

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate February 28, 2024
Rough Draft

KELLY: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for the thirty-fifth day of the One Hundred Eighth Legislature, Second Session. Our chaplain of the day is Les Parmenter, Thomas County Parish, Thedford, Nebraska. A guest of Senator Jacobson. Please rise.

LES PARMENTER: Take a deep breath. Yeah, I know you've got lots on your mind and there's lots going on but for just a minute take a deep breath. Focus on the God who loves you so much. Let's pray. Oh, Creator of everything, of planets and stars and this planet that we call home, we thank you, Lord, for, for this day, for the sunshine, and for the little bit of moisture that we had. We thank you, Lord, that it's going to warm up some. But we also thank you for this place where we live. For the land and the rivers and the sky. For the plants and animals who also live here with us. Holy God, I ask that you would bless these people who serve us, that you would be with them, you'd hold them close because this is a diverse state, Lord. We have farms and ranches. We have businesses from mom and pop on the corner to multinational, multimillion dollar corporations. There is such diversity here and it is difficult to discern which path is best for most. So Holy God, send your wisdom to guide these servants so that even with the differences that they have, which reflect the differences that we have, we can find a way to do what's best. Help us all to listen for your will and then give us the strength to follow where you lead. We ask this in your name. Amen.

KELLY: I recognize Senator DeKay for the Pledge of Allegiance.

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

KELLY: I call to order the thirty-fifth day of the One Hundred Eighth Legislature, Second Session. Senators, please record your presence. Roll call. Mr. Clerk, please record.

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

KELLY: Are there any corrections for the Journal?

CLERK: I have no corrections this morning, sir.

KELLY: Any messages, reports, or announcements?

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CLERK: There are, Mr. President. The-- Senator von Gillern would-- introduces an amendment to be printed to LB1197. Additionally, new LR from Senator Conrad, LR312. That will be laid over. That's all I have this morning, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Jacobson would like to announce a guest under the north balcony, Coral Parmenter from Thedford, Nebraska. Please stand and be recognized. Senator Hunt would like to recognize a guest under the south balcony, Lawson Martinez, a student at Lincoln East High School. Please stand and be recognized by your Nebraska Legislature. Senator Arch has guests in the north balcony. He would like to recognize Nebraska Health Care Associates [SIC] LEAD Class, all from across Nebraska. Please stand and be recognized by your Nebraska Legislature. Senator Blood, you're recognized for-- Senator Blood would like to recognize Paul Contreras, Toni Marsh, Alyssa Marsh-Contreras, Ava Marsh-Contreras, all under the north balcony from Bellevue. Please stand and be recognized by your Nebraska Legislature. Senator Blood, you're recognized.

BLOOD: Thank you, Mr. President. Just a reminder, friends. Paul Contreras tackled and helped apprehend one of the shooters at the Kansas City Chiefs Super Bowl parade and saved many lives. I encourage you to go up and introduce yourselves and help us to honor his bravery today at the Nebraska Legislature.

KELLY: While the Legislature is in session and capable of transacting business, I propose to sign and do hereby sign LR298. Speaker Arch, you're recognized for a message.

ARCH: Thank you, Mr. President. Just a reminder that today at 5 p.m. is the deadline to submit to me a letter to request a bill that is currently on General File for consideration as a consent calendar bill. For bills placed on General File coming out of committee between February 29 through March 7, the deadline to submit a consent calendar request letter will be 5 p.m. on March 7, and that's next Thursday. Thank you, Mr. President.

KELLY: Thank you, Mr. Speaker. Mr. Clerk, for items.

CLERK: Mr. President, first item on the daily agenda, General File, LB1067, introduced by Senator Clements. It's a bill for an act relating to counties; adopts the State Prisoner Reimbursement Act; eliminates the inheritance tax as prescribed; changes provisions relating to inheritance tax reporting and refund procedures; changes

the authorized use of the County Visitors Promotion Fund and the County Visitors Improvement Fund; harmonize provisions; repeals the original section; declares an emergency. The bill was read for first time on January 8 of this year and referred to the Revenue Committee. That committee placed the bill on General File. Pending, Mr. President, was the bill itself, committee amendment, as well as an amendment from Senator Conrad, AM2580.

KELLY: Senator Clements, you're recognized for a 1-minute refresh.

CLEMENTS: Thank you, Mr. President. LB1067 would phase out our inheritance tax over a 5-year period. I'm looking for some revenue replacement. I put some in the bill with the jail reimbursement and I, I do have an amendment to remove the lodging tax, part of it. I'd like to get that-- get to that amendment today to clean things up. And I think we can figure things out. Also, I've got an interim study I'm going to be bringing that will look at unfunded mandates for the counties. And we're looking at some other revenue replacement for the counties. Still continuing to work on that. And I, I think it's-- this is important part of our tax reform and I want to do it with everybody on board so we'll be working on it. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Senator Linehan, you're recognized for a 1-minute refresh on the amendment.

LINEHAN: Good morning, Mr. President and thank you, colleagues. So the amendment changes the jail reimbursement from \$35 a day to \$100 a day. And it also changes how much the board could sweep from the Visitors Fund to only 50%. But I think Senator Clements has also got an amendment, I think he just said to do away with the visitors that he would like to get to today. So it's, it's-- the amendment deals with trying to make sure that the visitors' center stays whole and that we get back more funding to the counties for jail services. Thank you, Mr. President.

KELLY: Thank you, Senator Linehan. Without Senator Conrad being present for a refresh, we'll go to the queue and, Senator Erdman, you're recognized to speak.

ERDMAN: Thank you, Mr. President and good morning. Before I begin my remarks about the, the inheritance tax, I want to congratulate the following schools of Bridgeport, Paxton and city ladies from the 47th district have all qualified for state. That's a pretty significant representation from a district that far from Lincoln. So wish those

ladies luck today and tomorrow and Friday and Saturday. So let's continue the discussion about the inheritance tax. I have the information here on what Douglas County uses their inheritance tax for and this is the last couple of years. I'll just go to '22-23: they put \$4 million in health center; \$3 million to community mental health center; community service, \$1.5; veterans, \$500,000; state institutions, \$500,000; escrow liability, whatever that is, \$500,000; public safety bond for a bond and payment, \$1.8; debt service, \$ million, and so forth. And so I'll give you a little information. Let me share with you some history of what happened in Morrill County. When I became commissioner in '05, we had zero, zero reserves. Our assessor was doing things that were not according to the standards. Our valuation had increased only 3% in 5 years, my first 5 years as commissioner. I began to search to see what the answer was and I found that she was not doing the assessment correctly and in 2009, February, we had no money even to make payroll. And so we made the decision on how to make the revisions in our budget to make it work. We then had to do a whole county reevaluation. And the point is this, if these county commissioners wanted to, if they would desire to, they can make a decision on how to make their budgets work without this revenue. And I speak from experience because we did it. And some of you in the room will believe this. If I can do it, anybody can do it. And so that is proof that what we're saying here today and all these commissioners and Senator Raybould is trying to tell you, is that these people are inept and they don't have the ability to figure out how to make it work. I don't believe that. I believe these county commissioners are intelligent people, these supervisors, they can make the necessary adjustments they need to make and make this work and they don't have to make cuts in their service. They can also figure out how to adjust their budget on those things they want and those things they actually need. And that's exactly what we did in Morrill County. We dealt with the things that we needed, and the things that we wanted we had to put those aside. So as we proceed with this discussion, I would assume that everybody in this room has probably already made up their mind. The sad part about what's happening here today with this filibuster is we're not allowed the chance or the opportunity to get to the amendments to this that make this better. And Senator Clements' has an amendment to take away the tourism dollars and there are other amendments that are significant that should be considered on this bill. And so when we have an opportunity to filibuster a bill and we stop the opportunity to make it better, that's not what the people in Nebraska sent us here to do. And so I would encourage those people that are doing the filibuster to rethink what they're trying to do and

understand that we cannot continue to operate under the get-- the guise that we want to take money from people who can't vote for us. And that's exactly what happens in those county commissioners' discussions when someone inherits land, they don't live in that district, and they don't vote for them, they're not too--

KELLY: One minute.

ERDMAN: --concerned about how much they have to pay. And so it's an issue that we need to deal with today. We should have dealt with this a long time ago, but we've chosen not to because we put off the difficult decisions and we kick the can down the road. I think it's time to stop kicking the can down the road and fix it. So that's my comments this time. Thank you.

KELLY: Thank you, Senator Erdman. Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you. Good morning, fellow Nebraskans. And I just want to address a few things. You know, I couldn't disagree more with Senator Erdman having myself served as a Lancaster County Commissioner, as a business owner, I remember when I started as a county commissioner, I was so gung ho I was going to reform government. I was going to create greater efficiencies. I was going to come up with solutions that we needed to make ASAP. And the reality was, I came to the conclusion that we have some of the brightest, smartest career professionals in our county who have the expertise, the years of experience of dealing with politicians just like me who have that attitude, thinking that we know it all. We can get these solutions done. It was a very humbling experience for me, and it was a, a very profound learning moment for me that I had such great appreciation for the skill set that they brought and the management skill sets they brought into running efficient county government. So here's what else I wanted to talk about. I wanted to thank Senator Clements. I think we've made a lot of progress, despite a lot of discussion, but it's been great discussion. We have all come to the conclusion that we need to provide the appropriate revenue stream that will supplant the loss of revenue that the inheritance tax provides the counties. We've established very clearly what the counties use this additional funding for. Senator Erdman talked about in Morrill County, they used it for mental health, behavioral health services where we know that region-- that region that they are beholdng to does not adequately fund. We know that Medicaid does not adequately fund a reimbursable rate that allows therapists and other clinics to

stay fully operational and in the black. So I really appreciate that acknowledgment. You know, what I also wanted to acknowledge today is that, that independent survey that was done that I referenced a few times by New Bridge Strategy done in 2023, their conclusion, again, is spot on and it's a conclusion that we're all coming to. And I also want to thank Senator Clements for talking about doing an interim study. That is exactly what this inheritance tax bill needs. We need to study the appropriate revenue stream that will supplant the loss of \$98 million on an annual basis that counties will endure. Many of those counties just don't have a county jail. Many of those counties came out in full force talking about their visitors and promotion bureau budgeting dollars that are essential to continue to attract tourists. But I think we're getting to the right point, and I do agree with Senator Clements that we need more time. We can't have revenue streams like the Visitors Bureau that are going down a rabbit hole that doesn't make any sense. So we need to appropriately vet any new additional revenue course that we're going to pursue to make sure it is the right course to pursue. I just want to read briefly these remarks and then I will continue to talk about unfunded mandates this morning. I'll continue to talk about lids. And I gave out an example that I wanted to go over what inheritance tax looks like in a common, everyday sense. But this is what that independent study said: In conclusions, Nebraskans, including Nebraska Republicans, Independents, and Democrats-- and I would like to add my own colleagues here in this Chamber view the state inheritance tax as acceptable after hearing a neutral explanation of the tax-- 3 in 4 voters support the state dedicating other tax--

KELLY: One minute.

RAYBOULD: --revenues-- thank you, Mr. President-- dedicating other tax revenues to counties to maintain current level of services and continue to make road and bridge repairs maintenance. Very few Nebraskans support counties increasing property taxes or eliminating services to compensate for the potential elimination of the inheritance tax. Strong majorities of Nebraskans view the ways that counties use the inheritance tax dollars as extremely or very important. I just want to throw out a very important example. Today, we have a wildfire in Lancaster County. And guess what one of the things that we need in Lancaster County, as I'm sure other counties that are experiencing these wildfires, we need more tankers out there in our rural firefighters' departments as well as in the mutual aid from the city of Lincoln.

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KELLY: That's your time, Senator.

RAYBOULD: Thank you, Mr. President.

KELLY: Thank you, Senator Raybould. Senator Albrecht, you're recognized to speak.

ALBRECHT: Question.

KELLY: The question has been called. Do I see 5 hands? I do. The question is, shall debate cease? All of those in favor vote aye; all of those opposed vote nay. Record, Mr. Clerk.

CLERK: 28 ayes, 4 nays to cease debate, Mr. President.

KELLY: Debate does cease. Senator Conrad, you're recognized to close on the amendment.

CONRAD: Thank you, Mr. President. Good morning, colleagues. I wanted to thank everybody for their thoughtful comments and perspective and good data and good points of consideration in regards to the bill that Senator Clements has brought forward. I think how we have thus far structured the debate has been thoughtful and meaningful. It is also allowed beyond building a thoughtful and important record. It is also allowed for a lot of organic and meaningful conversations on negotiations to happen off the mic. So in regards to those conversations, I think that there has been an agreed upon effort this morning to remove some of the pending amendments to allow for Senator Clements' amendment in regards to the tourism component of the underlying bill to come up. There seems to be widespread consensus that that component needs to move. I do believe that that amendment will be where we spend the remainder of our time as we work through a full hour-- 8 hours of debate where we're at. And then additionally, those conversations on negotiations will continue to happen in regards to the timing, when and if this measure moves forward and how it will be implemented, components related to revenue replacement with county jail reimbursement to make sure it is comprehensive and sufficient to ensure the needs of all counties and to address the unfunded mandates that come with the present arrangement. Because I think there seems to be a clear consensus that moving too fast or too far in regards to the inheritance tax will put too much pressure on local property taxes, which is something we're all deeply, deeply concerned about. Additionally, there has been a significant amount of organic interest and energy in regards to the idea that I put forward in the amendment.

Now, it's clearly a placeholder amendment and we're waiting for fiscal to get back some numbers to help better guide the conversation moving forward. But thinking through as part of the negotiations, some sort of upper echelon, some sort of upper limit where we may retain the inheritance tax in some form or another to ensure that we are providing appropriate revenue streams to counties and to ensure equity in our tax policy and to make sure that we're thoughtful about removing the existing components of the inheritance tax which, again, it seems to be a significant amount of agreement and consensus present that it's ensnaring too many middle-class families and too many family farmers. So there's a lot of moving parts on this, that's not a bad thing, but I wanted to signal to the body kind of where we are in regards to some of the negotiations and conversations, what's going to be happening procedurally so that we can get the consensus amendment up to center the remainder of the debate for 8 hours on General File. And then, of course, recognizing and understanding that if we're not able to find a meeting of the minds or consensus that the filibuster will continue and we will force a vote on cloture, which remains to be seen whether or not there's enough consensus in the body to move any reforms as proposed under LB1067. But I'm pleased with the tenor and--

KELLY: One minute.

CONRAD: --tone of conversation. I am grateful for the thoughtfulness by all parties. And with that, Mr. President, thank you and I would withdraw my amendment.

KELLY: It is withdrawn. Mr. Clerk.

CLERK: Mr. President, next amendment on the bill. Senator Clements would move to amend the committee amendments with AM2562.

KELLY: Senator Clements, you're recognized to open on the amendment.

CLEMENTS: Thank you, Mr. President. AM2562 is very simple, it strikes amendment 2 and inserts the following new amendments, strikes Sections 13 and 14 and renumbers the remaining sections, sections. Sections 13 and 14 said that the Board of Commissioners in a county may spend some of the Visitors Fund from lodging taxes and this would remove that ability so that the visitors committees, tourism committees will be the only ones who can spend lodging tax in each county. And I, I was looking for some revenue that could replace county revenues with inheritance tax and replace inheritance tax. Excuse me. And in looking at how much this would generate, I, I was thinking that the tourism

committees might have built up reserves like the inheritance tax reserves have been built up in a lot of counties. But then as I looked at it in detail, they're mostly spending all of the lodging tax that they receive for tourism and visitor promotion. And so there was not a fund of money that was just sitting unused that I've been able to find. So I think that it was just creating more opposition and not generating any benefits to the counties. So that's why I am willing to remove the lodging tax authority from the county commissioners. Although, I, I was thinking the county commissioners are the elected officials in the county who are accountable to the voters where the visitors committee or not elected officials, they're appointed. It made sense to me that elected officials should be ones responsible for spending tax dollars. But, in this case, it wasn't going to be a benefit so I would appreciate your support on the amendment and hoping this removes some objections and helps us work on the tax reform that we're working on. Last year, we did tax reform for, for income tax, corporate and individual, and that is going to be a benefit to our taxpayers. And we increased funding for education by \$308 million and that's lowered property tax. And we're-- there are proposals in revenue to increase the property tax relief. And so the inheritance tax, being 1 of only 5 states in the nation that has this is the next thing that we need to work on to do our tax reform in Nebraska to keep people coming to Nebraska for the good life that we do have and keep them here and not, not leave when they get to retirement age. So I'm also going to be introducing an interim study this, this morning. It's being drafted now to look at unfunded mandates to the counties and this, this coming interim we'll be working on that with the Revenue Committee. And so we're willing to work out a solution for this that we can all agree on. I've got other people that are working on finding the revenue replacement that's sustainable for the counties and there's a few different things we're looking at. We'll have to look at what the numbers are and don't have those yet. I still do have-- would like to leave in the reimbursement for inmates in county jails that are state inmates and that was taken away a few years ago. I think it's fair to let the counties be reimbursed the dollar amount of that. The committee amendment has \$100 per day and there, there is a couple amendments that have adjustments to that but we'll be debating those as we go along. So that's AM2562, would appreciate your green vote on that, and thank you, Mr. President.

KELLY: Thank you, Senator Clements. Senator Hughes, you're recognized to speak.

HUGHES: Thank you, Mr. President. I missed yesterday as I was driving through Senator Hardin's district, and I did a drive-by of Senator Erdman's house, so I did wave. So I'm sorry I missed the discussion yesterday, but I wanted to rise today to speak on LB1067 and I do support the, the new amendment that Senator Clements has brought forward about the tourism tax. On its own merits, the inheritance tax seems wholly unfair, outdated and having an outsized impact on smaller estates without the means to hire attorneys, CPAs, or estate planners to work around it. Eliminating this tax seems pretty straightforward. The issue, however, is the revenue that the inheritance tax goes directly to our 93 counties. These have historically been used as a source of emergency funds for counties to deal with unexpected costs and to avoid raising property taxes as a result of these costs. Some recent examples in District 24 include using the inheritance tax to pay for flood-damaged county roads, replacing road maintenance equipment that is broken, dealing-- and dealing with large increases in insurance premiums, etcetera. LB1067 attempts to provide counties with another source of emergency funds by reimbursing counties who house state prisoners in their county jails. An amendment was offered that would increase the reimbursement from the \$35 a day to \$100 today. While this is well intentioned, it's problematic. First, the bill caps the total state reimbursements to \$3.9 million per year in total for all 93 counties. This does not come close to offsetting the nearly \$80 million in inheritance tax going to the counties each year. Second, many rural Nebraska counties do not have local jails. Some rural local jails are at capacity and don't have room for state prisoners. Some rural counties are paying other counties to house their inmates as they are at capacity. Again, I think the inheritance tax is an unfair tax. Eliminating this revenue source without a viable alternative creates a difficult environment for county government to prevent future increases of property taxes. The bottom line is that citizens expect the continuation of essential services like law enforcement, fire services, road maintenance and repair when other factors like Mother Nature intercede and strain or break the expected budget. County governments are still required to pay their bills. I'm hopeful that we can figure this out. I'm not in favor of eliminating one tax to replace it with another, especially if it runs counter to our efforts to lower property tax. Thank you, Mr. Chairman.

KELLY: Thank you, Senator Hughes. Senator von Gillern, you're recognized to speak.

von GILLERN: Thank you, Mr. President. I'm just going to reiterate a few comments that I made the first day of the testimony regarding the

inheritance tax and I do stand in favor of LB1067 and the, the committee amendments. The-- my, my objection to the inheritance tax is primarily philosophical, and that is a fact. I just believe that it's wrong to tax dollars two, three, four times. And I, I ran through this again in my previous testimony. The fact that every dollar that ends up getting transferred and inheritance tax has already been taxed through your, your paycheck. Sometimes it's been tax through capital gains tax. If you own a home as part of your estate, you've been paying property tax on that. Every dollar has been taxed at least once, most of them have been taxed two and three times. So I just think it's philosophically wrong to tax dollars multiple times and especially on somebody who isn't here anymore and the argument is-- has been made, it's not a tax on the person who passed away. It's a tax on the transfer of funds. And frankly, I think that's splitting a hair. You know, another objection that I have is, is that it's simply a redistribution of wealth program and, and that has been testified to by some of the proponents and they've said that out loud. OpenSky said that in the testimony that it was a great way to access wealth. And, and I think that needs to be repeated over and over again. That, that that is by design part of their attraction to the inheritance tax. I don't doubt what Senator Hughes and others have said about the fact that the counties, you know, count on this money and they need to find a revenue stream somewhere, but this is simply the wrong place to find it. My, my last comment is that, you know, Senator Raybould is talking about maybe we should do a study on this. And I've only been around here, this only my second year, but I do know that that's the best way to kill a bill is to just convert it into a study. So with that, I will yield my time to Senator Albrecht.

KELLY: Senator Albrecht, you have 3 minutes.

ALBRECHT: Oop, are we on? Thank you, Mr. President. Thank you, Senator von Gillern. I rise in support of LB1067, AM2492 and AM2562. I was off the floor yesterday, but I have an idea that the conversation is, is supposed to be going for 8 hours. And I know that in this body we have, what, maybe 26 days left to get this figured out. And I really do believe that, that this legislative body can know and understand the frustrations that the people have heard on the floor about this tax. We have a seventh-generation farm family that I am now a part of and I have watched how hard they work every single day. You know, feeding cattle. We don't get-- we don't get vacation days because we don't really have a lot of people to back us up. But the vacation days that we do take are pretty precious to us. But when it comes to us passing this legacy on, if the kids even had a quarter of a section of

ground that could be worth \$1 million today, the lenders are asking for 30%. You know, if you-- if you're good and you can get 10% and you have enough behind you to put down, that's still \$100,000 for them to come up with and/or 30%, \$300,000. The amount of equipment that it takes to keep a farm going. And, you know, when I first came here 8 years ago, they were always talking about the farm families that, you know, we want to be able to pass it on to the next generation. You know, at this point in time, I believe there was a study out of how many farmers in the state of Nebraska are at that retirement age. If you don't have heirs to pass it on to, it would be very difficult to, you know, have the guy that's helped you for the last 20 years on your place try to inherit some of the ground if--

KELLY: One minute.

ALBRECHT: --at all possible. But that, in itself, is very difficult to do because, again, you have to have enough money to put down for that piece of ground and you better have enough equipment to run with it. There's just a lot more that goes into it. But what I want to say, with Senator Clements being the Appropriations Chair, this has been something he has talked about for a long time. Being a banker, being an accountant, you know, he has probably seen many, many families rise and fail in the farming industry because of things like this that are going on. I know Kristi Noem up in South Dakota, that's why she ran to, to get rid of inheritance tax, because she could have lost their family farm as well. The whole family had to go out and get jobs and figure out how they're going to make these payments. It's not as easy as it seems and I hope people will recognize that it's, it's very much needed to, to find a replacement for these, these funds. And I do believe serving on Revenue, we--

KELLY: That's your time, Senator.

ALBRECHT: Sorry. Thank you.

KELLY: Thank you, Senator Albrecht and Senator von Gillern. Senator Clements, you're recognized to speak.

CLEMENTS: Thank you, Mr. President. Got up a little bit sooner than I thought, but. The amendment on the board is the removal of the lodging tax access from the county of-- county board and lets the visitor committee control that completely. And I just wanted to-- do want to let you-- let you know that I'm working on some revenue replacement ideas and it may take till we get to Select to do that. I would

appreciate a vote to move this bill to Select and then you can evaluate at that point. I think we'll have at least enough revenue replacement to cover what the first year loss is-- revenue decline is. If you looked at my sheet, the revenue decrease is \$12 million estimated the first year. The counties are estimating more-- in the second year, it was \$15 million, that's the minimum amount I'm looking for to provide so that we have no effect in the first year of this bill, then-- but looking for a broader replacement after that, continuing to work on that. And, with that, I'll come on the microphone later with more information but I'd like to yield the rest of my time to Senator Albrecht.

KELLY: Senator Albrecht, you have 3 minutes.

ALBRECHT: Thank you, Mr. President. Thank you, Senator Clements. I do appreciate this time on the floor because I, I really want to help you understand and hear the hearts of the farmers who have been paying these inheritance taxes for many, many generations. And, you know, when it comes to some of the counties that I represent, I think it's important to get it on the record. Senator Clements was able to give all of us the, the amount in reserve in our counties. And because this is going to be over a 5-year period, I think it gives everybody enough time to understand where these funds are going to come from. You know, some counties don't even have any bridge and, and road funds available to them. Some of them want to build new courthouses and have no funding to do so. There's a lot going on out there but if we work together as we have I don't believe the state of Nebraska has ever let any of us-- any of the counties down, any of the municipalities. You know, Senator Dorn had brought a bill, you know, when they neglected to have insurance-- not neglected, but they just didn't have the insurance with that-- with the Beatrice Six event that happened in their county, but we, we came to their aid, \$30 million. When the-- when the municipalities, some of them had signed on and the contracts weren't what they should have been and a lot of counties could have gone bankrupt, 7 of them were on a list. But we came to the aid of those counties when they-- when we had that severe blackout that ran through the whole Southwest Power Pool. So we are there for our people, and I know that we'll be there for this. So I represent Dakota, Dixon, Thurston, and Wayne. In Dakota County, they have three-- about 3.5 years, they have \$1.6 million. So, again, being able to make this-- figure out how this is all going to work over that period of time should be ample time to, to get settled in. Dixon County is at \$3 million with 5.5 years of inheritance tax in their coffers. Thurston County is at \$1.5, they have 4 years. In Wayne

County, \$753,235 with 1 year. So, again, we'll get this worked out. It's going to take some time. But I know that, that if the Governor is, is willing to look at 40% reduction in property taxes, I know that we have a lot of irons in the fire and I understand that it's kind of like we have the cart before the horse because Senator Clements, being Appropriations Chair, has a lot on his plate right now. So once we give him those, those different pockets of money that we're going to start putting away as a state for the cities and the counties, it-- it'll make a huge difference for people to understand.

KELLY: That's your time, Senator.

ALBRECHT: Thank you.

KELLY: Thank you, Senator Albrecht. Senator Hughes would like to recognize guests in the north balcony, 23 fourth graders from Heartland Community Schools in Henderson. Please stand and be recognized by your Nebraska Legislature. Senator Lowe would like to recognize the physician of the day, Dr. John Jacobsen of Kearney. Please stand and be recognized by your Nebraska Legislature. Mr. Clerk, for items.

CLERK: Mr. President, your Committee on Revenue, chaired by Senator Linehan, reports LB1019, LB1095, LB1151, and LB1113 to General File, LB1113 having committee amendments. Additionally, new A bill, LB1061A, introduced by Senator Ibach. It's a bill for an act relating to appropriations; appropriates funds to aid in the carrying out of the provisions of LB1061. That's all I have this time, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Linehan, you're recognized to speak.

LINEHAN: Thank you, Mr. President. I, I want to thank Senator Clements-- Chairman Clements, for all the information he's given us that's laying on our desks and I want to plead with the body to actually look at it. So here's one that he's handed out: Nebraska total inheritance tax collections since 2002. So what's going on with a lot of our programs in the state and part of the counties' concerns and part of is we have, for the first time, the last couple of years have had real inflation. But if you look at this chart, in 19-- 2019-20, the counties collected \$63 million. In '22-23, they collected \$99 million in inheritance tax. That's a 63% increase. Because why is that happening? Because you don't have to have very much anymore to have \$1 million, a farm and 80, a house, a couple of cars. I mean,

this is so silly that, currently, the exemption for a niece and a nephew is \$40,000. I don't know if any of you bought even a used car lately. I bought one not that long ago and it wasn't 40, but it was more than 30. And I have a house and 80 acres and not very good farmland, CRP, but it adds up pretty quickly. And I'm sorry, I'm not rich. I have kids-- children who will inherit, but I have a sister that doesn't have any children. Well, why should a niece and nephew have to pay inheritance tax on everything over the car? So they've got a car or maybe two cars, two used cars, \$40,000, have a house, a couple hundred thousand dollars, have 80 acres, depending on where it's at, let's say \$300,000. Again, I'm from not so good-- great farmland. They ought to have to pay 11% inheritance tax on that? It's mean, guys. It's what it is, it's mean. You take a couple or somebody who was never fortunate enough to get married, doesn't have family, kids who are-- like, most of us are lucky enough to have. I know it's a lot of effort to raise a family, but you always have somebody to call. We're talking about people that have been lucky enough, hopefully, that they have a niece, a nephew, a cousin, somebody they can call when they fall down, when they need to go to a doctor's appointment, when they have to have somebody drive them. And those people have been there for them for who knows, 30 years, and now we're going to make them pay 11% on anything over the two cars. It's crazy. It's not fair. It's not very Nebraska. And then let's just say that they had a neighbor next door who took care of them for 20 years, no blood relation, anything over \$25,000 we're going to make them pay 15%. This is not OK, guys. It's not. And I can't think the paperwork on some of this makes any sense for the counties. Like, really, you're going to chase down somebody who's got a couple cars and maybe a house that's 80 years old that might sell for \$25,000. You're going to chase them down and collect a few, \$1,000 or so in inheritance taxes. Really?

KELLY: One minute.

LINEHAN: Not worth your paperwork. And the idea that somehow the counties cannot survive with this cliff effect, it's not a cliff effect, it's 5 years. And as Senator Albrecht was just saying, according to something else, again, if we just would look at what the Chairman is offering, it says the counties currently have 4 years of inheritance tax in reserves. They have 4 years in reserves, we're giving them 5 years to adjust. That is not a hard math problem, guys. It's not. Thank you, Mr. President.

KELLY: Thank you, Senator Linehan. Senator Dorn, you're recognized to speak.

DORN: Thank you, Mr. Lieutenant Governor. Thank you, colleagues. Yesterday, when I got on the mic, I-- I'll get on again to say and I agree with Senator Linehan, I'm 100% with eliminating the inheritance tax. I think that is the proper way to go. I think that's what we should do. When I talked yesterday, though, for me, the number one issue is the funding and why should those counties now have to pick up \$75 million or \$90 million in funding and where will it-- where would it ultimately come from? And probably most likely some of that will come from property taxes, not all of it. But I, I did get a handout yesterday from-- this comes from what the counties have to turn in to-- listing their budget, listing what they have in inheritance tax and all of that when they give their budget in by September 25 about or whatever, has some interesting things on it. It lists everybody's budget and lists what everybody has in the inheritance fund. It also lists what each county has in the cash reserve. So when you add the cash reserve together with the inheritance fund, that's basically like our so-called General Fund. That's what we-- what, what they have in to support themselves for the next 2 years or 3 years or 4 years or whatever. Just, just a reminder where the state of Nebraska is at. We have approximately a \$5.5 billion yearly budget, 16% of that puts us at about \$880 million. We did end the fiscal year-- we ended the fiscal year at-- I believe Senator Clements would have to correct me, but it was an \$858 million range. So we are right at that 16%. To put that also in context, when I came here 6 years ago, we were at \$300 million not \$850 million. It's grown over time. We were up in the \$2.3 billion range because of other funding and last year we appropriated a bunch of that funding. But state of Nebraska, our budget, we are right at the 16%, \$5.5 billion, \$880 million, we have \$850 million. So we're right there. This sheet of paper shows who, if you add the inheritance and their cash reserve compared to their budget, who is in the red or who is short an amount or who has an extra amount. The interesting thing is 45 of them are in the red. They have less than the state of Nebraska, less than that 16% when you add those two together, 48 them are in the black, or in other words, half of those counties have more funds in their reserve than what we do, that the state of Nebraska has for their budget what we have in our General Funds. So the interesting point is here that there are some counties that fall way down and they're-- they don't-- they don't have the 4 years of what we've been talking about and, and, and I want to pull up two counties. I didn't catch all the counties that Senator Albrecht talked about. I know she

talked about-- I marked them here. She talked about Dixon, they have a \$19 million budget. They have inheritance right now of \$3 million, just a little over, their cash reserve is at 1.15, 2 million. So they have 900-- when you add those numbers together, they have \$964,000 extra dollars in their so-called fund like what we have. I know another one that she talked about was Thurston, \$13 billion-- \$13 million budget, \$1.58 million in inheritance, \$1 million in cash reserves, they're at \$404 million-- \$404,000, excuse me, \$404,000 so-called extra in what they look at. But I want to pick out another one here, Dawson County, which is in Senator Slama's-- no, excuse me, Dawson County--

KELLY: One minute.

DORN: --is Lexington, \$50 million budget, \$4.1 million in inheritance, \$1,020,000 in cash reserve. They are \$3 million under where they need to be, \$3 million under where the state of Nebraska thinks they need to be. Not, not where they need to be-- the so-called 16%. That's where the state of Nebraska is. And I, I talked yesterday and we'll talk more on the mic again how we as a state-- it took us forever to get up here. We're there, and yet we don't want to fund this and we blame the counties for being there. Thank you.

KELLY: Thank you, Senator Dorn. Senator Erdman, you're recognized to speak.

ERDMAN: Thank you, Mr. President. I appreciate it. So I listened to Senator Dorn and also tried to absorb what Senator Raybould said. So let me-- let me give you some examples of how Morrill County did it. Morrill County made it through. Morrill County still continues to do the same thing. So when I was the county commissioner, like I said, we had zero reserves, had nil in the inheritance account, and we would have issues come up that needed to be dealt with. For example, we had a contract with the elevator company to inspect our elevator twice a year, and the elevator company inspected it, and the, the door when it opened made so much noise you couldn't talk over it. And the professional elevator person said we needed a whole new drive system, and that was \$10,000. And the good news is, we have one left in existence. And if you don't replace that, then you'll have to replace the whole elevator. And I thought that was peculiar. And so looking at the county's finances, I knew we needed to do something other than what he had suggested. So I took it upon myself to examine the elevator myself and what I discovered, the bearing was out on the motor. So we had the motor rewound and put it back on. It was about

\$500 total expense. And when the elevator representative came in 2 weeks and asked what we decided, I said we fixed the elevator ourself and we do not need your services anymore. A very similar thing happened when we were having one of the only-- or a few murder trials in Morrill County, the air conditioner went out on the building as well and we did a similar thing there to get it up and running. So what I'm trying to tell you is doing things as you've always done, following the same procedures that those before you did will not get it done. You have to make decisions based on what you have to do. So don't let Senator Raybould tell you that when she was county commissioner, that they had to do all these things and they continue to do what they've done in the past and that's what we have to continue, so we need all this money. They can make the decisions that need to be made to make this work. But Senator Linehan explained, and Senator Albrecht as well, about what inheritance tax-- inheritance tax does to those who are a recipient. And I remember when I was county commissioner, I would attend NACO annual parties or a convention, I guess they call it, and the conversation about inheritance tax would come up. And I would routinely hear that it is good to take the inheritance tax from these folks who have passed, because most often the recipient is not a resident of your district or even your county or state. And so what difference does it make if we take money from those people who don't live here, they can't vote for you. That was the attitude. That's the wrong attitude to have, they're still people, they still should have rights and privileges and it's their money. Senator von Gillern made a comment last week, everything you have, you paid taxes on the money before you paid the mortgage. Then after the mortgage was paid, you keep renting from the county and every year you pay your rent--

KELLY: One minute.

ERDMAN: --and you continue to pay that rent until you die and then they tax you again. Now, tell me how that makes any sense. And I would like to have those people that are opposed to LB1067 tell me how that is not regressive. Tell me why that is a good idea, that once you have paid taxes for a number of years on property and you die, then they should tax you again. If you can explain to me the commonsense application of that, you can also tell me where the white goes when snow melts. Thank you.

KELLY: Thank you, Senator Erdman. Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you, Mr. President. And I'm happy to address Senator Erdman's concern. So just to give you an example, I believe there were 800 probate cases in Lancaster County when it comes to looking at an estate and I think only, ultimately, maybe 300 ended up being adjudicated and inheritance tax placed on, on those. The, the bottom line is you have a very small group of people that pays-- that their estates or their family estate pays that inheritance tax. You've heard from the counties multiple times, multiple testifiers, multiple cases where the county say absent that inheritance tax, we have to trigger a property tax increase, which means the whole body of those constituents in that entire county now share in that burden. But I wanted to talk about something else, and I want to agree with Senator Albrecht. Yes, the state has stepped up in emergency situations, but, yes, the state has taken away. You know what the Legislature giveth, they can also taketh away, which they have done repeatedly. I've said this about 10 times already in this Legislature, started as county commissioner, did away with state aid to cities and counties, that hasn't been supplanted since I've, I've been around in elected office. The problem with emergency funding from NEMA and FEMA, as many counties will know that when they get funding or request funding for the replacement of that culvert or that road or that bridge that was washed away in the disastrous flooding, it takes years to get that, that collection from NEMA and FEMA. The other thing is, you know, we should not legislate in a vacuum. We have other legislative bills pending that want to continue to hamper and handcuff our counties from doing their job and providing the services that their communities expect in an efficient and cost-effective way without raising property taxes. There are several bills pending: LB1414, LB1248, or LB1316 that wants to put caps on the counties. So to say that there is a valuation increase of 5%, you have to have an offsetting 5% reduction in your property tax rate and your property tax levy. That's almost impossible to keep up with the tremendous amount of increases in the cost of materials for your infrastructure improvement. Here's what one Seward County official said: Good afternoon, I'm the sewer county clerk and have been the budget-making authority for Seward County for over 25 years so I am quite familiar with budgeting process. If you eliminate the inheritance tax fund, it will increase taxes. How, you ask? Seward County is [INAUDIBLE] when expenses have not been budgeted for or emergencies arise. For instance, Senator Erdman talked about elevator repairs and so does this county official. For instance, when the courthouse elevator needed repairs, cost came out of the inheritance fund. As most know, elevators are not cheap, and the cost for this project was over \$80,000. If this expense was not paid out of the

inheritance fund, we would have had to raise money through property taxes. We also use the inheritance fund to transfer money to the general fund to help keep the property tax levy down. I'd like to repeat that line. They transfer it to the general fund to help keep property tax levy down. And that's what we have done in Lancaster County as well. People often say that property taxes need to go down, but by eliminating the inheritance tax property taxes will go up. Why does our budget go up every year? Well, our health insurance rates--

KELLY: One minute.

RAYBOULD: --thank you, Mr. President-- our health insurance rates were up over 5% last year. Liability insurance went up. Gravel costs for our roads were up. Motor graders are much more expensive than 5 or 10 years ago. We have 16 different precincts and have one motor grader for each precinct. If we did not purchase one each year, our motor graders would be over 16 years old. Would they have been able to handle the snowstorm of January of 2024? Ask yourself, has your own health insurance gone up? Have you bought a vehicle recently and it costs less than the one you purchased 5 years ago? The bill suggests that reimbursing counties for safe keeping of state prisoners will provide revenue replacement. Seward County has a problem finding enough personnel to work in our detention center currently, and the amount of reimbursement would not replace the revenue. The inheritance tax fund statutes were changed 2 years ago by decreasing revenue to the county. Please do not change it again.

KELLY: That's your time, Senator.

RAYBOULD: Thank you, Mr. President.

KELLY: Thank you, Senator Raybould. Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President. Good morning, colleagues. I do rise today, generally, opposed to LB1067 and also opposed to the amendments on here. I haven't spoken much on this yet. We've been dealing with a number of other things, but I just wanted to take a step back and kind of talk a little bit about my, my personal beliefs with regard to the inheritance tax and where we are with regard to that revenue stream. I, I, I do sit on the Revenue Committee and so I am privy to these hearings and these conversations. I would agree with a number of the comments that have already been made today about some of the elements of the inheritance tax I think that people find problematic. Right? I

understand the, the notion that if somebody, you know, receives this inheritance and it's already been taxed time and time again that it could be problematic and I-- and I understand sort of that emotional reaction that we have towards it because it is, you know, combining taxes with the passing of people that could potentially be close to us or related to us. And when you have those two things conflated, it becomes complicated. But I do think, as we've talked about in other bills, we need to be making decisions in this body based on data, and we need to be making decisions in this body based on numbers. And when I talk with the individuals who, frankly, know far more about the numbers than I do from their personal counties and from where they come from, they raise a number of what I believe are legitimate concerns. At the end of the day, what I think LB1067 comes down to is whether or not we are going to have adequate funding for counties to be able to provide essential services and to be able to plan into out years to ensure they can continue to have those essential services without putting a squeeze on them. In addition to that, I think what we're talking about with LB1067 is whether or not there is an adequate replacement of that revenue. I absolutely think that, you know, there's been conversations about that. I think that the jail reimbursement for state incarcerated people is a step in that direction. But also looking at the numbers and, and talking to those people, as we've heard many other people point out here today, that number is simply inadequate to make up the loss of revenue that you get by eliminating this. And so I, I do believe that there's a conversation to be had, perhaps in the interim moving forward about where that revenue stream can be made up. I've spoken with a number of individuals from counties where they've said they're willing, I think, to have that conversation moving forward. But I don't think now is the time to do that. I think once we start trying to do math on little yellow sheets of paper in here and dropping them as amendments, we end up with unintended consequences. And I think that we should be doing everything we possibly can do to be forward planning on this and be forward thinking and ensure that the counties are going to have ample revenue streams in the future. In addition to that, there's a couple of other points I, I just wanted to touch briefly. I know we have quite a few people in the queue still so I might get to talk again. One of those is in reading about the inheritance tax and reading about the data, I will just note that according to federal statistics the majority of inheritances across the country, I don't have Nebraska specific statistics, but the majority of inheritances across the country are comprised primarily of unrealized gains. And what I mean by that is we're talking about money usually invested in stocks or

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate February 28, 2024
Rough Draft

other sort of investments that have not ever previously been taxed. And so when we're talking about the concerns, you know, with regards to multiple taxation on the same amount of money, I get that, but it just seems to me that the vast majority of these inheritances are not having that problem, that these are unrealized gains that are not previously being taxed. And so I think what we're trying to do by looking at that is addressing the overall pool of money and saying some part of that can be subject to tax depending on its amount. In addition to that, the inheritance tax, based on how we have structured it, is one of our few progressive taxes here in Nebraska. And what I mean by that, obviously, is not progressive or conservative, but progressive insofar as, as you are worth more or as the amount increases the tax also increases.

KELLY: One minute.

DUNGAN: Thank you, Mr. President. And so we've structured it in such a way that there is a progressivity to our inheritance tax. And I think that that does a better job of capturing the values that should be taxed and so that, that I think is important. One last thing I'll say because I don't know if I'm going to get to say this again today. I do think sometimes here in the Legislature we live in a bubble and we need to make sure we remember that everyday Nebraskans often are struggling financially. I know that there's any number of amounts that we can look at for, for things like used vehicles or houses, but I have friends who are working full-time jobs who are riding their bike to and from work because they can't afford to buy a used car and that's real. And so I just want to make sure that we keep those people in mind when we're talking about money as well because I think sometimes we can get a little bit off track forgetting that there are people out there living paycheck to paycheck. There's people in here living paycheck to paycheck and so I just think it's important we keep them in mind, too. Thank you, Mr. President.

KELLY: Thank you, Senator Dungan. Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. I would echo Senator Dungan's comments about maybe grounding our conversation and closer to reality and recognizing that while we-- some of us sit in our comfort of our generational wealth or inherited wealth or accumulated wealth through our lifetime, that-- to say that \$1 million is not a lot of money is-- I apologize, it's laughable and actually made me laugh. So I actually punched in originally to go back to talking about when I was talking

like yesterday, which was Senator Clements gave us some numbers about what are the average estates that are inherited and, actually, grabbed the wrong piece of paper here, but for children it was \$500,000. And that's across an estate, which means divisible by the number of children. So using myself as an example, if at some point I get to the point of having an estate worth \$500,000, which I'm not at, by the way, but, hypothetically, my house is worth more than \$400,000 and my two cars, which I bought one 10 years ago for about \$18,000 and I still drive, so it's worth much less than that at this point, and my other car bought for somewhere in the high 20s 10 years ago and, and still drive. So we'll just, hypothetically, say that all of those add up to \$500,000. My children would stand to inherit that estate and it would be divisible by 4. And I know Senator Raybould handed out a handout and I would make a caveat and correction to that. I did talk to some folks. The \$100,000 deduction comes off for each child. So my 4 children would each have the \$100,000 off the top of that \$500,000 and then you divide the remaining \$100,000 by the 4 of them, which is 25,000, and then they would pay the 1% inheritance on that \$25,000, which is \$250 apiece. So that is the sum total of the effect of this on my, my children's potential estate if, if I ever get to be worth that amount of money. So that's what we're talking about in, in the Senator Clements' average situation applied to myself. The other numbers were-- \$126,000 was the average estate for a nondirect family member so a niece or nephew and that's times the 11%. And, again, that's-- oh, I'm sorry, it's \$166,000, I subtracted the \$40,000 from that. And then there's the 100-- and I believe \$136,000 is the-- was the other number of times the 15%. But, again, you take the number off the top of that. And, of course, 11%, 15% of \$126,000 is substantially more than the 1% that my children would pay on that \$25,000 that they inherit. So-- but that's what we're talking about is the average case as proposed by the proponent of this bill. But like everyone here, I'm not standing up to defend the virtues of the inheritance tax. I just think when we have this conversation, we need to have it grounded in reality, and we should have it based on facts and we should not, I guess, create these other types of strawman. Which brings me to my other point, which is the conversation we've been continuing to have about cash reserves. And I've had several conversations with folks trying to figure out what people are getting at when we're talking about these cash reserve amounts. So on this sheet that we were handed--

KELLY: One minute.

J. CAVANAUGH: --thank you, Mr. President-- Adams County trust fund balance, \$2,597,000, and then says 1.6% of their annual 5-year inheritance tax. But that is not an indication of Adams County's financial health, their ability to bear the loss of \$1.5 million a year. It's not an indication of how much money they actually have on hand or on any of their obligations. It's simply the amount of money that's in that account. And I know that Senator Dorn was going through this earlier, but Adams County, \$76 million is their annual budget. Their cash reserves, aside from the inheritance trust, is \$750,000. Their necessary reserves under the recommended 2 months of cash reserves is \$12 million, which essentially means with the inheritance tax and the other cash they have, they're \$8,271,000 under what would be a healthy cash reserve.

KELLY: That's your time, Senator.

J. CAVANAUGH: Thank you, Mr. President.

KELLY: Mr. Clerk.

CLERK: Thank you, Mr. President. Just an announcement. The Education Committee will be holding an Executive Session today in Room 2022 at 10:30; Education Committee, Executive Session this morning in 2022 at 10:30. Additionally, the Transportation and Telecommunications Committee will hold an Executive Session under the south balcony at 11:00 a.m.; Transportation Committee, Exec Session under the south balcony at 11:00 a.m. That's all I have this time, Mr. President.

KELLY: Thank you, Mr. Clerk. Senator Lowe, you're recognized to speak.

LOWE: Thank you, Lieutenant Governor. Here we are talking about the cruelest tax there is, the death tax. It is the cruelest tax that we have. Families are dealing with loss, loss of a family member and, here, government wants to come in and take some money. That's cruel. These assets that the family has acquired has taken years for them to acquire and they wish it to go to the family members. I had a great aunt one time that left a farm to the family, and because prices on crops were not high, it took 20 years to pay off the inheritance tax with the profits from that farm, 20 years. Families are dealing with grief. My father served on the Buffalo County Board of Supervisors for 10 years. He knew what he was doing when he-- when he was there. His favorite saying was no new toys. We don't need them. We all like shiny new objects, but do we need them on the backs of families, families that have worked hard for their assets? When we-- when I first came

down here, when our class first came down here, we didn't have any money to give out so everything that had a fiscal note didn't pass. Counties can do that, they have to prioritize-- they have to prioritize their spending. This is the cruelest tax that we have on our citizens of the state of Nebraska and here we are speaking in favor of it. You ought to be ashamed of yourselves. Ashamed. People are grieving when this tax is being harvested from the families. A house that sold not long ago for \$250,000 paid a tax of \$803 in Buffalo County. Five years later, that house is now worth \$325,000 and so they pay \$1,043, \$240 more and nothing has changed on that house but you owe more taxes. They are already collecting this death tax because valuations are going up. They're already collecting more money over the last 5 years. So they're not short anything, they just want to spend more. They just want to have that money set back so in case something happens. Well, you need to budget for that. Don't depend on a death tax to do this. We ought to be ashamed of ourselves for wanting to tax people who have passed away. With that, I'll yield the rest of my time to Senator Albrecht if she would take it.

KELLY: Senator-- thank you, Senator. Senator Albrecht, that's 1 minute.

ALBRECHT: Thank you. Thank you, Senator Lowe, appreciate it. Thank you, Mr. President. Again-- in the 1 minute, I'm, I'm just going to talk about, remember that, that our state remains 1 of only 5 states that collect inheritance tax so there are other means, there are other ways. And when I think of being here the last 8 years and the amount of money that has gone out of the state coffers that are our tax dollars, it-- the big-- the biggest thing that we've been talking about in this, this group that I was in with the Governor and many, many other business leaders and other state senators is we have got to stop spending. We have got to look at things differently. I know Senator Raybould had said, you know, the cost of insurance goes up. I represented as a county commissioner of Sarpy County, they had the, the best, most unbelievable Cadillac plan when it came to insurance.

KELLY: That's your time, but you're next in the queue, Senator.

ALBRECHT: All I'm saying is we need to take a look at what we have got going on and are we being as prudent as we possibly can when we are-- when we are going through the budget? That's why Senator Ben Hansen asked for the card. People need to understand what's happening here. OK, I'm going to take the time right now to-- in the Revenue Committee when Senator Clements brought this forward, his twin brother came

before us and I like the idea that I can express to you and the public from an attorney's point of view what this looks like with the inheritance tax. Again: Dear committee members, I'm an estate planning attorney and I have handled Nebraska estate and inheritance tax determinations in Elmwood, Nebraska, since 1976. It's the year I graduated. I support LB1067 for the following reasons: Number one, the heirs of every descendant who resides in or owns real estate in Nebraska are subject to inheritance tax except for a surviving spouse. No estate planning techniques such as revocable trust, joint tenant ownership, pay on death or transfer of death beneficiary designations reduce this tax if the descendant retains ownership or use of the asset. This causes substantial delay and legal expense for the heirs of such estates. Number two, beneficiaries of smaller estates pay legal fees nearly equal to those of larger estates for Nebraska inheritance tax determinations and county court since the process is nearly the same regardless of the value of the estate assets. Several attorneys have told me that the mandatory inheritance tax proceeding results in nearly the same legal cost-- excuse me-- same legal costs for their heirs, regardless of the descendant's attempt to simplify the transfer of assets to his or her heirs. Elimination of the Nebraska inheritance tax could save those heirs thousands of dollars in legal and administrative costs. Number three, the examples in my handout show two estates that I've handled, the niece and nephew inheriting \$300,000 estates owed about the same tax as the children who received \$3 million. LB1067 would immediately reduce the disparity in taxation by lowering the Class II and Class III rates to 5% of taxable property. Small estates would pay 5 to 12 times the tax imposed on the close of the relatives in Class I until the tax is repealed. Number four, I currently represent a niece and nephew who have been forced to list their great grandparents' homestead farm for sale so that they could pay their \$40,000 in inheritance tax bill. LB1067 will help to preserve family farms businesses and retain residents who may move nearby-- to nearby, nearby states to avoid the Nebraska taxes. Number five, I support provisions that reimburse counties for housing state prisoners. I believe Cass County built a large new jail anticipating revenue from state and federal correction funds. The county should be compensated for providing housing for those prisoners. And number five [SIC], 50 years ago this month, the Legislature adopted the Nebraska Probate Code, quote, to promote a speedy and efficient system for liquidating the estate of the descendant and making distribution to his successors, end of quote. LB374 approved on 3-27 of 1974, Senator Luedtke, Carpenter, Chambers,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate February 28, 2024
Rough Draft

DeCamp, and others, it is time to make that policy a reality in Nebraska. I urge you to--

KELLY: One minute.

ALBRECHT: --vote for the advancement of LB1067. Thank you for your consideration. Richard L. Clements, attorney at law, Elmwood, Nebraska. You know, we really do need to take heed to what is going on with these family members. Again, this isn't some big corporation that's going to sell out and, and, you know, somebody walks away with the money. This is a legacy of heirs that have, have worked these lands. In the Albrecht family, it's over 100 years. I mean, we have to do what we can to preserve that land just as, as our ancestors have. But, more importantly, the, the money exchanged, whether you-- and the families keep growing, but it takes a lot to do what needs to be done on farms today and to keep them alive. We have the number one industry in our state that is going to-- is-- it's crippling the families that are trying to rise above and have family members come back to the farm so that we can take care of things. Thank you.

KELLY: That's your time, Senator. Thank you very much. Senator Kauth, you're recognized to speak.

KAUTH: Thank you, Mr. President. So as I'm listening to the debate, nowhere have I heard anything about how counties are talking about truly looking at their costs. The first thing that has been said to us when we have heard these bills-- this bill and Revenue was public safety will be compromised. Oh, no, the sky is falling, 911 won't work. We won't be able to pay for police or fire. If the first thing an elected official thinks to do to cut in, in-- when they're faced with tightening their budget, is emergency costs, that elected official needs to be voted out pronto. This bill gives 4 years to gradually step down, coupled with the exorbitant balances held in their accounts. And let's remind people for anyone who didn't hear the other day, there are only 2 counties that have less than 1 year's reserve in their inheritance tax fund. There are 8 counties that have between 1 and 2 full years' worth of operating expenses in their inheritance fund, and then between 2 and 5 years, 26 counties can last between 2 and 5 years with their inheritance fund. And I have to add this up a lot more, because between 5 and 10 years, there are 41 counties that have between 5 and 10 years of operating expenses in their inheritance tax fund; between 10 and 15, there's only 7; between 15 and 20 years, there's 3; between 20 and 30 years, there are 3 counties that can operate for 20 to 30 years; and there are 2 counties

that have over 30 years' worth of expenses in their fund, 30 years. Actually, Hall County has 37 years. They can keep going for 37 years without ever touching it. When we talk about replacement of a revenue stream, I start getting concerned because, again, we're not talking about what needs to be cut. How do we evaluate everything that we're doing and decide what is a need like 911 and what is a want? I do question if you're waiting around for people in your county to die for you to bulk up your fund, do you actually pay someone to sit there and do the analysis on how old people are and what their health is so that you can plan and strategize better? When we have groups who start to look at other people's wealth that they've worked for and sacrificed for in order to provide for their family, we have a huge problem. It was pointed out to me, by the way, that county reserve funds are not allowed to have more than 50% in their fund, but the inheritance tax fund is different. And on your desk, Senator Clements has passed out a list of all of the counties and there's a lot of them that have more than 50% in this fund, some of them way more. Thayer has 267.4% more in its reserve fund. Again, this is a tax that happens only because of the death of a person. They've paid property taxes on that property their entire life. That property when it goes to the next owner, hopefully their child, hopefully, like Senator Albrecht says, it can stay in the family. They will continue paying property taxes on that. The only difference is that someone has died. That's not fair. That's not right. We're one of 5 states that still does this. And as you can see by the totals that are accumulating, it's not necessary. We run a pretty strict budget in my house so I would be happy to sit down with the counties and go over anything that you have in your budget and let's look at categorizing what is a need and what is a want and figure out what it is that you can tighten your budget on. Thank you, Mr. President.

KELLY: Thank you, Senator Kauth. Senator Clements, you're recognized to speak and this would be your final time before your close on the amendment.

CLEMENTS: Thank you, Mr. President. I wanted to go-- review this inherited tax plan and what the purpose of this bill is, it's an essential piece of the tax reform puzzle. And especially the priority here is keeping people in Nebraska like we've been reducing taxes in other areas. And I really appreciated so many people who have said they agree that the inheritance tax is an unfair tax and that we need to find a way to eliminate it without a lot of disruption. So I do want us to keep focused on the fact that 45 other states have figured this out, that we're able to figure this out. And I'm looking to

consider replacement revenue-- looking for replacement revenue, talking to people about that. And as it phases out, continue to replace revenue. I am introducing an interim study where I will continue to work with the Revenue Committee on revenue and unfunded mandates in counties. We've, we've been talking-- people have been talking about losing \$90 million or so, that's not going to happen this year at all. We don't have to figure it all out this session. And I do have language in the bill that improves the reporting of inheritance tax so we can track it better, looking at such things as a documentary stamp tax that counties get, which go to every county, need to be looking for things that every county would benefit by, they get some motor vehicle tax. And that would be another thing I'm trying to look into. Of course, the funding for state inmates and county jails, that's still in the bill. And I do appreciate all the remarks that I've been hearing about, that's been encouraging to me to hear that so many people are willing to get on board if we've come to a solution as to revenue. And I appreciate your patience and would be willing to work with anybody that has some suggestions. I am going to be talking with the Governor and he has some ideas, I believe. With that, I would yield the rest of my time to Senator Erdman if he wants it.

KELLY: Thank you, Senator Clements. Senator Erdman, you have 2 minutes.

ERDMAN: Thank you, Mr. President. And thank you, Senator Clements. I appreciate that. So as Senator Kauth was speaking about you people sit around and try to figure out the age of people so you can understand who may die so you can get more revenue in an inheritance fund, that's a-- that's an amazing comment and may very well happen. But, you know, I'm still waiting. I asked for people to explain to me the rationale for wanting to tax things after you have paid taxes all your life and then you die and then you tax it again. And it's been mentioned several times about how many states have this. We are the only state that the inheritance tax goes to the county, otherwise we would have probably eliminated this. But for the life of me, I can't understand why they think--

KELLY: One minute.

ERDMAN: --that they need these funds when, in fact, they're so unpredictable. And, in fact, for years in my county we had very little, if any, inheritance tax. And then we had an infusion, a large tax, because the people who had passed didn't have any children and so

then their ranch was inherited by nephews and nieces and they paid a significant portion of inheritance tax. And so then they had to sell part of the ranch to pay the inheritance tax. So then if you know anything about ranching, what happens then if you sold part of your ranch, it may not be a sustainable ranch because it's not big enough after that, but they don't take that into consideration. And so 5 years to phase this out is way more than is needed. I have an amendment coming up that says it starts on January 1, '25, no more inheritance tax.

KELLY: That's your time, Senator.

ERDMAN: Thank you.

KELLY: Thank you, Senator Erdman. Senator Hansen, you're recognized to speak.

HANSEN: Thank you, Mr. President. First I want to give accolades to Senator Clements for all the work he's done on this topic and who he has worked with and trying to find some solutions to move a bill like this forward. This is a conversation, I think, in the 6 years I've been here we've had multiple times. I know all throughout the years this has been a highly contested issue. So I appreciate the work Senator Clements and everybody else has done trying to find some good solution to this. I, I was hoping to maybe provide a little historical context about the estate tax or death tax, inheritance tax. You know, this is a tax, I think, has been around since almost the founding of our country. I think at the time they more termed the estate tax. And that had to do-- and I-- it was the idea that our-- the framers of our constitution and of that generation believed the idea that progressive taxation prevented the wealthy from becoming some form of, you know, tyrannical aristocracy. And so the idea was-- their, their concern was the consolidation of wealth from generation to generation and the effect that would have on the citizens of our country. And they had a-- they had a concern about that which was laudable. They even kind of relied a little bit on the philosophy of Adam Smith and proportional taxation that was permissible. And so I think that's where when we think about kind of where some of this kind of came from and at that time it might seem appropriate, however, at that time, and I don't think our Founding Fathers also had this intention with how we tax our citizens was the idea that now we have property tax, we have progressive income tax, we have sales tax, which I believe might render some of their arguments moot when it comes to, you know, their concern about generational wealth and leaving land and wealth out of

the hands of the many and going to the few. So I think we have some other elements, the way that we tax the whole 3-legged stool, which is a conversation for another day, that would allow us then to not have an inheritance tax to help prevent some of that collection of wealth in the hands of the few. So we already have-- already have some of those tools in place. So the idea that we necessarily need an inheritance tax anymore, I believe, is not true. However, I think though-- you know, I think it's a good idea that we do find some creative solutions with the counties who have relied upon this income for many years to see if there's some way we can help supplement that and make sure that they are still able to kind of function to the degree that they see fit. And I know conversations that I had with NACO, with Senator Clements, with others, talking about maybe updating some of our fee schedules that we have, there's a bill that, that I have that I think we can maybe look at on Select File, attaching to something like this that has to do-- it's LB1174, which has, has to do with roads in counties that we have in statute that have to be on every square mile or along section lines. My bill would remove that from statute and allow counties to make the decision on where they feel like the roads should be and not be forced to. It also makes the process of eliminating a road a little bit easier without having to go through the whole process of having a study. You still have to inform, you know, the people who live along those roads and have--

KELLY: One minute.

HANSEN: --and have an ordinance and a meeting about it. And so I think that would help alleviate some of the, you know, cost of taking care of roads. One of the-- one of the topics, I know it's kind of an odd topic, and maybe some people have heartburn about this, but I think eventually down the road I would like to see a conversation about how the state can start to incentivize county consolidation. I think the amount of government entities that we have in the state of Nebraska per capita, I think, from my understanding, one of the largest in the country. And so I think when you start looking at, do we absolutely need 93 counties to say Nebraska and what role the state can play in helping consol-- helping counties make the decision to consolidate themselves, not force it, but more incentivize it. I think that would help kind of, maybe, cut down on some of the, the burden that counties see when it comes to their costs. The idea that reimbursement for jails and counties, I am-- I'm open to.

KELLY: To that your time, Senator.

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Floor Debate February 28, 2024
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HANSEN: Thank you.

KELLY: Thank you, Senator Hansen. Senator Linehan, you're recognized to speak.

LINEHAN: Thank you, Mr. President. Good morning again, colleagues. So I've been in Exec Committee so I haven't been on the floor for the last few comments. But I was here when Senator John Cavanaugh, I think he said he found it funny that \$1 million was a lot of money-- not a lot of money. Well, yes, when you're young and your children are little that is a lot of money, I understand that, but I was coming from the perspective of when you are 65 or 70 years old and you've worked all your life and you pay taxes and you've paid for your home and your biggest concern, and hopefully you start before you're 60, I started about 40, which I don't know how old Senator Cavanaugh is, but I'm guessing he's close to that, you have to think about how you're going to live after you can't work anymore, after you can't get up in the morning and go to your job. And hopefully you want to live a long time after that. So you, you have to have some money in the bank to do that. And one of your biggest concerns is how am I going to make sure that I don't end up on Medicaid in a home? And I've looked at this, I've looked at it for the last 5 or 6 years. So would Senator Cavanaugh yield you a question?

KELLY: Senator John Cavanaugh, would you yield to a question?

J. CAVANAUGH: Yes.

LINEHAN: So, Senator Cavanaugh, have you thought-- I, I wouldn't think you probably have and I would be fine-- or I think you're in an age group where you don't really think about that, but have you thought about your senior years yet when you're no longer working?

J. CAVANAUGH: I think about it more than I would like. Yes.

LINEHAN: So have you thought about how much money you need to have, whether it's stocks, bonds, a home that will keep you out so you will not-- your family won't have to end up where you've lost everything and you're now on Medicaid?

J. CAVANAUGH: Have I thought about the specific dollar amount? I have not thought about that specific dollar amount, no.

LINEHAN: Do you have an idea of what it costs to stay in a nursing home when you're paying the full bill?

J. CAVANAUGH: I don't know how much that is. No.

LINEHAN: So you'd probably be surprised to think it's-- at least, I would say \$10,000 a month.

J. CAVANAUGH: I'm sorry, did you say a month?

LINEHAN: A month.

J. CAVANAUGH: I, I guess I haven't thought about it, but that probably sounds about what I would have guessed somewhere around there.

LINEHAN: So at \$10,000 a month is \$120,000 a year, right?

J. CAVANAUGH: Yes.

LINEHAN: So how long would \$1 million last?

J. CAVANAUGH: 9 years.

LINEHAN: Well, hopefully you've got a good investment and it might last a little longer than that. So then when you get to that age, Senator Cavanaugh, \$1 million all of a sudden is not enough unless you're going to end up on Medicaid. So the world looks different from where we stand. But what we're doing with the-- thank, thank you, Senator Cavanaugh, that'll be all.

J. CAVANAUGH: Thank you.

LINEHAN: When you get to this age where you're thinking about inheritance taxes and who's going-- who you're going to write your will out and who's going to inherit your money, the first thing you have to do is have enough money to have anything left. And I would-- now, maybe you'd be like my mom who lived to be 97 and she spent, like, maybe 2 weeks in a nursing home. And, actually, my mom and my aunt who are about the same age, they're depression babies. They lived-- this is-- my mom's in heaven so she won't get mad at me, but she used to get angry with me when I would stop at the deli on the way to her house on Sunday and pay ridiculous prices for a salad. So much so that I found out she would hide the price tags on the lids in a sack before she put them in the garbage. We paid inheritance tax. She never ended up on Medicaid. She, she was-- these are the people we're talking about taxing, people who gave up things all their lives for their kids. And now, because they're being conservative and thoughtful

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Floor Debate February 28, 2024
Rough Draft

and taking care of themselves, we're going to tax them. It's just wrong. Thank you, Mr. President.

KELLY: Thank you, Senator Linehan. Senator Erdman, you're recognized to speak.

ERDMAN: Thank you, Mr. President. Senator Linehan, that was very appropriate comments. I appreciate that. So later on, as we work through this bill, you'll see an amendment by Senator Wayne. And Senator Wayne is discussing having the jails' reimbursement to the point that the state takes over the jailing and paying for the jailing of people who break state laws. I think that's an appropriate decision. And you'll hear people say, well, if they do that then some counties don't have a jail. But those counties that don't have a jail, they send those people who broke state laws to a county that does and then they pay for the lodging of those prisoners in that other county so it'll affect everybody. And he sent a spreadsheet around to show how much that is and, if I read this correctly, it looks like \$140 million, which is significantly more than what the inheritance tax on an annual basis is. So I think Senator Wayne is on to something here. Jail reimbursement used to be significantly more than it is and I can speak with a little bit of history on this. In 2001, when my son Philip became a state senator, the state was short about \$750,000. And to balance their budget, they took away jail reimbursement completely. And he told them, the Legislature at that time, he was in favor of doing that if when the revenue came back that they would reinstate it. When the next biennium budget came around, the revenue had picked up and they had the resources to appropriate jail reimbursement. And I remember him asking the Appropriations Chairman where the appropriation was for jail reimbursement. And the response was, if you look on the budget under the line of jail reimbursement, you see the zero, that is the appropriation. And so for years, they didn't uphold their end of the bargain to pay for those prisoners that are held in county jails. When I was a commissioner, and I think Senator Dorn will agree with this one, no one in my county has ever been placed in the county jail for breaking a county law. These laws are state laws. We as county taxpayers have to hold these people in the jail, pay for their medical expenses or whatever else may be occurring while they're in there, then we have to pay to prosecute them and sometimes we have to pay to defend them. And they never broke a county law, it was a state law. So tell me how that is proper. So I think Senator Wayne is on to something and if this motion gets to the floor, this amendment, I will vote for this, that's prob-- but you've heard all the comments from everybody about who you're taxing and why you're taxing and why

it's wrong so I don't need to go through that again. But the point is, if you're in favor of the filibuster, if you're against LB1067, you're also against people keeping their own money. That doesn't make any sense to me that you'd want to penalize somebody because they died. Think about that one. When you die, it creates a tax event. Now, 45 other states have figured it out because they have common sense.

KELLY: One minute.

ERDMAN: And as you know, common sense is a flower that doesn't grow in everybody's garden. And sometimes they don't even have a garden. Thank you.

KELLY: Thank you, Senator Erdman. Senator Raybould, you're recognized to speak.

RAYBOULD: Thank you, Mr. President. And it's very rare that I agree with Senator Erdman, but he's absolutely right when he talks about the Legislature when it comes to reimbursement for jail holds. There was a time when the state did pay for it, and then there was a time when they didn't. When finances were tough, that was one of the first things they eliminated. They did it in 2011 again. They eliminated the reimbursements for jail holds in 2011 when there were financial difficulties. And I do anticipate that that is something that will certainly go by the wayside should we encounter any type of financial difficulties going forward. I wanted to address some of the concerns about those individuals that ultimately end up-- or the estates of their loved ones who end up paying the estate tax for clarification and correction. You know, most farmers, ranchers, and business owners have done some type of estate planning. There is quite a very robust industry that works closely with those multi-generational business families, especially in the ag community. They will still continue to do this necessary estate planning with or without Nebraska inheritance tax, because the real 800-pound gorilla when it comes to estate tax is not Nebraska inheritance tax. It is the federal estate tax. That is why our farmers, our ranchers, and business owners must do the steps that they need to do to make sure that their loved ones are set up in a position where they don't have to sell the family business, where they don't have to sell their family homestead, they don't have to sell off a section of land to pay the federal estate taxes. That's the boogeyman. That is one, as a business owner and a multigenerational family of business people, that I've gone to Washington, D.C. so many times I've lost count on how critical that is to come up with fair ways of working with multigenerational families so they aren't put in

that position. I can tell you that I am extraordinarily blessed to have parents who did a tremendous amount of that. My biggest fear was when they passed away that we would have to sell our, our family company that has been around since 1964, but because of estate planning we were able-- we had the liquidity to pay the federal government onerous tax bill, which was extraordinary. We were so fortunate in being able to do that. And I know that those-- that smart farmers and smart ranchers are out there and other business owners are doing exactly what our family has done. You know, I love the questions that Senator Linehan had asked Senator John Cavanaugh. He's quite a bit younger than both of us, but when you live through your parents as they age, you know exactly how much that long-term care cost. In our case, it was \$8,000 a month. So now it's sad to hear it's gone up to \$10,000 a month. I have my kids saying, hey, Mom, you need to get long-term care insurance. And I said, OK, I'll cross that bridge when I get there because I still think I'm young enough that I don't need it. But these are things that all families have to go through and it is a struggle. There is no doubt. I do not want to minimize that in any way, shape, or form, and I wish there were some other way of--

KELLY: One minute.

RAYBOULD: --thank you, Mr. President-- of accomplishing this. So I passed out this morning some examples in inheritance tax. And I know I won't get to, to go over it, but one is a very simple one. And I know Senator Cavanaugh corrected me but, you know, a sale of a \$400,000 house, say you have to wrap up and sell your parents' home, you have four siblings, the bottom line is, once they pay the-- once the inheritance is paid out of the estate, that has to be made very clear, the estate pays the inheritance taxes, those siblings still end up with about \$99,000 each from that \$400,000 house. If you go down to the Class II, the niece, she has to pay considerable more in the estate taxes. The estate has to pay those taxes. But she will walk away with about \$360,000 from the house that was sold that she--

KELLY: That's your time, Senator.

RAYBOULD: --benefits from. Thank you, Mr. Pres--

KELLY: Thank you, Senator Raybould. Senator Dungan, you're recognized to speak.

DUNGAN: Thank you, Mr. President. Colleagues, again, I do rise opposed to LB1067. I do want to take a minute to say that I appreciate Senator

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Floor Debate February 28, 2024
Rough Draft

Clements, I think, working very hard with a number of people to figure out the, the funding side of this. As I said before, and maybe I wasn't clear enough, I would be totally fine getting rid of the inheritance tax so long as we can make sure that the counties had that money made back-- made back in backfilled revenue. I understand the issues that we're talking about. And when I talk to people, individuals who are affected by the inheritance tax who were able to share their stories, I think it is really upsetting. And like I said earlier as well, I think that when we start to legislate based on some of those emotions as opposed to the data, it just gets a little bit tricky. It's very easy in this body to legislate on anecdote. It's very easy in this body to legislate based off of how we feel. And I'm, I'm just as guilty of it as everybody else. This is not me saying that I do any different. We all, I think, get wrapped up in stories and we all get wrapped up in what we feel about certain things. But time and time again when I talk to folks from the counties about their budgets or about money or about where they are with their cash reserves, it's reiterated that this simply would be too big of a problem for them to make up that backfilled revenue. I do think-- and I would agree with Senator Erdman and Senator Raybould and everybody else who said it, the state needs to be paying more for people who are in the jails. Absolutely. That state reimbursement, I think, is a really, really good idea. The problem is it doesn't make up enough money to make this an actual viable option and so we need to figure out another mechanism. And I think at this juncture, sitting here on February 28 as we're trying to get this done, it simply is going to take more time, maybe during the interim, maybe having a number of meetings, a task force or something like that to get together and really figure this out and find something that there's a little bit more agreement on. Once we start trying to make these modifications quickly, is when we tend to see issues with regards to unintended consequences. Once we start trying to add amendments at the last minute, I think that's where things really become problematic. So I, I do again applaud, I think, the work of Senator Clements, I think he's very genuine in trying to come up with some potential revenue source that can make up this, this lack of money. But I just think at this point, it would make more sense to go back to the drawing board and potentially try to find some more cohesive solution moving forward. I did appreciate the conversation also between Senator Linehan and Senator John Cavanaugh. I do understand, too, Senator Linehan's point, that once you get to retirement, \$1 million doesn't last you forever. And certainly I think that, you know, when you're working and living on a limited income, Social Security or Medicare, you have to live within your means, and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Floor Debate February 28, 2024
Rough Draft

it can be really problematic to say, oh, I've got this money and it's going to last forever. But I, I do think the point that Senator John Cavanaugh and myself were making is that, in general, there are plenty of people out there who will never in their lifetimes see \$1 million at once. There's people out there who were never going to see \$100,000 at once. And I have worked for years, for example, with certain populations where \$100 can make or break somebody's entire life. And it becomes very evident when you start talking to somebody about whether or not they're going to have enough money to get a bus pass to make it to the job interview to see if they can actually get a job because they just lost their job previously because of some sort of cuts that happened. And the reason I say that is we, we need to make sure we keep those people in mind, too. And I think sometimes in the Legislature, and I know this from the outside looking in before I was here when I watched, the issues that we talk about are important, the issues we talk about are real but they don't always encompass the day-to-day issues of real-life Nebraskans. And--

KELLY: One minute.

DUNGAN: --thank you, Mr. President-- I just want to make sure we highlight that and we keep in mind that there are a number of people out there for which this will never be a problem. And the people that it is a problem for I think we should address and I think we should try to find a way to fix it. But there's a lot of people out there who need help today on a number of other issues who could use a little bit more money in their pocket, who could use a job, who could use a house. And I just want to make sure that we keep our North Star focused on those people as well and we don't sort of get sidetracked worrying about some smaller issue. So with that, colleagues, I would encourage you to think hard about your votes on LB1067 and really make your votes based on data and information. I really do want to make sure we keep our counties healthy when it comes to their finances. Thank you, Mr. President.

KELLY: Thank you, Senator Dungan. Senator Murman would like to announce some guests in the north balcony, member colleges of the Nebraska Community College Association from across Nebraska. Please stand and be recognized by your Nebraska Legislature. Senator Wayne, you're recognized to speak. He waives. Senator John Cavanaugh, you're recognized to speak.

J. CAVANAUGH: Thank you, Mr. President. That came up faster. So, again, I-- I guess I do rise in support of AM2562. I didn't say the

last time I was up. I got a little, little sidetracked and carried away. But I do oppose the bill, LB1067 and AM2492, currently. There are some suggestions out there that make it better. And, you know, my fundamental problem, like everyone with this, is that we're taking away a vital source of revenue for our counties who do provide essential services through law enforcement and safety and criminal justice and health for our citizens and roads, of course, and taking away a substantial revenue source from them without adequately replacing it. And Senator Raybould has done an excellent job of giving us a good historical lesson about times in which the state has failed to meet its obligation. But-- and like Senator Raybould, I rise in surprising agreement with Senator Erdman, but he makes a great point about people are in our county jails on state offenses and the state is not bearing an adequate burden-- cost for that. So I would support us meeting our full obligation on that as well. I would also say I really appreciate Senator Raybould and, and Senator Linehan commenting on my youth. I, I-- I'm probably-- I don't-- maybe-- I'm, I'm not as young as people probably think I am, maybe I just-- really that youthful in my appearance. But I, I appreciate the conversation with Senator Linehan, and I've had a few conversations with folks off the mic about what we're talking about when we are talking about these larger estates. And Senator Linehan is correct, is that we all come here with our perspective, which is my perspective as one of somebody who's in, in the barrel, as it were, of having young kids and still, still paying off my student loans and still paying for childcare and still paying off my-- actually, I'm not currently paying off those cars I told you all about because, act of God, hail damage helped remedy that problem, but still have quite a long time left on my mortgage. So, yeah, I'm a person who, like many Nebraskans, is not looking at a great accumulation of wealth. And that's the perspective that I bring to this conversation. And the people that I represent have a lot of that shared experience where they would love to be looking down the road and saying, I'm going to put aside an adequate amount of money so that if worst case scenario happens, I do have that money for long-term care or if I need that, you know, out-of-home care that Senator Linehan was talking about, that great-- that great expense. But the everyday reality of most Nebraskans is that they are still, rather than being able to put away that money to accumulate that future security, they're looking at paying their childcare and their student loans and their car payment and their house payment and their insurance payment and buying groceries and paying for gas and all of those everyday expenses that we all bear. And that is, I think, why saying having an accumulation of \$1 million is some sort of

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Floor Debate February 28, 2024
Rough Draft

fanciful number to me. Of course, I would hope in, we'll say 25 years, when I'm close of an age that we're talking about that I have some more financial security than I currently have. But we're making laws for everybody in Nebraska and so I think it's really important to put that in--

KELLY: One minute.

J. CAVANAUGH: --in that perspective. Thank you, Mr. President. But, again, the fundamental question here is not whether or not anybody likes the inheritance tax. Nobody likes it. And I think there are a lot-- a lot of the conversations I've had with folks are about ways we could make it better. This bill is not that and this bill just whole-- completely eliminates it over 5 years. And so I think having a conversation about-- we can continue this conversation if we want to have a conversation about how we make it more fair. Raise those waiver thresholds from \$100,000 for children to some higher number, raise those \$40,000 thresholds for nieces and nephews to some higher number, change the, the rate of tax on inheritance for those other family members or non-family members. We can talk about those things and we can talk about what the financial--

KELLY: That's your time.

J. CAVANAUGH: Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Dorn, you're recognized to speak.

DORN: Thank you, Mr. Lieutenant Governor. I think-- I, I want to thank Senator Erdman, Linehan, and, and John Cavanaugh and stuff for some of the conversation today. I, I, I was interested in listening to John's-- Senator Cavanaugh's comments there about how he never expects to have this much income or all this other thing. Well, he, he also talked about nursing homes and-- that he didn't know the exact costs and some of the explanation of that. But I want to throw another, I call it, another side out there, sitting there thinking of what to think and graduated high school in the early 1970s. College in '76. Shortly after that, I bought my first farm. As you farm, that's always a dream is you can own your first farm, it was 80 acres. Paid \$1,000 an acre for that farm, \$80,000. Still remember, could I make the payments? Could I financially support that? Would there be enough income off of that to pay that farm off someday? Well, let's fast forward 50 years, and I'm getting to that age where thank heavens I'm

not in a nursing home, but retirement and all those things and long-term care and all of those things so have a lot different, I call it, view point on a lot of things than Senator Cavanaugh does, how you look at different things. But that same farm now today, on the real estate valuations of it, that farm is valued at \$4,500 an acre or \$360,000. So that farm went from where I bought it at \$80,000 and now \$360,000. You start adding 3 or 4 farms together like that-- I know Senator Brandt probably is in the same boat, and all of a sudden you're over \$1 million pretty easy. That farm has paid off, been very fortunate through the years to be financially sound enough "farmingwise" to have that farm paid off. If I sold that farm today, though, what the land is bringing for in my area, dry land, 80 acres, it's probably closer to \$7,000 an acre or \$560,000. So then you start putting that into some of these equations and some of these things about how we determine inheritance tax. And Senator Raybould talked about federal inheritance tax. There's different exemptions and all those things. But that also comes into play for many people. Some of these things you think or have a different perspective on at my age than you do somebody that's in their 30s and they're more concerned about how do I get my kids through school, how do we financially support that? And all of those different things, a job, a car, everything. But been very blessed and, and very thankful for that. But also part of what has happened to my wife and I the last several years is, I call it, the estate planning. My wife, when I was 60 years old, we got an invite to a financial advising company for a free supper, which you always go to those, but a free supper for long-term planning or for your planning of your estate. And I said-- not, not only estate, but also Social Security and Medicare and all that-- and I said, I'm not old enough, I'm only 60. I don't have to worry about that yet, let's wait till we go to 65, and then we'll go to one of those-- one of those meetings or whatever. So, luckily, I gave in, we went that night to that supper and part of what I came away from there was we, at 60 years old, we're too-- we're, we're, I call it, we're not too late. You're never too late to start planning for retirement, I call it, estate and all that stuff, but--

KELLY: One minute.

DORN: --to do a really good job-- thank you-- to do a really good job, probably should have started planning, I don't know how many years earlier. It's something that-- and, and I, I-- Senator Erdman, some of his comments was, you know, yes, nobody wants to pay inheritance tax-- and I'm for the bill if we can fund this bill-- nobody wants to pay that. But there are also many, many ways around this or ways around

part of it with the proper planning, it sometimes takes a lawyer, a will takes a lawyer, a will takes financial people. We took all of those in our planning, but you can make quite a difference if you have the right planning. So thank you very much.

KELLY: Thank you, Senator Dorn. Senator Hansen, you're recognized to speak.

HANSEN: Thank you, Mr. President. I want to discuss a little bit kind of my feelings and thoughts just, in general, about the inheritance tax and basically my, my general philosophy on taxes, maybe such as these. And earlier I discussed maybe some of-- I provided some historical context about some of the framers of our constitution. You know, the great minds of economics in our country and maybe some of their thoughts about inheritance tax and, and then our, our-- the current taxes that we have now that would help kind of alleviate some of the concerns that they had back then about generational wealth that we have, have already put in place when it comes to progressive taxes and income taxes. And so I think the idea that also our Founding Fathers had and the framers of our constitution was the idea that as a family you would work hard, your life, such as my mother and my father did. And my mother said she was going to be watching today so I have to give her a shout out. And so I just-- I earned my brownie points now so I'll get a better Christmas gift. And so they, they didn't work their entire lives, in my opinion, to provide for me and my sister to have better lives, only for the government to come and then take, take a portion of that. And I believe people throughout the history of our country would feel the same way. Our basic philosophy, I always thought, in our country was the idea of almost like manifest destiny, which is why I have a big problem with property taxes. The idea that you could work hard, you could provide for your family, and then eventually when you do pass on, that you can further provide for your family with, with the hard work that you have went through to ensure that they have a better life as well. And then that's kind of the, the basic assumption of every generation we can improve and we can make this country better and we can make our community better. And so I think an inheritance tax takes away from that philosophy of manifest destiny and, and the direction ourselves and our family can go. And so I, I think that's kind of a-- just a basic level, an issue I have with inheritance tax. Discussing this topic with some of my county, you know, supervisors, I believe there are some steps that we can take as a state, because I would-- I think a lot of them would agree with me that this really isn't-- is not a very good, quote unquote, good tax or appropriate tax. There are other ways of generating revenue and I

think there are things that the state can do to help work with the counties, which I think Senator Clements is actually doing very well in discussion of this moving to Select File, willing to even move things further to help, you know, I guess, in a way sweeten the pot for the counties. And so then we can kind of come to some resolution where we can actually get rid of this inheritance tax like the majority of our country has done, and make sure that our counties are also able to provide for their constituents. So I just at least wanted to discuss, maybe, why I am going to be voting for LB1067 when it does come up. However, I think I'm not opposed to, maybe, looking at some other solutions that we can do to make sure that we can all get on board for something like this. Thank you, Mr. President.

KELLY: Thank you, Senator Hansen. Senator von Gillern, you're recognized to speak.

von GILLERN: Thank you, Mr. President. Interesting listening to the conversations this morning and some of the comments about this that it's obvious that we come from different perspectives and different definitions of what we believe wealth is and, and what it should be and could be. And, and I thought it was interesting, and I'm not picking on Senator Raybould for her comments here, so please don't take it that way, Senator. But she told the story about her family and the planning for the transfer of their family business and the family assets. And those are things that, that happen quite often with people that are in that position. I owned a business and we had a lot of planning that we needed to do around that. But I had the financial means and the access to consultants such as attorneys and accountants and others, other advisors, that helped advise us on how to do that and how to, to ensure that we-- that we transferred as much potential wealth to family members and others as we could. But, again, that's because we were well informed. And most people in those categories that own businesses or are people of means are potentially better informed about these issues than others. But I think we're forgetting about a, a, a category of, of Nebraskans out there that is far more common than we believe it is and that's the blue-collar millionaire. And they're not a unicorn, they exist, and they exist in larger numbers than maybe many believe or want to believe. Their families have worked hard, scrimped, saved, cut corners, and put money away for years and years and years in order to do nothing other than to pass it on to their family members. Many of those folks don't have the financial wherewithal or the access to consultants or simply just didn't know enough to, to get advice on what to do with that. I know of a family that both the husband and wife worked at Continental Can

Company in Omaha, 72nd and F Streets. Both of them work there all of their lives and they worked hard, they saved, they, they put their money away. They had a pension plan. They lived very modestly in the 42nd Street and Grover area. The husband preceded the wife in death, and then the wife passed in her 90s, and she passed with an estate that was well over \$1 million in value. And that was 20 years ago, that estate would probably be worth 2 or 3 times that today. I know of other-- I mean, there are Kellogg families that are in the same position. Folks that were both husband and wife worked at the Kellogg plant in Omaha. There are blue-collar Berkshire investors in Omaha and in Nebraska, folks that were fortunate enough in the '70s and '80s to invest in Berkshire Hathaway and now have a substantial means. What happens to their children, their nieces and nephews? Are they not going to be the recipients of their hard work? I don't think the million-dollar estates are only going to rich kids from rich families and never benefits somebody of modest means. I'll tell a little more personal story. My mother passed away 22 years ago, and she was preceded in death by her twin sister by about 30 years. She died, unfortunately, very young and she had two daughters. Well, when my mother's mother, my grandmother passed away, my mother had received an inheritance from her mother, my grandmother. Then when my mother passed away, she chose to give part of that estate to her children, me and my two siblings and these cousins, because had their mother lived, they-- her mother would have been a recipient of the grandmother's estate. It's, it's, it's unthinkable to think that those two cousins of mine would not have received the same value as my older sister and my younger brother and myself from my mother, because it was clearly her intent that her mother's estate would pass on--

KELLY: One minute.

von GILLERN: --to them. Thank you, Mr. President. I think we need to think about this a little differently and it might seem a little odd that I'm standing today in defense of folks that, that might be of more modest means. But I think we need to think a little bit less about the estate giver and a lot more about the recipients and how the receipts that might come from those estates could positively impact the lives of people of potentially very modest means. Thank you, Mr. President.

KELLY: Thank you, Senator von Gillern. Senator Machaela Cavanaugh, you're recognized to speak.

M. CAVANAUGH: Thank you, Mr. Lieutenant Governor. Good morning, colleagues. Today normally would be the last day of February, but it's leap year. I was listening to the radio on the way in and they were talking about the tradition, Irish tradition, of leap year where women propose to men. And there's a whole movie from the early 2000s called Leap Year about that. So tomorrow, happy leap year. And anybody who was born on February 29, happy 4th, 8th, 12th, 16th, etcetera, birthday tomorrow. I am opposed to LB1067, AM2562, I think, is an improvement but doesn't garner my support of the underlying bill. So I support eliminating the inheritance tax. I think that that is probably pretty good, strong tax policy. What I don't support is taking away a revenue stream from our counties and not backfilling it, so to speak. And I think that what we need to do is have that conversation about, let's eliminate this inheritance tax. We've heard lots of stories about how this is going to personally impact families when they have lost a loved one. And, I think, I mentioned this yesterday but I-- you know, going through this with my husband's family, and this is something that if I voted for Senator Clements' bill would benefit me currently, but that is not a reason to vote for it. I, I can't vote for something that's going to benefit me while knowing that it's going to harm our counties, which is going to harm our government at the local level, which is going to harm public education, which is going to harm property taxes. So I can't vote for it unless we have a solve for the funding, unless we have a way to give more money to counties to replace the revenue that they typically get from the inheritance tax. And as far as I know, that is not what is being proposed here. So I'm going to remain in opposition. And I'm clearly-- I'm going to talk on this as many times as, as necessary to support taking this to cloture, which I think is the goal for many here that oppose this bill. I would like to see the conversation shift to how can we support our local county governments and take this burden away from families who are experiencing a loss? But as long as we are not doing that, I have to remain in opposition, no matter how much it impacts me personally, because it's just not right to take away this money from the counties without replacing it. So that's where I'm at on it. I know that Senator Clements' amendment increases the amount that goes for the reimbursement for county jails and maybe does something with visitor taxes but, I guess, I need to look at it a little bit more closely because I'm not positive on that. So where it's 11:34 and we are getting to the-- close of the end of today, this whole week has been inheritance tax week. It'll be inheritance tax week tomorrow--

KELLY: One minute.

M. CAVANAUGH: --day tomorrow and, I think-- well, I guess I assume, I shouldn't assume, but I assume we will be finishing this tomorrow. And I look forward to moving forward to discuss other issues that are important to the people of Nebraska like Senator Raybould's bill that, I think, has been on the agenda for days now. So thank you, colleagues, for listening. Thank you, Nebraskans, for listening. Thank you to Senator Clements for introducing the bill and for working with your colleagues to improve it and I look forward to the continued discussion. Thank you, Mr. President.

KELLY: Thank you, Senator Cavanaugh. Senator Jacobson, you're recognized to speak.

JACOBSON: Thank you, Mr. President. Colleagues, I'm sorry I was gone earlier this morning. But I was listening to the debate on the floor and so I know there's a lot been said about inheritance tax and how we hate inheritance tax. And so let me start by saying this just so everybody's clear, I absolutely despise inheritance tax. I agree with everything everybody said about the inheritance tax being unfair, being double taxation, all of those things. I agree with all of that. OK? So let me just say again, I disagree with having inheritance tax, want it to go away. Now with that said, I said before when this bill was first introduced, what do I hate more than inheritance taxes? Property taxes. When I knocked on doors 2 years ago, everybody mentioned inheritance tax. When I knocked on doors, there were 2 themes I heard, do something about my property taxes-- do something about my property taxes and then I had the people that said do something about abortion. Outside of that, I never heard anybody say inheritance taxes. Now, I'm saying inheritance taxes. Go back to the beginning, I hate inheritance taxes and I will vote for this bill. OK? But I'll vote for this bill-- and I said before, with two conditions: number one, let's pass AM2562, which will allow the, the tourism dollars to stay with tourism. And let's find some revenue replacement for the counties, because if we don't find revenue replacement, we are going to see an increase in property taxes. It's the only place they've got to go. We can talk about what the balances are and so on. But I will just tell you, we've all outlined how inheritance taxes are an uneven income stream. That's why you're seeing some of these reserves build to the way they are. I'm also going can tell you from a banker standpoint that if I'm buying bonds that are being issued by a municipality, they don't have any reserves, I'm going to pass on those bonds because their ratings are going to be horrible and their interest rates are going to be quite a bit higher. And how are they going to handle paying those bonds back? So when you issue bonds, you

better have reserves. So that's going to be an important aspect of this as well. Senator Dorn made some comments about what is the appropriate amount? I think we also heard Senator Kauth make comments about some of them are way north of that. I would agree, those that are way north of them-- of that number, shame on you, lower that number, give your property taxpayers a property tax break. But for most counties out there, they're operating with a, a reasonable reserve. But we've got to understand that no matter what we do, if we don't do any revenue replacement, we will see property taxes go up and that's unacceptable. Now with that said, I also want to compliment Senator Clements. Senator Clements has done a great job of outlining exactly what we need to do and where he's looking for that revenue replacement. And we also need to understand that this is phasing out over 5 years so we don't want to replace it all today but we are going to have to be committed to doing that. Senator Erdman made comments about what happened when his son Phil was a state senator and how we took the jail inheritance-- or took the jail reimbursement away and then came back when, when-- and he said he would vote for it with the understanding that when we got revenue back, we'd replace it. And then what happened? It didn't come back. So that's why I see that the counties are understandably nervous about, hey, we'll take care of this over the next 5 years. I'm not sure the state's got a great track record on taking care of it in the future, so that's why we've got to address it on what are we looking to do? And I think Senator Clements had raised some issues on some areas that I agree we need to look at that isn't going to be a tax shift. We've talked a lot about-- and I think we'll be seeing this when the Revenue Committee brings out their, their budget package and their bills-- we've talked--

KELLY: One minute.

JACOBSON: --a lot about-- thank you-- we've talked a lot about what are we going to do with sales tax exemptions and all I've heard from people, sales tax exemptions to reduce property taxes is what, we don't want a tax shift. Well, folks, that's what we're doing here. If we just go cold turkey on the property taxes or inheritance taxes without making a replacement revenue, we are shifting it to property taxes. So I'm just telling you, property taxes continue to be a problem. If I get on the mic later and I probably won't do it today but-- because we're nearing the end-- but I will just tell you, I will vote for a AM2562 and I will vote, vote this through to Select and as long as we've got some revenue replace replacement, not 100%, if we get somewhere in the ball game, I'm a yes on moving this forward. Thank you, Mr. President.

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Floor Debate February 28, 2024
Rough Draft

KELLY: Thank you, Senator Jacobson. Senator Erdman, you're recognized to speak.

ERDMAN: Question.

KELLY: The question has been called. Do I see 5 hands? I do. There's been a request to call the house. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 19 ayes, 2 nays to place the house under call, Mr. President.

KELLY: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber, please return to the Chamber and record your presence. All unauthorized personnel, please leave the floor. The house is under call. Senators Day, Armendariz, Ibach, Hughes, Moser, and Dungan please return to the Chamber and record your presence. The house is under call. All unexcused members are present. Members, the question is the adoption of AM256-- excuse me. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 33 ayes, 1 nay to cease debate, Mr. President.

KELLY: Debate does cease. Senator Clements, you're recognized to close on AM2562.

CLEMENTS: Thank you, Mr. President. AM2562 is just 4 lines, strikes Sections 13 and 14, which would eliminate the access to lodging tax by the county commissioners so it removes the visitors' tourism funds from being accessed by county boards. I would appreciate your green vote. Thank you, Mr. President.

KELLY: Thank you, Senator Clements. Members, the question is the adoption of AM2562. All those in favor vote aye; all those opposed vote nay. Record, Mr. Clerk.

CLERK: 40 ayes, 0 nays, Mr. President, on adoption of AM2562.

KELLY: The AM2562 is adopted. I raise the call. Next item on the bill, Mr. Clerk.

CLERK: Thank you, Mr. President. Senator Wayne, I have AM2617 to the committee amendments with a note you would withdraw and substitute AM2763.

KELLY: Without objection, so ordered. Senator Wayne to open on AM2763.

WAYNE: Thank you, Mr. President. Colleagues, just going to give you-- not the lecture to you, but I just substituted an amendment without objection. Somebody has to object to-- object or that amendment goes with my substitution of an amendment. So just be careful when people substitute amendments for those who are new. We don't get a lot of floor time to talk about these things. Regardless, this amendment is, actually, a, a substitute amendment. I originally said we were going to do 100% of reimbursement of the jails. But thinking about my colleague next to me and how he's going to say that we don't have enough funds to do all of it at once, my amendment actually phases it in over, over a 3-year period. I passed out yesterday a bright colored color copy sheet of what counties currently pay for to run their county jails. My philosophy is really simple, if we are holding people there for state crimes that we pass the bills for, then we should fund-- to make sure the fund knows people staying in these county jails on the law that they're breaking for us. And so what we did is we took a 2-year average from 2021-- 2020-21 and then 2021-22 and did an average and what you'll see is about \$140 million. That's \$140 million that we put on the counties for unfunded mandates. So I know we're trying to get out of here so I won't take all of my 10 minutes to, to open on this, but I would hope that from today to tomorrow you guys look at this amendment. It does 25%, 50%, and then 100% so I'm phasing it in over the next biennium. But I think we need to have a real conversation about unfunded mandates to the counties, county-- overall, counties are about \$870 million, I believe, in, in levying taxes. This would be almost a 10%, maybe 670. I'm talking, I've been in Exec all morning. And I know, Senator Murman, I got to get to the other Exec for Education, so I will get there. But the whole purpose of this is we put a lot of unfunded mandates on our counties. But the one thing we can fix is when we pass a law, particularly a criminal law, and we're holding them locally at the county level while they are awaiting their trial or even if they are sentenced after their trial and they're sentenced to less than a year, they're in the county jails for violation of state laws. We should be covering that cost. And I'm not saying that we should be able to cover \$140 million this year, mid-biennium, but there has to be some kind of phased approach to this to where we're going to cover these costs. I would like to spend time figuring out for, like, in Douglas County in Lancaster County, who is sitting in county jails for local crimes, like city ordinances and those kind of things. But at the end of the day, we should be covering at least the state portion when they violate state crime-- violate

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Floor Debate February 28, 2024

Rough Draft

state law. So I don't know how many times I can say that over and over in 10 minutes, because it's really that simple. Either you believe the state should pay for it or you don't. And then the second part of that is, is how fast do we move it to a full 100% reimbursement? My amendment does it over 3 years. I'm open to over 5 years. We can follow exactly what the inheritance tax is, which I believe is 4 or 5 years. But the, the whole purpose is, is we're replacing the inheritance tax lost revenue, and we're doing something we should actually do, which is pay for our mandates that we put on counties. And with that, I'll let us all go to lunch and we'll have a great conversation about this tomorrow and see where it goes. Thank you, Mr. President.

KELLY: Thank you, Senator Wayne. Mr. Clerk, for items.

CLERK: Thank you, Mr. President. Your Committee on Enrollment and Review reports LB139, LB144, LB257, LB569, LB605, LB624, LB716, LB847, LB848, LB854, LB908, LB909, LB936, LB940, LB989, LB992, and LB1102 as correctly engrossed and placed on Final Reading. Your Committee on Health and Human Services, chaired by Senator Hansen, reports LB1144, LB822, LB823, LB824, LB904, LB933, LB1106, LB1373 to General File, some having committee amendments. Additionally, your Committee on Judiciary, chaired by Senator Wayne, reports LB23 to General File. Gubernatorial appointment from the Revenue Committee reporting favorably on the appointment of Jacqueline Russell to the Tax Equalization and Review Commission. Gubernatorial appointment committee report from the Health Human Services Committee concerning Alyssa L. Bish as director of the Division of Children and Family Services for the Department, Department of Health and Human Services. Amendments to be printed from Senator Brewer to LB43 and Senator McDonnell to LB644. New LR, Senator Ballard, LR313. That will be laid over. Additionally, LR314 from Senator Clements. An interim study that will be referred to the Executive Board. Name adds: Senator Kauth to LB984; Senator Conrad, LB1394; Senator Hardin, LB1408. Notice that the Appropriations Committee will be holding an Executive Session today in Room 1003 at 1:30; Appropriations, Exec Session today at 1:30 in Room 1003. Finally, Mr. President, a priority motion, Senator DeKay would move to adjourn the body until Thursday, February 29, 2024 at 9:00 a.m.

KELLY: Members, you've heard the question-- the motion to adjourn for the day. All those in favor say aye. All those opposed say nay. The Legislature is adjourned for the day.