to advance it. Thank you for your time and I'm happy to answer any questions.

LINEHAN: Are there questions from the committee? I have one. So you said the GNSA schools would, in the beginning, get more money, but in the long run would lose. Why is that?

CONNIE KNOCHE: Because the tax base would be lower. The valuation is being decreased by 13 percent for residential and 20 percent for ag land, so then they can't-- they won't get enough state aid to cover their needs because of the local effort rate, so they have to--

LINEHAN: But they do get enough in their first year, you said.

CONNIE KNOCHE: Yeah.

LINEHAN: How about the second year?

CONNIE KNOCHE: I haven't modeled it out that far, so I don't-- I don't know.

LINEHAN: So why would they-- why would-- why would it get less?

CONNIE KNOCHE: Because they won't be able to tax enough on the-- the value--

LINEHAN: Because they won't get the valuation increases.

CONNIE KNOCHE: Well, because the value is lowered, if they're already at their maximum levy, what they can generate through those taxes is going to be less.

LINEHAN: And they wouldn't have the valuation increases. So if you have a 10 percent valuation increase on 100 percent of your value versus a 10 percent increase on 87 percent of your value--

CONNIE KNOCHE: Right.

LINEHAN: --you don't get as much valuation increase.

CONNIE KNOCHE: Right, that's true.

LINEHAN: So that's why--

CONNIE KNOCHE: Yes.

LINEHAN: --if that would happen--

CONNIE KNOCHE: Yes.

LINEHAN: --they would lose funding. Yeah. OK, thank you. Any other questions? Thank you for being here.

JASON BUCKINGHAM: Good afternoon, Chairperson Linehan and members of the Revenue Committee. My name is Jason Buckingham, J-a-s-o-n B-u-c-k-i-n-g-h-a-m, and I'm an assistant superintendent for the Ralston Public Schools. I testify today on behalf of the Ralston Public Schools and appreciate the opportunity to appear before you to speak in opposition of LB1207. As many of you are aware from your work on either the Revenue or Education Committee, the imbalance of revenues from federal, state and local sources has long been an issue of contention. As our current education funding model stands, there exists an overreliance on the use of property taxes and a sour-- as a source of revenue for public schools. There have been many attempts over the years to try and bring some balance to this disparity in funding. We agree completely that the imbalance exists and we are supportive of corrective measures to bring that ba-- back in balance. However, we are concerned about some of the potential unintended consequences that may be created by LB1207. One of the concerns we have with LB1207 is the lack of a new dedicated revenue source to fund the reduction in property taxes. We appreciate the efforts made to make the state responsible for a greater portion of each school district's revenue. But we're very concerned about the long-term implications of reducing the valuations of both residential and agricultural properties. This bill propose-- proposes using a portion of the existing sales, income, and corporate taxes to fund the increased state support for public schools. If this bill were to become law, what current state spending would need to be adjusted to account for this diversion of existing funds? In other words, what other state-funded programs will now have a reduction in funding to pay for foundation aid? We are greatly concerned that reductions of valuation could dramatically hurt districts currently at or near their maximum levy. If, for example, the state in future years should see a reduction in state tax revenues generated by sales, corporate, or income tax, and the state decides to reduce their overall commitment to public education in an attempt to balance the budget, local districts currently at or near their levy maximums would have little ability to recover their loss of revenue due to valuation reductions. Specifically, we're concerned about the effects this would have on equalized districts. As you're aware, equalization aid is critical in funding districts with greater needs than local resources. If LB1207 were to become law, how-- how would future legislatures interpret which areas of funding are the first to be cut and which are to be fully funded? Another concern we have with LB1207 is its approach to net option funding. Currently, schools are compensated for net option students at the statewide basic funding per formula student. That amount this year is $10,397.20. LB1207 proposes for '22-23 and '23-24 school years that option students are compensated at the statewide basic funding per formula student minus the foundation received, which we see as fair. However, for years beyond '24, 2024, net option funding then shifts to a formula where statewide average General Fund property taxes per formula student. Our initial calculations put this number closer to $7,342. Even with the increase in revenue from foundation aid, we see a reduction in our revenue generated from net option funding. This may eventually curtail some of the ability of schools to offer school choice as this component partially defunds option enrollment. Another concern we see is eroding of the levy authority of local school boards in the area of special building fund. As LB1207 is written, school districts would see a reduction of potentially up to eight cent in levy authority for special building purposes. The special building fund over time saves our taxpayers considerable amount of money as their proceeds are generated without fees or interest charges. Reducing the levy ability of districts for the special building fund only forces districts in need of repairs or remodels to use bond financing as their format for generating substantial building funds. To be clear, we do not advocate school districts using funds to construct entirely new structures, but we are concerned the reduction in levy, when paired with the reduction in valuation of agricultural land for purposes of bond issues, will greatly restrict the ability of school districts to successfully complete future building improvement projects. Thank you for all your time and your continued commitment to the people who stay in Nebraska, and I'll try to answer any questions you have at this time.

LINEHAN: Thank you. Are there any questions from the committee? You supported LB890 that was on the floor a couple weeks ago?

JASON BUCKINGHAM: Yes. Yep.

LINEHAN: Didn't that completely do away with option funding?

JASON BUCKINGHAM: It did. It did.

LINEHAN: OK, and then it didn't have a dedicated source, did it?

JASON BUCKINGHAM: It did initially. When it first came out, there were--

LINEHAN: Right, but when it was on the floor you were still supporting--

JASON BUCKINGHAM: Yeah, when it was on the floor, did not.

LINEHAN: You did not?

JASON BUCKINGHAM: Yep.

LINEHAN: And on the building fund, I think maybe I misunderstood the sheets here, what Senator Groene said. You can still-- well, let's go back to LB890. Didn't LB890 create a whole new building fund of 10 cents?

JASON BUCKINGHAM: You know, to be honest with you, I don't recall that-- that portion of it.

LINEHAN: It did.

JASON BUCKINGHAM: We haven't been able to levy for a special building fund very often in our district.

LINEHAN: OK. I think what-- well, we'll let him explain it, but I think he said you had to have a vote. I think he actually said you-- it's good to use the building fund because it saves money--

JASON BUCKINGHAM: Yep.

LINEHAN: --but you have to have a vote of the people, so I think maybe it's not that they take it away. It's just you have to have a vote.

JASON BUCKINGHAM: So, as I understand the proposed language, LB1207 drops the 14 cent down to 6 cent.

LINEHAN: Un-- unless you have a vote,

JASON BUCKINGHAM: Unless you have a vote, correct.

LINEHAN: Right.

JASON BUCKINGHAM: So at-- as it--

LINEHAN: So it doesn't take it away. It says you have to have a vote.

JASON BUCKINGHAM: OK, so as it's structured now, it changes the method where you'd have to have approval.

LINEHAN: Right. OK. All right. Any other questions? Thank you very much.

JASON BUCKINGHAM: Yep. Thank you.

KYLE FAIRBAIRN: I think this chair gets lower every time. Chairwoman Linehan, members of the Revenue Committee, my name is Kyle Fairbairn, K-y-l-e F-a-i-r-b-a-i-r-n, and I represent the Greater Nebraska Schools Association GNSA, which is an organization of 25 of the largest school districts in the state. These 25 districts represent 75 percent of all the children in the state attending public schools. For this testimony, I'm also representing Stand for Schools and Schools Taking Action for Nebraska Children's Education, STANCE. I come to you today opposed to LB1207. The bill does several things to change the current structure of school funding. The current law that has been in place since 1990 uses a formula of needs calculated by the state and takes away resources that a district can produce locally through property taxes. The state then makes up the difference to schools that cannot produce their needs through local taxes. This bill would change this fundamental idea by saying that after three years all districts would get 15 percent of their needs through a foundation formula. This change would continue to take money from the current formula to fund the foundation. This could cause tremendous stress on the districts that must count on state aid to fund the needs of their local school districts. The bill dedicates funding currently used to the-- to fund state government and ties it to a foundation payment to schools. During debate on LB890, it became clear to many of our state leaders that we're not sure how the state would dedicate a half-cent sales tax to education cost, but this bill would require the state to set aside 15 percent of all income and sales taxes to pay for the foundation. The bill makes changes to the current formula by funding option students reduced-- by reducing option students by nearly 30 percent when the law is in-- fully in place. It might be very difficult at that point for schools to continue to educate the number of option students that would like to attend their schools. This change ultimately could affect the choices that students and their parents have to choose a school that fit their needs. LB1206 [SIC] also takes control away from local boards of education by reducing the availability of the building fund to fund projects in their district. It lowers that amount of the levy that can be used in a building fund and requires costly bond elections to use the full amount of a levy-- levy that is currently in law. Changing the state aid funding formula from needs-based program to a foundation formula at a cost of nearly $500 million in the first three years, according to the Legislative Fiscal Office, could put the state in a financial crisis that will ultimately affect the education of all children in public schools across the state. I'd sure take any questions.

LINEHAN: Thank you. Are there questions from the committee? GNSA supported LB890, didn't they?

KYLE FAIRBAIRN: We did.

LINEHAN: So I'm confused by your statement here in the third paragraph, last line: During the debate on LB890, it became clear that many of our state leaders were not sure how the state would dedicate a half-cent in sales tax to education cost.

KYLE FAIRBAIRN: And that-- that was your question, Senator, on the floor, that question where we get half a cent to fund-- fund that education within the-- within the formula.

LINEHAN: It didn't come up before then?

KYLE FAIRBAIRN: It came up on the floor. I don't know that it came up before then, Senator.

LINEHAN: OK, and then didn't LB890, again, as I asked the previous testifier, didn't it completely do away with option funding?

KYLE FAIRBAIRN: It did. But with the amount of money that was set aside per student, most all schools that had option kids basically came out whole.

LINEHAN: Do you remember how much that was per student in LB890?

KYLE FAIRBAIRN: It was $1,100 per student.

LINEHAN: That's a long ways from $10,000.

KYLE FAIRBAIRN: Yeah, but the for-- the way the formula worked, the schools that have huge amounts of option kids were-- were pretty much in support of the bill.

LINEHAN: Pretty much?

KYLE FAIRBAIRN: Yeah. Westside's one of the largest, and they-- they were supportive of the bill.

LINEHAN: OK. Does anybody else have any questions? All right. Thank you very much for being here.

KYLE FAIRBAIRN: Thank you.

LINEHAN: Next opponent.

BETH BAZYN FERRELL: Good afternoon, Chairman Linehan, members of the committee. For the record, my name is Beth, B-e-t-h, Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm with the Nebraska Association of County Officials. I'm appearing in opposition to LB1207, but our opposition is only to the assessment piece. We do not have a position on the school funding piece of it. Our concern is about the implementation of it. As we read the bill, assessors would be required to essentially keep two sets of books, one for the school district part of the taxes and one for taxes for other-- the valuation for other taxing entities. And so our concern is that that gets to be a very complicated process for taxpayers who see different valuation bases, if you will, on their tax statements. And so that's the reason for our opposition. Be happy to take questions.

LINEHAN: Thank you. Are there questions from the committee? I think Senator Groene will be able to address this when he closes, but I think it's inside the formula, so I don't think that will be a problem. I think he said it was only inside the formula.

BETH BAZYN FERRELL: OK, and if-- if that was the case, I think that would be very helpful to our part or the concerns we have.

LINEHAN: OK, thank you very much for being here. Other opponents? Anyone wanting to testify in the neutral position? I like your tie.

JACK MOLES: Pardon?

LINEHAN: I like your tie.

JACK MOLES: Thank you.

LINEHAN: I don't think you've worn it before. Is it new?

JACK MOLES: Pardon?

LINEHAN: [LAUGH] I don't remember that tie.

JACK MOLES: I've been a hard-- I've had a hard time hearing you lately, so I'm sorry.

LINEHAN: I'm calmer. I'll speak up.

JACK MOLES: Good afternoon, Chairperson Linehan and members of the Revenue Committee. My name is Jack Moles; that's J-a-c-k M-o-l-e-s, the executive director of the Nebraska Rural Community Schools Association, also referred to as NRCSA. On behalf of NRCSA, I wish to testify in a neutral capacity on LB12-- LB1207. Like to make three main points. First of all, NRCSA is very appreciative of Senator Groene's desire to get more state funding to rural districts in the form of foundation aid. We support the concepts of both basic funding and foundation aid. Given a preference, we would prefer basic funding. And while he does provide for foundation aid in the bill, Senator Groene did have the foresight to ensure that every district is assured of at least 15 percent of basic funding in the bill, and we do like that, of course. It would also move more schools into equalization, which would be a good point. NRCSA-- the second point, NRCSA can support the lowering of valuations, especially ag land valuations, as long as there's sustainable state funding to backfill the loss of property tax revenues due to this drop. Our concern, of course, would be when the Unicameral finds itself in the position of needing to lower state expenditures due to lower revenues. There is a cut in state funding. Many rural districts would-- could make up for that, as they could still have room to grow their levy rates; however, others may find it very difficult as they are closer to the levy rate. And the third point is, NRCSA does struggle with the way in which the building fund is addressed in the bill. The building fund does-- or allows districts to complete projects that address facility needs. Lowering the building fund levy rate to six cents could hinder a district to complete one of those projects. For example, a rural district with a $500 million valuation could generate around $300,000 with a six-cent levy. A major roofing project could easily be over $300,000, and a major HVAC project would be well over $300,000, in fact, probably over a million dollars in many cases. District also-- would also have limitations on building or purchasing property out of the building fund in the bill. This erodes the ability of the locally elected board of education to make decisions that they believe are in the best interest of their district. It would be NRCSA's recommendation that instead of placing such limitation on these boards of education, that we ensure that more transparency is created with a re-- with a requirement that the board of education hold public hearings before a board vote on the use of building funds to undertake a building project or property purchase. NRCSA is very appreciative of Senator Groene's desire to ensure that all public schools receive some level of state funding as providing more opportunities to provide property tax relief. We encourage you to consider our thoughts as you discuss LB1207.

LINEHAN: Thank you very much for being here.

JACK MOLES: Thank you.

LINEHAN: Are there any questions? So I'm going to ask one that's hard, or maybe not, I don't think. I think everybody knows, but just for it's on the record. So during the debate on LB890, I think when the Education Committee kicked it out, they added an amendment for basic funding of 15 or 20 percent, I think.

JACK MOLES: Yeah.

LINEHAN: And I think, if I remember, the price tag was less than $20 million.

JACK MOLES: About 18 is what I figured.

LINEHAN: Eighteen million dollars. But then when it came to the floor, there was a decision made to remove basic funding.

JACK MOLES: That's what I understand, yes.

LINEHAN: So do you find it frustrating that the other schools couldn't support an $18 million increase in TEEOSA to support NRCSA schools?

JACK MOLES: It was frustrating for us not to have that included. Our districts were-- thought that was a good-- a good move.

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

JACK MOLES: Thank you.

LINEHAN: Appreciate it. Anybody else wanting to testify in the neutral position? Senator Groene, would you like to close, please? And while you're getting up here, we had one letter for the record and it was a proponent.

GROENE: Thank you, Chair Linehan. And to answer some of the questions I heard, I misspoke. The valuations are inside and outside the formula because [INAUDIBLE]

LINEHAN: Oh, they are. OK.

GROENE: But as far as two sets of books, they still value everything that it's cash at its value, and then it's just a factor in the computer when they run the taxing formula that they lower it by-- multiply it by, instead of 75 percent on ag, they'd multiply it by 55. It's not two sets of books, or the assessor goes out and assesses it for full value and then the factors are done later in the computer.

LINEHAN: They could be.

GROENE: As far as the fiscal note, the-- Fiscal only did two years, what Mr. Riepe was-- what Mr. Rieker was talking about, and his economist, they ran it for three years, and that's $395 million on that third spreadsheet. And also, Fiscal always-- the spreadsheets, the very last column, the very last bottom dollar is the total cost for that-- of that year compared to this year. So the comparison in the second column, second to the last column, they're always-- we're always comparing it to this year as step-- as the law is. And we're keeping all the variables the same for valuations and everything, and we're just changing the factors and then the bottom. But when Fiscal does it every year, they just do the increase. So the first year, it's $52 million, even though the spreadsheet says it's $270 million. The next year, the increase over the previous year is $218 million, and then the next year, the third year, it would have been 177 as--

and-- but the total cost of 395 on the spreadsheets, not cost because it's still tax dollars. It's no additional cost; it just comes out of a different pocket of the taxpayer. I keep hearing this and it just dawned on me, how is-- we can trust the state. Do you know most states in this Union fund their schools with state funding and not with property taxes? We are the oddball, and I don't think our educational results are any better because we put that kind of pressure on the property taxpayer. Other states do it, and even that this change is just re-- remixes the sources, but you're never going to get property tax relief unless you-- you limit the taxing authority. That's the only way you're going to get it, only way you're going to get it. Option funding, the-- Ralston, it always amazed me when I was Ed Chair and everything, Ralston would come in and talk about their option funding being cut. Ralston is an equalized school district, option funding is a resource, so if their option money goes down, equalization aid fills it in. There is no-- it's a net break-even for an equalized school district receives no extra money from option funding. It's a resource. So if you give them $500 one year and they-- and it goes down to $400, state aid increases $100. It's-- it's a break-even for a city like Ralston. Where it-- where it makes the difference would be the Westsides, the Maxwells, the little towns who-- who don't get much state aid and then they get more resources if they can harvest more option students. But for them, it's-- it's break even. And the option funding, none of the small school districts that would get-- that are not equalized and rely on option students are com-- would be complaining at all because if they got 100 students and they get $2,800 of option money, foundation aid for every one of them, and the option money goes down a thousand dollars on the 20 students they have option, they are way ahead in state funding. Hundred students times $2,800 and lose a thousand dollars on the 20 option students, they're way ahead and they understand that. And what we did is common sense. I tried to play common sense. What is the difference between an option student and a regular student? A regular student, the school district collects property taxes from their parents and from district. When a student options in, the property taxes doesn't follow them. State aid does. Option money does. Special education does. The only thing that doesn't, the only difference, is the-- the property taxes. So why not base option funding on the net average property tax, General Fund property tax collected across the state divided by K-12 students? And this is the average property taxes collected on-- for every student in the state. Why not transfer that? That follows the student. The state will make up that property-- it's-- it's-- it's common sense. What they're doing now makes no sense. They're taking an average of all of the school districts' basic funding and they're averaging one stu-- school with $30,000 and another one with $10,000, and they're saying this average is what it costs the school to fund the child and that's not true. So anyway, we convert foundation aid to based on property tax average instead of some arbitrary number. Otherwise, what else I heard, I think we covered it all. But that last column is the total dollars on the spreadsheet, but it's cumulative. First year is 52 more-- more; next year, it's 120; next year, it's 177-- 9. That ends at $395 million on property tax. But remember, every other state, most all states, fund their schools by state aid and the children seem to learn.

LINEHAN: Are there questions from the committee? If the ag only gets $100 million of the $300 million, where the-- that GNS-- the big schools get the other $200 million? Or is it because it's the residential people in the ag? I'm having a hard time--

GROENE: That's how much dollars are resi-- I think ag is like 23 percent of total rev-- total valuation statewide, isn't it?

LINEHAN: OK, well, we'll look into it and get--

GROENE: And then-- but they're going to get 29 percent, but you also understand, you get-- they're getting $110 million dollars for probably 60,000 kids versus--

LINEHAN: Right.

GROENE: --the rest of them, the other 260,000 kids or 250,000 kids are getting $200 million.

LINEHAN: Well, I really appreciate the charts that I can read without a magnifying glass.

GROENE: Thank you. Yeah. Well, it--

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

BRIESE: Thank you. And so back in LB1106 and the precursors to that, we had a mechanism in there to try to drive down the reliance on proper-- try to limit the growth in property tax askings, right? And you didn't include that in here.

GROENE: Didn't need to. You have a bill to do that on the floor.

BRIESE: Oh, that's right. That's right. But yet we've encountered considerable opposition here from the education community.

GROENE: Yes. You heard today what we've-- what is-- which-- that we all know what it is. It's-- it's-- it's they don't want to lose taxing authority.

BRIESE: Yeah.

GROENE: Senator Linehan hit the nail on the head.

BRIESE: Yeah.

GROENE: What we have decided, that the needs they have for the next year, and it factors in growth of students, the needs for the next year, they have this-- always this ability to tax next year's valuations, which had a-- and because they can only tax now at 87 percent or 55 percent of that valuation, they lose a portion of that increase. It was money never intended for them anyway. The formula never took that money into account. They have just gotten used to it.

BRIESE: Thanks for bringing it.

GROENE: Yeah.

LINEHAN: Thank you, Senator Briese. Other questions from the committee? Seeing none, thank you very much.

GROENE: Wasn't going to leave the place without another property tax bill.

LINEHAN: OK.

GROENE: Template for next year.

LINEHAN: Even if it's a repeat, [LAUGH] still good-- still a good movie. That brings LB1207 to a close and we'll open on Senator Wayne's LB917. Welcome, Senator Wayne.

WAYNE: Good afternoon, Chairwoman Linehan. My name is Justin Wayne, J-u-s-t-i-n, and I represent Legislative District 13-- what bill am I on?

MARY JANE EGR EDSON: LB917.

WAYNE: Okay, the right bill. I have two bills in here today-- representing Legislative District 13, which is north Omaha and northeast Douglas County. First I want to thank this committee for kicking out LB1116. I know there's questions about probably the next four bills, LB1116, LB1117, LB1-- LB917 and LB226, which will be next, about how this all ties into north Omaha, so I'll briefly tell you that. LB1116, the prototype grant that this bill-- that this committee kicked out, it's about creating a megacenter for Investment in venture capital in north Omaha. There's four types of businesses. One of the businesses is high-growth tech and we are trying to do that, and the prototype grant is a great way to do that. That has nothing to do with the North Omaha Recovery Plan, but it does in the sense of bringing in new businesses to north Omaha that normally would not be there. And that ties into Senator McKinney's iHub, because that could be a place where this prototype grant could be nurtured and expounded on. LB1117, which is the community development assistance that was yesterday, that's simply a way to get more people to buy into the community if there are smaller projects that maybe people want to get involved in but not necessarily own. That's not directly related to LB1024, but it is in the sense of we are trying to develop businessmen-- business instruction-- in-- infrastructure. LB917 is a part of an overall plan which I brought before to this committee two years ago, which was kicked out 8-0, is about hiring people. Disproportionately, north Omaha and south Omaha have more felons. Call it overtax, call it overpolicing, call it over sentencing. To me, it doesn't matter. At the end of the day, we are where we are, and this allows ex-felons to claim--to get a tax deduction-- or corporations get a tax deduction to individuals convicted of a felony. Texas, Iowa, Louisiana all provide employers with this type of incentives, like the one I'm proposing here. The objection [SIC] of this bill is very, very clear. And in fact, if the pages would please come, it's to reduce recidivism. The quickest and easiest way to reduce recidivism is to get people a good-paying job as soon as they come out. By allowing ex-felons and people who are entering back into society to get a job, we know studies have shown anywhere from 5 to 10 percent reduction in recidivism rates for those who are immediately employed or are within 12 months employed. So if you look at what this bill is doing, it's about trying to get people employed and looking at what happens in north and south Omaha; although this applies to the entire state, we were talking about helping workers be incentivized-- or employers be incentivized to integrate people back into society. If you look at the handout that I handed you on potential savings across the state, right now, we release anywhere around 1,500 to 2,500 prisoners per year, so I just cut it in half and said 2,000. Currently, our recidivism rate in Nebraska is around 30 percent. That's 600 people at a cost of $34,000 per inmate. We are putting people back into the system at about $20 million, is what it cost us. If we can just reduce that by 5 percent, we are saving $3.4 million per year. It's-- it's an employer-friendly bill. It is a bill that makes sure that people can get back on their feet, get the jobs that are close to their community or within their community, and keep them on the right-- right footstep, the right path. This is good legislation. Like I said, this is the third time I introduced it. Two years ago, this came out 8-0. I'm-- I'm going to try to try to find a home, so I would have asked you to Exec on it. It's a tax bill. Maybe I can amend it to the income tax bill. That's fine by me. The point of it is, is we need to employ-- encourage employers to do this. There's already a federal one. We don't have a state match. We're one of the few states who don't have that match. So that's what we're trying to do. It's a very simple bill, and I ask for your support again, like you did three years ago.

LINEHAN: Thank you, Senator Wayne. Are there questions from the committee? What's the federal?

WAYNE: So there's a federal tax break or tax credit for-- I don't know the exact amount.

LINEHAN: OK.

WAYNE: It-- it varies. It's a-- anything federal, it's complicated. But they also get an amount, like usually anywhere from $2,700 to $5,000, depending on the type of job. But we're one of the few states that don't have a match.

LINEHAN: OK. All right. Thank you. Any other questions from the committee? Seeing none--

WAYNE: Thank you.

LINEHAN: --you'll stay, right, because you have the next bill too?

WAYNE: Yeah, this is a little funner than Natural Resources.

LINEHAN: Proponents? Are there any proponents?

DANIELLE CONRAD: Hello. Good afternoon. My name is Danielle Conrad; it's D-a-n-i-e-l-l-e, Conrad, C-o-n-r-a-d. I'm here today on behalf of the ACLU of Nebraska. I want to thank Senator Wayne for his ongoing leadership in regards to pursuing smart justice policy. We've test-- testified in support of measures like these over the years and are happy to reaffirm our support here today. I think that this state-level measure would definitely complement what's available on the federal level through the Work Opportunity Tax Credit Program, which provides similar incentives for hiring in certain geographies, certain population, public benefit assistance, sys-- system-impacted people. I-- we see this as a critical economic justice and racial justice measure, and I think Senator Wayne did a great job of really connecting the dots here, where every single investment that we can make to ensure a successful reentry and reduce recidivism helps to address our ongoing challenges related to mass incarceration and racial injustice, which is literally busting our budgets and burdening our taxpayers. And I think that we've been able to see some really smart consensus, bipartisan kind of work on opening up a second-chance hiring opportunities and lessening collateral consequences that come with criminal conviction. Of course, it will be no surprise to any of you, and you have significant debates before you in the remaining half of your session, but Nebraska is in a prison overcrowding crisis. We're number one in the country. We're eighth worst in terms of racial disparities. Our system of mass incarceration has grown so unwieldy that about one in ten kids in Nebraska will have a parent in the criminal justice system. Think about what that means for family stability, for economic prosperity, for our present and for our future. And lifetime collateral consequences come in a lot of formats, not only in employment but also in education, also in voting rights, also in access to public benefits. And everything that we can do along the way to address these significant challenges will help to make a positive difference. Providing more economic opportunity through programs like LB917, I think, is a very meaningful piece of that puzzle moving forward. Happy to answer any questions.

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

DANIELLE CONRAD: Thank you so much. I never get to come to Revenue. This is such a rare treat.

LINEHAN: We're a fun group. [LAUGHTER] Other proponents? Are there any opponents? Anyone wanting to testify in the neutral position? We did have letters for the record, three proponents, one opponent. And, Senator Wayne, would you like to close?

WAYNE: Just briefly, from a--this is-- yes.

OK.

Just briefly, there is a real cost to hiring felons from an insurance perspective and those kind of things. That's why this is important. It allows, opens up a door for an insurance cost to help reduce those costs on the employer to give them something back for taking a chance on individuals who in our-- our society need a second chance. Thank you.

LINEHAN: Thank you. Any other questions for Senator Wayne? Seeing none, we close the hearing on LB917 and open the hearing on LB1226.

WAYNE: Good afternoon, Chairwoman Linehan and members--

LINEHAN: Did I say that right?

WAYNE: Yes.

LINEHAN: No. Yes? OK, LB1226.

WAYNE: Good afternoon, Chairwoman Linehan and members of the Revenue Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. This is an item that-- this is dealing with really abandoned and vacant properties, particularly houses, an issue that Senator Briese, first couple years, have introduced many bills on coming to Urban Affairs. LB1226 addresses one of the most confusing areas of state law and the statutes governing delinquent property tax and tax sale certificate process. Under Nebraska law, when an individual fails to pay their property taxes, the pa-- the past-due taxes become a lien on their property. These tax liens are sold by the county to the purchaser, receives what is called a tax sale certificate. At the end of the statutory redemption, a placeholder of a sales tax certificate can either be forced to sell on a certificate or apply the tax deed to take ownership of the property outright. The Nebraska Constitution actually allows a two-year right of redemption for nonpayment of taxes, which can be found in Article VIII, Section 3. Current statue, however, provides for a long-- for a longer three-year redemption. LB1226 would reduce the redemption period from three years to two years if the property has been determined to be vacant and abandoned. Under this bill, the vacant and abandoned property would be defined one of two ways. First, the property is located within a municipal that has adopted a vacant property registry ordinance. VPR-- VPRO, then the local ordinance would define whether that property would be considered vacant and abandoned. Most of our largest cities in the state have adopted VPROs, and Senator Briese actually passed a bill several years ago that provided the framework for smaller municipalities to adopt VPROs. If a property is located within a municipality with a VPRO, then the bill provides that the property can be found to be vacant and abandoned based on conditions that would lead a reasonable person to believe the real estate is vacant. Among the conditions listed in the bill are overgrown vegetation, accumulation of abandoned property or trash, visible de-- deterioration, a lack of maintain-- a lack of main-- maintenance of the building and structures, and graffiti. The reason why this is important is that the vacant properties, the longer they sit, they further deteriorate. They also increase crime. They also increase elements in neighborhoods that bring down the property value. So by cutting the redemption period in these cases where the property has clearly been abandoned enables tax sale certificates to take potentially ownership of the property and fix them up sooner than later. I'm sure all of you know that I've introduced the North Omaha Recovery Plan, and one of the things that we're trying to do is turn over several housing units in north Omaha and put them back on the market. If we can salvage these abandoned properties and fix them up instead of tearing them down, it would create new affordable housing options in our community. Since the bill was introduced, my office has been engaging with all the interested parties, including private tax sale investment companies, the Omaha Municipal Land Bank, and numerous-- the Nebraska Association of County Officials. The amendment I just passed out, AM1974, makes several changes to the process based off of the feedback that these parties gave. I believe NACO went from opposition to now they are going to be testifying in neutral and they'll be-- and they'll be here to testify on that position. I think we have one pos-- proponent testifier that'll support this. The reason this came about is because of the ARPA funds that are going to be used for affordable housing, particularly-- actually, across the state, with a three-year redemption that ARPA funds, we've got to be done with them by 2026, so we were looking at ways to-- how do we reduce that timeline to make sure we can turn these properties over faster to meet the 2026 expenditure? Well, we ran into the constitutional issue of two years, but then we-- there was a change in how the statute says three years, which didn't make any sense. But rather than overhaul the entire tax certificate process, we're going to focus narrowly on the abandoned/vacant properties to make sure we can use those ARPA funds, particularly north and south Omaha but across the state, to make sure we meet the deadline by the 2026 because if it's a vac-- a vacant and-- and abandoned property, most of the small towns know who-- know what these areas are, know who owns them, they probably can't get ahold of them, and it's a way to move those properties back to the market in a faster and clearer method. So that was the genesis of the bill. Doesn't tie directly to LB1024, but it's another tool that can be used, not just in Omaha but across the state, to help turn-- turn some property around faster.

LINEHAN: Thank you, Senator Wayne. Questions? Senator Friesen.

FRIESEN: Thank you, Chairwoman Linehan. So how many properties turn over now that are abandoned in the yearly? You got a running total, kind of

WAYNE: In Omaha? So ta-- so because of the three-year turn, you could have anywhere from-- well, in Omaha, we got about 10,000 properties that are always a year or two behind. But-- well, but after the third year, because of the bill we passed, the Williams bill a couple of years ago about more personal service, the number of actual foreclosures and deeds have significantly dropped because people just weren't being notified, we think, prior to that. So it's the third and fourth year where we see the re-- redemption period. But the first two years, there's still a lot of numbers on there, but this will provide if they're abandoned and vacant, which right now I believe the city of Omaha has around 500. I'm looking back. I don't see the city of Omaha here. But the last number I heard was around 500 that would fit that category of abandoned and vacant, so they're literally sitting, sometimes with boards on the windows, sometimes not, and just sitting there, so you have elements who will literally move in and squat. So the next owner, who actually gets the title, then has to go through an eviction process because they actually can't even board up and fix those properties because they don't have any actual interest.

FRIESEN: So it's--

WAYNE: So they just sit.

FRIESEN: For three years.

WAYNE: For three years

FRIESEN: [INAUDIBLE]

WAYNE: Potentially, well, four, because it's three years, then you go through the process, so it's into the third and fourth year where they actually acquire the process. So although this is two years, the practical effect is, after the second year, then they can start the process to-- to get it, so it'll be three years.

FRIESEN: And so then a number of homes, too, that, subject to this, you think would go up by quite a bit.

WAYNE: No, because it's based-- in Omaha, it's based off of the-- we're limited to just abandoned vacant property. So-- so the city officials or county officials, what Senator Briese allowed the framework for smaller communities to do, they would have to deem them meet the two-year requirement; otherwise, they still go through the three-year requirement, so it wouldn't increase. We're just trying to move what's already abandoned and vacant faster.

FRIESEN: But for some reason they were coming in and getting their home back after the third year or in that timeframe.

WAYNE: It's--

FRIESEN: Do you think they'll just move up that?

WAYNE: Well, let me-- let me be clear here. That was-- I guess I misspoke a little bit. A lot of companies over the last five years, and I'm looking back because I think one of them's here, yeah, they refused in the last seven to eight years to start going after abandoned and vacant properties. So if they find out the-- the property is on the abandoned/vacant list, they just wash their hands of it. So four years ago, I actually brought a bill to try to address that by giving them some kind of interest to be able to put up boards and just put-- like secure the house. That didn't go anywhere, so they got out of the business, so nobody's actually buying them, the tax certificates, because they can't take care of the property, so you might buy it. But then, by the time you get it, you-- it actually costs you four or five times to fix it, so that's we're-- we're just trying to focus on-- on those.

FRIESEN: Thank you.

LINEHAN: Thank you, Senator Friesen. Other questions from the committee? You said something, but I just want to empha-- have you emphasize if I heard you right. This is also a place where young people probably go and do things they shouldn't be doing.

WAYNE: Yeah. So one of the things, not any of my former Trailblazers kids that I used to youth mentor would do, but this is how I found out about it, because they told me about it, they weren't there, but abandoned-- [LAUGH] abandoned houses were what we called kickbacks, they're small parties, and so if they're abandoned, they can go in there and throw a party. Who's gonna call the cops? They also have a lot of people just literally living there, people-- people who have maybe mental health, who are on drugs, etcetera, but for young youth, it's an easy way to have what's known as a kickback, which is a party, because nobody can tell, and they go till 3:00 or 4:00 in the morning. No, none of my kids--

LINEHAN: We even did that in my generation. [LAUGHTER]

WAYNE: So, yes, there are a lot of problems with abandoned/vacant houses.

LINEHAN: Thank you, Senator Wayne. Any other questions? Thank you.

WAYNE: Thank you.

LINEHAN: Proponents. Are there proponents?

MARC ODGAARD: Good afternoon, Madam Chair and members of the Revenue Committee-- Committee. My name is Marc Odgaard. I am general counsel for a company, 11T Services LLC.

LINEHAN: Spell your name.

MARC ODGAARD: I'm sorry. M-a-r-c O-d-g-a-a-r-d. I am general counsel for a company, 11T Services, and I'm one of those companies that Senator Wayne referenced. One of the things that-- that the company does is it does purchase tax certificates and it does do-- invest in redevelopment in-- in areas that might not otherwise have a lot of investment. We're here in support of LB1226 for all of the reasons that Senator Wayne stated. The-- under the current law, we-- we do have to wait no less than three years in order to try to take title to any tax certificate which we may purchase. There are obvious benefits in the situations and, again, specifically what Senator Wayne said, to-- to approval of this because it would allow this company and other companies or individuals like us to obtain title much more quickly, thereby being able to improve the properties, make them saleable, livable, and thereby increase the value of the-- the neighborhood, avoid any other der-- deterioration and any other plight that may come to that neighborhood as a result of-- of properties that are sitting there vacant and abandoned and dilapidated. So-- so we think it's a win-- a win-win for everybody and, again, puts the property back into parties who have an interest in developing that property, as opposed to those who currently own it, who aren't paying their taxes and who aren't maintaining the property. If there are any questions, I'd be willing to-- to try to answer some of those questions.

LINEHAN: Thank you very much. Are there questions from the committee? I'm seeing none, so thank you very much for being here.

MARC ODGAARD: All right, thank-- thank you.

LINEHAN: Are there other proponents?

DEANA WALOCHA: Good afternoon.

LINEHAN: Good afternoon.

DEANA WALOCHA: I'm Deana Walocha, D-e-a-n-a W-a-l-o-c-h-a. I am in-house counsel with-- for the Omaha Municipal Land Bank. Chairwoman Linehan and members of the Revenue Committee, thank you for the opportunity to testify in support of LB1226 as it has-- has been amended. The Omaha Municipal Land Bank was created to facilitate the return of vacant, abandoned, and tax delinquent properties to productive use. We work with a var-- a variety of partners, including the city of Omaha, Seventy Five North, Habitat for Humanity, NIFA, Family Housing Advisory Services, Holy Name Housing, the Empowerment Network, and countless others to fulfill our mission. Through our work with key partners, we know that a home is more likely to be renovated to affordable housing if we can acquire the property while the structure is still standing. It is more cost efficient to renovate an existing structure than it is to build a new structure on vacant land that once contained a structure that has been-- since been demolished. If the structure has been abandoned and vacant and is vacant at the time of tax sale, it will get-- only get worse in the three years the land bank would have to wait to begin foreclosure on its tax sale certificate. Even one year could make the difference between a structure that can be re-- rehabilitated and one that can no longer be saved. Last year, the Land Bank acquired liens on 23 properties that we believe contain structures that are vacant and abandoned. We still have another two years before we can begin to foreclose on these properties. There are some states, our neighbor Iowa, as an example, which do have-- do not even have a two-year redemption period. Theirs is one year and nine months from the date of the sale of-- for all properties, regardless of the condition or occupancy of the property. Additionally, we ask that the Revenue Committee consider an amendment to LB1226 to provide for a mechanism for a tax certificate holder to provide notice to the county treasurer that they intend to proceed with foreclosure at the two-year mark rather than the three-year mark, because they have determined that the property is vacant and abandoned as defined in the bill. We would further ask that the Revenue Committee consider amending Nebraska Revised Statutes 77-1818 and 77-1819, the statutes that describe the language requirements of the physical tax sale certificate to reflect the two-year redemption option for vacant and abandoned properties. We are grateful to Senator Wayne for bringing forth this bill. LB1226 ensures that the Omaha Land Bank can continue to serve as a community partner in efforts to revitalize Omaha neighborhoods. Thank you for your time, and I'm happy to answer any questions you may have.

LINEHAN: Thank you very much. Are there questions from the committee? Have you talked to Senator Wayne about these additions you would like?

DEANA WALOCHA: I've talked to his staff.

LINEHAN: OK. All right. Thank you very much. Seeing no questions, thank you for being here, appreciate it.

DEANA WALOCHA: Thank you, Senator.

LINEHAN: Other proponents? Are there opponents? Anyone wanting to testify in the neutral position? Good afternoon.

BETH BAZYN FERRELL: Good afternoon, Chairwoman Linehan, members of the committee. For the record, my name is Beth, B-e-t-h, Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm with the Nebraska Association of County Officials and I'm appearing neutral on LB1226. As Senator Wayne said, our initial response to this bill was opposition. But with the amendment that he's offered, that moves us to the neutral position. We do have, as he said, one more suggestion we'd like to make. When-- if you were here in 2019, you may remember that we worked with the Bankers Association and investors and some other stakeholders on a rewrite of the tax sale laws, treasurer's deeds, which are-- we sort of use that term interchangeably, "treasurer's deeds" and "tax deeds." I mean, it was in response to a Nebraska Supreme Court case, so we-- we worked on that, and one of the things that treasurers wanted at that time was to have a list in statute that set out all of the items that needed to be provided to them when an investor was requesting a treasurer's deed, tax deed. And so that language appears on-- if you've got the amendment in front of you, it's on page 5. So our additional request would be to add another point there that would say, in addition to all of these things that have to be submitted, the investor also needs to provide some sort of an affidavit or affirmation that the property does meet the abandoned/vacant criteria so that the treasurer would know that. The treasurer's role in the whole process is really sort of ministerial as opposed to decision making. And so our concern with the bill, as it was initially drafted, was that it would shift some duties to treasurers to try and decide if a property was vacant or abandoned. The amendment clears that up, but we would just like to add that one little reference within this sort of checklist of what needs to be submitted with an application.

LINEHAN: OK, thank you.

BETH BAZYN FERRELL: With that, I would be happy to answer questions.

LINEHAN: Thank you. Are there questions from the committee? Seeing none, thank you very much for being here. Does anyone else want to testify in the neutral position? Senator Wayne, we had only one letter for the record. It was proponent and it was Lynn Rex, I think.

WAYNE: Thank you. Just briefly, we are in agreement with adding that. I just didn't have time to do it before we got here today. And I look forward to this hopefully being part of your committee package.

LINEHAN: [LAUGH] That's funny. [LAUGHTER]

WAYNE: I mean--

LINEHAN: It is the--

WAYNE: --I might use it as a personal priority too. I have-- I have one, so I'm still figuring out what it is, but--

LINEHAN: You do have a personal priority?

WAYNE: Yeah, I do. I do.

LINEHAN: Oh.

WAYNE: That's not claimed yet.

LINEHAN: OK.

WAYNE: It's the first time ever. You-- I don't know what to do.

LINEHAN: I have some ideas for you. Do we have any questions from the committee? So could you-- we're running out-- you know, we're on a crunch. Are-- we're halfway done, so can you have these amendments all ready by early next week?

WAYNE: I'll have them by Tuesday.

LINEHAN: Tuesday, OK. That'll be good. Any other questions from committee?

WAYNE: Thank you all.

LINEHAN: OK. That brings us the-- close the hearing on LB1226. Thank you, Senator Wayne. Thank you for all the opponents, proponents, neutral. Have a good--